Increasing Financial Stability and Safer Migration: Building a Comprehensive International Migration System in Indian Source Communities

Introduction

This brief presents key learnings to improve financial stability and foster safe migration of aspiring, in-service, and returning labor migrants and families from Indian source communities. Forced labor and risky migration are part of a larger cycle of exploitation that stems from consumer demands for cheap goods; private business desire for rapidly mobilized and low-cost workers; weak labor and immigration laws in source and destination countries; and socio-economic status of workers. This brief focuses specifically on mitigating source-side vulnerabilities through better social and legal protection at the individual, family, and community level. In particular, it highlights lessons learned from developing and implementing source-side migration support systems for Indian migrant workers and their families throughout their journey to and from the Gulf Cooperation Council (GCC) countries. Programs and research were funded by the Norwegian Agency for Development Cooperation (Norad) and the Global Fund to End Modern Slavery (GFEMS) from April 2020 to October 2022 in the Indian source states of Bihar and Uttar Pradesh. The brief concludes with recommendations to various stakeholders including the national, state, district, and village level government of India; formal banking and micro-finance institutions (MFI); as well as donors and civil society organizations (CSOs) committed to reducing exploitative migration and labor practices.
**Context**

The United Nations (UN) International Organization for Migration’s (IOM) World Migration Report 2020 estimates the number of international migrants to be 272 million globally, with nearly two-thirds being labor migrants. According to the Global Estimates of Modern Slavery Forced Labor and Forced Marriage 2022 report, migrant workers face a higher risk of forced labor than other workers given lack of legal protection, poorly governed migration, and ethical recruitment practices. One of the most prevalent forms of exploitation faced by migrant workers, debt bondage is a cyclical exploitative process beginning with a promise of work or services as security against a loan or an inherited debt. As the worker begins to pay off the loan or the inherited debt through labor (often in difficult conditions), the employer or recruiter adds the worker’s living costs (travel, food, shelter, healthcare, accidents, or other incidental expenses) to the total loan amount thus increasing the amount of time the worker must work. Migrant workers are particularly vulnerable given the reliance on intermediaries and employers to guide them through legal, cultural, financial, and physical logistics to travel, live, and work in a destination country.

GCC countries including United Arab Emirates (UAE) and Saudi Arabia are common destinations with 3.4 million and 2.5 million Indians living there as of 2020. Over 90% of Indian workers in UAE and Saudi Arabia are semi-skilled and unskilled workers.

Uttar Pradesh and Bihar are among the Indian states with the highest number of emigrants to GCC countries. Scoping research funded by GFEMS in Uttar Pradesh and Bihar indicated high levels of exploitation, including: excessive overtime; lack of access to basic amenities; threat of job termination; wage deductions; and poor living conditions.

**Project Overview**

Against this background, GFEMS and Norad supported program activities to be delivered by the Association for Stimulating Know-how (ASK) and Mitratra Inclusive Financial Services (Mitrata), a non-profit and MFI respectively. ASK and Mitrata piloted projects aimed at supporting Indian migrants vulnerable to exploitation in GCC countries by building a holistic migration ecosystem with six programmatic pillars (listed below) in 232 villages in the district of Siwan in the state of Bihar and 69 villages in the district of Kushinagar in the state of Uttar Pradesh.

In order to establish a foundation for the migration ecosystem, ASK conducted training of trainers for members of forty participating CSOs. Together, ASK, Mitrata, and 40 CSOs implemented activities under the six-pillar project and offered training, in-person counseling, and other physical, mental, financial, and educational resources to aspiring, in-service, and returning migrants and their families.

---

3 http://www.endslaverynow.org/learn/slavery-today/bonded-labor
Six Project Pillars

1. **Pre-employment Preparedness:** CSOs created and delivered community campaigns, training, and counseling on pre-departure and pre-employment best practices, international migration information resources, and the risks of forced labor in order to improve informed decision-making and adherence to safe migration practices for migrants and their families.

2. **Paralegal Support:** CSOs expanded access to paralegal services in order to provide retribution and remuneration for migrants and their families who were victims of fraud and/or survivors of forced labor.

3. **Reintegration Services:** CSOs provided individualized counseling and reintegration support to returned migrants and their families to avoid further victimization and retrafficking.

4. **Access to Government Entitlements:** CSOs increased the receipt of government entitlements in order to reduce debt-driven migration.

5. **Financial Health Products:** Mitrata piloted financial tools to mitigate economic vulnerabilities and prevent debt bondage of aspiring migrants and their families.

6. **Local CSO Capacity and Sustainability:** ASK created a network of 40 local CSOs and increased their programmatic, financial, and administrative capacity to manage, deliver, and sustain all services to aspiring, in-service, and returning migrants and their families.

Map of Bihar and Uttar Pradesh and the Divisions, Districts, and Villages where programming took place.
Research to Develop Financial Health Products

Mitrata-led Research Methods

Mitrata led activities under Pillar 5 (Financial Health Products). They researched, designed, piloted, adapted, and marketed financial products to aspiring, in-service, and returning international migrants and their families.

From July through October 2020, Mitrata conducted research to understand available financial and credit services, remittance processes, migrant financial challenges, and regulations pertaining to overseas money transfer. Secondary data sources included public and private sector banks, global remittance service providers such as Western Union and MoneyGram, publications from the Reserve Bank of India (RBI)-Inward Remittance Report 2018, the India Labour Migration Update 2018, and the ILO.

Mitrata conducted a quantitative survey with semi and unskilled migrant workers in order to assess the following factors:

- Specific financial needs at different stages of migration
- Current difficulties in accessing financial services
- Challenges to income status and mode of financial transactions
- Utility of remittance money at source
- Financial needs of migrant family members at source.

Using snowball sampling, Mitrata surveyed a total of 561 respondents that included 193 aspiring, 189 in-service, and 179 returning migrants. Mitrata conducted in-depth interviews with senior managers from 2 small finance banks, 1 private sector bank, Fintech, 2 insurance companies, 2 registered recruitment agents, and 2 unregistered recruitment agents to understand the products and services available for migrants. Given the economic crisis following the Covid-19 pandemic, Mitrata conducted another assessment in July 2021. Financial products were marketed and tested from October 2021 through August 2022.

Mitrata Key Findings

As workers progress in the migration cycle, compounding economic factors increase their vulnerability and the likelihood of forced labor. Beginning with the pre-decision phase, poor and marginalized workers and their families, especially those that have experienced economic shocks, are often vulnerable to debt-driven migration. To fund illegal high recruitment fees and migration costs, workers fall into debt-financed migration. Migrants and their families are often unable to obtain credit from formal financial institutions and therefore they borrow high-interest loans from money-lenders. As a last resort, migrants and their families may commit their own future labor in the destination country as collateral against a loan or an inherited debt from a relative, falling into debt bondage. Exploitative practices by recruitment agents such as offering fraudulent employment contracts or pressuring migrants to sign contracts they can’t understand or verify; or offering false or inappropriate identification, visas, or travel information further entrenches labor migrants and their families into debt bondage.

Financial institutions have not traditionally targeted migrant workers or their families as customers. Financial institutions view migrant workers and their families as financially risky and therefore offer no credit or financial opportunities. In turn, migrant workers and their families have low levels of awareness of and trust in financial institutions. They find the application process complicated and lengthy and are often unable or unwilling to obtain or supply all forms of identification, history, and other required information.

Different stages of the migration journey impacted the financial needs of a migrant or a migrant’s family. Of aspiring migrants, 81% borrowed either part or the entire cost of migration to the GCC and 98% stated that a credit product from a formal institution in India would be helpful to pay for the costs. Only 5% of household members of aspiring migrants borrowed money from formal institutions while the majority of them relied on informal sources like family, friends, or money lenders. Among in-service migrants, all of them sent money home, 80% preferred to send remittances through banks while 20% utilized money transfer channels like Western Union. Nearly all stated that remittances paid for household expenditures.

Mitrata collaborated with financial institutions and migrants to test the products. They refined specific features to target financial vulnerabilities at various points in the migrant and migrant’s family journey. Mitrata developed the following financial products.

- **Aspiring Migrants:**
  - Formal credit product for expenses associated with safe and legal migration
  - Goal-based savings product which is fully secured and ensures a higher return than a bank savings account
- **Families of In-service Migrants:**
  - Business loan for families to reduce financial dependency on migrant household members
- **Returning Migrants:**
  - Enterprise development credit product to support livelihoods upon return
- **Aspiring, In-Service, Returning Migrants and Families:**
  - Life and Disability Insurance
  - Health Insurance
  - Hospicash which covers wage loss and disability
  - Training on Financial Awareness and Planning
**Research to Assess Intervention Effectiveness**

ASK conducted monitoring, evaluation, accountability, and learning activities including baseline and endline surveys. Population Council conducted qualitative and quantitative research including a Knowledge, Attitudes, and Practices (KAP) survey to examine the broader effectiveness of project activities.

**ASK Evaluation and Learning Methods**

ASK completed a baseline study in October 2020 and an endline study in September 2022, using purposive sampling to cover the project districts of Siwan, Bihar and Kushinagar, Uttar Pradesh.

At baseline, ASK conducted:

- Structured Interviews (SIs) with a total of 3,792 respondents including 939 aspiring, 958 in-service, and 993 returning migrants, as well as 953 members of poor households living below the poverty line.
- Semi-Structured Interviews (SSIs) with 50 village-level government representatives.
- Key Informant Interviews (KIs) with 2 district government representatives, 5 state government representatives, 4 members of local CSOs, 4 legal services volunteers, 4 members of MFIs, and 4 registered recruitment agents.

**ASK Key Findings at Baseline**

Although most in-service and returning migrants did not recognize themselves as having experienced forced labor at baseline, the majority reported exploitative conditions when asked specific questions about their migration experience in GCC countries.

- 384 (86%) of returned migrants surveyed in Siwan and 330 (67%) returned migrants in Kushinagar experienced deceptive practices in which the salary or nature of their work at the destination was different that what was agreed upon before migration.
- 303 (68%) of returned migrants surveyed in Siwan and 439 (89%) of returned migrants in Kushinagar were forced to work against their will.
- 240 (54%) of returned migrants from Siwan and 325 (66%) from Kushinagar experienced intimidation including verbal and physical threats.
- Migrant and migrant family awareness about forced labor and safe migration to GCC was low with only 6% of the in-service migrant families demonstrating an understanding of forced labor risks. None of the aspiring migrants nor the family members of in-service migrants had received training or general information regarding risks of forced labor. There was a reluctance in recognizing, acknowledging, or sharing issues of exploitation due to family and community stigma.

Awareness and trust among migrants and their families of resources provided by local government is negligible. Local offices of the Protectorate of Emigrants and other government agencies play crucial roles in the migration process including issuing licenses to recruitment agents and de-licensing agents if they don’t meet requirements; registering complaints of forced labor; and providing financial stability through entitlements and social security schemes. Migrants and their families don’t access these services often because they are unaware that they exist; and/or they believe that they will have to spend a great deal of time and money to access the services; and/or they won’t be able to obtain the correct documentation to access the services.

**Migrants and their families often pay more than the legally defined recruitment fee of INR 3000 ($363 USD).** The Emigration Act of 1983 established a regulatory framework for the protection of Indians emigrating for employment in destination countries. This act created the Protectorate of Emigrants (PoE) in India and made it mandatory for recruitment agents to register with the PoE. According to a 2017 Amendment to these rules, the maximum fees charged by recruitment agents is INR 30,000 (363$ USD). In addition, this amendment states that recruitment agents must collect fees through digital means only, provide all clients with a receipt/proof of payment, and post the legal maximum fee and mode of payment in their offices.

**Migrants and migrant families often utilize the services of informal recruitment intermediaries, given the lack of officially registered recruitment agents.** There are only 8 registered recruitment agents in Bihar and 35 in Uttar Pradesh among the 1,498 publicly registered agents listed on the Indian Ministry of External Affairs website. Registered recruitment agents work with informal, unregistered, recruitment agents who are often youth living in the community. These youth act as intermediaries and actively search for people interested in traveling abroad to work.

---

7 United Nations High Commissioner on Refugees https://www.refworld.org/cgi-bin/texis/vtx/rwmain?docid=3ae685318
8 India Code Digital Repository of all Central and State Acts https://www.indiacode.nic.in/handle/123456789/1779?view_type=browse&sam_handle=123456789/1362

5 | Global Fund to End Modern Slavery
**ASK Key Results at Endline**

### Project Pillar 1 Pre-employment Preparedness:
Migrant workers and their families’ adherence to safe international migration practices increased significantly over the course of the intervention. The chart below illustrates baseline and endline percentages of migrant workers and families who adhered to safe international migration practices.

**ASK Baseline/Endline Percentages of Migrant Workers and Families Confirming Adherence to Safe International Migration Practices**

<table>
<thead>
<tr>
<th>Safe International Migration Practice</th>
<th>Baseline</th>
<th>Endline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping a copy of all legal documents prior to migration (passport, visa, employment contract, employer contact details)</td>
<td>Siwan: 23%</td>
<td>Kushinagar: 31%</td>
</tr>
<tr>
<td>Demanding and verifying that employment contracts are ethical (does not limit movement, written in understandable manner, contains salary, nature of work, working hours, leave, overtime, insurance)</td>
<td>Siwan: 5%</td>
<td>Kushinagar: 11%</td>
</tr>
<tr>
<td>Receiving quality pre-departure training</td>
<td>Siwan: Less than 1%</td>
<td>Kushinagar: Just over 1%</td>
</tr>
<tr>
<td>Receiving a grievance mechanism and trained upon its use</td>
<td>Siwan: Less than 1%</td>
<td>Kushinagar: Less than 1%</td>
</tr>
<tr>
<td>Paying no more than legal recruitment fee</td>
<td>Siwan: 3%</td>
<td>Kushinagar: 9%</td>
</tr>
<tr>
<td>Demanding a work visa</td>
<td>Siwan: 29%</td>
<td>Kushinagar: 69%</td>
</tr>
<tr>
<td>Checking the details of employers on publicly available platforms⁹</td>
<td>Siwan: 4%</td>
<td>Kushinagar: 17%</td>
</tr>
</tbody>
</table>

### Project Pillar 2 Paralegal Support:
CSOs identified and trained 310 returned migrants who had usually completed 10 to 20 years in GCC. Given their understanding of the issues faced by Indian workers in the Gulf, they were helpful in supporting returned migrants and their families to access free legal services through existing government entities such as District Legal Services Authority (DLSA). Of the 108 cases filed by migrant workers, 19 were resolved within 3 to 6 months.

### Project Pillar 3 Reintegration Services:
A total of 44 forced labor victims were rescued from various GCC countries. CSOs offered first-responder counseling services, identified survivors with physical and mental trauma, and made referrals to health care specialists.

### Project Pillar 4 Access to Government Entitlements:
Targeted poor and marginalized households’ income increased over the course of intervention. CSOs trained a total of 12,547 people from poor and marginalized households on registering and accessing statutory social security schemes. 11,167 (89%) of participants illustrated an 80% increase in their knowledge from a pre and post test. 2,466 households received government entitlements during the life of the project.

### Project Pillar 5 Financial Products:
Migrants and their families often resorted to high-interest or collateral-based loans from local, informal, and predatory moneylenders due to their inability to access services from formal financial institutions. Mitrata’s financial products reduced debt bondage of targeted migrants and their families by 58%. In the Mitrata product pilot areas, of the 309 participating migrants and migrant families interviewed at baseline, 195 (63%) experienced debt bondage while only 15 (5%) were under debt bondage at the time of endline.

### Project Pillar 6 Local CSO Capacity and Sustainability:
ASK conducted 22 capacity building workshops with 65 representatives from 44 CSOs. CSOs learned best practices for viability including mobilizing international funding and working directly with national entities such as DLSA. CSOs formed networks that met regularly, offered training and services to migrants and their families, and deterred 38 aspiring migrants from working with illegal agents.

---

⁹ Indian government’s eMigrate website [https://emigrate.gov.in](https://emigrate.gov.in) and MigCall which is a mobile application for Indian workers in the GCC countries based on Android OS platform and available on Google Playstore in various Indian languages such as Hindi, Malayalam, Tamil, Telugu, Kannada and Bengali and English. The main feature of this mobile App is that once downloaded it can be used offline in the absence of internet connection. MigCall automatically downloads helpline numbers in India and country of residence, as selected and provides helpline numbers of passport services, counseling services, local police numbers and hospital numbers. It also provides a facility to send an SOS message to an emergency number, chosen by the user, in an emergency situation and will also provide GPS locations to the nearest Indian embassy office.
Population Council-led Research Methods

Population Council conducted a quantitative intervention effectiveness study utilizing a pre-post, difference-in-differences (DiD) design with longitudinal survey data collected from aspiring migrants from intervention and comparison villages at two points in time. The goal was to assess contribution at the community-level of migrants’ knowledge about the safe migration pathways outlined by the ASK intervention, as well as the migrant’s ability to follow these pathways. To do this, Population Council chose comparison districts, Gopalganj, Bihar and Deoria, Uttar Pradesh, that were similar to the ASK intervention districts of Siwan and Kushanagar in terms of population size; volume of overseas migration to GCC countries; and proportion of population belonging to rural, scheduled castes, religious, and literate groups. Population Council conducted a baseline survey with a total of 12,273 households in 30 randomly selected intervention villages in Siwan and Kushanagar and 30 randomly selected comparison villages in Gopalganj and Deoria from August through March 2022. Population Council then re-interviewed 736 of the 1154 respondents in the intervention and comparison villages during an endline survey conducted from August through September 2022.

Population Council Key Findings

Overall awareness at the community-level about project activities was modest. Findings presented for aspiring migrants sampled at the district-level should also be viewed with the caveat that the ASK intervention activities were targeted to specific clusters within the intervention villages. In addition, the project was implemented in a challenging environment, particularly characterized by disruptions due to the outbreak of COVID-19.

- 45% of aspiring migrants sampled in intervention communities were aware of the project.
- 38% Thirty-eight percent of intervention area respondents were aware of training sessions.
- 29% of intervention area respondents reported that they or their family members had some level of engagement with the project.
- 12% reported that they had paid attention to their campaign activities such as posters and street plays.
- 7% of respondents reported that they or their family had received paralegal assistance from the project.

The intervention was successful in improving male migrants’ awareness of the different forms of forced labor, and government measures to make overseas migration for work safe.

- There was a net increase of 35% in the number of forms of forced labor spontaneously listed by intervention area respondents and a 51% increase among those who reported exposure to activities, as compared with respondents in the comparison area.
- There was a net increase of 56% in the number of relevant government measures that respondents were aware of in the intervention area and a net 74% increase among those who reported exposure to activities, as compared with those in the comparison area.

Migrants and their families’ awareness of resources for safe international migration did not improve more significantly in intervention areas. The content of the training sessions or campaigns may have covered different aspects of safe migration pathways or have been implemented unevenly.

Effect of Intervention on Migration

The intervention was successful in improving adherence to safe migration practices including obtaining a passport, undergoing a skill test, attending pre-departure training, and having awareness of agencies to contact in case of an emergency. The average number of safe migration practices that respondents adhered to increased more sharply in the intervention area than in the comparison area and particularly among those who were directly exposed.

- There was a net increase of 34% in safe migration practices in the intervention area in general and 58% among those who were exposed, compared with those in the comparison area. However, the number of current or returned migrants who were re-interviewed were too few to assess the effect of the intervention on adherence to practices related to job contract, visa, and insurance.

Effect of Intervention on Migrants’ Use of Financial Products

The intervention was successful in promoting the use of debit cards and insurance coverage among migrants.

- There was a net increase of 15% in the use of a debit card among respondents in the intervention area in general and 13% among those who were exposed to the intervention in the intervention area compared with those in the comparison area.
- There was a net increase of 9% in the ownership of an insurance policy among respondents in the intervention area in general compared with those in the comparison area. However, no such effect was observed for respondents who reported exposure to intervention activities.
Effect of Intervention on Migrants Actively Seeking Assistance

Help-seeking was modest among migrants in both the intervention and comparison areas. Fewer than half of respondents sought help to address their difficulties which included lack of information or misinformation, overcharging, and deception. 49 to 61% of those who did seek help, sought it from friends and families in both intervention and comparison areas. **However, a larger proportion of intervention area respondents sought help from formal sources (30% vs 19% of those who had sought help).** These differences suggest that the intervention may have encouraged respondents to seek help from formal sources and discouraged approaching recruitment agents to resolve difficulties that they had faced.

Recommendations

**For Government**

Currently, local branches of the Protectorate of Emigrants and other government agencies play an important role in the migration ecosystem such as facilitating access to entitlements and social security schemes, offering legal counseling, registering complaints, as well as licensing and de-licensing recruitment agents. In order to ensure migrants and their families access these resources and services, local government entities need to increase the number of offices and hire and train more legal counselors. They should offer licenses to more recruitment agents in order to serve more migrants and reduce processing time. PoE needs to collaborate with and train representatives of local government at the village, block, and district level to recognize and report signs of fraud by recruitment agents, forced labor, debt bondage, and predatory moneylenders.

Train both registered and unregistered recruitment agents on ethical recruitment fees and other ethical recruitment practices. There is a need to train agents in a systemic manner. PoE needs to exact penalties for fraud committed by recruitment agents as well as debt bondage by moneylenders.

Create user-friendly interfaces on existing government migration portals that will improve informed decision-making for migrants and their families. User-friendly interfaces would better enable families to conduct a rapid check on the authenticity of visas and the legitimacy of a recruitment agent as well as seek grievance redressals at source and destination.

Use technology to maintain an updated list of all relevant government entitlements and social security schemes and how to avail them on a real-time basis. Technology-based resources should be used to allow communities to be aware of eligibility and registration processes in order to improve access to government schemes and entitlements by vulnerable migrant worker households. Platforms such as the Indian e-migrate should be continuously updated and apps such as MigCall should continue to be available in low-resource states and districts including when the internet is not accessible.

**The national government of India must continue to engage national and local authorities in destination countries to ensure safe international migration and working tenure.** Forced labor is a result of a transnational, multi-stakeholder system failures. Source-side worker awareness, preparation, and financial stability does not eliminate all risk of forced labor. Specifically, the national government of India must continue to advocate for legal and social protection of both immigrants and workers in destination countries.

**For Financial Institutions**

Banking, credit, and micro-finance institutions must create tools that support the entire family and not the migrant in isolation. Migrant households operate as a financial unit and therefore interventions must adopt a family-based approach. Interventions should identify decision-makers within each household (other than the migrant) and share information with those points of contact.

Financial tools must be tailored to the various stages of the migrant's journey. Migrants and their families experience different financial needs at different stages of their journey often based on financial vulnerabilities. Tools must be created to fit these needs and marketed appropriately to ensure availability and accessibility.
Interventions must ensure that migrants and their families recognize all forms of labor exploitation, not just incidents of severe abuse. The baseline study illustrated that migrants and families considered forced labor to be solely instances of acute exploitation and debt bondage. As a result, despite experiencing forced labor conditions, the majority of the migrant workers did not report or seek recourse to justice. There is a need to educate the migrant workers and families on the conditions of forced labor and decent work so that they can seek early intervention when subjected to such exploitations.

Reintegration must include referral services to trained professionals offering both immediate care for life-threatening conditions as well as long-term recovery. ASK, Mitrata, and various CSOs noted that the potential for re-victimization and re-trafficking of returned migrants was high given the lack of trained state or non-state actors offering physical, mental, educational, or livelihood services. At the minimum, services must include immediate protection, transportation, shelter, food, and medical care as well as long-term social and economic support for successful reintegration.

Interventions and research should have a time frame long enough to monitor workers’ entire migration journey(s). Workers often migrate several times and their experiences can change drastically given economic fluctuations and external conditions such as COVID 19. Allowing time to assist migrants through one or several complete migrations would yield nuanced information and allow for more effective interventions to support migrant workers.