How Migrants Send Money Home?

Study of Profiles, Preferences & Potential

Across India
Acronyms

AePS – Aadhaar enabled Payment System
ATM – Automated Teller Machine
BC – Business Correspondent
BHIM – Bharat Interface for Money
CDFI – Centre for Digital Financial Inclusion
DoP – Department of Posts
EAG – Empowered Action Group
eMO – electronic Money Order
GVA – Gross Value Added
IEC – Information Education Communication
IFMR – Institute for Financial Management and Research
iMO – instant Money Order
IPPB – India Posts Payments Bank
LDC – Least Developed Countries
NCT – National Capital Territory
NEFT – National Electronic Funds Transfer
NSSO – National Sample Survey Organization
PMJDY – Pradhan Mantri Jan Dhan Yojana
PO – Post Office
POB – Place of Birth
POE – Place of Enumeration
POLR – Place of Last Residence
RGI – Registrar General of India
RR – Rural to Rural
RU – Rural to Urban
SHG – Self Help Group
SMS – Short Message Service
UA – Urban Agglomerations
UNCDF – United Nations Capital Development Fund
UNDP – United Nations Development Programme
UNESCO – United Nations Educational, Scientific and Cultural Organization
UNSDG – United Nations Sustainable Development Goals
UPI – Unified Payments Interface
UPR – Usual Place of Residence
UR – Urban to Rural
UU – Urban to Urban
1. Migration - An Ongoing Phenomenon

Rapidly transforming scenarios in the global and local context such as connectivity and transportation, information and knowledge, development and underdevelopment of regions, poverty and prosperity, political stability and civil unrest – have led to a sustained movement of people across territories by way of migration. Migration is the geographic movement of people across a specified boundary for the purpose of establishing a new permanent or semi-permanent residence\(^1\). Migration is both internal (within national boundaries) and external (crossing national boundaries). People can migrate “in” and “out” of geographies. Certain destinations are attractive and pull “in” migrants because they seem to assure a respectable life by providing better economic and employment opportunities, marriage, and poverty probably creates a more systematic and continuous “out” migration.

Migration is neither a recent nor a small phenomenon. Today, even domestic or inter-state (within the country) migration has assumed considerable proportion. According to United Nations Development Programme (UNDP) Human Development Report of 2009, the number of internal migrants was about four times the size of emigrants. Given the volume and resultant impact it is likely to have on the economy of a country, there is a perpetual need to study internal migrations.

**Migration in India**

India has witnessed rapid development in the last few decades and is one of the fastest growing economies at present. Factors such as a large human and resource base, economic reforms, political stability, and democracy have made India an attractive investment destination leading to better and greater opportunities in certain geographies. Also, the contribution of the services sector in the total Gross Value Added (GVA) at current prices has increased since the early years of independence. In FY 2016 – 17, the services sector accounted for about 54% of India’s total GVA at current prices. The growth of the Services sector has led to increased job creation in urban areas and a rapid urbanization of the population. Therefore, it is not a surprise that internal migrations are on the rise. According to Census 2011, there are 45.3 Crore (~453 Million) domestic migrants in India\(^2\). In other words, 37% of Indians are migrants. In comparison, migrants as a part of total population was only about 30.5% in 2001.
Rise in Migration

Source: Census 2001, 2011

31.5 cr

45.4 cr

2001

2011

Source: Census 2001, 2011
Besides the increase in the total number of migrants and their percentage as part of the total population, domestic migration for economic reasons has also witnessed an increase over the years. Of the total domestic migrants, as per Census data, in 2011 about 5.1 Crore (~51 Million) have migrated either for business or for work/employment related reasons compared to 3.3 Crore (~33 Million) who migrated for similar reasons in 2001. The Economic Survey of FY 2016-17 arrives at a much larger estimate of labour migration in India by analysing 2011 Census data and Railway passenger traffic flows data provided by the Ministry of Railways. Using the Railways data for the period 2011 – 2016 to estimate work-related migration, the Economic Survey of FY 2016-17 indicates an average annual flow of close to 9 Million people between the States. The Economic Survey of FY 2016-17 further states that migration is accelerating – the annual rate of growth of labour migrants has nearly doubled relative to the previous decade. This acceleration has been accompanied by the surge of the economy.

Consequences of Migration for Developing Countries

Migration of any nature may have many desirous and non-desirous consequences. In the context of developing countries, its effect on internal remittances gains high significance. Domestic migration is likely to involve people from economically weaker sections. Remittance flows to poor regions are thus expected to aid in poverty reduction. Microstudies indicate that households that receive remittances report higher per capita income, consumption and savings when compared to others. Remittances have shown to lead to increased investments in education, health and human capital formation leading to an improvement in general welfare.

Also significant in this context, is India’s progress in financial inclusion and digital payments space and the growth of mobile telephony. Today, almost every household in India has a bank account and there are more than 1 billion mobile phone subscribers. India has one of the most innovative and vibrant digital payments ecosystem that offers consumers a wider choice of channels and financial and payment institutions. Digital payments systems like Unified Payments Interface (UPI) help enable instant real time inter-bank transactions. Both simple and smart mobile phones can be used to effect a banking transaction. As of November 2018, there are close to 1 billion outstanding debit cards in India. There are more than 1.25 Lakh Banking correspondents (BCs) providing banking services at the last mile.

Objectives of the study

Centre for Digital Financial Inclusion (CDFI) found this a compelling context for a research study. Therefore this study was carried out to understand remittances by domestic migrants. What made the CDFI study unique is that it took into consideration both the parties in a remittance transaction - senders and recipients.

This report throws insights on

- Insight on migration patterns
- Financial and mobile inclusion of migrants and their families
- Availability and ease of availing financial and payments services at the destination and origination locations
- Remittance behaviour
- Use of various digital and non-digital payments modes for remittance
- Awareness and perceptions about the digital payments channels

*This report does not delve into the effects of migration and remittance on geographies, migrants or the local population.
Records of Internal Migration in India

Our broad knowledge of internal migration in India comes primarily from the data provided by the decadal Census, which is the single largest source of migration characteristics of the people of India. The Census counts the migrants and provides data on migration based on place of birth (POB) and place of last residence (POLR). If the POB or POLR is different from the place of enumeration, a person is defined as a migrant. Until 1961, migrants were determined only on the basis of POB. However, since 1971, POLR data has been available. Its usefulness in capturing return migrants has made POLR the primary basis of defining migration. Based on the rural and urban nature of the origination (POB or POLR) and the destination place, the Census has divided migration into four streams:

Rural to Rural (RR), Rural to Urban (RU), Urban to Rural (UR) and, Urban to Urban (UU)

Apart from the Census, the National Sample Survey Organization (NSSO) gives out data on migration through its Employment, Unemployment and Migration surveys. A migrant, as defined by NSSO surveys, is a person whose place of enumeration is different from his or her recorded usual place of residence (UPR), or the place where the person usually stays.
2. Trends in Migration

Migration, aided by improving and expanding transport infrastructure, modes of transportation and communication and rapid urbanization of new areas, is today far more dynamic. Migration trends can help to construct how people move around over a period of time. The decadal Census data, published by the Registrar General of India (RGI), provides some key data on migration which could be used to sketch some trends.

1 Census 2001 data shows that lesser developed, hilly and North Eastern States are mostly “out” migration states whereas prosperous, industrialized and relatively more urbanized states are largely “in” migration states. The Census data of 2011\textsuperscript{13} has registered an increase by about 14 Cr in the absolute number of individuals who have migrated when compared to 2001. Even if one were to discount migration on account of marriage (which is the predominant reason for almost half of the migrations) and migration after birth (since it is quite common for females in India to go to the mother’s place for child birth), about 40% of the population have migrated for reasons other than those mentioned above. This totals to a staggering 18.7 Cr individuals as per the 2011 Census data. Rural to Urban and Urban to Urban migration is more common for economic reasons.

**Migration Trends- As observed in the CDFI study**

The CDFI study sketches migration trends prevalent in the study locations. Respondents included both senders and recipients. For the sender component of the study, six States namely (a) Gujarat (b) Karnataka (c) Maharashtra (d) Tamil Nadu (e) National Capital Territory, Delhi and (f) Punjab were selected. For selecting the respondents for the recipients’ phase of the study, (a) Bihar (b) Uttar Pradesh (c) Madhya Pradesh (d) Odisha (e) Rajasthan and (f) Maharashtra were chosen. Sketching these trends is important from a remittance perspective – it gives information on the physical proximity of the sender and the recipient and can also provide guidance on targeting specific segments of migrants and migration corridors for remittance, in creating payments infrastructure particularly in select origination states and in developing remittance products.

**Origins of Migrants**

The state from where the migrants come from or originate can give indications on how people are moving and what factors are probably steering them to those destinations. Analysis of the origination states of the migrants and the six (6) destination states show some interesting formations.

Bihar and Uttar Pradesh appear to be key “out” migrant states. Migrants from Uttar Pradesh and Bihar had a substantial presence in all the selected locations. More than 57% of the respondent migrants were from these two states alone. About 90% of the migrants who participated in the survey in the National
Capital Territory (NCT) region of Delhi were from Uttar Pradesh and Bihar. Punjab appears to be another favourite destination for migrants from these two States. Karnataka and Tamil Nadu had a wider representation of migrants from different origination states. However, migrants from Tamil Nadu had a strong presence in Karnataka and formed the single largest origination block of migrant respondents there. Of the six States, only Maharashtra with more than 38% (more than one-third) had substantial intra-state migration. Intra-state migration also constituted the single largest origination block of migrants in Mumbai. About 87% of the families of migrant workers (not related to sender respondents of the study) from Maharashtra further confirmed the existence of high intra-state migration pattern when they were interviewed in the recipient survey. Lesser developed states like Rajasthan, Madhya Pradesh, Odisha, Bihar and Uttar Pradesh have reported small intra-state migration. Migrants from Eastern Indian States of Odisha and West Bengal preferred Tamil Nadu to the other five states. More than 25% of the migrant respondents in Tamil Nadu were from these two states. Almost 41% of the families of migrants who participated in the recipient study (not related to sender respondents of the study) in Odisha mentioned that one or more of their family member was working in Tamil Nadu.

From the above, it seems that the choice of destination by the migrant is influenced by the geo-proximity to the origination state; existence of highly urbanised locations within the state; and prosperity of the destination state/location relative to the origination state. There are case studies on international migration that provide evidence that the poor tend to move to places closer to their homes. Since India is a very diverse country in terms of language, culture, beliefs etc., it is quite possible that some of the diversity factors also influence the choice and selection of destinations and their degree and direction of influence could vary from state to state, region to region.
Origination States of Respondents
(From sender survey)

To be interpreted in combination with the sampling methodology
To be interpreted in combination with the sampling methodology

Origination States covered in this study

To be interpreted in combination with the sampling methodology

Destination States of Respondents
(From recipient survey)
Observed Migration Patterns

*Constructed from the respondent (senders and recipients) responses*
3. Why do people migrate?

Various “push” and “pull” factors force people to migrate. While “push” factors induce people to migrate “out” of their original locations, “pull” factors induce people to move “in” to destination locations.

We looked at how some of the “push” and “pull” factors such as (a) Unemployment (b) Better Opportunities (c) Better Wages (d) High Debt (e) Natural Disaster (f) Man-made Disaster (g) Drought and (h) Marriage induced migration to the destination locations. The study found that economic reasons tended to be the chief driver of migration in the destination areas. Herein, both “pull” and “push” factors seemed to have played an important role in migration. Unemployment in local areas coupled with perception of better opportunities and wages in the destinations were the main reasons for migration. The provisional data of the Census 2011 also indicates that majority of the rural population prefers to migrate to urban areas for work / employment.

Non-economic “push” factors such as marriage, high debt and disasters were found to be less significant reasons for migration. Only about 16% of the migrants had migrated on account of marriage. This also finds support in the migration data of the Census 2011. Analysis of the Census 2011 provisional data reveals that most of the migrations on account of marriage are Rural to Rural migrations. Only about 13% of migrations on account of marriage are from Rural to Urban areas. If we consider only the six states where this study has been done, about 20.5% of migrations on account of marriage are from Rural to Urban areas.
Across all States

In Six Destination States Covered in this Study

87% of population with last residence in rural areas migrated to rural areas due to marriage
32% of population with last residence in urban areas migrated to rural areas due to marriage

80% of population with last residence in rural areas migrated to rural areas due to marriage
25% of population with last residence in urban areas migrated to rural areas due to marriage
4. Insights

Earnings - as seen by location
Positivity around better wages and better opportunities is one of the key reasons driving migration from rural to urban areas. Better wages improve the living condition of migrants and their families. Higher income can up the remittances to the origination locations and boost demand and expenditure thereby creating local opportunities for others. In this study, we looked at the average monthly income of migrants, factors that may have a relationship with income and income disparities. For the purpose of this study, a migrant’s average monthly income was captured in one of the four buckets – (a) Less than ₹3,000 (b) Between ₹3,000 and ₹6,000 (c) Between ₹6,001 and ₹9,000 and (d) More than ₹9,000

The study reveals that almost half of the migrants amongst those who chose to disclose their average monthly incomes earn in excess of ₹9,000 in a month. A little over a third (34%) earned between ₹6,001 and ₹9,000 in a month. Just about 4% of the participants mentioned earning less than ₹3,000 in a month. However, some variations in the average income of migrants are observed across states. More number of migrants in Karnataka (about 62%) reported earning in excess of ₹9,000 in a month on an average, whereas, very few in Punjab (about 19%) reported earning in excess of ₹9,000 in a month on an average. Overall, migrants in Punjab and Gujarat seem to earn lesser than their counterparts in Delhi, Karnataka, Maharashtra and Tamil Nadu.
Average Monthly Income of Migrants - Breakdown by Destination State

Destination States

Average monthly income

- More than ₹9,000
- ₹3,000 - ₹6,000
- ₹6,001 - ₹9,000
- Less than ₹3,000
Migrants from Tamil Nadu appeared to earn higher than their counterparts from other States. More than 73% of the migrants from Tamil Nadu earned in excess of ₹ 9,000 in a month on an average. Those earning on the lower side belonged mostly to Jharkhand.
Level of Education and Income of Migrants - Is There a Correlation?
The level of education of migrants and their incomes are related. Migrants who have completed class 9 and above were more likely to earn in excess of ₹9,000 in a month on an average than their counterparts who had studied only up to primary or upper primary. About 50% of the migrants who have studied only up to primary level were earning less than ₹3,000 in a month on an average. More than 60% of the migrants from Tamil Nadu had completed Class 8 and above which could partly explain their higher incomes.
Differences in income due to gender were observed. Compared to 55% of the male migrants who earned in excess of ₹9,000 in a month on an average, only about 35% of the female migrants earned in excess of ₹9,000 in a month on an average.
Occupation and Frequency of Earnings

From a financial inclusion perspective, the frequency (daily, weekly, fortnightly or monthly) at which a migrant earns or receives wages is of key importance. More frequent the earnings, smaller the pay-outs and more likely it is to be in cash mode.

Migrants working as street vendors, rickshaw pullers and labourers predominantly earned on a daily basis whereas those engaged in occupations such as factory workers, domestic help, hospitality services and textile works received their wages on a monthly basis. If frequency of payment is used as criteria, this also throws some light on sectors which are relatively more informal than others. Informal discussions with the migrants revealed that wage payments were mostly in cash.
Saving Patterns of Migrants

More than 67% of the migrants who responded save a portion of their monthly income. Migrants saved in one or more ways. Keeping savings “At home” and/or in a “Bank Savings Account” seemed to be the two most popular ways for them. While about 48% of migrants preferred to save “At home”, about 43% of migrants preferred to save in a “Bank Savings Account”. About 22% of migrants saved in both ways.

*Percentages may not add to 100% due to rounding off error
Other ways of savings such as with friends / relatives, in post office savings account, in chit fund schemes, with Self Help Groups (SHGs), with microfinance institutions, in mutual funds or with the employers were used by very few migrants.
Significant differences were observed in the ways used by male and female migrants to save. While male migrants showed equal propensity to save at home or in bank, female migrants clearly preferred saving at home to bank.

There is a strong relationship between a migrant having bank account and using it for savings. More than 61% of migrants who had a bank account, preferred saving in bank. When it came to saving at home, no significant differences were observed amongst those who did or did not have a bank account. While 47% of those who had a bank account still saved at home, about 50% of those who did not have a bank account saved at home.

Knowing the savings behavior of migrants can help in deepening financial inclusion and services to them. Those who are financially excluded have no choice but to save outside of the institutional banking channels and deprive themselves of digital payments innovations for remittance purposes.
Migrant Respondents Having Bank Account

And

Saving at Home

- All: 47%
- Male: 43%
- Female: 57%

Saving at Bank

- All: 61%
- Male: 64%
- Female: 54%
Mean Remittance Amount

The mean amount remitted at a time by the migrants who participated in this study was around ₹5,000. Migrants preferred to remit in whole thousands. The denominations most frequently remitted at a time were ₹6,000, ₹5,000, ₹3,000, ₹2,000, ₹4,000 and ₹7000 (considering a minimum of 5% of the respondents have remitted the above denomination). Majority of the remittances were in the range of ₹1,000 and ₹10,000. Almost one-third of migrants remitted between ₹5,001 and ₹10,000. Another 30% remitted between ₹1,000 and ₹3,000. 28% remitted between ₹3,001 and ₹5,000. Remittances of a higher amount (greater than ₹20,000) in a single transaction are occasional. Discussions with migrants revealed that higher denominations are remitted only for specific events such as marriage, house renovation/construction, etc. These findings found evidence in the recipient survey as well. The mean value of the amount remitted at a time by the migrants show some variations depending on the destination state. Migrants in Karnataka and Tamil Nadu on an average remitted more than ₹6,000 at a time. This can partly be due to higher earnings of the migrants in these states. Migrants in Gujarat on an average remitted a lower amount of ₹3,170 at a time compared to the migrants in the rest of the states selected for the study – an amount lesser by ₹1,915.
Average amount (about ₹5,500) remitted at a time by a male migrant is significantly higher than the average amount (about ₹3,600) remitted by a female migrant. This difference can partly be due to lower incomes of the female migrants when compared to the male migrants.
Preference towards Use of Banking Channels

Sending cash through individuals remains a popular way of remitting money. About 57% of migrants stated that they send cash home through friends, family, relatives and agents. Remittance through agents is a less preferred option (hardly 9% of senders preferred this option). More than 85% of all migrants were aware of methods / modes of payments through banking system for remittance compared to only about 17% who were aware of making payments using mobile phones. About 62% of migrants used one of the banking channels to remit money. However, almost 98% of all remittances through banking channels are direct deposits to recipient accounts. Recipients’ survey indicated even higher usage and practice of remitting money directly into the bank account of the recipient by the migrant than use of family and friends as the mode of remittance. Almost 84% of the recipients surveyed indicated that the money was directly remitted into their bank account and only about 38% indicated the use of family and friends for remitting money.

More number of migrants who had a bank account preferred to remit money directly into the bank account of the recipient. Compared to 67% of those who had bank accounts remitted money directly into the bank account of the recipient only about 44% of those without bank accounts remitted money directly into the bank account of the recipient. With respect to practice of remitting money in cash through friends or family members and relatives, no significant difference in behavior is observed between those migrants who had and did not have a bank account. Significant differences are observed amongst males and females on their preferred mode of remittance. Compared to 65% male migrants who remitted money directly into the bank account of the recipient only about 48% of the female migrants did so. More number of women migrants (54%) preferred to remit money through family members and relatives than their male counterparts (37%). Use of the banking channel to directly remit money into recipient’s account showed an increase in those migrants who had attained a relatively higher level of education. While only 56% of those educated up to primary level directly remitted money into the recipients’ account, more than 70% of those with education level up to graduation and above preferred to remit money directly into the bank account of the recipient. The use of banking products such cheques, demand drafts, National Electronic Funds Transfer (NEFT), etc. for remitting money is extremely low. In the case of post office products, despite 34% migrants being aware of the option, only about 6% of them actually use the post office. The post office remittance products used by the migrants include money orders and instant money orders. Only 2% of the migrants used mobile payments to send money home.

One of the most interesting things which was observed is that the choice of mode of remittance changes with the amount remitted. For smaller amounts migrants preferred sending cash through individuals. However, when it came to larger amounts, migrants preferred to use banks to send money.
Frequency of Remittance

While regular remittance of money (monthly or quarterly) was a normal practice, remittance mostly happened when the recipient needed money or when the migrant had savings. 65% of the recipients stated that migrants remitted money as when the recipient required.
Ownership of Saving Accounts

Most migrants are located in urban areas whereas the recipients are located in rural areas. However, in terms of account ownership, urban dwelling migrants fare poorly when compared to recipients in the rural areas. While 95% of the recipients had bank accounts, only about 65% of senders had bank accounts. About 96% of migrants further affirmed that their recipients back home had a bank account. But herein too, some differences were observed amongst migrants working in different destination states. 97% of migrants in Gujarat had a bank account whereas only 41% of migrants in Tamil Nadu had a bank account. Incidentally, about 27% of migrants in Tamil Nadu were not aware of the location of the nearest bank from their place of work. In other states, bank account ownership was close to the mean value. Interestingly, 82% of migrants from Tamil Nadu had a bank account. Bank account ownership was found to be higher in migrants with relatively higher education levels. More than 95% of migrants who were graduates and above had a bank account.

Very few migrants had a savings account in a post office. Herein too, just like in the case of bank savings account, the gap between senders and recipients was found to be wide. Only 3% of migrants had accounts in post offices. In comparison, 10% of recipients mentioned that they had accounts with post offices. The number of recipients having an account with post offices was generally observed to be low irrespective of their location and no significant variations across states were observed. Recipients cited non-requirement (53%) and not being able to open (28%) as the major reasons for not having an account with the post offices.
Account Ownership

Migrants (Senders)
- Bank Account: 65%
- Post Office Account: 3%

Recipients
- Bank Account: 95%
- Post Office Account: 10%
Usage of Mobile Phones
At a time when there is an increasing focus on cashless and digital payments, it becomes important to understand the penetration of mobile phones amongst migrants and recipients and the various purposes for which they use mobile phones. Recipients in rural areas had substantial access to mobile phones but the mobile phone is least used for sending and receiving money. 66% of senders had mobile phones as compared to 90% of the recipients. The ownership of smart phones was observed to be lesser than that of feature phones across senders and recipients. While the gap between senders and recipients is wide in case of mobile phone ownership, smart phone ownership is marginally higher among migrant senders when compared to recipients. The survey found that among the migrants having mobile phones, 28% owned smart phones, whereas 71% owned feature phones. In the case of recipients having mobile phones, 26% had smart phones and 90% had feature phones.

Almost everyone universally used mobile phone to make and receive calls. Amongst the various purposes of usage that this study captured, the use of mobile phone for sending and receiving money was found to be least by both migrant senders and recipients. Only about 6% of migrants and 9% of recipients used the mobile phone for sending and receiving money. Relatively higher usage of mobile phone for watching videos and WhatsApp than for sending and receiving money indicates that they had access to data services.
Access and Usage of Mobile Phones

Of those with mobile phones

Senders 66%

Only Smart Phone 28%

Only Feature Phone 71%

Both 1%

Recipients 90%

Only Smart Phone 10%

Only Feature Phone 74%

Both 16%

Those with Mobile Phones use it for

SENDERS

Almost 100%

31%

50%

15%

38%

6%

PAY Online

RECIPIENTS

Almost 100%

52%

52%

21%

48%

9%

PAY Online
Gender Divide in Financial and Mobile Inclusion
The gender divide, with regard to ownership of bank and post office saving accounts is not very high, be it at the senders’ or recipients’ end. However, the divide widens when it comes to the ownership of mobile phones, particularly amongst female migrants. Only 49% of female migrants compared to 73% of male migrants had mobile phones. The trend reverses, albeit marginally, at the recipients’ end - 92% of the females as against 88% of the males had mobile phones. The gender divide is prominently visible in the type of mobile phones owned as well. At the senders’ end, a higher percentage of men are seen to own smart phones when compared to women. This disparity is observed to be lesser when it comes to recipients.
## Gender-wise Access to Accounts (Bank and Post Office)

### State of financial inclusion across genders

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Senders</th>
<th>Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Bank account</td>
<td>67%</td>
<td>61%</td>
</tr>
<tr>
<td>Post Office account</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Gender-Wise Access to Mobile Phones

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Senders</th>
<th>Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>73%</td>
<td>88%</td>
</tr>
<tr>
<td>Female</td>
<td>49%</td>
<td>92%</td>
</tr>
</tbody>
</table>

Of those with mobile phones:

- Male: Feature phone (32%), Smart phone (82%)
- Female: Feature phone (18%), Smart phone (25%)

Some have Access to both Feature phones & Smartphones
Access to Mobile Phones: Age-Wise Analysis

Age-wise analysis of the data also throws up some interesting trends on the state of financial and mobile inclusion. Fewer millennial and post millennial migrants (age group 18-36 years) had a bank account. Compared to 61% of migrants who had a bank account in the age group 18-36 years, about 75% of migrants above 36 years had a bank account.

But when it comes to mobile phone ownership, unlike in the case of bank accounts, a higher percentage of millennial and post millennial migrants had mobile phones. 68% of migrants in the age group 18-36 years had a mobile phone compared to about 60% of migrants who were above 36 years of age. More migrants in the age group 18-36 years (31%) had access to smartphones.
5. Digital Remittance

Despite some of the observed disparities, the study also points out that a large number of migrants and recipients today, have access to bank accounts and mobile phones. Also, various kinds of digital payments and remittance products are available. UPI kind of digital payments applications provide a simple and convenient way to remit money to any bank account in the country. Despite the availability of such means and a large number of potential users, the actual usage is small.

For digital remittance to be used more extensively, it is important to create an end-to-end digital experience for senders and recipients. End to end digital experience requires having savings, sending and receiving facilities near to the sender and the recipient, convenience of sending and withdrawing remitted amount, understanding of the remittance product, lower transaction costs, safety of the channel, consumer protection & grievance redressal and prompt delivery.

Availability of Institutional Facilities Close By

Availability of a financial institutional near sender’s place of work and recipient’s place of residence can go a long way in encouraging migrants to use digital remittances. Migrants can open bank accounts and more importantly get educated about digital remittance products in such facilities. Recipients know where to go and whom to approach for customer service. Sizeable distance of such a facility from the place of work or residence adds to the transaction costs for senders and recipients. About 77% of migrants had a bank branch within 5 KMs from their place of work, but only 39% had a bank branch within a KM from their place of work. Post offices were less visible near the place of work. Almost 26% of migrants were not aware of the location of nearest post office. A post office was available within a KM from the place of work only for about 25% of the migrants.

For 22% of recipients, bank was within a KM from their house. For another 48%, it was within 1–5 KMs whereas it was more than 5 KMs away for about 28% of recipients. 40% of recipients stated that the post office was within a KM from their house. Of the remaining, about 54% of recipients stated that the post office was more than 5 KMs away from their house. 15% of recipients stated that the bank ATM was within a KM from their house. For another 43%, it was within 1–5 KMs whereas it was more than 5 KMs away for about 39% of recipients.

Efforts Required to Withdraw Money

About 61% recipients who had a bank account did not use ATM to withdraw money. Not knowing how to operate an ATM was the biggest reason for not using, followed by non-receipt of ATM card.

Majority of recipients do not use ATMs to withdraw money

About 61% recipients who had a bank account did not use ATM to withdraw money. Not knowing how to operate an ATM was the biggest reason for not using, followed by non-receipt of ATM card.
## Ease of Receiving Money

### Recipients with Post Office account

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delayed payment</td>
<td>41%</td>
</tr>
<tr>
<td>Long queues – only one counter</td>
<td>38%</td>
</tr>
<tr>
<td>Visited post office – own expense</td>
<td>32%</td>
</tr>
<tr>
<td>PO timings don’t suit</td>
<td>29%</td>
</tr>
<tr>
<td>Illiterate – cannot do paper work at PO</td>
<td>22%</td>
</tr>
<tr>
<td>Post man delivers at home</td>
<td>16%</td>
</tr>
</tbody>
</table>

### Recipients with Bank account

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visited Bank – own expense</td>
<td>52%</td>
</tr>
<tr>
<td>Long queues – only one counter</td>
<td>45%</td>
</tr>
<tr>
<td>Delayed payment</td>
<td>34%</td>
</tr>
<tr>
<td>Illiterate – cannot do paper work at Bank</td>
<td>31%</td>
</tr>
<tr>
<td>BC delivers at home</td>
<td>15%</td>
</tr>
<tr>
<td>Bank timings don’t suit</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Recipients who had a bank account but did not use Bank ATM

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not know how to operate an ATM</td>
<td>56%</td>
</tr>
<tr>
<td>ATM Card not received</td>
<td>50%</td>
</tr>
<tr>
<td>ATM not functional</td>
<td>3%</td>
</tr>
<tr>
<td>ATM PIN Lost</td>
<td>3%</td>
</tr>
</tbody>
</table>
Convenience of withdrawing money is vital for digital remittance. Convenience includes (a) doorstep delivery (b) suitable timings (c) prompt payment (d) lower transaction costs (e) shorter queues (f) less and simple paper work. Only about 16% recipients who had a post office account felt that there was no problem in receiving money through the post office and that the postman comes and delivers it at home. About 41% of the recipients who had a post office account cited delayed payments in receiving money through the Post office. Only about 15% of recipients who had a bank account felt that there was no problem in receiving money and that the business correspondent (BC) comes and delivers it at home. About 52% of recipients who had a bank account stated that they had to spend money to go to the bank.
6. Perceptions and Choices

Banks Perceived to be Better than Post Offices
Between banks and post offices, it was perceived that banks are better than post offices for sending money. Compared to almost 78% of migrants who perceived banks to be better for sending money, only about 1% perceived post offices to be better. Another 3% perceived both to be equally good. Perception that banks are better than post offices is higher amongst migrants working in Karnataka, New Delhi and Gujarat than those working in Tamil Nadu, Punjab and Maharashtra.
Migrants coming from Uttar Pradesh, Bihar, Rajasthan, Tamil Nadu and West Bengal perceived banks to better than their counterparts coming from Maharashtra, Odisha, Madhya Pradesh, Jharkhand, Punjab, Gujarat and Karnataka.

More male migrants perceived banks to be better than post offices (81%) when compared to female migrants (70%).
Higher percentage of migrants having a bank account (89%) perceived bank to be better than those without a bank account (57%). Similarly, those who have used the banking system for remittance perceived it to be better than those who have not used it. 95% of those who have used the banking system for remittance perceived it to be better than post offices compared to only 38% of those who had not used it for remittance.

Recipient having an account in bank, suitability of bank timings and safety of the banking system are key reasons driving the migrant perception that banks are better than post offices for sending money.

Recipients also prefer to receive money for cashless transactions through Banks
Given a choice most recipients would prefer to receive money for cashless transactions through banks. Compared to 18% who stated that they would prefer post office, 82% stated that they would prefer to receive money through the banks. Hardly 10% stated that they would prefer to receive money through mobile instruments.
Banks Better for Remittance: Why does this Perception Exist?

- Recipient has an account with a bank – 89%
- Remittance / Commission fee is cheaper – 42%
- Banking system is safe – 80%
- Bank is close to the village / in village – 50%
- Fellow co-workers also use banking system – 42%
- Can pay utility bills – 23%
- Bank transaction is a status symbol – 42%
- Bank gives facilities such as cheque books, debit cards and credit cards – 44%
7. Awareness

Most of the recipients were unaware of the Government’s push for cashless transactions. As few as 33% were aware of the Government’s push for cashless transactions. The women respondents were even less aware of the Government’s push for cashless transactions. Compared to 40% males who were aware of the Government’s push for cashless transactions, only about 23% females were aware. While 56% recipients in Uttar Pradesh were aware of the Government’s push for cashless transactions, only 8% were aware of it in Odisha. Educated recipients were more aware of the Government’s push for cashless transactions and this awareness increased with increase in level of education. More than 70% of recipients who were educated upto graduate level or more were informed about the Government’s push for cashless transactions, while only 27% of those with primary level of education were aware of it.

Awareness of Digital Payment Instruments

Awareness of digital payment instruments amongst the recipients was generally low. While 51% of the recipients were aware of debit / credit cards and 37% were aware of Aadhaar enabled Payment System (AePS), awareness of various mobile payment instruments was found to be very low.
8. Conclusion

This study provides insights on prevailing migrant patterns, financial and mobile inclusion of migrants and their remittance behaviour. Expectation of better opportunities and wages is a salient feature of rural to urban migration for work/employment. About half of the migrants have been able to earn an average monthly income of Rs 9,000 and above. Despite the push towards opening bank accounts and promoting cashless transactions, the migrant ecosystem is deeply entrenched in cash. Right from how migrants are paid to how they save - all transactions are predominantly cash-oriented. Bank account ownership is relatively low among migrants. Post office account ownership is close to negligible. Therefore, their dependence on cash based modes of remittance can be seen as an extension of the ecosystem they occupy. As a result, even though account ownership among recipients is high, the use of institutional mechanisms, at present, is limited to depositing cash in recipient accounts.

**KEY TAKEAWAYS**

**More migrants earning in the highest income band of the study**
- Almost half of the migrants amongst those who chose to disclose their average monthly income earn in excess of ₹9,000 in a month
- Migrants in Punjab and Gujarat seemed to earn lesser than their counterparts in Delhi, Karnataka, Maharashtra and Tamil Nadu
- Migrants from Tamil Nadu appeared to earn higher than their counterparts in other states
- Those earning on the lower side belonged mostly to Jharkhand
- Male migrants earned higher than female migrants

**More than two-thirds of the migrants saved a portion of their income**
- More than 67% of the migrants who responded save a portion of their monthly income
- Most popular way of saving was to send savings back to their homes
- Keeping savings “At home” and/or in “Bank Savings Account” seemed to be two other popular ways of saving
- Migrants who had bank account preferred saving in bank
- Female migrants clearly preferred saving at home than in bank

*Income in the higher band and an inclination for saving indicates that the migrants are bankable. Also this study indicates that those with a bank account preferred to save in a Savings bank account. Also only about 16% of the migrants who were not saving in a bank account used banking channel for remittance. Therefore, it is imperative that any entity that provides digital remittance solutions has to necessarily ensure that migrants have enough means to save in a bank account.*
Financial institutions, as formal remittance channels, throw different challenges for migrants. While banks are within reach of most migrants, given that majority of them are daily wage earners, time and effort spent in dealing with banks could result in added costs for them. Despite their extensive networks, the low visibility of post offices leaves them out of migrants’ reach. A key factor in choice of the remittance channel is the accessibility of the channel for recipients. While most recipients do have bank accounts, recipients often incur expenses such as cash-out fee while transacting with the bank. ATMs can ease cash-outs. However, most of the recipients with a bank account either do not have debit cards or do not know how to use them. ATM density in rural areas is also an issue. Banking correspondents were introduced to provide last mile delivery services. However, very few recipients are aware of banking correspondents within their village. In terms of distance, post offices are more accessible to recipients. However, delayed payments is a problem that many recipients seem to be having with post offices.

**KEY TAKEAWAYS**

**Mean remittance amount hovers around ₹5,000**

- Denominations most frequently remitted at a time were ₹6,000, ₹5,000, ₹3,000, ₹2,000, ₹4,000 and ₹7,000
- Majority of remittances were in the range of ₹1,000 and ₹10,000
- Mean value of amount remitted at a time by migrants show some variations depending on the destination state
- Average amount remitted at a time by a male migrant is significantly higher than the average amount remitted by a female migrant

The study throws some interesting light on the value of remittance at a time. The study also throws light on the amount remitted by migrants based on their destination and origination states. Product companies can use this data to create products and run marketing campaigns that attract and appeal to the customers. For instance remit INR <> from <Source State> to <Destination State> at a flat rate of INR <>
Due to their relatively larger penetration and the onset of digital payments solutions on even basic mobile phones, mobile payments appear to be an alternative. But there are pre-requisites here too. Certain mobile payments apps work only on smartphones. Migrants still have to find a way to recharge their mobile money account. This is by no means easy when they usually receive their wages in cash and do not have a bank account or payments instrument (debit card) linked to the account. The problem gets compounded in the absence of basic knowledge of configuring and using the instrument. Adoption of these mobile payment instruments also gets limited when majority of them do not use them thereby limiting the scope of peer to peer learning.

**Key Takeaways**

Use of banking channels preferred to remit higher amounts

- About 62% of senders used one of the banking channels to remit money.
- Sending cash through individuals remains a popular way of remitting money
- Almost 98% of all remittances through banking channels are direct deposits to recipient accounts
- Migrants with bank account preferred to remit money directly into bank account of the recipient
- For smaller amounts migrants preferred sending cash through individuals. However, when it came to larger amounts, migrants preferred to use banks to send money

*Banking channels are preferred to remit higher amounts while sending cash through known persons is preferred for smaller value amounts at a time. Digital remittance products could be created to specifically target the fence sitters. Incentives such as cashbacks and mobile recharge cards could be used to switch these fence sitters.*
Clearly, we need to invest on creating an end to end digital experience. End to end digital experience requires having saving, sending and receiving facilities nearly, convenience of sending and withdrawing the remitted amount, understanding of the remittance product, lower transaction costs, safety of the channel, consumer protection & grievance redressal and prompt delivery. The financial sector infrastructure has to be strengthened and made more inclusive and accessible at both ends i.e. senders and recipients. Informality of some of the occupations does make it burdensome for both, the employer and the migrant, to opt for receiving small value, high frequency wage payments digitally into their bank accounts. Therefore, financial institutions have to make it easier and convenient for the migrants to save their money digitally in accounts. Increased provision of deposit and remittance services near migrant work sites should potentially be considered by the financial institutions and post offices. Similarly, cash-out of the remitted amount has to be made more convenient for the recipient.

**KEY TAKEAWAYS**

**Financial Inclusion higher amongst recipients than senders**

- In terms of account ownership, urban dwelling migrants fare poorly when compared to recipients in the rural areas
- Very few migrants had a savings account in a post office
- Recipients cited non-requirement and not being able to open as the major reasons for not having an account with the post office
Financial institutions and service providers have to educate and support migrants on digital payments and remittance modes. Younger migrants who are more exposed to digital could be targeted as “change agents” at each work site. Financial institutions and post office could collaborate location-wise for providing remittance services based on their relative presence, operational strength and capacity.

Timely delivery and lower transaction costs are of profound importance. Therefore, financial institutions interested in the domestic remittance business should clearly identify certain migrant corridors and create enough infrastructure that allows them to meet both the above conditions.

Digital remittances through financial institutions and post office definitely hold a lot of promise when one takes into account following insights from the study:

- Technology advances in the financial sector
- Preference of migrants to remit only when recipients need money
- Availability of solutions to immediately credit interbank recipient accounts and safety of transactions

**KEY TAKEAWAYS**

**Recipients in rural areas had substantial access to mobile phones but the mobile phone is least used for sending and receiving money**

- Ownership of smart phones lesser than that of feature phones amongst senders and recipients
- Smart phone ownership is marginally higher among migrant senders when compared to recipients
- Mobile phones are relatively less used for sending and receiving money by both migrant senders and recipients

**Gender divide in financial and mobile inclusion visible in migrants**

- Ownership of mobile phones particularly lesser amongst female migrants
- Gender divide is prominently visible in the type of mobile phones owned as well

*Financial inclusion, digital payments and remittances among females is relatively lesser. Gender specific products can be created. Gender specific incentives could also be given e.g. a lower transaction charge or fee.*
9. APPENDIX - Methodology & Sampling

This migrant study is unique as both the actors of a remittance transaction (sender and recipient) have been covered. The study adopted a multistage sampling procedure for selection of both sender and recipient respondents.

Methodology for Selection of “Sender” respondents
In order to narrow down on the “Sender” respondents, a step wise method was adopted. As the first step, states were identified and selected. Post the selection of states, cities within these states were identified and selected. Thereafter, migrant worker sites were identified. Finally, migrants were selected for interview post his/her satisfying a pre-defined criteria.

- Identification and selection of the states – Since the primary intention of this research was to study remittances, it was important to identify states and cities which had a substantial migrant population to get a good representative sample. Therefore, existing literature on the subject was reviewed and existing sources of data in public domain such as Census data were referred to identify and rank different states. Six states namely (a) Gujarat (b) Karnataka (c) Maharashtra (d) Tamil Nadu (e) National Capital Territory, Delhi and (f) Punjab were selected from the above list.

- Identification and selection of cities – It was decided to select Urban Agglomerations (UAs) and cities which provide high opportunities for employment from each state. Based on judgemental sampling technique, cities in the selected states were categorised as (a) state capitals (b) major industrial or commercial hubs in the state (c) cities of historical importance and tourist attractions (d) UA or city with highest population (2011) for that category.

- Identification and selection of migrant worker sites – In each of the selected sites, respondents were purposively selected. Only those respondents remitting money home at least for six (6) months prior to the survey were selected. At each site it was endeavoured to achieve 70 % male and 30 % female respondents.

- Identification and selection of migrant respondents – In each of the selected sites, respondents were purposively selected. Only those respondents remitting money home at least for six (6) months prior to the survey were selected. At each site it was endeavoured to achieve 70 % male and 30 % female respondents.
Methodology for Selection of “Recipient” respondents

Recipient respondents were selected for the study post analysis of “Sender” responses. Like “Sender” respondents, in this case too a step wise method was adopted.

- Identification and selection of states – “Sender” responses were analysed to identify origination states. This data was further validated against existing sources that indicated / helped to estimate the net outflow of migrants. On the basis of the above, five (5) Empowered Action Group (EAG) states namely – (a) Bihar (b) Uttar Pradesh (c) Madhya Pradesh (d) Odisha and (e) Rajasthan were selected. Additionally, the state of Maharashtra was included as analysis of “Sender” responses showed high intra-state migration.
- Identification and selection of districts – In each of these states, four districts were selected. In the case of EAG states, districts were selected randomly based on Human Development Index – District Level Analysis for EAG states, 2016. Districts of Maharashtra were selected from the administrative divisions of Nagpur, Aurangabad and Pune as they bordered the states of Madhya Pradesh, Chhattisgarh and Karnataka and provided less incentives for neighbouring inter-state migration.
- Identification and selection of blocks – In each of the selected districts, the blocks were divided into two categories depending on their distance from the district headquarters i.e. (a) those within 30 KMs and (b) those more than 30 KMs away. Two (2) blocks were randomly selected from each category in these districts i.e. a maximum of four blocks per district.
- Identification and selection of villages – 10 villages were selected from each block. Villages within a block were listed and randomly selected.
- Identification and selection of respondents – Households with at least one member living outside of the village and remitting money home were selected. A minimum sample of 10 and maximum of 20 was attempted, subject to availability and willingness of respondents to participate in the study. Within the household, person receiving money from the migrant was interviewed. Recipient and sender respondents were independent samples and no attempt was made to create matching sender-recipient pairs.

Sample sizes

On an average the study attempted to collect about 400 responses from senders and 150 responses from recipients in each state. A total of 3,278 respondents were interviewed.

- Senders – 2,402
- Recipients – 876

The samples for this study were collected between September 2017 and March 2018.
10. References & Endnotes


(10). Census does not limit the duration of residence in defining the POLR

(11). The last UPR refers to the last place where the person stayed continuously for at least six months immediately prior to moving to the POE


(15). In several surveys undertaken by the principal investigator, the following trends with regard to mobile possession were identified:

1. Mobile phone has an emotional connect. Qualitative information reveals, that hearing the voice of near and dear ones gives psychological satisfaction to the family members back home that “he/they are safe”. 2. Mobile phone numbers are often shared, implying shared number is perceived as their own, this is much common in urban areas wherein migrants live within their own community (geographic or ethnic groups)

"I can see banks, as I crisscross the city, but I do not see a post office -"

An Auto driver Delhi

"We don't get money on time through PO, our money orders do not reach therefore I cannot trust post office"

Female recipient (55), UP

"In my village post man delivers letters, I am not aware of 'Money Order', if money can reach through them, it will be so very convenient to all at home."

A domestic help

"We do not get money on time and at times it takes more than a day to get the money, hence do not like Post Office services"

Male recipient (62), UP

"मैडम, मैं ऑटो चलाता हूँ, बैंक दिख जाता है, डाक घर नहीं दिखाई देता "

"मेरे गांव में तो डाकिया भैया चिट्टी दे जाते हैं, युझे नहीं मालूम की मनीआर्डर कुछ होता है, घर पर ही पैसे मिल जाए तो घर में सबको आराम है "

"मेरे गांव में ही पोस्टआफिस हो और पैसा समय पर मिल जाए क्योंकि यहाँ पर पैसा समय से नहीं मिल पाता है जिस कारण से दिक्कत होती है, कभी कभी तो पैसा भी एक से दो दिन बाद मिलता है जिस कारण लोग पोस्टआफिस को पसंद नहीं करते हैं अगर इन सभी चीजों में सुधार किया जाए तो ज्यादा अच्छा होगा "

"गांव में ही पोस्टऑफिस हो और पैसा समय पर मिल जाए क्योंकि यहाँ पर पैसा समय से नहीं मिल पाता है जिस कारण से दिक्कत होती है, कभी कभी तो पैसा भी एक से दो दिन बाद मिलता है जिस कारण लोग पोस्टऑफिस को पसंद नहीं करते हैं अगर इन सभी चीजों में सुधार किया जाए तो ज्यादा अच्छा होगा "

"पोस्ट ऑफिस में पैसा समय पर नहीं मिल पाता है और अगर डाकिया पैसा देने आता है, तो अलग से भी पैसा ले लेते है जिससे उन पर भरोसा नहीं किया जा सकता है इसके साथ ही कई बार डाक से मनीआर्डर पहुँचते भी नहीं है, बीच में ही कोई रोक देता है और पता भी नही चलता है "

"पोस्ट ऑफिस में पैसा समय पर नहीं मिल पाता है और अगर डाकिया पैसा देने आता है, तो अलग से भी पैसा ले लेते है जिससे उन पर भरोसा नहीं किया जा सकता है इसके साथ ही कई बार डाक से मनीआर्डर पहुँचते भी नही है, बीच में ही कोई रोक देता है और पता भी नही चलता है "

"मेरे गांव में तो डाकिया भैया चिट्टी दे जाते हैं, युझे नहीं मालूम की मनीआर्डर कुछ होता है, घर पर ही पैसे मिल जाए तो घर में सबको आराम है "
“We have to make extra effort to access bank. Valuable time is lost in going to bank as commute is difficult.”
Male Recipient (65), UP

“हमारे गांव से बैंक जाने के लिए अलग से समय होता नहीं है और साथ ही में पूरा समय ख़राब करना पड़ता है और आने-जाने के साधन भी नहीं मिलता “

“There is delay in payments at bank. We do not get full amount on time, moreover, without proper and prior information, the saving accounts are closed”
Female Recipient (33), UP