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Role of debt in overseas labour migration in India

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Technical Report

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Executive summary

India, with nearly 18 million people living abroad, has the largest emigrant population in the world. The Gulf Cooperation Council (GCC) countries are a major recipient of overseas labour migrants from India. Migration to the GCC countries is characterised by short-term temporary migration, migration of low- and semi-skilled labourers, and debt-financed migration. However, there are large gaps in our understanding of how indebtedness shapes migration decision-making, work-related choices and experiences, freedom in the migration process, remittance-sending behaviour, and returned migrants' experiences.

The Population Council in partnership with the Global Fund to End Modern Slavery (GFEMS) and the Norwegian Agency for Development Cooperation (Norad) undertook a multi-component study to better understand the relationship between debt and overseas labour migration from India. We conducted a review of literature and descriptive and multivariate analyses, using publicly available data sets such as the India Human Development Survey (IHDS) (2004–05 and 2011–12), the National Sample Survey Office (NSSO) Employment, Unemployment and Migration Survey (2007–08), and KNOMAD-ILO Migration and Recruitment Costs Surveys covering India-Qatar (2015) and India-Saudi Arabia (2016) migration corridors. We also conducted a large-scale household survey in selected districts of Bihar and Uttar Pradesh, and a small-scale qualitative study in the same districts with current or returned migrants from the GCC countries. We note that these districts were purposively selected to serve also as study location for an evaluation of an intervention implemented for building a safe labour migration eco-system by the Association for Stimulating Know-how (ASK), a non-profit organisation in Bihar and Uttar Pradesh. Finally, we organised a stakeholder consultation that provided an opportunity for participants to reflect on the study findings and brainstorm about research and programme gaps and recommendations for different stakeholders.

Key findings

Indebtedness characterised the economic condition of notable proportions of international migrant, internal migrant and non-migrant households in India. Forty-two percent of the households with international migrants were indebted in India in 2011–12. A larger proportion of internal migrant households were indebted than were non-migrant and international migrant households. However, **the international migrant households tended to have higher amounts of debt than internal migrant or non-migrant households.** The household survey in Bihar and Uttar Pradesh in 2021–22, for example, found that 56 percent of households with international migrants had outstanding debt exceeding Rs 50,000 at the time of the survey compared with 47 percent of households without international migrants. Indebtedness among international migrant households was higher among households belonging to socially disadvantaged castes than privileged castes, households that were in rural areas than urban areas, households that were Hindu than Muslim, and households with larger than smaller household size.

Households in India, including those with international migrants, have traditionally relied on unsecured debt.[1] The household survey in Bihar and Uttar Pradesh in 2021–22, for example, showed that international migrant households borrowed more often from non-institutional credit agencies than from institutional agencies. Micro-finance institutions were the most preferred option for loans among the institutional credit agencies, while friends and relatives were the preferred choice among the non-institutional agencies. **There were regional differences**, where international migrants from the southern and western regions reported that they took loans from institutional credit agencies more often than they did from non-institutional credit agencies, while those from the northern and eastern regions reported that they took loans from non-institutional credit agencies more often than they did from institutional credit agencies. Households with international migrants often took loans for consumer expenditures such as housing, marriage-

[1] Debt that is not secured by any collateral.

related expenses, and other household expenditures, a pattern observed for the general population in India.

Emigration is a costly venture and costs of migrating to the GCC countries have heavily fallen on migrant workers. Migration costs varied by destination countries, but there were substantial variations in emigration expenses incurred by emigrants from across various states of India even when emigrating to the same destination countries (for example, emigrants to Saudi Arabia from Bihar and Uttar Pradesh paid Rs 73,916, those from Kerala paid Rs 82,672, and those from Tamil Nadu paid Rs 93,557). Migration expenses incurred by workers amounted to a few months to several months of their earnings in various countries and far exceeded the fees that the Indian government allows recruitment agents to charge emigrants. Emigrants were largely unaware of the itemised costs of migrating overseas, which reflect the lack of transparency and use of deception in the migration processes as well as the increased vulnerability of overseas labour migrants. Migrants paid for many items (agent fees, visa fees, airfare, medical tests, skills tests, etc.), and the items varied as did their costs by the destination countries they were emigrating to. Compared with the amount paid by emigrants to Qatar, the amount paid by emigrants to Saudi Arabia was 2.2 times higher for taking skill tests, 1.3 times higher for obtaining a passport, 1.6 times higher for undergoing medical check-ups, and 2.6 times higher for pre-departure briefings. **Fees paid to the recruitment agents accounted for the largest share of the cost incurred by emigrants**. The average fee paid to the recruitment agent, for example, was 48 percent of the total cost borne by emigrants to Qatar and 65 percent of the cost borne by emigrants to Saudi Arabia.

Migration cost was higher for the vulnerable groups. Although not consistently observed across studies, less educated migrants (Grade 10 or below), migrants with limited social networks overseas, migrants who secured overseas jobs with the help of recruitment brokers/agents, and migrants who travelled with non-work visas incurred more expenses than other migrants. A study of emigrants from Kerala, for example, reported that the migration expenses incurred were 29 percent lower for those with post-secondary schooling (more than Grade 10) than those who had completed Grade 10 or less. The Population Council's primary qualitative study in Bihar and Uttar Pradesh noted that the average cost paid by migrants with 10 or fewer years of schooling was Rs 81,417, while it was Rs 54,000 for those with more than 10 years of schooling.

Emigrants tended to use multiple sources to finance overseas migration. Between 22 percent and 64 percent of the emigrants in various studies reported that they used their personal savings or savings of their immediate family. While large-scale studies from more developed geographies observed that 48-52 percent of the emigrants used personal savings or savings of their immediate family, small-scale studies of low-skilled migrants from less developed geographies reported that smaller proportions of emigrants used their own or family savings (22–34%). Some 19–44 percent of emigrants reported that they borrowed from relatives or friends and 9–16 percent reported that they took bank loans. In most studies, five percent or less reported that they borrowed from moneylenders, although some studies reported that emigrants often took loans from moneylenders. Reasons for migrants' and their families' relying on informal sources of credit include no requirement to pay interest (as among relatives and friends), simpler and speedier access to credit, flexible repayment period, non-requirement of guarantees, and lack of awareness about the process for securing a loan from banking institutions.

The amount of household debt is significantly associated with overseas migration. Findings showed that overseas migration was higher among households with larger debt. Debt-driven pressures to migrate were intensified by lack of or irregular employment opportunities and low levels of earnings back home, household-level dependency on migrants, and concerns about inability to meet aspirations to change one's life significantly, such as acquiring assets, educating children, and meeting marriage-related expenses. Findings were inconsistent about the relationship between debt and work-related choices and experiences of overseas migrants to the GCC countries from India. The expenses incurred by emigrants who borrowed money to finance their migration were higher than those who did not do so, although it is difficult to discern whether migrants borrowed more money because they were overcharged or vice-versa. While some managed to repay the debt quickly, others, particularly poorer and less-skilled migrants, took years to pay off migration debts, perhaps because of low salary earned overseas owing to employer practices of wage repressions, wage theft and extraction of illegal fees, inability to save enough from overseas salary to clear their debts, loss of work before the expiry of the contract, high cost of emigration, and high interest charged by moneylenders. The vulnerability caused by debt-financed migration is reported among returned migrants as well, especially those who return in times of distress. Returning before their term of contract ends often leaves migrants in a debt trap, as they cannot repay their loans. A sizeable share of international remittances was used for repaying debts—nationally, 28 percent of households that received international remittances used it for debt repayment. Migrant workers and their family members as well as key informants perceived that low-interest or interest-free loans would be most helpful for migrant labourers.

Recommendations for governments

Sustained action by the central government and state governments in India and effective cooperation between India and receiving countries are critical for safe overseas migration of labourers. The Draft Emigration Bill 2021 has delineated several measures to curb recruitment-related abuses by recruitment agents, increase the number of registered recruitment agents, and evolve performance standards for regular performance monitoring and periodic rating of recruitment agencies. It is important that the Bill is passed without any further delay and implemented effectively. Expanding emigration services by the Protector of Emigrants (PoEs) beyond the current 13 PoEs to major regions within states, particularly to the main overseas labour-sending states, is also important. Establishing more government recruitment agencies, similar to NORKA Roots of Kerala, Overseas Manpower Corporation Ltd. of Tamil Nadu, and similar counterparts in other states and expanding the reach of such recruitment agencies can play a pivotal role. Strengthening the enforcement and monitoring of the provisions of the Labour and Manpower Cooperation MOUs/Agreements that are in place with the GCC countries for data sharing on workers, monitoring employers and worker grievances, and addressing issues such as forced early return is needed.

Government engagement with companies to simplify the recruitment chain is important. The Draft Emigration Bill 2021 has articulated that every employer who intends to recruit, either directly or through recruiting agencies, shall obtain an accreditation from the competent authority. However, reducing the cost of overseas labour migration also requires working with employers, including encouraging them to recruit labourers directly, bear the costs of migrant recruitment, and be accountable in respecting migrant workers' rights. Governments in recipient countries have a key role to improve employer practices. Reducing administrative costs and documentation associated with labour migration is another step that the Indian government and receiving countries may adopt to reduce the costs of overseas labour migration.

Improving the quality of information made available to potential migrants can have an impact on both intentions to migrate and conditions in which people move. Findings show, for example, that many migrants remain indebted upon their return, which highlight the need for aspiring migrants to be made aware that overseas migration does not necessarily make them economically better off. They need help to assess the trade-off between economic and social costs of migration and likely improvements in individual and family well-being before they decide to emigrate. There is a need to strengthen and publicise measures such as pre-departure orientation training and also to disseminate information on migrant resource centres and grievance outlets for aspiring, current, and returned migrants. Expanding monitoring of labour rights violations and providing outlets for migrants to make claims against brokers, employers, and recruitment agencies are also needed. The international safe migration agenda and forced labour conditions need to be mainstreamed at the panchayat, block, and district levels.

Migrants are identified as a key target group under the National Strategy for Financial Education 2020–25. Such programmes can be directed at migrants at a time when they and their families are likely to be more responsive and open to financial education (for example, at pre-departure orientation and integration programmes). Where the causes of indebtedness are structural, financial literacy may not be sufficient by itself. Formulating policies to finance migration, including provision of soft loans to those migrating, will play a pivotal role. Targeted interventions—insurance mechanisms, social protection, and better access to health—that can potentially protect migrants and their families against adversities or shocks are also critical. Current migrants, especially those who have experienced labour exploitations, should be made eligible for access to government-sponsored social security schemes. Difficulties faced by the ultra-poor households in availing the schemes and in dealing with trust issues need to be addressed. Debt relief interventions that combine debt forgiveness with strong incentives for the re-establishment of longer-term lending relationships and timely repayment for aspiring, current, and returned migrants may be explored. Such interventions may target migrants who returned before completing their contracts and following experiences of labour exploitations.

Conditions in labour markets at origin and destination are intrinsically linked to debt-driven and/or debt-financed migration. Creating more and better employment opportunities and improving the employability of potential migrants, especially youth, may help in reducing the vulnerabilities faced by migrant workers.

Recommendations for programme implementers and civil society

Collaborations between programme implementers, civil society, and government bodies are needed to popularise various measures implemented by the government to protect overseas labour migrants, to build trust in these measures, and to ensure that they reach large proportions of migrant labourers. Similar collaborations are required to ensure effective implementation of livelihoods, social protection, and financial inclusion measures for the benefit of vulnerable population groups, which in turn may reduce the tendency to migrate at any cost and through any means. There is also a need for programme implementers to design and implement innovative interventions that inform overseas labour migrants, particularly first-time migrants, those who are less educated, and those without social networks overseas, about deceptive practices in the migration processes and details of expected costs they will incur in order to promote safe migration.

There is a need for a collaboration between programme implementers and monitoring, evaluation, and learning practitioners to assess the effectiveness of measures taken to protect overseas labour migrants in combating exorbitant and illegal migration fees and debt burden on them and their families and, if required, suggest ways to improve the efficacy of these measures. Similar collaborations are required to generate evidence on what works to promote safe migration for overseas labour migrants.

Programme implementers and civil society may also advocate for faster enactment of the Draft Emigration Bill 2021 and, once enacted, the effective implementation of the strategies and guidelines articulated in the Bill. Programme implementers and civil society may engage with local government and create a 'people's organisation' in the migrant community to increase their bargaining and negotiation powers with authorities. The diaspora, community, civil society organisations, and non-governmental organisations (NGOs) may be the best placed to discuss financial matters with migrants and also to help build trust, given a perceived lack of trust in financial institutions and some government organisations.

Recommendations for monitoring, evaluation, and learning practitioners

There is a need to create a migration data ecosystem to capture the trends and characteristics of labour outflows that will encompass all categories of migrant workers, including aspiring migrants, first-time migrants, seasoned migrants, migrants who require emigration clearance, those who do not, migrants who emigrate with the help of registered recruitment agencies, and those who emigrate through alternative channels such as unregistered agents and brokers, friends and acquaintances, and relatives. The possibility of using pre-departure training centres and registered recruitment agencies for collecting data pertaining to potential migrants needs to be explored. Periodic surveys that use research designs that can bring source and destination insights together of potential migrants, migrants in destination countries, and returned migrants and their families are also needed.

There is a need to capture more up-to-date data on the levels and patterns of indebtedness among internal and international migrant households as well as data on the profile of indebted migrant households. The feasibility of including a small set of questions on household migration in future rounds of the Debt and Investment Survey conducted by the National Statistical Office needs to be explored. Systematically documenting not only the whole cost, but also specific monetary costs incurred by migrant workers seeking jobs abroad and social costs associated with such migration is also important.

Findings showing large variations in many worker-paid pre-departure costs to the GCC countries call for further research to understand the reasons for these differences, including those examining the implementation of regulations and policies in India as also differences in conditions and policies among destination countries. Additionally, findings pertaining to huge variability in migration costs by socio-demographic characteristics of emigrants, emigration processes, recruitment channels, and so on emphasise the need for more research to uncover additional determinants of migration costs with a view towards identifying interventions where policy can play a role.

Major gaps in the available secondary data limit an examination of labour exploitations, particularly severe exploitations experienced by overseas labour migrants. There is also limited evidence on responsible sourcing of migrant workers on issues such as the labour recruitment practices of overseas companies and employers, the kind of labour protection measures implemented in destination countries, and the labour protection systems that can be built into the recruitment processes at source and destination countries.

Implementation research is needed to examine what works to ensure that protective measures for overseas labour migrants reach large proportions of migrant labourers and to see how effective these measures are in combating exorbitant and illegal migration fees and debt burden on migrant labourers and their families. Assessing the effectiveness of interventions focusing on addressing structural issues, such as insecurity of livelihoods for low- and semi-skilled labourers, limited social protections, and systemic challenges to financial inclusion, in reducing debt-driven and debt-financed overseas labour migration is critical. There is also a need for stronger evidence on what works to promote safe migration for overseas labour migrants in general and for those who undertake debt-driven and/or debt-financed migration in particular. It is important that evaluations of safe migration interventions have a longer time frame to allow tracking of migrant workers over time.

Recommendations for funding agencies

Translating several of the recommendations listed above into action requires substantial financial investments. Funding agencies should increase investments to generate evidence on what works to prevent debt-driven and/or debt-financed overseas labour migration. They can, for example, support experiments with financial institutions to increase risk appetite for loans among the more vulnerable and to design and offer low-cost financial products to migrants. They can also support financial institutions to meet operational expenses until the programme becomes self-sustainable and financially viable. They may invest in debt and financial literacy programming and financial inclusion programmes for migrant communities through programme implementers and financial institutions. Funding agencies may support state and local governments and programme implementers in setting up ethical recruitment agencies and experiment with no-fee or employer-paying migration models.

Funding agencies may work with the national government, district and state governments, programme implementers, and monitoring, evaluation, and learning (MEL) practitioners to create a migration data ecosystem. They may also advocate with and support international and bilateral agencies such as the International Labour Organization (ILO), the International Organization for Migration (IOM), and the World Bank in generating comprehensive data on labour exploitations in various migration corridors. Investing in formative and implementation research studies that could fill current evidence gaps, as articulated in the sections on recommendations for MEL practitioners and programme implementers, should be a priority for funding agencies.

There is also a need for multi-donor collaborations to bring more attention to the issue of labour exploitation experienced by overseas labour migrants among key stakeholders, including the Indian government and governments in destination countries.

1. Background and objectives

India, with nearly 18 million people living abroad, has the largest emigrant population in the world, making it the top origin country globally in 2020 (IOM, 2021). It was also the largest remittance recipient country, with USD 83.15 billion received in 2020. Twenty-eight percent of overseas Indians resided in the GCC countries in 2020 (Ministry of External Affairs, Government of India, n.d.). Migration to the GCC countries from India is of a temporary nature and is characterised by the predominance of unskilled labourers (Rajan and Arokkiaraj, 2020). The number of low-skilled workers migrating from India to the GCC countries has decreased significantly over the past decade (Calabrese, 2020; Chanda and Gupta, 2018; Sasikumar, 2019). The number of Indians granted emigration clearance to work in the GCC and other countries, for example, declined by almost 60 percent, from 781,000 in 2015 to 334,000 in 2019 (Calabrese, 2020). Wage stagnation and narrowing wage gaps, implementation of policies and programmes to increase the employment of home country nationals, an increase in work permit renewal fees and taxes, cost of living expenses in the GCC countries, and tightening of procedures by the Indian government for sending workers abroad have contributed to this reduction. Studies have shown that labour migration to the GCC countries from India is often debt-financed migration. However, there are large gaps in evidence on how indebtedness shapes migration decision-making, work-related choices and experiences, freedom in the migration process, remittance-sending behaviour, and experiences upon return to India among overseas labour migrants.

The Population Council, in partnership with GFEMS and Norad, undertook a multi-component study to better understand the relationship between debt and overseas labour migration from India. Specifically, the study sought to shed light on:

- Levels and patterns of household indebtedness among migrant households, with a special focus on households with overseas migrants;
- Cost of overseas labour migration from India and the role of debt in financing overseas migration;
- Role of debt in migration-related decisions;
- Differences in work-related choices and experiences and financial vulnerabilities experienced by migrant workers by household indebtedness; and
- Migrant workers' perceptions about financial products that can potentially reduce their financial vulnerabilities.

This report describes findings from the above-mentioned study. Following a description of the study design and limitations, this report describes the levels and patterns of household indebtedness and socio-demographic differentials in indebted international migrant households. It then sheds light on the costs incurred for overseas labour migration and the role of debt in financing migration, migration-related decisions, work-related choices and experiences, and financial vulnerabilities faced in India and overseas. This is followed by a description of financial products that can potentially reduce financial vulnerabilities of overseas labour migrants. The report concludes with recommendations for programmes and research.

1.1 Methodology

The study comprised: (1) a review of literature, (2) further analyses of available secondary data, (3) primary data from a large-scale household survey in selected districts of Bihar and Uttar Pradesh, (4) primary data from a small-scale qualitative study with current or returned migrants from the GCC countries in the same districts as those of the household survey, and (5) a stakeholder consultation.

We conducted a review of literature to gather what is known about migration costs and the relationship between debt and overseas labour migration from India. We included studies published between 2010 and 2021 in English that focused on international migration from India and presented evidence on debt, migration costs, migration processes, work experiences overseas, and remittances.

We carried out descriptive and multivariate analyses using publicly available data sets. These included the India Human Development Survey (IHDS) (2004–05 and 2011–12),[2] the National Sample Survey Office (NSSO) Employment, Unemployment and Migration Survey (2007–08),[3] and KNOMAD-ILO Migration and Recruitment Costs Surveys that covered India-Qatar (2015) and India-Saudi Arabia (2016) migration corridors.[4] We conducted a descriptive analysis of the level of household indebtedness, amount and sources for household debt, changes in household indebtedness over time, and differentials in household indebtedness by household migration status, drawing on IHDS data for India. We used multinomial logistic regression analysis and distributed lag model to examine the association between the amount of household debt and internal and international migration of household members, using data from the 2004–05 and 2011–12 IHDS.[5] Drawing on NSSO 2007–08 survey data for India, we conducted a descriptive analysis of the proportion of households that received remittances from migrants, purposes for which remittances were used by recipient households, and use of remittances for debt repayment. We conducted descriptive and bivariate analyses of cost of migration, sources for financing migration, and association between debt and work experiences overseas and financial vulnerabilities experienced by overseas labour migrants, drawing on the migration cost data from KNOMAD-ILO Migration and Recruitment Costs Surveys that focused on India-Qatar corridor (2015) and India-Saudi Arabia corridor (2016).

We conducted a household survey to gather information on household debt and migration in purposively selected districts—Siwan and Gopalgunj in Bihar and Deoria and Kushinagar in Uttar Pradesh—during 2021–22 (see Annex Table 1 for background characteristics of the surveyed households). These districts are characterised by high labour migration to the GCC countries (ASK Training & Learning, 2020). We completed the household survey in 12,273 households, with a response rate of 94 percent, in 60 villages of these districts.[6] The study protocol was approved by the Population Council's Institutional Review Board. We conducted descriptive analyses of differentials in household indebtedness and debt repayment, including sale of assets by household migration status, that is, households with and without international migrants.[7] We used multivariate logistic regression analysis to examine the association between household indebtedness and migration of household members to the GCC countries.

We conducted a primary qualitative study that comprised in-depth interviews (IDIs) with returned migrants or current migrants or a household member of current migrants and key informant interviews (KIIs) to generate nuanced insights into the relationship between household debt and overseas labour migration. We used convenience sampling to draw respondents for the qualitative

[2] The India Human Development Survey is a nationally representative, multi-topic panel survey of households in villages and urban neighbourhoods across India (https://ihds.umd.edu/).

[3] The National Sample Survey Office (NSSO) Employment, Unemployment and Migration Survey 2007–08 is a nationally representative household survey conducted to provide estimates pertaining to employment and unemployment and migration at the national and state levels (https://mospi.gov.in › 533_final1602152784394.pdf).

[4] These surveys were conducted among migrants primarily employed in low-skilled positions in Qatar/ Saudi Arabia and returning to India for visits or permanently. Respondents were selected using convenience or snowball sampling and comprised workers who were recruited in India and received a job offer prior to migrating to Qatar/ Saudi Arabia (https://www.knomad.org/data/recruitment-costs).

[5] The question for measuring current migration sought to ascertain whether any woman/man/child in the household lived outside the household.

[6] We note that these districts were purposively selected for evaluating a safe labour migration ecosystem-building intervention implemented by ASK, a non-profit organization, in Bihar and Uttar Pradesh. We took advantage of the evaluation to gather additional information about household debt and migration at baseline to economise on resources. We included a module on household debt and migration in the household survey to identify aspiring migrants for the evaluation study. We selected 15 villages within each district, and we listed 13,108 households in the four districts together. We listed 150–200 households within each selected village. We divided large villages into segments of approximately 150–200 households and selected one segment randomly for household listing.

[7] We categorized households as international migrant households if any male member of the household was currently working in the GCC countries or ever returned after working in the GCC countries.

study from the household survey described above. [8] We interviewed 21 returned migrants and 16 current migrants or their household members. We conducted interviews with key stakeholders knowledgeable about overseas labour recruitment processes in the states of Bihar and Uttar Pradesh.[9] We interviewed 19 key informants. The study protocol was approved by the Population Council's Institutional Review Board.

Study tools—household survey questionnaire, in-depth interview guide, and key informant interview guide—were reviewed by colleagues from GFEMS and ASK, and their suggestions were incorporated into the tools. The household survey questionnaire and the in-depth interview guide were finalised after pre-testing among a small group of respondents (five respondents for the household survey questionnaire and three respondents for the in-depth interview guide) to see whether any questions should be changed, and whether the framing of the questions needs to be simplified so as to ensure that the questions are well understood by the study participants. The preliminary findings were shared through virtual meetings with GFEMS, ASK, and Mitrata. A data interpretation workshop, facilitated by researchers from the Population Council, was held in Siwan district in August 2022 to validate the research findings with key stakeholders and to solicit their recommendations. The participants included aspiring migrants, migrants retuned from the GCC countries, family members of current migrants in the GCC countries, and influential adults in the community. A total of 18 people participated in the workshop. Researchers from the Population Council shared key findings from the study in the local language (Hindi). This was followed by small group discussions during which participants shared their views about the study findings and gave their suggestions for making migration to the GCC countries safer and less expensive. Overall, the findings from the study resonated with the participants' opinion. The workshop participants made some specific recommendations, including popularising measures implemented by the government to protect overseas labour migrants, making low-cost loans available to potential migrants, and skilling porgrammes to improve the employability of potential migrants, which were incorporated in the final report.

1.2 Study limitations

Findings presented in this report should be interpreted with some limitations in mind. Most importantly, national or state representative data on international migration are virtually absent in India (Ministry of Housing and Urban Poverty Alleviation, 2017). Available databases, including embassy statistics, migration surveys conducted in selected states, and information available in the NSSO Employment, Unemployment and Migration survey in 2007–08 are too limited for understanding the profile of the emigrants per se. While basic data on passport holders with Emigration Check Required (ECR) status are being collected when they emigrate, these data are not available publicly. Moreover, the secondary data that are publicly available to examine the relationship between household indebtedness and overseas labour migration from India are limited and outdated,[10] therefore, findings from the analyses of these do not reflect the current situation of indebtedness among migrant households and its relationship with migration decisions and experiences of overseas labour migrants. Second, the representativeness of study samples used in publicly available secondary data and the primary data varied—a few were nationally representative, community-based, household surveys (e.g., IHDS and NSSO survey), while others relied on purposive, convenience, or snowball sampling (e.g., KNOMAD-ILO migration cost surveys).

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[8] We conducted IDIs with returned male migrants (aged 18–45, employed in low-skilled work in the GCC countries and returned in the last two years) and current male migrants (aged 18–45 and currently working in GCC countries in low-skilled work) or a household member of current male migrants. We prepared a list of households containing current or returned migrants who met the eligibility criteria mentioned above, based on information collected in the household survey. We stratified this list of current or returned migrants, based on their educational attainment (less than Grade 8/ Grade 10 and above), household economic status (low/high), and household indebtedness at the time of the survey (with/without any loan outstanding). The participants for the in-depth interviews were selected conveniently from this stratified list, taking into consideration their availability and willingness to participate in a detailed interview.

[9] These stakeholders included the Protector of Emigrants in Patna and Lucknow, district-level officials from the department of labour, and representatives of registered and unregistered recruitment agencies, banking and non-banking institutions, and NGOs (ASK and Mitrata).

[10] Some data were from 2004-05, 2007-08, and 2011-12

Therefore, findings cannot be generalised for overseas labour migration for the most part. Third, several published studies do not include disaggregated information about migration costs incurred by and work experiences of labour and professional migrants. Fourth, the unit of currency in which migration costs were reported included Indian rupees and US dollars and we did not standardise these costs, because the year in which migrants incurred costs are not available in most published studies. Finally, data on household debt reported in earlier studies and our primary household survey or qualitative study are not comparable because we did not standardise these numbers to account for inflation or cost of living. Despite these limitations, we believe that our findings shed new light on the relationship between household debt and overseas labour migration and could guide future policies and interventions.

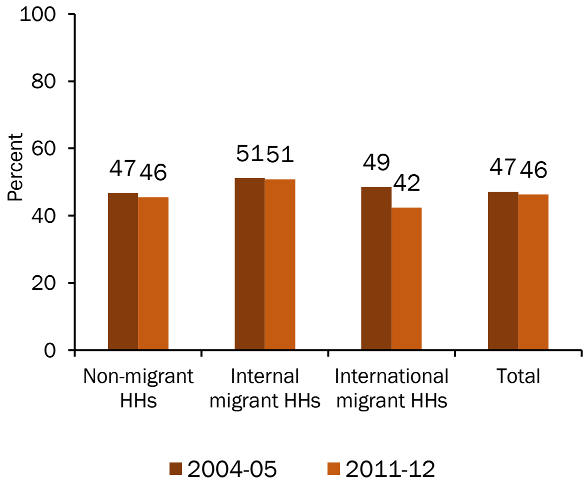
2. Household indebtedness among migrant households

In India, household debt has been increasing (National Statistical Office, 2021; SBI Research, 2021); 35 percent of rural households and 22 percent of urban households were indebted in 2018 (National Statistical Office, 2021). Moreover, the average amount of debt increased by 84 percent and 42 percent for rural and urban households, respectively, between 2012 and 2018 (SBI Research, 2021).

2.1 Level of household indebtedness

Indebtedness characterised the economic condition of notable proportions of international migrant, internal migrant and non-migrant households in India. The pan-India IHDS showed that 46 percent of the households were indebted in India in 2011–12 (Figure 1). However, a larger proportion of internal migrant households were indebted than international migrant or non-migrant households (51% vs 42–46%). The latter finding may reflect the multiple deprivations faced by internal migrants. Studies of internal migration in India observed that internal migration was higher among households with limited access to land and other assets and chronically poor groups living in remote rural areas (Czaika, 2011; Deshingkar, 2010; Rajan and Bhagat, 2021). This finding may also reflect the ability of international migrants to repay their debt faster than internal migrants (Mahapatro et al., 2017). The survey also found that the proportion of indebted households with international migrants was slightly higher in rural than urban areas (43% vs 41%).

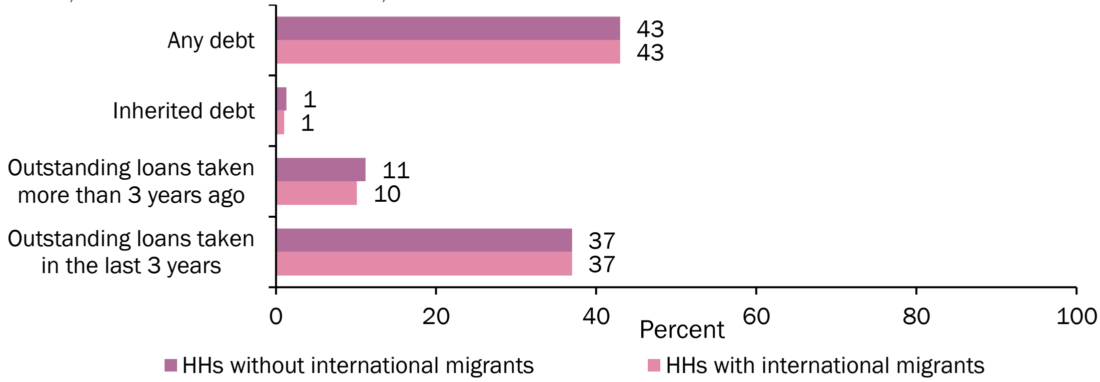
Figure 1: Proportion of households that were indebted by migration status, India, 2004–05 and 2011–12



Note: Non-migrant households (N=36,900 in 2004–05 and 32,398 in 2011–12); internal migrant households (N=2,820 and 6,949); and international migrant households (N=298 and 671); differences were statistically significant at p≤0.001
Source: India Human Development Survey, 2004–05 and 2011–12

The household survey conducted by the Population Council in four districts of Bihar and Uttar Pradesh (i.e., two from each state) in 2021–22 showed that the proportion of households that were indebted was the same among households with and without international migrants (43% each; Figure 2). Indebtedness among households with international migrants was higher among households belonging to socially disadvantaged castes than those from privileged castes, households that were Hindu than Muslim, and households with a larger than smaller household size. On the other hand, indebtedness was lower among households belonging to the wealthiest quintile than those from poorer quintiles.

Figure 2: Proportion of households that were indebted by international migration status, selected districts, Bihar and Uttar Pradesh, 2021–22

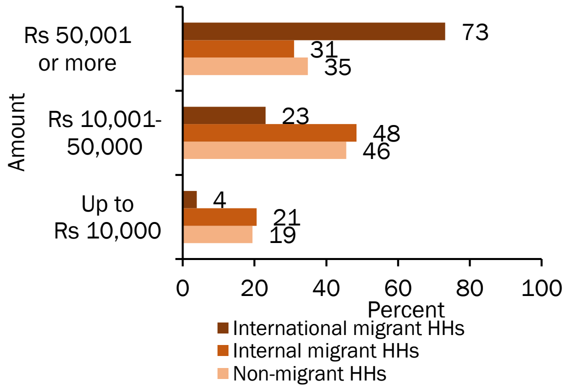


Note: Households without international migrants (N=9,574) and households with international migrants (N=2,699); the survey did not collect data on internal migration and, therefore, it is possible that households with and without international migrant households may contain internal migrants.
Source: Population Council's Household Survey, Bihar and Uttar Pradesh, 2021–22

2.2 Amount of household debt

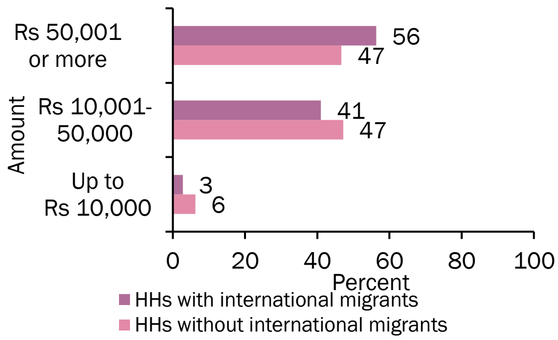
International migrant households tended to have higher amounts of debt than internal migrant or non-migrant households in India. The IHDS showed that 73 percent of households with international migrants had debts exceeding Rs 50,000 compared with 31–35 percent of internal migrant and non-migrant households in 2011–12 (Figure 3). The household survey in Bihar and Uttar Pradesh found that 56 percent of households with international migrants had outstanding debt exceeding Rs 50,000 at the time of the survey compared with 47 percent of households without international migrants (Figure 4). These differences could be because of the high cost of overseas migration and higher household consumption expenditure (e.g., housing, marriage, vehicle purchases, other) among international migrant households than internal migrant or non-migrant households (Chellaraj and Mohapatra, 2014).

Figure 3: Amount of debt outstanding for households by migration status, India, 2011–12



Note: Non-migrant households with debt (N=14,458); internal migrant households with debt (N=3,447); and international migrant households with debt (N=299); differences were statistically significant at p≤0.001
Source: India Human Development Survey, 2004–05 and 2011–12

Figure 4: Amount of debt outstanding for households by migration status, selected districts, Bihar and Uttar Pradesh, 2021–22



Note: Households with international migrants that reported outstanding debt (N=972); households without international migrants that reported outstanding debt (N=3,312); we excluded respondents who reported that the loan was repaid or that they did not know the amount of debt outstanding in the analysis presented in this figure; differences were statistically significant at p≤0.001.
Source: Population Council's Household Survey, Bihar and Uttar Pradesh, 2021–22

2.3 Sources for household debt

Available evidence on sources of credit for migrant households presents a varied picture. The pan-India IHDS showed that international migrant households were equally likely to borrow from institutional and non-institutional credit agencies (50% each; Table1). Banks were the most preferred option among the institutional credit agencies, while among non-institutional credit agencies, friends and relatives were the most preferred choice. However, there were regional differences, where migrants from the southern and western regions reported that they took loans from institutional credit agencies more often than from non-institutional credit agencies, while those from the northern and eastern regions reported that they took loans from non-institutional credit agencies more often than from institutional credit agencies.

Table 1: Sources from which households took loans by household migration status, India, 2011–12

Sources from which households took loans	Non-migrant households (%)	Internal migrant households (%)	International migrant households (%)
All India			
Institutional credit agencies***	45	37	50
Non-institutional credit agencies***	55	63	50
Number of households[1]	**17,340**	**4,081**	**348**
Northern and eastern regions			
Institutional credit agencies***	39	32	27
Non-institutional credit agencies***	60	68	73
Number of households[1]	**10,700**	**3,131**	**150**
Southern and western regions			
Institutional credit agencies***	54	61	66
Non-institutional credit agencies***	46	39	34
Number of households[1]	**6,640**	**950**	**198**

*Note: [1]Of the households that had taken a loan in the last five years for IHDS; *** indicates that sources for credit differed significantly by household migration status at p≤0.001.*
Source: India Human Development Survey, 2011–12.

The household survey in Bihar and Uttar Pradesh in 2021–22 too showed that international migrant households borrowed more often from non-institutional credit agencies than from institutional credit agencies. Micro-finance institutions were the most preferred option for loans among institutional credit agencies, while friends and relatives were the most preferred choice among non-institutional credit agencies (Table 2).

Table 2: Sources from which households took loans by household migration status, selected districts, Bihar and Uttar Pradesh, 2021–22

Sources from which households took loans	Households without international migrants	Households with international migrants
Institutional credit agencies***	61.6	48.6
Non-institutional credit agencies***	54.9	67.3
Number of households[1]	**3,710**	**1,062**

*Note: [1]Of households that had taken a loan in the last three years; *** indicates that sources for credit differed significantly by household migration status at p≤0.001.*
Source: Population Council's Household Survey, Bihar and Uttar Pradesh, 2021–22

The regional differences in use of credit agencies by households with international migrants may be due to differences in financial sector development across regions in India. Studies have shown that despite reforms, banking development was significantly higher in the leading high income and more developed regions compared with the lagging ones and that all bank groups, including public banks, were concentrated more in the developed regions (Arora and Anand, 2021).

2.4 Purposes for which households took loans

Households with international migrants often took loans for improving standard of living and managing life events such as marriage, a pattern also observed for the general population in India. The IHDS data showed that 72 percent of households with international migrants, 57 percent of households with internal migrants, and 53 percent of non-migrant households that took loans in 2011–12 did so for housing, marriage-related expenses, buying vehicles, and other household expenditures (Table 3).

Table 3: Purposes for which households took loans by migration status, India, 2011–12

Purposes for which households took loans	Non-migrant households	Internal migrant households	International migrant households
Expenses for businesses (agricultural & non-agricultural)	25.1	20.0	13.4
Human capital related (education, medical expenses)	22.1	22.9	14.1
Consumption expenditure (housing, marriage, vehicle purchases, other)	52.5	56.7	72.4
Other	4.3	3.9	10.8
Number of households[1]	**17,340**	**4,081**	**348**

Note: [1]Of the households that had taken a loan in the last five years.
Source: India Human Development Survey, 2011–12

The Population Council survey in Bihar and Uttar Pradesh in 2021–22 mirrored these patterns (Table 4). The survey also reported that 14 percent of households with international migrants that took loans used them to finance domestic and overseas migration for work, but in particular, overseas migration (discussed in detail in a later section). A small minority of households used the loans they had taken to repay earlier loan/s (5–6%).

Table 4: Purposes for which households took loans by migration status, selected districts, Bihar and Uttar Pradesh, 2011–12

Sources for household debt	Households without international migrants	Households with international migrants
Expenses for businesses (agricultural & non-agricultural)	24.2	19.5
Migration-related (internal & international)	1.8	13.7
Human capital related (education & medical expenses)	27.4	24.5
Consumption expenditure (housing, marriage, vehicle purchases, other)	58.1	54.0
Debt repayment	6.2	5.2
Other	0.3	0.2
Number of households[1]	**3,710**	**1,062**

Note: [1]Of the households that had taken a loan in the last three years.
Source: Population Council's Household Survey, Bihar and Uttar Pradesh, 2021–22

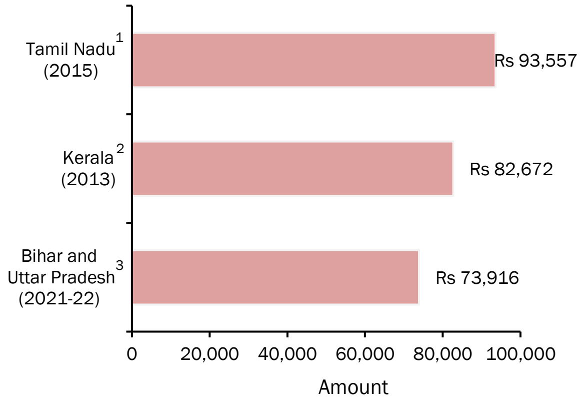
3. Costs of overseas labour migration and sources of financing

Several studies on emigration of Indian workers to the GCC countries have underscored that emigration is a costly venture and that the costs of migrating to the GCC countries have heavily fallen on the migrant workers (Abella, 2018; Abella and Martin, 2014; Ahmad, 2019; Buckley, 2012; Goud and Sahoo, 2019; Khan, 2019; Rajan et al., 2017; Soni, 2019). Various factors, including the commercialisation of recruitment processes in the GCC-India migration corridors, highly inefficient migrant labour market, conditions of excess supply of labour, lack of circulation of information about job opportunities in these countries, and dominance of recruitment agents and intermediaries, tend to increase the cost of migration (Abella, 2018).

3.1 Costs of overseas labour migration

There were substantial variations in emigration expenses incurred by emigrants from various states of India to the same destination countries (Figure 5). While some of these differences could be due to variations in the cost of living at the time of emigration when these studies were conducted, they could also be due to differences in the profile of the emigrants and channels though which they emigrated (as described in detail later in this section).

Figure 5: Emigration expenses incurred by emigrants from various states of India to Saudi Arabia



Source: [1]Rajan et al., 2017; [2]Seshan, 2020; [3]Population Council, 2021–22

Migration costs varied by destination countries as well. Thus, further analysis of KNOMAD-ILO migration cost survey data for the India-Qatar and India-Saudi Arabia corridors showed that low-skilled workers to Qatar paid on average Rs 58,830 and workers to Saudi-Arabia paid Rs 85,461. The Population Council's qualitative study in Bihar and Uttar Pradesh found that overseas labour spent, on average, Rs 56,819 for a job in UAE, Rs 73,916 for Saudi Arabia, and Rs 80,625[11] for other GCC countries (Kuwait, Oman, and Qatar).

Migration expenses incurred by workers amounted to a few months to several months of their earnings in various countries and far exceeded the fees that the Indian government allows recruitment agents to charge emigrants. The costs, for example, paid by Indian low-skilled workers amounted to 1.9 times of their monthly earnings in Qatar, 2.5 times in Kuwait, and 4.5 times in Saudi Arabia (Abella, 2018; Abella and Martin, 2014).

Findings from the few studies that provide information about specific costs showed that migrants paid for many items (e.g., agent/broker fees, passport, medical check-ups, pre-departure briefings, insurance, in-land and overseas transportation) and the items varied as did their costs by the destination countries they were emigrating to. Moreover, there were large variations in many worker-paid pre-departure costs to the GCC countries. Thus, further analysis of KNOMAD-ILO migration cost survey data showed that compared with the amount paid by emigrants to Qatar, the amount paid by emigrants to Saudi Arabia was 2.2 times higher for taking skill tests (Rs 1,263 vs Rs 564), 1.3 times higher for obtaining a passport (Rs 3,008 vs Rs 2,358), 1.6 times higher for undergoing medical check-ups (Rs 4,409 vs Rs 2,678), and 2.6 times higher for pre-departure briefings (Rs 3,339 vs Rs 1,266). Differences in the total and specific costs across destination countries may be due partly to differences in the profile of emigrants and the processes through which they secured a job overseas. At the same time, it is important to explore whether these differences could be due to differences in conditions or policies in destination countries.

Emigrants, however, were largely unaware of the itemised costs of migrating overseas, which reflect the lack of transparency and use of deception in the migration processes as well as the increased vulnerability of overseas labour migrants. Most participants in the primary qualitative study in Bihar and Uttar Pradesh were unaware of the itemised costs of migrating overseas, except the cost of undergoing medical examination or travelling to transit points within the country such as Mumbai or Delhi. Most noted that only the agent knew the itemised costs.

[11] Excluding the cost reported by one respondent who reported having incurred Rs 350,000 for a free visa.

It cost me around Rs 60,000. Rs 3,000 was spent on medical check-ups. I had to pay Rs 60,000. I didn't know what he took or how much. [Returned migrant, aged 28, education 8th class, construction worker (shuttering work), UAE, IDI_4]

I had paid the full amount to the agent. I had spent Rs 80,000. I had also spent money for making the passport and getting medical tests. I had spent around Rs 5,000 for my passport, Rs 7,000 on medical tests. The agent told me that I have to spend this much money, after that I can go abroad. [Returned migrant, aged 30, education 7th class, UAE, construction worker, IDI_10]

Several studies reported that fees paid to the recruitment agents accounted for the largest share of the costs incurred by emigrants. The average fee paid to the recruitment agent, for example, was almost 48 percent of the total cost borne by emigrants to Qatar and 65 percent of the cost borne by emigrants to Saudi Arabia. Seshan (2020) reported that visa costs and agency fees made up the highest expenditures for Kerala migrants to the GCC countries (USD 548 and USD 251, respectively). Likewise, the migration study in Tamil Nadu found that 50 percent of the cost incurred was for paying agent fees (Rajan et al., 2017).

Migration costs varied by the characteristics of the migrants, for example, by age, education, social networks, and prior work experience overseas. However, these differences were not observed consistently across studies and destination countries. Further analysis of KNOMAD-ILO migration cost survey data, presented in Table 5, showed that younger migrants (i.e., aged 30 or below) paid less than older migrants (i.e., aged above 30) in the India-Qatar corridor (Rs 56,596 vs 60,924). However, a reverse pattern was observed for the India-Saudi Arabia corridor (Rs 93,279 vs Rs 80,739).

Table 5: Cost of migration paid and reported by low-skilled workers by background characteristics, India-Qatar and India-Saudi Arabia corridors, 2015 and 2016

Background characteristics	India-Qatar migration corridor (amount in Rs)	India-Saudi Arabia migration corridor (amount in Rs)
Age		
21–30	56,596***	93,279*
31 and more	60,924	80,739
Level of education		
Completed Grade 10 or less	57,281***	81,924
Completed more than Grade 10	69,700	NS
Prior overseas work experience		
First-time migrant	59,149	86,031
Repeated migrant	57,726	82,961
Types of application		
Agent/broker	56,290	91,843***
Manpower agency	60,318	NS
Relative/friends	NS	59,681
Total	**58,830**	**85,461**

*Note: NS: not shown because of small number of cases, i.e., less than 25 cases; * and **** indicate that the differences were significant at p≤0.05 and p≤0.001, respectively; *see Annex Table 2 for background characteristics of surveyed respondents in KNOMAD-ILO migration cost surveys.*
Source: KNOMAD-ILO migration cost surveys

A study of emigrants from Kerala reported that migration expenses incurred by migrants from Kerala were 29 percent lower for those with post-secondary schooling (more than Grade 10) than those who had completed Grade 10 or less (Seshan, 2020). Although based on in-depth interviews with a small number of current or returned migrants, the Population Council's primary qualitative study in Bihar and Uttar Pradesh also found a similar pattern. The average cost paid by migrants with 10 or fewer years of schooling was Rs 81,417, while it was Rs 54,000 for those with more than 10 years of schooling. These findings indirectly indicate that low-skilled migrant workers tend to pay more than skilled workers for jobs abroad, perhaps because the excess demand for work by low-skilled workers enables recruitment agents to surreptitiously charge them more than others. It may also be because better educated and skilled workers may take up skilled positions for which the migration costs are borne by the employer. We note, however, that a reverse pattern was observed in the analysis of KNOMAD-ILO migration cost survey data for the India-Qatar corridor, where migrants who had completed Grade 10 or above had to pay more than those who had completed Grade 10 or below (Rs 69,700 vs Rs 57,281; Table 5). It is difficult, therefore, to discern whether the relationship between education and migration costs is indeed inconsistent or whether the differences observed across studies were due to differences in study designs.[12]

Studies have also shown that the migration costs were lower for individuals with three or more migrants in the household who had previously moved overseas for jobs than those without such migrant networks (Seshan, 2020). It is possible that migrant networks could help to broker a job match between foreign employers and aspiring migrants and thereby help to reduce or eliminate the need for intermediating parties. Networks also help potential migrants to identify recruitment agents who charge less for their placement services. Migration costs were found to be lower for female than male migrants, perhaps because of better safeguards or scrutiny applied in the recruitment process for particular occupations, such as domestic work, in which female labourers are typically employed (Seshan, 2020).

Evidence on the relationship between migration costs and prior work experience overseas is inconsistent. Analysis of KNOMAD-ILO migration cost survey data showed that first-time migrants paid a marginally higher amount than repeat migrants to Qatar (Rs 59,149 vs Rs 57,726; Table 5) and Saudi Arabia (Rs 86,031 vs Rs 82,961; Table 5).

Migration costs varied by the processes through which migrants secured jobs overseas. KNOMAD-ILO migration cost survey data for Saudi Arabia showed that low-skilled workers who applied for jobs overseas with the help of agents/brokers paid 1.5 times more than those who applied with the help of friends and relatives (Rs 91,843 vs Rs 59,681; Table 5). In the primary qualitative study in Bihar and Uttar Pradesh, labour migrants who secured a job with the help of agents spent more than those who secured a job with the help of friends and relatives (Rs 84,278 vs Rs 71,142). At the same time, it is notable that even those who migrated with the help of friends and relatives incurred substantial expenses for migrating. Although reported by just three study participants, those who obtained a job directly from the employer spent much less (Rs 21,336); one of these participants who migrated thrice reported that overseas migration can be almost free, if the migration was arranged by the overseas company.

> *He [recruitment agent] helped me to go, he got my visa and medical done. Everything was done by him only. He helped me find the job and complete all the paperwork. I spent about Rs 100,000 for going there.* [Returned migrant, aged 30, education 8th class, Oman, electrician and mason, IDI_3]

> *My uncle's son helped me the most in going there [overseas]. He had already been there once or twice so had experience and knowledge of the place. He had also been to the recruitment agency's office. He took me to the recruitment agency's office. I did not go through any broker. I had spent Rs 20,000 in the process of making a second passport because they denied to do stamping on my visa as my photo was not matching. I gave Rs 45,000 to the recruitment agency's office. I guess for ticket. I had given Rs 8,000 for visa and Rs 5,000 for medical tests separately* [Returned migrant, aged 32, education 8th class, Saudi Arabia, farmer, IDI_1]

[12] Seshan (2020) had used data from community-based representative household surveys, while India-Qatar analysis had used data from a survey in which respondents were recruited using a convenience sample.

I went for free the third time. There was a vacancy in the company. The company pays if the people are needed. Then they bear all the expenses. They tell their registered office here that we need these many people and the agent in the office will find people, get the interview conducted, and then they take office charge which is around Rs 3,000, and then one has to pay nothing. I just spent Rs 3,100. [Returned migrant, aged 45, education 10th class, Saudi Arabia, construction worker, IDI_16]

Findings from the qualitative study in Bihar and Uttar Pradesh showed that migration costs varied by the type of visa used by emigrants. Individuals who travelled with a work visa spent on average Rs 66,755 compared with Rs 91,333 spent by those who travelled with a tourist visa or other visas, which suggests that irregular migrants spent more than the regular migrants.

I went with an employment visa. I had to give 30,000 rupees to the agency. I also spent Rs 5,200 for medical expenses. I had to stay in Mumbai, and I spent about Rs 400 for boarding and lodging and Rs 4,000 for local transport. So, in total, I spent around Rs 50,000. The agency told me that Rs 30,000 was for visa and tickets. [Returned migrant, aged 32, education graduate, Saudi Arabia, IDI_1]

It was on a visiting visa. We spent about Rs 80,000. I gave him [agent] Rs 60,000; Rs 20,000 for medical. [Returned migrant, aged 30, education 10th class, Qatar, shuttering work, IDI_5]

3.2 Sources for financing overseas migration

Emigrants tended to use multiple sources to finance overseas migration, relying on their personal and immediate family's savings, taking loans from banks, borrowing from relatives and friends and moneylenders, selling or mortgaging gold jewellery and properties, and so on. Between 22 percent and 64 percent of the emigrants in various studies reported that they used their personal savings or savings of their immediate family, including parents, to finance their overseas migration (Table 6). We note that small-scale studies focusing on less developed geographies reported a smaller proportion of migrants using their own or family savings (22–34%).

Table 6: Sources for financing overseas migration, selected studies

Sources	Kerala; Rajan et al., 2017	Kerala; Khan, 2019	Tamil Nadu; Rajan et al., 2017	Uttar Pradesh, Ahmad, 2019	India[1]; Abella & Martin, 2014	India[2]	India[3]
Personal savings & savings from immediate family	48.3	33.6	52.4	21.7	25.0	51.9	64.1
Parents' savings	46.4	–	43.9	–	–	–	–
Bank loans	8.5	16.1	9.0	15.2	–	–	–
Borrowings from friends & relatives	26.5	24.1	24.8	39.1	19.4	44.4	32.3
Moneylenders	5.1	–	27.5	4.3	38.7	3.7	3.7
Selling gold	23.8	23.4	24.8	–	–	–	–
Selling land	–	2.9	–	4.3	–	–	–
Pawn shop	–	–	–	–	9.7	–	–
Government help	0.0	–	0.7	–	–	–	–
Other sources	1.6	–	11.7	15.2	9.5	–	–
Number of respondents	**2,082**	**137**	**1,257**	**51**	**31**	**401**	**409**

Note: [1] Based on KNOMAD-ILO migration cost survey data from 31 returned migrants from Kuwait; [2]calculated using KNOMAD-ILO migration cost survey data from 401 returned migrants from Qatar; [3]calculated using KNOMAD-ILO migration cost survey data from 409 returned migrants from Saudi Arabia.

Loans, particularly from informal sources, were an important means of financing migration. In the studies cited above, 19–44 percent of emigrants reported that they borrowed from relatives or friends, whereas only 9–16 percent reported that they used bank loans. Five percent or fewer reported that they borrowed from moneylenders in most studies, although some studies reported that emigrants often took loans from moneylenders.

In the primary qualitative study in Bihar and Uttar Pradesh, most participants borrowed from relatives for financing their overseas migration (18 out of 37 participants), followed by moneylenders (9 out of 37) and friends (5 out of 37). Just three participants took loans from banks and two used own savings to cover migration costs.

3.3 Reasons for reliance on informal credit sources

Several reasons have been pointed out for Indian households' typical reliance on informal sources of credit: Indian households often associate formal banking institutions with high transactions costs, bureaucratic impediments, and complicated paperwork; they lack trust in formal banking institutions and perceive that access to financial products is the prerogative of elite groups in society; and they lack confidence in engaging with formal financial systems (Committee on Household Finance, 2017). The primary qualitative study with current and returned migrants in Bihar and Uttar Pradesh echoed these views.

When probed about the reasons for their borrowing money from relatives and friends or local moneylenders, the migrants and their family members narrated such reasons as no requirement to pay interest (as among relatives and friends), simpler and speedier access to credit, flexible repayment period, non-requirement of guarantees, and lack of awareness about the process for securing a loan from banking institutions.

> *From the villagers, where else will I take it from? We are not registered with banks or cooperatives. We did not know how to take a loan from a bank. Taking it from here [local lenders] seemed simpler. Also, can pay back any time, whenever we would be able to pay and no guarantees required* [Current migrant, age missing, education 10th class, Qatar, manual labour, IDI_13]

> *I did not take the loan from the bank, but borrowed Rs 60,000–70,000 from friends for going overseas. I took it from three friends at a rate of five percent interest because the bank told me that I don't have anything [for a guarantee]. It took me two years to repay.* [Returned migrant, aged 33, education 9th class, UAE, mason and electrician, IDI_19]

Key informants in Bihar and Uttar Pradesh further elaborated difficulties that migrants faced in getting loans from banking institutions. They noted that banks require securities such as land, gold, or personal guarantees from government employees to approve loans. They demand several documents to ascertain the credibility of the customers. Banks also take a long time in processing loan applications. Besides, banking staff behave rudely with economically poor customers. Local moneylenders do not typically ask for mortgages or documents for giving loans and often reside in the same village and therefore know the clients well.

4. Household debt and overseas migration

Several studies pertaining to overseas labour migration from India have documented that overseas labour migration entails significant resource outflows from households, including depletion of personal and family savings, sale of precautionary assets, and borrowings from institutional and non-institutional agencies (Abella, 2018; Abella and Martin, 2014; Ahmad, 2019; Buckley, 2012; Goud and Sahoo, 2019; Khan, 2019; Rajan et al., 2017; Soni, 2019). Although debt-financed migration is not new, the increasing cost of migration coupled with precarious and poorly regulated labour practices in destination countries can increase migrant labourer's vulnerability to labour exploitations throughout the migration process, constrain their ability to repay their debt, limit the potential benefits that migration brings, and create migration dependency (Buckley et al., 2016; Davidson, 2013; IOM, 2019; Moniruzzaman and Walton-Roberts, 2017).

4.1 Debt and migration-related decisions

Available evidence suggests that the amount of household debt is significantly associated with overseas migration. Multinomial logistic regression analysis, using 2011–12 IHDS data showed that after controlling for confounding factors, outstanding debt of more than Rs 50,000 was positively associated with international migration (RR= 1.53; CI 1.18–1.97; $p \leq 0.001$), although no such significant association was observed for internal migration. These differences may be related to the capability of households to afford the higher costs of migrating to distant destinations. Findings from the distributed lagged regression model that examined the temporal lagged correlation between amount of household debt, measured in 2004–05, and household migration, measured in 2011–12, after controlling for background characteristics, also reiterated the relationship between household indebtedness and international migration. Outstanding debt of more than Rs 50,000 in 2004–05 was associated with a significant increase in international migration (RR= 1.73; CI 1.24–2.4; $p \leq 0.001$) and a decrease in internal migration in 2011–12 (RR=0.78; CI 0.68–0.9; $p \leq 0.001$).

In further analysis of household survey data that the Population Council collected in Bihar and Uttar Pradesh, the odds of having an aspiring migrant increased with the amount of debt outstanding, from 1.36 for households that reported outstanding debt of Rs 10,001 to Rs 50,000 to 1.82 for households with debt of Rs 50,001 and above. The odds of households' reporting an aspiring migrant was 1.4 times higher for households that perceived that they would not be able to repay the debt on time than households with no debt.

In the primary qualitative study in Bihar and Uttar Pradesh, almost everyone talked about the influence of financial difficulties in their decision to migrate, regardless of whether they reported indebtedness or not. Even so, the narratives of current and returned migrants showed that household indebtedness influenced the decision to migrate in several cases (16 out of 37 study participants). Debt-driven pressures to migrate were intensified by lack of or irregular employment opportunities and low levels of earnings back home, household-level dependency on the migrants, and concerns about inability to meet aspirations to change one's life significantly, for example, acquiring assets, educating children, and meeting marriage-related expenses.

> *… My father had taken a loan. People who lent money used to ask for that back, so I thought of working in better places.* [Returned migrant, aged 35, education 12th class , Qatar, shuttering work, IDI_5]

> *When I felt that my house would not be able to run with earnings here, I took this decision. If I earn one month, sit idle at home next month here and how will I be able to manage my household expenses? I was not getting work throughout the year in my village. The condition of my house was bad, that's why I thought of going abroad. If I do not earn money by going abroad, then how would I pay off the debt? We had a lot of debt and the condition of the house was bad. I also had younger siblings in the house, so the one who is older will have to try and go here and there to earn money.* [Returned migrant, aged 35, illiterate, Dubai, construction helper, IDI_11]

Several other participants, although not explicitly stating indebtedness as motivating decisions to migrate, narrated the household's poor economic condition and constraints to meet even basic needs as the reason for migrating.

> *There was no one to work at home. I was the only one, someone has to go to earn their livelihood, right? Or else how will the household function? My father had died. So the entire load was on me. I had to look after them so I had to go. When there is no one at home, anyone will tell you to leave. Even outsiders will tell you. When you are 18 years old, you will be asked to leave. It was my decision to go. If I didn't go, who would look after my home? Like I told you before, I used to earn Rs 14,000 rupees in plyboard work in a private company and from that, I used to send Rs10,000 rupees and there were expenses too and there was no savings. By*

staying here, I couldn't earn enough. So, I started looking for work. [Returned migrant, aged 30, education 10th class, Saudi Arabia, carpenter, IDI_7]

4.2 Debt and work-related choices and experiences

Debts incurred for financing migration along with pre-emigration indebtedness can feed exploitative practices and precarious legal situations for migrants, amplifying the risks of unfree, forced, or bonded labour (Strauss, 2012). Findings from our analysis of secondary data and the primary qualitative study in Bihar and Uttar Pradesh were inconsistent about the relationship between debt and work-related choices and experiences of emigrants to the GCC countries. We acknowledge that available data are not sufficient to explore comprehensively differences in work-related choices and experiences by debt-driven and/or debt-financed migration. Although KNOMAD-ILO migration cost surveys collected information on a number of indicators related to work environment, they did not collect information on severe labour exploitations (e.g., physical violence, verbal abuse). Moreover, survey participants were selected using convenience or snowball sampling and comprised workers who were recruited in India and had received a job offer prior to migrating to Qatar and Saudi Arabia. Hence, survey data may not be representative of the typical migrant population in the India-GCC country corridors.

Analysis of KNOMAD-ILO migration cost survey data on returned migrants from Qatar and Saudi Arabia showed no differences in several indicators of work experiences of migrants who had borrowed money to finance their migration and those who had not (Table 7). These included such indicators as travelling with a work visa and a job contract, pursuing a job offered in the contract, receiving wages regularly, receiving free accommodation, and getting one day rest per week. There were also no differences between the migrants who had taken loans and those who had not in receiving promised wages (although hardly any from the India-Saudi Arabia corridor received the promised wages) and reimbursement of costs incurred for securing the job. However, a somewhat larger proportion of low-skilled workers who had borrowed money reported deprivation of rights at the workplace than those who had not in the India-Qatar corridor (7% vs 1%).

Table 7: Work experiences at destination of returned Indian migrants from Qatar and Saudi Arabia, 2015 and 2016

Work experiences at destination	**India-Qatar Corridor**			**India-Saudi Arabia Corridor**		
	Borrowed money	**Did not borrow money**	**Total**	**Borrowed money**	**Did not borrow money**	**Total**
Employer provided a work visa (%)	99.5	100	99.8	100	100	100
Travelled with a job contract (%)	99.5	99.5	99.5	100	100	100
Reported having done the same job as in job contract[1]	100	100	100	99.3	99.6	99.5
Received wages promised (%)	97.9	96.6	97.3	0.7	1.5	1.2
Paid regularly (%)	100.0	100.0	100	100.0	99.6	99.8
Received reimbursement of cost incurred for securing the job at destination from the employer (%)	3.6	2.4	3.0	0.0	0.0	0.0
Received free accommodation (%)	99.0	98.6	98.8	96.6	97.3	97.1
Received free food (%)	32.6	20.7	26.4	29.9	32.8	31.8
Mean hours worked in a week	59.0	59.4	59.2	51.1	507	50.9
Given one day rest/week (%)	100	97.6	98.8	99.3	99.6	99.5
Deprived rights at workplace[13]	7.3	1.4	4.2	2.0	0.4	1.0
Number of respondents	**193**	**208**	**401**	**147**	**262**	**409**

[13] Deprivation of right includes unable to express views freely, unable to join or organise a trade union, unable to engage in industrial action such as going on strike or having collective bargaining power, unable to change employers, not entitled to the same wages as native workers, restricted from remitting earnings, travel documents withheld by employers, unable to communicate with people outside the job sites, no job security, excluded from social security, cannot practise own religion, not having decent work hours/ rest days, leave benefit, and employee insurance benefits, etc.

Note: [1]Among those reported to have a job contract.
Source: KNOMAD-ILO migration cost surveys 2015 and 2016.

The qualitative study in Bihar and Uttar Pradesh also showed an inconsistent relationship between debt-driven and/or debt-financed migration and pre-emigration processes and overseas work experiences. Most IDI participants reported smooth pre-emigration processes, regular migration, and satisfaction with work overseas. These participants included both those who reported debt-driven and/or debt-financed migration and those who did not report so, suggesting no association between debt-driven and/or debt-financed migration and work experiences of migrants for the most part.

> *They come to take you there. When you arrive, they are already waiting. They check your visa and take you to the place. I reached there and started working the next day. I got the amount that was promised. The company provides accommodation. It does not provide food. The accommodation was better than I had thought. You face difficulties when you are not paid enough and on time. I was paid on time. A bus would come to pick and drop you for work too, so there were no problems.* [Returned migrant, aged 33, education 5th class, Kuwait, farmer, labour, IDI_14, reported neither pre-existing debt nor debt to migrate]

At the same time, it may be noted that the few participants who reported that they had experienced difficulties during the pre-emigration phase (11 participants) and labour exploitations overseas (15 participants), had also reported pre-existing debt and/or debt to migrate. We acknowledge that it is difficult to ascertain from the narratives whether the pre-emigration difficulties and labour exploitations overseas experienced by these migrants were related to household indebtedness.

> *I didn't get the work I had gone for, so I got other work and I did that. The agent told me that I will get welding work there, but I got the job as a labourer in a date farm.* [Returned migrant, aged 35, education 10th class, Saudi Arabia, welder, construction, IDI_15, reported no pre-existing debt, but borrowed for financing migration]

> *I was facing difficulty because there were delays in getting the residence permit because the sponsor wasn't depositing money for it. I was caught twice by the police and they put me in jail once and they let me go the other time. They let you go thrice. It was already twice for me, if they caught me for a third time they would send me back to India.* [Returned migrant, aged 35, education 7th class, Saudi Arabia, mechanical, driver, IDI_6, reported no pre-existing debt and borrowed from relatives to finance migration].

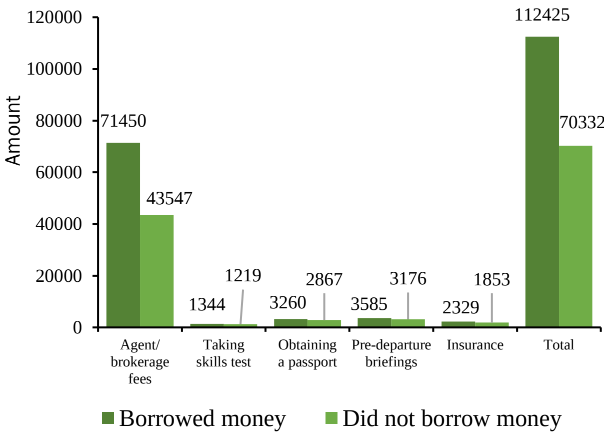
> *We did not get the salary that we were promised. When we went to talk to them, they told us that we can stay there if we want or else we can go back to India.* [Returned migrant, aged 30, education 10th class, UAE, carpenter, IDI_7, reported pre-existing debt].

4.3 Debt and financial vulnerabilities

Debt-driven or debt-financed migration tends to increase the financial vulnerabilities in multiple ways. The expenses incurred by emigrants who borrowed money to finance their migration were higher than those who did not do so among migrants to Saudi Arabia (Figure 6). However, no such differences were observed for migrants to Qatar. We acknowledge that it is difficult to discern from the data set whether the migrants borrowed more money because they were overcharged or vice-versa.

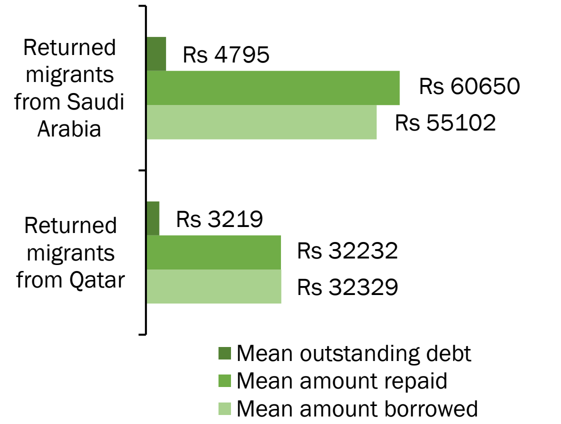
Debt-driven or debt-financed migration can land several migrant workers in a debt trap (Buckley, 2012; Rajan et al., 2011; Thimothy and Sasikumar, 2012). KNOMAD-ILO migration cost survey data showed that emigrants to Qatar reported their having repaid almost all of the loan amount except for a balance of 10 percent of the amount borrowed (Figure 7). Emigrants to Saudi Arabia reported that although they had repaid 110 percent of the loan amount, they still had an outstanding debt of nine percent of the loan amount. These workers remained in debt after they returned from foreign migration.

Figure 6: Expenses incurred by emigrants who borrowed money to finance their migration or who did not borrow money reported by returned migrants from Saudi Arabia, 2015–16



Source: Calculated using KNOMAD-ILO migration cost surveys, India-Qatar and India-Saudi Arabia corridors, 2015-16

Figure 7: Average debt incurred for financing migration, amount repaid, and amount outstanding reported by returned migrants from Qatar and Saudi Arabia, 2015–16

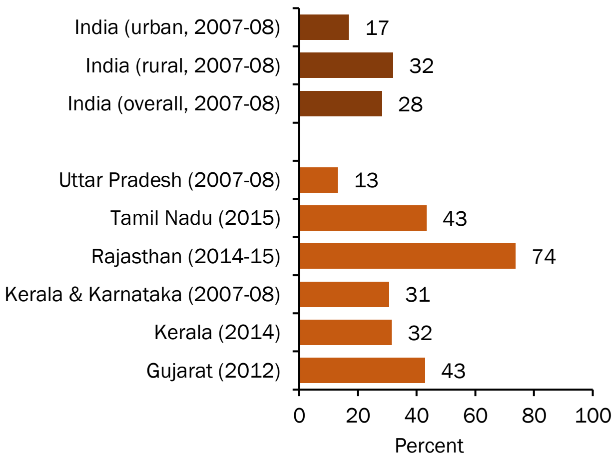


Source: Calculated using KNOMAD-ILO migration cost surveys, India-Qatar and India-Saudi Arabia corridors, 2015-16

While some managed to repay the debt quickly, others, particularly poorer and less-skilled migrants, take years to pay off migration debts. The vulnerability caused by debt-financed migration is reported among returned migrants as well, especially those who return in times of distress. Returning before their term of contract ends often leaves migrants in a debt trap, as they cannot repay their loans (Rajan, 2010). This has been seen recently in the wake of the COVID-19 pandemic. Thousands of returning migrants have been left stranded with large debt burdens owing to the non-payment of wages at the destination and additional costs incurred on arrival in India (such as paid quarantine facilities early in the pandemic) (Piper and Foley, 2021; Kuttappan, 2020).

A large share of international remittances was used for repaying debts incurred for migrating or other purposes. The NSSO Employment, Unemployment and Migration Survey (2007–08) data showed that 28 percent of households that received international remittances used it for repaying debt, with rural households twice as likely as urban households to have used remittances for repaying debt (32% versus 17%). State-specific migration surveys also reported that a major share of remittances was used for debt-repayment (Figure 8).

Figure 8: Use of international remittance for repaying debt, selected studies



Sources: Values for India calculated from the NSSO Employment, Unemployment and Migration Survey (2007–08); Bhagat et al., 2014; Mahapatro et al., 2017; Rajan et al., 2017; Soni, 2019.

Analysis of the NSSO 2007-08 data showed that compared with non-remittance recipient households, households that received international remittances spent more on consumer and household durables, education, and health care (Chellaraj and Mohapatra, 2014; Mahapatro et al., 2017). Mahapatro and colleagues (2017) found that compared with non-remittance recipient households, health care expenditure was 3.4 percentage points higher, educational expenditure was two percentage points higher, and other expenses were four percentage points higher for international remittance recipient households.

All participants except one in the qualitative study in Bihar and Uttar Pradesh reported remitting their earnings to their families in India. When probed about how remittances were used, most reported food and other day-to-day household expenditures (19 participants) and repayment of loans (18 participants). Other items for which remittances were used included children's education (8 participants), medical expenses for family members (6 participants), farming (6 participants), and construction of house (5 participants). Two participants each reported that they saved some of the remittances and used it for purchasing land. Although based on a small number of cases, findings show that those who reported pre-existing debt used remittances for debt repayment (12 out of 16 participants), followed by meeting day-to-day household expenditure (7 out of 16), and children's education (4 out of 16). In comparison, those who reported no such debt obligation reported diverse use of remittances—meeting day-to-day household expenditure (12 out of 21 participants), house construction (5 out of 21), medical expenses (5 out of 21), children's education (4 out of 21), and farming (4 out of 21). We note that a few from this latter group had borrowed money for migrating, although they did not have any prior household debt, and thus, six out of the 21 participants reported using remittances for debt repayment.

A few participants were compelled to transfer the money to the bank account of moneylenders, as the quote below indicates:

> *He sends money directly to the moneylender's account. Their bank details were given. The moneylenders told him to take their account details and keep sending money there directly and whenever we are sick or need money for some reason, they will give it to us. For now, all the money goes into repaying the debts. Who knows how long it will take?* [Current migrant, aged 21, education 10th class Qatar, cleaner, IDI_7]

5. Financial services that can reduce overseas labour migrants' vulnerabilities

Findings presented in the previous sections have shown that loans were an important means of financing migration, that non-institutional credit agencies were the major sources of credit for financing migration, particularly in the northern and eastern regions, and that debt-driven or debt-financed migration can land migrant workers in a debt trap. The primary qualitative study in Bihar and Uttar Pradesh sought the perceptions of migrant workers and key informants about financial services that can reduce migrant workers' vulnerability.

Migrant workers and their family members as well as key informants perceived that low-interest or interest-free loans would be most helpful for migrant labourers. Other studies have recommended that such loans may reduce irregular migration and increase flow of remittances through formal and legal channels (Gaur, 2019; Goud and Sahoo, 2019)

> *It would be good if we get a loan or some other help; it would be better if it is interest free* [Current migrant, age missing, education 8th class, Kuwait, labourer in a date palm farm, IDI_2]

Some participants also favoured a commitment savings product, though they noted that such products would work for only those with some money to save.

> *We can do this only when we have money. It might help, but we need to have money to deposit to avail these services. I have heard that these loans take less interest and are less effort too. I have not taken it but I have heard so that might be helpful* [Current migrant, age missing, education 10th class, Qatar, labourer, IDI_13]

There were a few participants who felt that a livelihood loan and an insurance scheme would be useful for those who aspire to migrate and for their families.

> *Insurance is useful in case you have a mishap. It is there. Like we have Jeevan Bima (life insurance plan). It is helpful. Something like that would definitely help.* [Current migrant, aged 40, education 10th class, Saudi Arabia, crane operator, IDI_10]

> *If they get a livelihood loan due to which they have a fixed income, it is the best option as they will be safe from moneylenders.* [Key informant, NGO representative, Uttar Pradesh]

We note that India had made the Pravasi Bharatiya Bima Yojana (PBBY) mandatory for emigrant workers falling under Emigration Check Required (ECR) category for overseas employment to ECR countries in 2003, but awareness and reach of this insurance scheme are limited.

Few participants called for reducing the cost of overseas travels, providing opportunities for skill upgradation, and opening government-run overseas recruitment agencies at the district level. Some noted that if sufficient skill upgradation opportunities are created, many workers would prefer to work in India itself.

6. Recommendations

Findings presented in the previous sections highlight that indebtedness characterised the economic condition of a large proportion of international migrant, internal migrant and non-migrant households. Emigration is a costly venture and the costs of migrating to the GCC countries have heavily fallen on the migrant workers. Costs of migrating were often covered by borrowings from informal sources and rarely from formal credit sources. Household indebtedness influenced the decision to emigrate in many cases of overseas labour migration in India. Although evidence on the relationship between debt and work-related choices and experiences of overseas labour migrants to the GCC countries is inconsistent, debt-financed migrants incurred larger costs for their migration compared with their counterparts who did not incur any debt for financing their migration. While some overseas migrants managed to repay the debt quickly, others, particularly poorer and less-skilled migrants, took years to pay off migration debts. Many workers remained in debt even after they returned from overseas. A large share of international remittance was used for repaying debts.

This section presents research gaps and policy and programme recommendations informed by the study findings for different stakeholders, for example, state governments and the national government, programme implementers and civil society, monitoring, evaluation, and learning practitioners, and funding agencies.

6.1 Recommendations for governments

Findings presented in the earlier sections highlight the need for reducing the costs of emigration, improving household financial behaviours, creating responsible and low-cost lending programmes, generating employment opportunities, and improving the employability of potential migrants for addressing the vulnerability linked with debt-driven and/or debt-financed overseas labour migration. Much of this work requires sustained action by the central government and state governments in India and effective cooperation between India and receiving countries.

The Draft Emigration Bill 2021 has delineated several measures to register and regulate the duties and functions of Human Resource agencies engaged in the business of recruitment for an employer (Ministry of External Affairs, 2021). It is important that the Bill is passed without any further delay and that these measures are implemented effectively to curb recruitment-related abuses by recruitment agents.

There is a need to increase the number of registered recruitment agents and ensure their spread across major migrant-sending states, particularly in rural areas. Bringing sub-agents and brokers into the formal sector and increasing the number of registered recruitment agents, especially in rural areas of the major migrant-sending states, may help. While it was illegal for a recruiting agent to hire a sub-agent as per the Emigration Act of 1983, the Draft Emigration Bill 2021 allows for it.

It is also important to evolve performance standards and undertake regular performance monitoring and periodic rating of recruitment agencies. Performance standards should include indicators related to respecting migrant worker's rights and adherence to ethical recruitment practices. Fixing recruitment service charges in conformity with market realities is also important. It is important that law enforcement agencies at the central level and state levels play a proactive role in enforcing these provisions. If recruitment agents are controlled well, audited well, prosecuted well by the government, the exploitation of migrants, including exorbitant charges collected by recruitment agents can be reduced.

Expanding emigration services by the Protector of Emigrants (PoEs) beyond the current 13 PoEs to major regions within states, particularly to major overseas-labour-sending states, is also important. Several PoEs currently have jurisdiction over more than one state and hence there is a need to extend its reach. Establishing more government recruitment agencies, similar to NORKA Roots of Kerala, Overseas Manpower Corporation Ltd of Tamil Nadu, and similar counterparts in other states and expanding the reach of such recruitment agencies can play a pivotal role. Strengthening the enforcement and monitoring of the provisions of the Labour and Manpower Cooperation MOUs/Agreements that are in place with the GCC countries for data sharing on workers, monitoring employers and worker grievances, and addressing issues such as forced early return is needed.

Government engagement with companies to simplify the recruitment chain is important. The Draft Emigration Bill 2021 has articulated that every employer who intends to recruit, either directly or through recruiting agencies, shall obtain an accreditation from the competent authority. However, reducing the cost of overseas labour migration also requires working with employers, including encouraging them to recruit labourers directly, bear the costs of migrant recruitment, and be accountable in respecting migrant workers' rights. Governments in recipient countries have a key role to improve employer practices.

Reducing administrative costs and documentation associated with labour migration is another step that the Indian government and receiving countries may adopt to reduce the costs of overseas labour migration.

Improving the quality of information made available to potential migrants can have an impact on both intentions to migrate and conditions in which people move. Findings show, for example, that many migrants remain indebted upon their return, which highlight the need for aspiring migrants to be made aware that overseas migration does not necessarily make them economically better off. They need help to assess the trade-off between economic and social costs of migration and likely improvements in individual and family well-being before they decide to emigrate. As noted earlier, the Indian government has introduced pre-departure orientation training to migrant workers and has established migrant resource centres. Unfortunately, awareness of and participation in the pre-departure orientation training remain limited, and migrant resource centres are not functional. The impact of such interventions may also depend on the content of these programmes. There is a need to strengthen and publicise these measures as well as disseminate information on grievance outlets for aspiring, current, and returned migrants.

Expanding monitoring of labour rights violations and providing outlets for migrants to make claims against brokers, employers, and recruitment agencies are also needed. The international safe migration agenda and forced labour conditions need to be mainstreamed at the panchayat, block, and district levels. The District Legal Aid Authority should be mandated to offer legal recourse for migrants and their families who experience labour exploitations.

The National Strategy for Financial Education 2020–25 has articulated the need for providing basic and sector-specific financial education to all, with a special focus on the unbanked and newly banked individuals and households (Reserve Bank of India, 2021). Migrants are identified as a key target group for such education. Such programmes can be directed at migrants at a time when they and their families are likely to be more responsive and open to financial education (for example, at pre-departure orientation and integration programmes). These programmes must use existing infrastructure for migrants, such as migration resource centres, employment centres, and remittance providers for delivering financial education initiatives. Programmes must also conduct needs assessments to analyse financial literacy gaps of each group of migrants and their families at different stages of the migration cycle. Needs assessments must go beyond remittances and encourage long-term financial planning, savings, investments, and entrepreneurship. Where the causes of indebtedness are structural, financial literacy may not be sufficient by itself. Formulating policies to finance migration, including provision of soft loans, will play a pivotal role to those migrating. Targeted interventions—insurance mechanisms, social protection, and better access to health—that can potentially protect migrants and their families against adversities or shocks are also critical. Current migrants, especially those who have experienced labour exploitations should be eligible to access government-sponsored social security schemes. Difficulties faced by the ultra-poor households in availing the schemes and in dealing with trust issues need to be addressed. Debt relief interventions that combine debt forgiveness with strong incentives for the re-establishment of longer-term lending relationships and timely repayment for aspiring, current, and returned migrants may be explored. Such interventions may also target migrants who returned before completing their contracts and following experiences of labour exploitations.

Conditions in the labour markets at origin and destination are intrinsically linked to debt-driven and/or debt-financed migration. Creating more and better employment opportunities and improving the employability of potential migrants, especially youth, may help in reducing the vulnerabilities faced by migrant workers.

6.2 Recommendations for programme implementers and civil society

Programme implementers and civil society have an important role in taking forward the research agenda described earlier and in supporting the national government and state governments in translating policy commitments into action.

Collaborations between programme implementers, civil society, and government bodies are needed to popularise various measures implemented by the government to protect overseas labour migrants, to build trust in these measures, and ensure that they reach large proportions of migrant labourers. Similar collaborations are required to ensure effective implementation of livelihoods, social protection, and financial inclusion measures for the benefit of vulnerable population groups, which in turn may reduce the tendency to migrate at any cost and through any means. There is also a need for programme implementers to design and implement innovative interventions that inform overseas labour migrants, particularly, first-time migrants, those who are less educated, and those without social networks overseas, about deceptive practices in the migration processes and details of expected costs they will incur in order to promote safe migration.

There should be collaboration between programme implementers and monitoring, evaluation, and learning practitioners to assess the effectiveness of measures taken to protect overseas labour migrants in combating exorbitant and illegal migration fees and debt burden on them and their families and, if required, suggest ways to improve the efficacy of these measures. Similar collaborations are required to generate evidence on what works to promote safe migration for overseas labour migrants.

Programme implementers and civil society may also advocate for faster enactment of the Draft Emigration Bill 2021 and, once enacted, the effective implementation of the strategies and guidelines articulated in the Bill. There is a need for collaboration between programme implementers, civil society, and government agencies to monitor the performance standards of recruitment agencies and sub-agents, provide quality information to potential migrants, monitor labour rights violations, and support migrants in reporting of labour exploitations and making claims against brokers, employers, and recruitment agencies. Programme implementers and civil society can also play an important role in spreading financial literacy and debt literacy among migrants and their families. Programme implementers and civil society may engage with local government and create a "people's organisation" in the migrant community to increase their bargaining and negotiation powers with authorities. The diaspora, community, civil society organisations, and NGOs may be the best placed to discuss financial matters with migrants and to help build trust, given a perceived lack of trust in financial institutions and some government organisations,

6.3 Recommendations for research, monitoring, evaluation, and learning practitioners

Several evidence gaps remain on the relationship between household indebtedness and overseas labour migration. Recommendations for addressing this lack are described below.

Most importantly, there is a need to create a migration data ecosystem to capture the trends and characteristics of labour outflows that will encompass all categories of migrant workers, including aspiring migrants, first-time migrants, seasoned migrants, migrants who require emigration clearance, those who do not, migrants who emigrate with the help of registered recruitment agencies, and those who emigrate through alternative channels such as unregistered agents and brokers, friends and acquaintances, and relatives. The possibility of using pre-departure training centres and registered recruitment agencies for collecting data pertaining to potential migrants needs to be explored. Periodic surveys that use research designs to bring source and destination insights together of potential migrants, migrants in destination countries, and returned migrants and their families are also needed.

There is a need to capture more up-to-date data on the levels and patterns of indebtedness among internal and international migrant households as well as data on the profile of indebted migrant households. The feasibility of including a small set of questions on household migration in future rounds of the Debt and Investment Survey conducted by the National Statistical Office needs to be explored. It is also important that future migration surveys and studies include questions that can shed more light on household indebtedness, characteristics of indebted migrant households, changes in indebtedness over the course of the migration process, situations and factors leading to indebtedness among migrant households, consequences of indebtedness among them, and ways and mechanisms that can help them circumvent a debt trap.

Data on the cost of overseas labour migration continue to be limited and there are major gaps in the currently available database. The KNOMAD-ILO migration cost surveys, though focused on low-skilled migrant workers, were restricted to returned migrants from Kuwait, Qatar, and Saudi Arabia for the India component. These surveys were administered to workers recruited in India and with a job offer prior to migrating. They hardly included those who were not recruited, but had moved abroad in search of work without any prior job offers. Migration costs reported in several published studies does not differentiate between expenses incurred by migrant labourers and that by professionals and between the countries that are the major recipients of migrant labourers and other countries. Moreover, several published studies had drawn data from a small number of emigrants. These findings underscore the need for systematically documenting not only the whole cost, but also specific monetary costs incurred by migrant workers seeking jobs abroad and social costs associated with such migration.

Findings showing large variations in many worker-paid pre-departure costs to the GCC countries call for further research to understand the reasons for these differences, including examining the implementation of regulations and policies in India and differences in conditions and policies among destination countries. Additionally, findings pertaining to huge variability in migration costs by socio-demographic characteristics of emigrants, emigration processes, recruitment channels, and so on emphasise the need for more research to uncover additional determinants of migration costs, with a view towards identifying interventions where policy can play a role.

The evidence on the relationship between debt-driven and/or debt-financed migration and work-related choices and experiences is at best inconclusive. It is important to examine, from representative samples of returned migrants, whether migration becomes a debt trap or a wealth-creation opportunity for overseas labour migrants. There is also a need to generate insights about how household indebtedness and debt-financed migration affect different population sub-groups, including female migrants and migrants belonging to different socio-economic groups.

Findings presented in this report also highlight gaps in the available secondary data on labour exploitations, particularly severe exploitations experienced by overseas labour migrants. There is also limited evidence on responsible sourcing of migrant workers on issues such as the labour recruitment practices of overseas companies and employers, the kind of labour protection measures implemented in destination countries, and the labour protection systems that can be built into the recruitment processes at source and destination countries.

The Government of India has taken several measures to protect overseas labour migrants. Awareness and reach of these protective measures, however, remain limited. Implementation research is needed to examine what works to ensure that these protective measures reach large proportions of migrant labourers and to see how effective these measures are in combating exorbitant and illegal migration fees and debt burden on migrant labourers and their families. Several measures have been taken for addressing some of the structural issues underlying debt-financed and debt-driven migration of overseas labour migrants such as insecurity of livelihoods for low- and semi-skilled labourers, limited social protections, and systemic challenges to financial inclusion, among others. Assessing the effectiveness of interventions focusing on addressing structural issues in reducing debt-driven and debt-financed overseas labour migration is critical. There is also a need for stronger evidence on what works to promote safe migration for overseas labour migrants in general and those who undertake debt-driven and/or debt-financed migration in particular. It is important that evaluations of safe migration interventions have a longer time frame, which allow tracking migrant workers over time.

6.4 Recommendations for funding agencies

Translating several of the recommendations listed above into action requires substantial financial investments. Funding agencies should increase investments to generate evidence on what works to prevent debt-driven and/or debt-financed overseas labour migration. They can, for example, support experiments with financial institutions to increase risk appetite for loans among the more vulnerable and to design and offer low-cost financial products to migrants. They can also support financial institutions to meet operational expenses until the programme becomes self-sustainable and financially viable. They may invest in debt and financial literacy programming and financial inclusion programmes through programme implementers and financial institutions. Funding agencies may support state and local governments and programme implementers in setting up ethical recruitment agencies and experiment with no-fee or employer-paying migration models.

Funding agencies may work with the national government, district and state governments, programme implementers, and MEL practitioners to create a migration data ecosystem. They may also advocate with and support international and bilateral agencies such as ILO, IOM, and World Bank in generating comprehensive data on labour exploitations in various migration corridors. Investing in formative and implementation research studies that could fill current evidence gaps, as articulated in the sections on recommendations for MEL practitioners and programme implementers, should be a priority for funding agencies.

There is also a need for multi-donor collaborations to bring more attention to the issue of labour exploitations experienced by overseas labour migrants among key stakeholders including the Indian government and governments in destination countries.

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Annex Table 1: Background characteristics of surveyed households, selected districts, Bihar and Uttar Pradesh, 2021–22

Characteristics	Bihar	Uttar Pradesh	Combined
Religion			
Hindu	78.4	81.1	79.8
Muslim	21.5	18.8	20.1
Christian / Sikhs	0.1	0.1	0.1
Caste			
Scheduled castes	15.6	22.0	18.9
Scheduled tribes	8.3	3.7	6.0
Other backward castes	60.5	64.7	62.6
General	15.6	9.6	12.6
Place of residence			
Urban	0.0	19.6	10.1
Rural	100.0	80.4	89.9
Type of ration card			
Above poverty line card	42.4	50.3	46.4
Below poverty line card	25.4	23.4	24.4
Antyodaya card	2.5	12.6	7.7
No ration card	29.7	13.7	21.5
Household size			
1-4	34.6	32.9	33.7
5-10	60.0	62.0	61.1
10 or more	5.4	5.1	5.3
Household economic condition			
Standard of living index [mean, range 0–54]	22.5	24.0	23.3
Sold gold or land to repay debt in the last three years	2.9	2.6	2.8
Received financial entitlements from government schemes	45.5	53.8	49.8
Perceived that the household will not be able to pay at least one loan taken in the last three years	35.7	38.2	37.0
Number of households	**5,971**	**6,302**	**12,273**

Annex Table 2: Background characteristics of surveyed respondents, India-Qatar and India- Saudi Arabia migration corridors, 2015 and 2016

Background	India-Qatar		India-Saudi Arabia	
	Percentage (%)	Sample (N)	Percentage (%)	Sample (N)
Age				
21–30	48.4	194	37.7	154
31–40	44.9	180	57.5	235
41–50	6.7	27	4.7	19
51 and more	–	–	0.2	1
Sex				
Male	99.8	400	100	409
Female	0.2	1	–	–
Level of education				
None	–	–	6.1	25
Incomplete Primary	–	–	19.3	79
Completed Primary	0.8	3	31.3	128
Incomplete secondary	29.9	120	24.0	98
Completed secondary	56.9	228	18.6	76
Post-secondary/tertiary	1.0	4	0.7	3
University and Higher education	11.5	46	–	–
Marital status				
Unmarried	8.7	35	6.6	27
Married	91.3	366	93.9	382
Migrant type				
First time	77.6	311	81.4	333
Repeater	22.4	90	18.6	76
Types of job application				
Through agent/broker	7.7	31	79.6	324
Manpower agency	88.8	356	2.2	9
Relative/friends	3.5	14	18.2	74
Total		**401**		**409**

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