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Migrant Remittances and Financial Inclusion - A Study of Rickshaw Pullers in Delhi¹

- Mani A. Nandhi*

Abstract

Migrants face hardships in remitting their earnings because they do not have a bank account both at the migrated place and their village, thus forcing them towards expensive informal sector.

India is home to one third of the world's poor with second highest number of financially excluded households estimated at about 135 million. A majority of the urban poor are internal migrants employed in unstable occupations (rickshaw pulling, street vendors) in the unorganised sector. Migrants face hardships in remitting their earnings because they do not have a bank account both at the migrated place and their village, thus forcing them towards expensive informal sector. Financial inclusion drive calls for a conscious attempt to reach the vast numbers of excluded poor. As migrant workers are heterogeneous, little, if any direct information is available about the volume of remittances and the transfer mechanisms used by migrants. Given the migrant workers contribution to the urban economy, issues relating to migrant remittances assume significance for achieving financial inclusion.

The paper is drawn from a wider study about 176 rickshaw pullers in Delhi and explores the remittance behaviour based on primary data collected during August-October 2009. The results are instructive about the remittance behaviour of migrant pullers throwing useful insights about the potential market demand that exists for capturing this market by designing suitable products and thus moving towards financial inclusion of these migrant workers.

Introduction

India is home to one third of the world's poor with second highest number of financially excluded households in the world,

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which is estimated at about 135 million. In India, 26% of the poor reside in urban areas and during the decade between 1993-94 and 2004-05, urban poverty has increased by about 5.8%. A majority of the urban poor are internal migrants employed in unstable occupations (rickshaw pulling, rag picking, domestic helps, and street vendors) in the unorganised sector and work and live with meagre incomes that barely meet their subsistence needs. Internal migration is a major source of support for poor families living in backward and underdeveloped areas because migrant remittances is a primary means for managing a family's well being, to smooth consumption and to meet other needs. Though the true extent of internal migration within India is unknown, 2001 Census of India indicates that less than 17% of men live in a location different from their place of birth and from 1991 to 2001, migration from rural to urban areas among inter-state migrants showed an increase of nearly 5.6 percentage points in case of male migrants and 3.3 percentage points in case of female migrants.

The financial needs of the urban migrants remain largely unaddressed due to their uncertain and mobile habitat, unstable livelihoods, uneven income flows, weak social links, lack of homogeneous culture among urban poor dwellers and the appropriate eco processes to achieve financial discipline among the urban poor. Formal banking system shuns the urban poor migrants due to their transient nature. The predominantly urban migrants face hardships in remitting their earnings back home because they do not have a bank account either at the migrated place or at their home village. Besides, they do not have identity papers either from their home village or their current place of dwelling. As a result, urban migrants are forced towards expensive alternatives in the informal sector. However, urban poor are bankable is reflected by how informal financial markets understand their needs and offer the urban clients what the formal market does not.

Enormous volumes of remitted earnings move between regions by different mechanisms. Also, urban migrants lack reliable mechanisms of remitting their earnings to their homes in rural areas, where cheap and prompt remittance services are often not only unavailable (post offices are both costly and time consuming) and the informal systems (friends/relatives) are both unreliable and unsafe. Unfortunately, formal banking channels are largely inaccessible for migrant population due to their inability to fulfil KYC norms for opening bank accounts. Research demonstrates that remittance flows/ senders and recipients remain outside of the financial system as they use only the remittance windows (post office) without opening any formal accounts. In Mumbai, remittances account for much of the £ 126 million sent using money orders from the Mumbai post office to Uttar Pradesh, Bihar and West Bengal (Deshingkar, 2006).

India's financial inclusion drive calls for a conscious attempt to reach the vast numbers of excluded poor in order to promote more inclusive growth in India. However, achieving financial inclusion of excluded population depends on, inter alia, building a systematic data base about these vulnerable urban poor for different sections, regions

and occupations. Though unorganised sector workers is a subject matter of various studies in India, an examination of financial behaviour of vulnerable migrant urban poor households that can provide crucial insights into their financial needs and requirements is specifically lacking.

Delhi is considered India's urban magnet. According to a recent estimate, 665 persons migrate every day to Delhi, which is a number that far exceeds migration in Mumbai, Bangalore and Ahmadabad put together. The incidence of rural -urban migration in Delhi has shown an increase in 2001 compared to earlier two decades. According to the 2001 Census, nearly 43% of Delhi's population were migrants. A vast majority of the migrant population are employed in the unorganised sector in Delhi. As migrant workers are both heterogeneous and employed in unstable occupations, little, if any direct information is available about the volume of remittances and the transfer mechanisms used by migrant workers in Delhi. Given the fact that migrant workers contribute essentially to the urban economy, tackling issues relating to migrant workers' remittances assumes significance in the context of financial inclusion initiatives of the Indian Government.

Rickshaw pullers are a sizeable group of migrant workers in Delhi. There are varying estimates about the number of rickshaws plying in Delhi. One conservative estimate pegs the number of rickshaws plying in Delhi at over 6,00,000; another independent estimate indicates that there are 9,00,000 cycle rickshaws on Delhi roads. Despite the fact that licenses have been issued only to about 75,000 to 1, 00,000 rickshaws, rickshaw pulling sector offers employment to an estimated 50 -60 lakhs people (including thousands of small scale manufacturing units, mechanics) who are dependent on rickshaws for a living in Delhi.

Existing research studies on rickshaw pullers in Delhi relate to social, legal, regulatory aspects but little is known about the money management behaviour of this financially excluded migrant group. The present paper is drawn from a sub set of a wider study which explored the financial behaviour of cycle rickshaw pullers in terms of their needs, their choices and the constraints faced by them in managing their money and livelihoods. Therefore, the results presented in this paper are snapshots and are instructive about the remittance behaviour. The findings throw useful insights about the existing potential market demand for remittances. More importantly, results show that the formal banking sector can capture the migrant remittances market by designing suitable and flexible remittance linked financial products which can pave the way for financially including the unbanked migrant workers.

Research Objective

Based on a wider study on the financial behaviour of rickshaw pullers, the present paper aims at exploring specifically at the remittance behaviour of rickshaw pullers in terms of the choices used, the reasons thereof with respect to their modes

used and the constraints faced; it also explored the level of awareness about transfer mechanisms available for remittances.

Research Methodology

Sample

The material for this paper is based on primary data collected from four districts in Delhi (Central, West, North and South Delhi) during August - October 2009. The sample for this study consisted of a total of 176 rickshaw pullers, who were randomly selected from major areas of operations of rickshaw pullers in the 4 districts.

Methods

The study used a combination of methods for eliciting information about various aspects of money management behaviour of rickshaw pullers including strategies, choices, and constraints faced in remitting their earnings from Delhi to their places of origin. Structured in-depth questionnaires were administered to randomly selected rickshaw pullers from 19 areas in Delhi including Karol Bagh, Patel Nagar, Pahad Ganj, Ajmeri Gate, Moti Nagar, Kirti Nagar, Uttam Nagar, Tilak Nagar, Rajouri Garden, Shakti Nagar, Subhash Nagar, Lajpat Nagar, Defence Colony, Kotla Mubarakpur, and Andrews Ganj. Focus group discussions with clusters of 4-6 rickshaw pullers, case studies and key informant interviews (with rickshaw owners, mechanics, and users) supplemented the data base for the study.

Demographic Variables	Number (N)	Mean	Percent
Age (in years)	176	36	100
> 50 years	28	57	16
40 – 49 years	33	43	17
30 – 39 years	54	34	31
20 – 29 years	57	24	32
< 18 years	4	18	2
Marital Status			
Married	152		86
Not Married	20		12
Single	4		2
Education			
Illiterate	85		48
Primary School	34		19
Middle School	31		30
High School	25		2
Under graduation	1		1
Religion			
Hindu	137		78
Muslim	35		20
Others	4		2
Caste			
Upper Caste	34		19
Backward Caste/OBC	75		42
SC/ST	30		17
Other	37		21
Assets			
Own Land	88	< 3.5 bigha	50
Land less	88		50
Other Assets (Fan, wristwatch, Radio, Clock, TV)			
Yes	16		9.1
No	160		90.9
Mobile Phone			
Yes	37		21.02
No	139		78.98

Findings

Demographic profile of the sample

Table 1 shows the demographic background of the sample respondents. On average, rickshaw puller in the sample was 36 years old. Educational background indicated that nearly half the sample (48%) was illiterate and 30% and 19% of the sample pullers had been to middle and primary school respectively. While 50% of the sample respondents were landless, remaining half of the sample had some land which was less than 3.5 bigha. However, 91% of the sample held no other assets though 21% of the sample respondents had a mobile phone.² Social composition of the sample showed that a high proportion of the sample respondents (59%) were from backward castes, OBC, and SC/ST groups.

Table 2 shows the regional wise classification of the sample respondents. Nearly 51% of the sample respondents were from Bihar, followed by Uttar Pradesh (26%), Madhya Pradesh (11%) and the remaining 12 % were from other states.

Serial Number	Place of Origin of Sample Respondents	Number (N)	Per Cent
1.	Bihar	89	50.57
2.	Uttar Pradesh	45	25.57
3.	Madhya Pradesh	19	10.8
4.	Maharashtra	8	4.55
5.	West Bengal	6	3.4
6.	Delhi	5	2.84
7.	Haryana	1	0.57
8.	Orissa	1	0.57
9.	Punjab	1	0.57
	Total	176	100

Migratory Profile and Other Characteristics

A peek into the background of rickshaw pullers in terms of their personal, migratory profile and other characteristics reveal to us their living and working conditions in Delhi.

97% of the sample respondents were migrants and the rest were residents. Of these, nearly 47% had migrated to Delhi more than a decade ago while 49% had migrated to Delhi in the last one decade. It was found that rickshaw pullers in the sample migrated to Delhi for varying months in a year. For instance, 28% respondents migrate to Delhi for 10 months; 18% are lifetime migrants and work as rickshaw pullers for nearly 12 months with short spells of break taken to visit their families in the village; 19% migrate for 8 months, 14% migrate for 5-6 months and 21% are seasonal migrants working for 2- 4 months in a year in Delhi. On average, the sample respondents had been in Delhi for 14 years.

The sample respondents had been pulling rickshaw on average for 10 years and the minimum and maximum duration of rickshaw pulling was 4 months and 40 years

respectively. 62% of the sample had always been pulling rickshaw since they migrated to Delhi while 38% shifted to rickshaw pulling from other activities (casual wage labour, blue collar work, self employed) for various reasons. 95% of the sample respondents were engaged in rickshaw pulling as a full time occupation and 5% were part time rickshaw pullers. 69% of the sample pulled rickshaw for 8 - 10 hours in a day and 31% for 5 - 8 hours in a day. While 55% of the sample worked all the 7 days in a week, 45% worked only 6 days in a week. 94% of the sample respondents hired rickshaws and only 6% owned a second hand cycle rickshaw.

Living conditions of the rickshaw pullers in Delhi are dismal. It was found that 32% of the sample respondents are homeless and they stay on public spaces (foot paths, abandoned ruins, roadsides), 27% stay in juggi jhopdi in unauthorised colonies settlements and 40% were found to be staying in shared rooms in congested areas in Delhi with little or no facilities for sanitation. 64% of migrant pullers lived alone in Delhi and 36% lived with wife and children and or extended family. 48% used common public conveniences by paying user charges and 28% used public spaces for their sanitation needs.

It can be discerned from Table 3 that on average, the household size of nearly the entire sample respondents (95%) was six (6). In terms of personal identification papers, most of the sample respondents in our study had neither a voter's ID nor a ration card in Delhi (Table 3); similarly at the place of their origin (village), while 47% had ration card, 51% had voter's ID card and 40% of the sample had a BPL card as identification. In effect, most of the rickshaw pullers had a major constraint in terms of no identifying documents with them for accessing any kind of opportunity either in the place of their origin (village) or place of destination (Delhi).

Variables	Number (N)	Per Cent	Mean	Minimum	Maximum
Number of years in Delhi	176	100	14	0.4	65
Household Size/ Dependents	168	95.5	6	1	19
No Response	8	4.6	-	-	-
<i>Identity Proof at Delhi</i>					
Ration card					
Yes	20	11.4			
No	156	88.6			
Voter's ID card					
Yes	22	12.5			
No	154	87.5			
BPL Card					
Yes	13	7.4			
No	163	92.6			
<i>Identity Proof at Village</i>					
Ration card					
Yes	83	47.2			
No	93	52.8			
Voter's ID card					
Yes	89	50.6			
No	87	49.4			
BPL Card					
Yes	71	40.3			
No	105	59.7			

Occupational Characteristics of Rickshaw Pulling

The sample respondents in our study pulled on average 14 rides⁴ in a day, with minimum and maximum rides ranging between 11 and 16 on a normal day. Rates

charged for short, medium and long distances on average, stood at Rs.10, Rs. 15 and Rs.30 for pulling passengers only. While majority pulled passengers only, pulling consignment of goods is not uncommon and rates vary depending on nature, bulk of goods and distance commuted. An examination of the economic aspects of rickshaw pullers is taken up in the following section. Table 4 presents the potential earnings made by rickshaw pullers in the study.

Income from Rickshaw Pulling

In terms of earnings of sample respondents, estimates of gross earnings and net earnings of rickshaw pullers is shown in Table 4. 'Gross earnings' was defined as the earnings of the day and 'Net earnings' was defined as gross earnings minus rent for rickshaw and daily expenses in the study. On average, while the gross earnings for a day was Rs.179; average net earnings was Rs.91 as reported by 90% of the sample and 7% of the sample respondents reported 'zero' net earnings at the end of the day.

Daily Earnings (In Rupees)	N =176	Per Cent	Average Daily Earnings	Total Earnings Daily	Minimum (In Rupees)	Maximum (In Rupees)
Gross Earnings	176	100	179	31460	75	500
Net Earnings	159	90.34	91	14426	10	250
Nil Net Earnings	17	9.66	0	0	0	0

Table 5 shows the notional estimates of monthly earnings of the respondents in our sample. This is derived from the estimates of daily earnings recalled by the sample respondents for previous 7 days' earnings. It can be seen from Table 5 that the average monthly gross earnings reported by 28% of the sample respondents stood at Rs.3,398 and the average monthly net earnings reported by 69% of the sample stood at Rs.2,348.

Monthly Earnings (In Rupees)	Number (N)=176	Per Cent	Average Monthly Earnings	Total Earnings (for a month)	Minimum (In Rupees)	Maximum (In Rupees)
Gross Earnings	49	27.84	3398	166480	500	7480
Net Earnings	121	68.75	2348	284160	80	5600
No Response	6	3.41	-	-	-	-

In terms of the total earnings generated for a month by the sample respondents, estimates given in column 5 are instructive about the potential monthly earnings of the rickshaw pullers in the sample. While the total gross earnings for a month for 28% of the sample was Rs.1,66,480, the total net earnings for a month for 69% of

the sample was Rs.2,84,160. Estimates of earnings (daily and monthly) of the sample respondents given in Tables 4 and 5 are illuminative about the potential earnings that are made on a normal day by the sample respondents as well as the potential gross and net earnings that are generated in a month by the rickshaw pullers sampled in the study.

Internal Migrants and Remittance Behaviour

Given the fact that migration rate in India is on the increase (from 27.4% of the population in 1991 to 30.0% in 2001), remittances form an important source of reducing vulnerabilities of the poor through consumption smoothing, reduction of liquidity constraints and reduce poverty. The following section looks at the remittance related behaviour of the rickshaw pullers in the sample. Table 6 indicates the responses of the sample respondents on some remittance related questions.

It was found that 81% of the sample respondents remit money to their families. Frequency of remittances indicate that 34% of the sample remit every month; 22% sample respondents send money home as and when needed; 10% sample respondents send every three months; another 10% send money home 'as and when needed' at home as well as 'when they have surplus money'. Table 6 also indicate that remittances are sent on weekly, fortnightly, bi-monthly and half yearly intervals in the same order as given.

Table 7 illustrates the amount and volume of money sent by the sample respondents in their last remittance prior to the interview period as well as the frequency of remittances sent by the sample respondents in the last one year. Table 7 reveals that 127 (72%) of the sample respondents remitted on average 7 times in the last one year; and the minimum and maximum frequency of remittances was found to be 1 and 32 times respectively.

An examination of Table 7 shows that while average amount of money sent in the last remittance was Rs.2,712, the total amount of money sent in the last remittance was Rs.3,77,000 by 79% of the sample. Minimum and maximum amount of money remitted in the last year was Rs. 1,534 and Rs. 2,908 respectively for 80% of the sample.

Responses on Remittances By sample respondents	Frequency (N)	Per Cent
Do you send money home?		
Yes	142	80.68
No	34	19.32
Remittance sent to:*		
Wife/family	74	42.05
Parents	70	39.77
Relatives (daughter/in-laws)	12	6.82
Frequency of remittance:**		
Weekly	3	1.70
Fortnightly	2	1.14
Monthly	59	33.52
Every three months	19	10.80
Every two months	9	5.11
Half Yearly	2	1.14
As and when needed	38	21.59
When I go home only	13	7.39
When I have surplus only	4	2.27
No remittance, no response	35	19.89
Annually	1	0.57
Total	185	>100
* Remittance sent to more than one recipient.		
** Total >100 % due to multiple choice		

Frequency, Amount, Volume of remittances by sample respondents	(N)	Per Cent	Average (in Rs.)	Total Amount Remitted (Rs.)	Minimum (in Rs.)	Maximum (in Rs.)
Frequency of remittance sent in the last one year:	127	72.16	7	-	1	32
No Response	15	8.52	-	-	-	-
No Remittance	33	18.75	-	-	-	-
How much was sent by you in the last remittance home?	139	78.98	Rs.2712	377000	100	13000
What is the minimum amount sent in the last one year?	141	80.11	Rs.1534	216300	100	6000
What is the maximum amount sent in the last one year?	141	80.11	Rs.2908	410050	200	13000

A total of minimum and maximum money remitted in the last one year by 80% of respondents in the sample stood at Rs.2,16,300 and Rs.4,10,050 respectively.

These notional estimates of remittances sent through informal services by rickshaw pullers in the sample are instructive about the potential volume of remittances sent by migrant pullers to their families on a regular basis to their villages. The fact that informal mechanisms flourish underscores not only the need and demand for remittance services but also there is a significant need for flexible, quick, safe and doorstep remittance services.

If we could project the potential scenario of an aggregated market demand for remittance services by rickshaw pullers in the city of Delhi, it can open a vast door of untapped remittance market for the formal financial institutions. Assuming for instance, at a conservative estimate, if 33% of 6,00,000⁵ were to remit a minimum amount of Rs.1040⁶, the potential remittances runs into several crores of rupees. Unfortunately, there is no specific market survey or study that exists about the potential remittances of urban migrants in Delhi. Indeed, the gain of 'informal remittance providers' is the loss of formal financial system. Thus, the absence of formal remittance services results in 'financial exclusion' of vast majority of the urban poor rickshaw pullers, who are forced to depend on informal mechanisms. Left to themselves without any support from the government or formal financial sector, poor rickshaw pullers have been remitting their money with the aid of unregulated informal mechanisms. Informal remittance services like 'courierwalas' serve lakhs of migrants in the city and play an important role in the financial behaviour of these urban poor, notwithstanding the fact there is leakage of crores of money out of the formal financial sector.

Table 8 exhibits the volume of money sent in the last remittance by frequency of remittances. A glance at Table 8 reveals the status of remittance patterns of the sample respondents. In terms of frequency of remittance, volume of money sent by the sample respondents on a 'monthly' basis ranks on top of the list, followed by remittances sent on 'as and when needed', 'every three months', 'every two months' and 'when I go home categories'. An analysis of the remittance pattern by monthly category shows that 34% of the sample respondents remitted every month on average

	Number (N)	Per Cent	Average (Rupees)	Total (Rupees)	Ranking of Total money remitted	Minimum amount (Rupees)	Maximum amount (Rupees)
Weekly	3	1.70	900	2700	8	700	1200
Fortnightly	2	1.14	1250	2500	9	1000	1500
Monthly	59	33.52	2078	122600	1	100	5000
Every three months	18	10.23	3267	58800	3	200	13000
Every two months	9	5.11	4444	40000	4	1500	10000
Half Yearly	2	1.14	1000	2000	10	500	1500
As and when needed	30	17.05	3393	101800	2	600	12000
When I go home only	11	6.25	3245	35700	5	1000	10000
When I have surplus only	4	2.27	1475	5900	6	200	3000
Annually	1	0.57	5000	5000	7	5000	5000
No Response	35	19.89	-	-	-	-	-
Total	139*	78.98	2712	377000	-	100	13000

*Refers to the remittance sent for one option in the frequency and not to multiple choices

Rs.2,078 to their families in the village and the total remittance sent by 59 sample respondents stood at Rs.1,22,600 in a month. 17% of the sample remitted on average Rs.3393 as and when the money was needed at home and the total amount remitted under this category was Rs.1,01,800 sent by 30 out of 176 sample respondents. Remittance sent every three months is ranked third in terms of the total money (Rs.58,800 by 18 sample respondents) and remittance sent every two months is ranked next with a total remittance amount of Rs.40,000 by 9 sample respondents; and followed by other frequency categories.

The results of the remittance patterns, amount remitted and volumes of money remitted by the sample respondents is illustrative of the potential market for remittances that can be captured from the rickshaw pullers, which is one of the large migrant groups that exists in Delhi and is a huge monetary reservoir for takers in the financial market in Delhi. In this context, Dr. D. Subbarao, Governor, Reserve Bank of India admitted that "Although there are no firm figures, I have been told that thousands of crores of rupees of remittances take place across the country today, predominantly from migrant labour, and over ninety per cent of this happens through non-formal channels. If banks can capture even half of this into their fold, they will not only reduce costs for the labour making remittances but they will also have the advantage of an enormous, permanent float" (2009)

In the following Table 9, the different channels of remittance used by the rickshaw pullers in the sample are presented.

It is clear from Table 9 that informal channels of remittance are predominantly

used in comparison to formal channels by the rickshaw pullers in the present sample. Among the informal channels, migrants in Delhi remitted through an informal 'hawala' system popularly known as 'courier or courierwala' and 43% of respondents were found to be using this channel in the present sample. Hand carriage of cash earnings though risky is the second channel used by 25% of the sample. 20% of sample respondents also sent money through fellow villagers when they travelled homewards. Among the formal channels used, transmission of funds through a bank account of relative/friend was used by 7% of the sample and another 9% sent money through post office.

It would be pertinent to note here that when the field work was progressing initial pointers indicated that a high percentage of rickshaw pullers in the sample were dependent on the 'courierwala' as a favoured channel of remittance transfer. Therefore, when the researcher probed about the mechanics of operation of this informal (hawala) channel, there was understandably high reluctance, hesitation and suspicion about our motivation to understand the system as well as our request for meeting the 'courierwala'. As this aspect was not under the ambit of our main focus, this issue was not pursued but it would be highly useful to study this 'courierwala' system in a future study.

As remittances by migrants is an important route for smoothing irregular incomes, consumption smoothing, coping with shocks and reducing vulnerabilities, migrant workers look for safety, speedy delivery and reduction of transaction costs in sending money to their families. In this respect, 'courierwala' is preferred by a sizeable proportion of rickshaw pullers in the sample. For instance, among the reasons for preferring to remit money through a 'courierwala', (see Table 10) safe to remit and timely delivery were regarded as most important reasons, followed by trust in courierwala because he is more often than not, from the respondents' state/village. Also the courierwala system was found to be simple with no paper work involved. Additionally, this system was considered convenient in depositing money for remittance because courierwala offers door step service by picking up the money at suitable locations closer to the area of operations of rickshaw pullers. This greatly reduces the transaction cost of sample respondents.

Among other reasons for preferring this channel was frequent availability of services of courierwala both at collection (Delhi) and remittance points (village), which facilitated in sending money even during emergencies and exigencies at short notice.

Remittance Channels	Number (N)	Per Cent
Courier / courierwala	75	42.61
Take money personally	44	25.00
Sent through fellow villager	36	20.46
Transfer into bank account of Relative/friend	12	6.82
Money order/postal order	15	8.52
Total*	182	>100
*Total is greater than 100% due to multiple choices		

Reasons for preferring to send money Through 'Courier wala' Through 'Courier wala'	Number N = 75	Rank	Per Cent*
He collects money at door step	47	3	63
I deposit at some collection points	28	5	37
Timely Delivery	69	1	92
Minimum / No Paper work	51	2	68
Safe to remit	69	1	92
Courierwala is from my state/village/nearby villages	51	2	68
Frequent Availability of service at village and Delhi	30	4	40
Retains Confidentiality of amount spent	10	6	13
Less expensive compared to post office	5	8	7
Don't know how to send otherwise	8	7	11

*Per cent rounded off; Per cent >100 due to multiple choice

Table 11 reveals the duration of time taken for funds transfer through 'courierwala'. Respondents emphatically stated that there was hardly any difference between normal and fast delivery time taken by 'courierwala' to deliver money to their families. This can be verified from the above table with two small differences. One, the average time taken for fast delivery was 4 hours and 6 hours for normal service. Two, in some exceptional cases or situations (inclement weather) normal delivery time could take up to 3 days.⁷ On average, the commission was fifty rupees for every one thousand rupees but the rates varied between 40 rupees and 50 rupees for every one thousand rupees remitted. Though the commission was considered on the higher side, the respondents felt more than compensated because of safe, fast and convenient services provided by the courier system. This was confirmed in our focus group discussions as well where the discussants argued that it is a safe way of remitting money because the 'courierwala' is a recognised person hailing from their village or /state and hence, there was no fear of loss of money.

Delivery Time, Rates for remittance Through 'courierwala'	Number (N)#	Per cent	Average	Minimum	Maximum
<u>Normal Delivery Time</u>					
Number of Hours	34	45	6	1	24
Number of Days	20	27	1	1	3
<u>Fast Delivery Time</u>					
Number of Hours	42	56	4	1	24
Number of Days	13	17	1	1	1
<u>Commission for Remittance</u>					
Rupees per 1000	55	73	50	40	50
No response	20	27	-	-	-

Responses do not total to N=75 because we omitted those responses which stated delivery time as 'immediate within 5-15 minutes only'

Reasons for preferring other informal channels

86% of respondents reported that a major reason for taking money personally home was that it enabled them to go home during emergencies when their physical presence was required as well. Fear of loss of money through other channels was another reason stated by non-negligible per cent (20%) of sample respondents. Table 12 shows other reasons for using this channel for taking cash home.

Reasons for taking money personally	N = 44	Per cent*
Emergencies	38	86.36
Scared to remit through any other method	9	20.45
Don't know safe way to remit	8	18.00
Keep going home every alternate month	4	9.00
Expensive to send through money order	2	4.50

* Responses add to > 100% due to multiple choices.

Awareness about formal remittance mechanisms

Inquiry into awareness about formal remittance mechanisms indicated very low levels of awareness about bank draft and electronic money transfers. However, awareness about transfers through post office (money order) was fairly high at 47% but many anecdotal incidences in the survey indicated that it is not a trusted channel both for its time duration and cost of transfer.

Financial inclusion of rickshaw pullers: barriers

Awareness about Formal Remittance Mechanisms	Number (N)	Percent
<u>Bank Draft</u>		
Yes	30	17.05
No	146	82.95
<u>Post Office</u>		
Yes	82	46.59
No	94	53.41
<u>Electronic Money Transfer</u>		
Yes	24	13.64
No	152	86.36

The above analysis brings to the fore that rickshaw pullers in the study remit money predominantly through informal remittance services / arrangements because they have been excluded by formal regulated system.

Evidently when the available alternatives for financial services is studied in the context of marginalised and financially excluded groups like these migrant pullers, the scenario is riddled with a number of problems - chief among them are various entry barriers that come in the way of their financial inclusion. The present paper gleans out from the lives of sample rickshaw pullers the various entry barriers at four levels - social, economic, personal and market and systemic⁸ - all of which work in tandem to financially exclude the disadvantaged and marginalised migrant rickshaw pullers. Table 14 provides a bird's view of the different barriers that come in the way of financially including the urban migrant pullers. These entry level barriers are inter-connected and perpetuate their financial exclusion. The biggest challenge for migrant

pullers comes from their inability to comply with 'Know Your Customer' norms which require valid proof of local identity and place of residence in Delhi.

Social	Personal	Economic	Market/systemic
1. Mobile habitat and homelessness 2. Lack of homogeneous culture 3. Largely from Socially and economically backward castes 4. Low occupational status 5. Feeling of hopelessness and lack of confidence 6. Lack of guidance and social isolation	1. Low levels of literacy 2. Lack of awareness 3. No personal identity in migrated place (Delhi) (No voter's ID or Ration Card). 4. No Address Proof in Delhi 5. Lack of identity at the place of origin for nearly 50% of sample pullers. And no banking history 6. Lack of time due to nature of livelihood.	1. Low, irregular and unpredictable income streams 2. Landlessness 3. Nil or low assets base 4. Low value cash and high volume transactions 5. Lack of financial literacy 6. Lack of awareness about formal alternatives (banks)	1. Lack of access to formal services 2. Exclusion due to KYC norms 3. Insensitive bank staff 4. Disconnect between bank's concern for inclusion and field level efforts. 5. Lack of suitable financial products to suit their needs

Concluding observations

Despite their mobile habitat and unstable earnings, the migrant rickshaw pullers in the study demonstrate they are bankable. This is evident from the findings of the study about the potential remittances that are sent by the sample respondents. Results indicate that there is a vast untapped market that exists for remittance services. As remittances by migrants is an important route for smoothing incomes and consumption smoothing, coping with shocks and reducing vulnerabilities, migrant workers look for safety, speedy delivery and reduction of transaction costs in sending money to their families. Hence, remittance behaviour of rickshaw pullers demonstrates that they use informal channels which offer them services not only at their door steps but also is simple, flexible, fast and reliable in general.

If vulnerability of the poor is to be reduced, providing them a reliable, secure and safe mechanism to remit and access other financial services is a critical need highlighting that the rickshaw pullers and other similar urban poor migrants need access to 'banking services'. As the number of informal workers is estimated to be 85% of the total workforce in the Indian economy, financial services of the required nature can be provided at scale through the formal banking sector. However, there are number of key challenges that need to be surmounted to enable disadvantaged and marginalised migrant groups to become part of the inclusive growth in India.

Some of these key challenges are: i) small value and high volume cash transactions of migrant rickshaw pullers; ii) flexible and doorstep provision of banking services; iii) lack of valid proof of local identity due to their mobile habitat; iv) Lack of awareness about benefits of a bank account.

On the aspect of identification of the migrant rickshaw pullers, it is imperative that the policy on KYC norms should be relaxed especially with migrants who would be greatly benefited to open bank accounts for savings and remittance facilities. Other critical measures that can go a long way in financial inclusion are - willingness of banks and sensitisation of bank staff, specialised customer acquisition team to link the excluded urban poor migrants and financial literacy and handholding⁹ of excluded segments by civic society - all this would prepare them better with required documents to convince banks to open accounts (Srinivasan, 2010). Access to financial services for the poor requires a different outlook and innovative remittance linked financial products suitable to these poor rickshaw pullers. In this respect, technology holds the key to further the process of financial inclusion of migrant workers in the informal sector like rickshaw pulling. Technology can facilitate access to financial services in a cost effective manner due to the presence of sheer large number of urban migrants in metropolis like Delhi. Since technology can be the driver in achieving low cost solutions by tapping the high volume migrants remittance market, a number of initiatives in branchless banking using smart cards, biometric cards, business correspondent model, mobile banking are underway. Many banks are experimenting with the use of technology (mobile phone) through the route of business correspondent model (case in point is a synergy between State Bank of India and EKO Technologies in Delhi) for provision of financial services. What is crucial for integrating the disadvantaged and excluded rickshaw pullers into the inclusive growth path is that the banking sector should seriously strategise to cater to this large untapped migrant market segment. There is profit at the bottom of the pyramid and it is the right time to get the right business models and innovative products which fits the different segments of urban poor migrants.

Notes

- 1 The paper utilises primary data generated for a study on 'The Urban Poor and their Money: A Study of Rickshaw Pullers in Delhi' which was funded by the Institute of Money, Technology and Financial Inclusion, University of California, Irvine. The author is grateful to IMTFI for permitting to use this data for this paper. A special word of thanks to Prof. Bill Maurer, Director, IMTFI for his ever generous help and encouragement to present preliminary findings before submission of the project report.
- 2 However, not all these respondents had mobile phone in their personal possession with them but they indicated that it was held by a member of the family in the village (wife, parent, son, and sibling) for quicker and easier communication with the family.
- 3 'juggi' refers to a shack.
- 4 Rides pulled include short, medium and long distance rides.

- 5 In the present study 33 percent of sample respondents remitted every month; and as per an independent estimate the number of rickshaw pullers in the city is not less than 6, 00,000. Therefore, potential remittances sent by rickshaw pullers in Delhi are estimated hypothetically based on these two notional figures.
- 6 Assuming on a lower side, only one half of Rs.2,078 which is the average amount remitted on a monthly basis by 33% in the sample (Refer Table 8).
- 7 However, this was observed by only two of the respondents in the sample.
- 8 Market and systemic barriers to financial inclusion are known and identified in a number of studies.
- 9 Some NGOs and MFIs like Gramin Vikas Trust in Jhabua and Ratlam Districts of Madhya Pradesh and Dahod and Panchmahal districts of Gujarat, Aajeevika Bureau in Udaipur have been working with migrants and provide many migrant support services including registration and identity and intermediating between service providers like banks, insurance companies, etc.

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