Insurance & Pension for Vulnerable Labour Migrants: *Voices from the Community*

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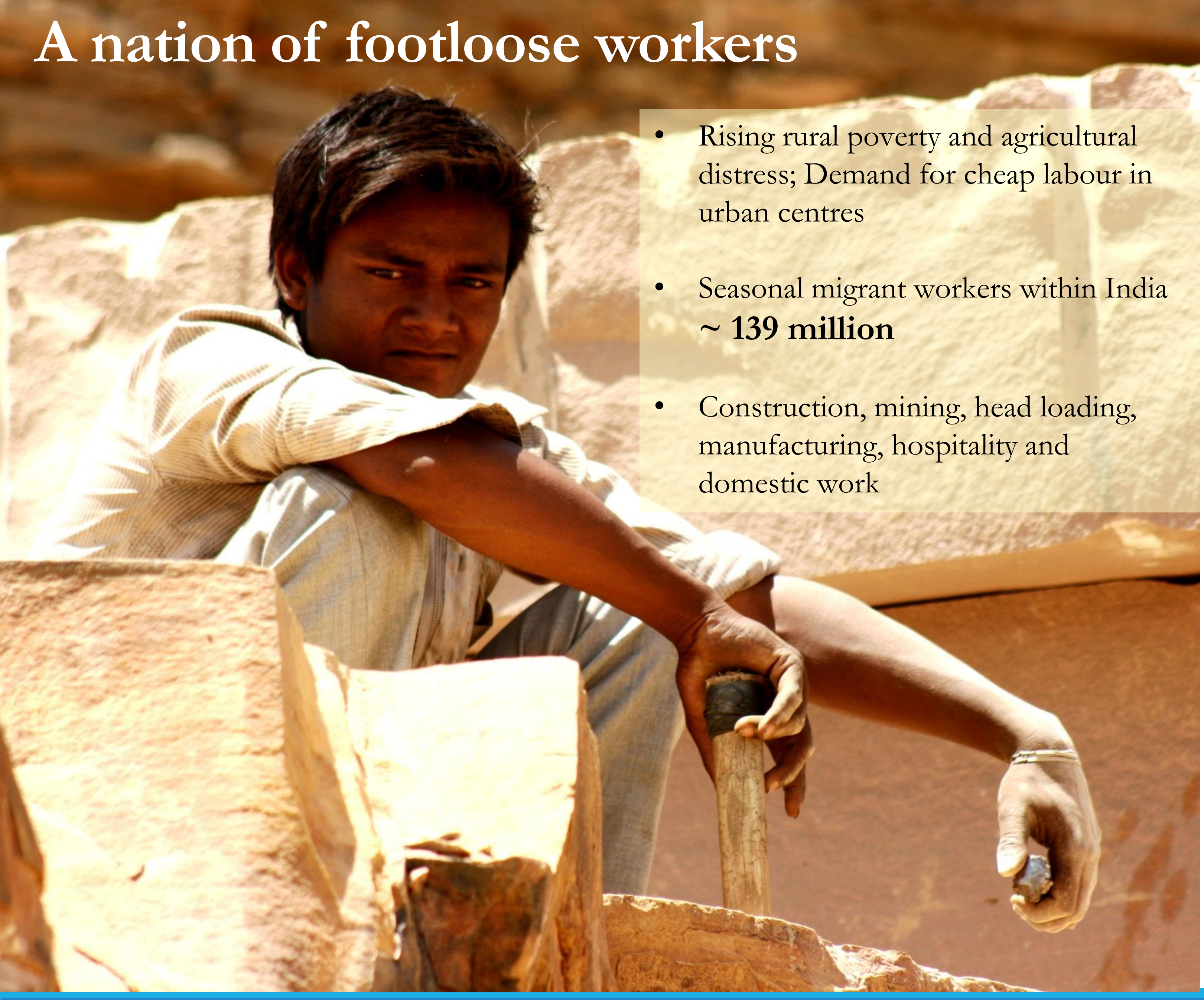
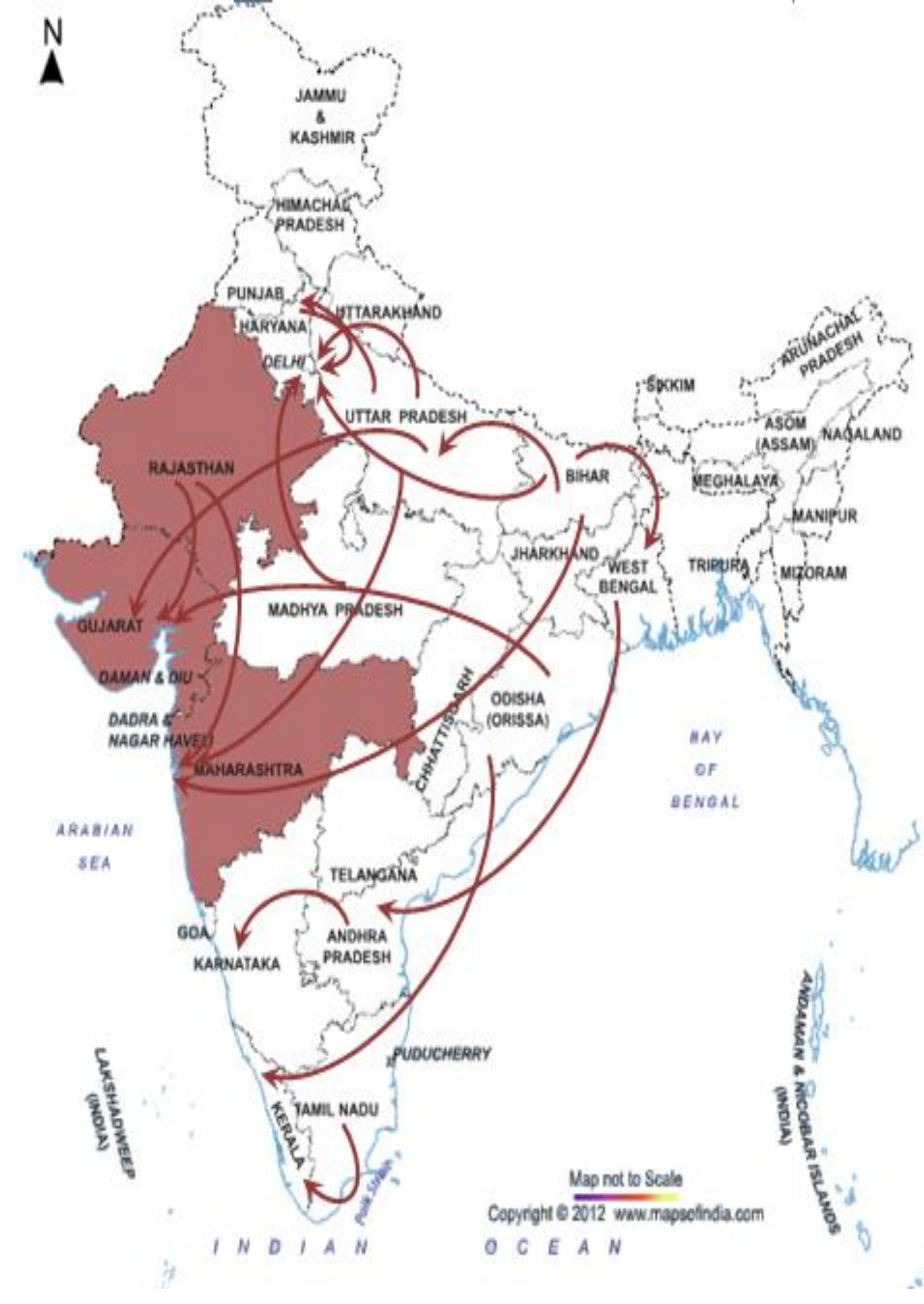
A nation of footloose workers



- Rising rural poverty and agricultural distress; Demand for cheap labour in urban centres
- Seasonal migrant workers within India **~ 139 million**
- Construction, mining, head loading, manufacturing, hospitality and domestic work



Economic life cycle of a migrant

Early Entry

- 14 to 20 years
- Secondary wage earners

Peak Work Life

- 21 to 27/30 years
- Primary wage earners
- Family

Beginning of Exit

- 27/30 to 35/40
- Manual labour takes toll
- Commuters

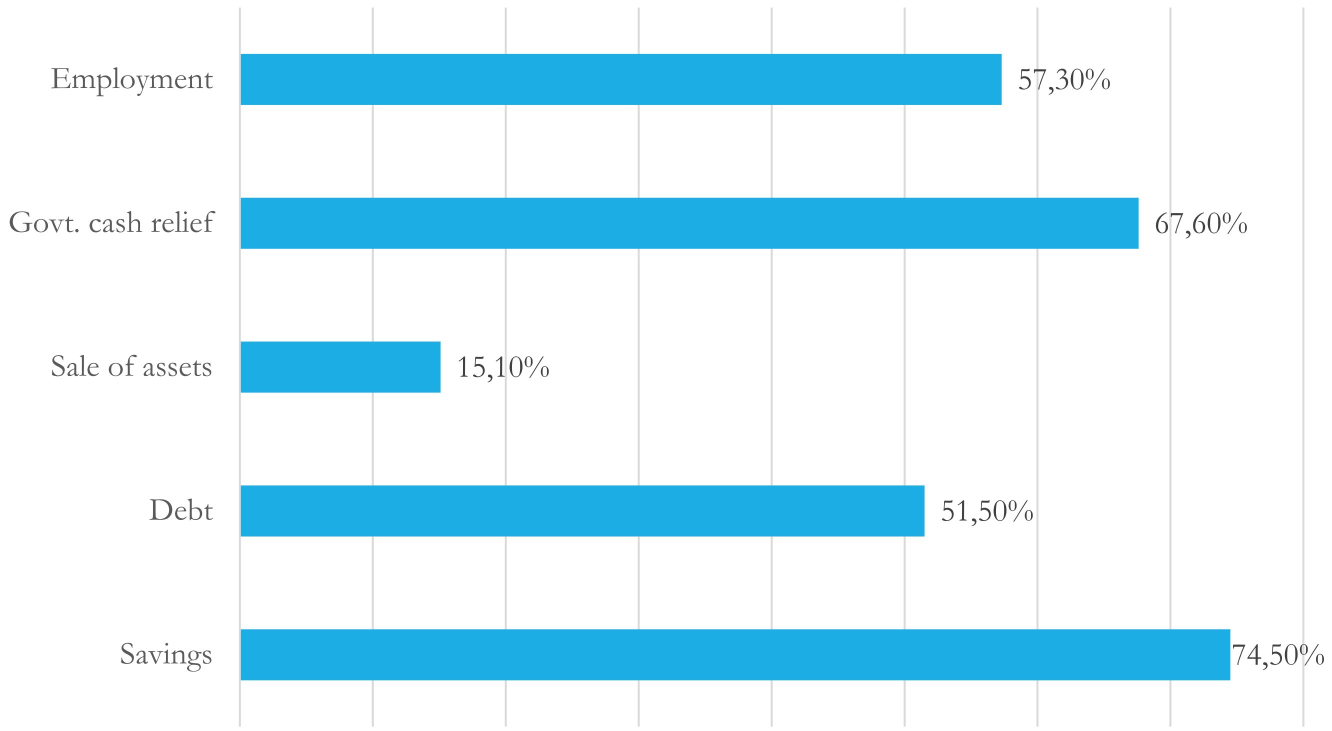
Return

- 35/40 onwards
- Commuters
- Lower earning capacity
- Children start migrating
- Slide back into poverty

How did migrant HHs manage cashflows during the 2020 lockdown in India?

n=6627

% of HH reporting various sources of cash inflow



38 USD Avg. savings

89 USD Avg. debt taken

69 USD Avg. income from asset sale

21 USD Avg. govt. relief recd.

58 USD Avg. income from employment

- 85.4% families said they were worried about their future financial well-being
- Top 3 reasons were – uncertainty around employment; high indebtedness; and episodes of chronic illness

Sources of cash during lockdown and what it tells us about the future of social protection for migrants

n=6627

Source	Transaction	Prevalence	Weighted avg. amounts per HH (USD)	Weighted contribution
Debt	Burden	52%	46	35%
Employment	Own	57%	34	25%
Savings	Own	75%	29	22%
Govt relief	Do nothing	68%	14	11%
Asset sale	Sacrifice	15%	10	7%
Total			133	100%

Only one-tenth as support. Everything else is self-generated

Social protection is closely tied to **indebtedness** in low-income migrant households

Social protection is closely tied to indebtedness in low-income migrant households

	Monthly Income	Min. Monthly Expenses	Monthly Social security inflow	Monthly Surplus/ Deficit	Assets	Debt levels	Use of cash transfer
Rambha bai (5)	20	44	34	10	Chai laari; No livestock; Some land (uncultivated)	125 (SHG debt)	Repaid moneylender
Reshmi bai (2)	0	10	6	(4)	No livestock Small kitchen garden	170 (land mortgaged)	Purchased groceries
Kakudi bai (1)	0	13	6	(7)	2 goats; 1 buffalo; 1 calf Some land	275 (land mortgaged)	Seeds, pumping water in field, paid electricity bill

*All figures in USD

Increasing vulnerability; Worsening credit scores

Member Name: [redacted] **DOB/Age:** [redacted] 23 years () **Info. As On:** 30-04-2021

Relationships: [redacted] **ID(s):** [redacted]oters Id) **Phone Numbers:** [redacted]

Current Address: [redacted]

Other Address: [redacted]

DELINQUENT

Account Type:	JLG INDIVIDUAL	**Disbursed Date:**	16-09-2019	**Amt Disbursed:**	25,000	**Info. As On:**	07-05-2021
Account #:	xxxx	**Closed Date:**		**Current Balance:**	17,955	**Amount Write-Off:**	0
Instl Freq:	MONTHLY	**Instl Amount:**	1,730	**Amount Overdue:**	9,324	**DPD:**	209
Account Remarks:							

Payment History:

	January	February	March	April	May	June	July	August	September	October	November	December
2021	113	141	172	202	-	-	-	-	-	-	-	-
2020	-	-	-	-	000	000	000	000	000	021	051	082

Account Type:	JLG INDIVIDUAL	**Disbursed Date:**	02-08-2019	**Amt Disbursed:**	25,000	**Info. As On:**	30-04-2021
Account #:	xxxx	**Closed Date:**	01-03-2021	**Current Balance:**	0	**Amount Write-Off:**	0
Instl Freq:	BIWEEKLY	**Instl Amount:**	1,263	**Amount Overdue:**	0	**DPD:**	0
Account Remarks:							

Payment History:

	January	February	March	April	May	June	July	August	September	October	November	December
2021	300	108	000	-	-	-	-	-	-	-	-	-
2020	-	-	-	XXX	000	154	XXX	185	179	213	239	255

- Fell from RCC slab of construction site in June 2020 – Expensive surgery
- Out of work for 9+ months
- 76000 rs. in institutional debt & 52000 rs. from moneylenders;
- No regular income; Total EMIs ~ 8100 rs.
- Father suffering from tuberculosis

Social protection is closely tied to indebtedness in low-income migrant households

- Low coverage perpetuates debt. E.g. Pensions under NSAP
- Frequency of payments matter and may create unnecessary and unsustainable debt even for workers who are covered E.g. ESIC benefits
- Insurance and pension pay outs often get used in servicing debt (especially since informal systems of emergency financial support collapsed after the second wave of COVID in 2021)
- A gradual erosion of assets due to such indebtedness, further crippling informal risk coping mechanisms
- High indebtedness also a key reason why low-income migrants shy away from long term investments/ pension products with inflexible withdrawal terms.

Some Interventions

Cash transfers

- Unconditional cash transfers during the extended COVID lockdown to migrant households (*Sambal*). Identification of vulnerable among them – single-women headed households, unsupported elderly, chronic illnesses, debilitating accidents etc.

Returnable grants (as a form of social protection)

- Returnable grants to tuberculosis affected migrants to improve TB treatment adherence outcomes from 67% to 98% (*akshya)*
- Returnable grants to manage emergencies after informal mechanisms of emergency support collapsed post-COVID (*Sanchay*)

Working with governments & industry

- Partnering with governments and pension funds to demystify pension products and improve access (NPS, Pinbox)
- Working with governments to improve ESIC enrollment and access (Safe-in-India)
- Working with industry to build contributory unemployment savings accounts for workers in supply chains (Social Compact)

Summary of key learnings

- Greater need for industry and governments to work together to create unemployment insurance/ emergency assistance for the unorganised sector.

- Quantum of social security transfers matter; Regularity of social security transfers matter

- Absence of social protection/ irregularity of payments/ meagre amounts/inflexible withdrawal terms often perpetuate and feed unmanageable debt