

FINANCIAL INCLUSION AND ITS ROLE IN ENHANCING FINANCIAL EFFICIENCY AMONG MIGRANT LABOURERS

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ABSTRACT

Financial inclusion significantly enhances the financial efficiency of migrant labourers by providing them with access to essential financial services, including banking, credit, insurance, and remittances. This access allows labourers to securely save and manage their earnings, reducing the risks associated with cash transactions and enabling them to build credit histories. Insurance services protect the migrant labourers from financial shocks, while cost-effective remittance channels ensure more of their earnings reach their families. Financial literacy programs improve their ability to budget, save, and make informed financial decisions. The technological advancements such as mobile banking and block-chain technology further increase the accessibility and security of financial services. The financial inclusion empowers the migrant labourers by improving their financial stability, contributing to broader economic growth and enabling better economic planning.

Key words: financial stability, financial services, economic planning, technology and migrant labourers

1. INTRODUCTION

Financial inclusion is the process of ensuring that all individuals, particularly the underserved and unbanked, have access to necessary financial products and services in timely, affordable and adequate manner. Migrant labourers are often face unique challenges due to their transient lifestyles, lack of formal identification and limited financial literacy. The migrant labourers are typically excluded from traditional financial systems, making it difficult for them to save securely, access credit, manage risks through insurance, and send remittances efficiently. By integrating migrant labourers into the formal financial system, financial inclusion can significantly enhance their financial efficiency. This not only providing access to

banking services but also offering credit, insurance, and remittance services tailored to their needs, alongside financial literacy programs to improve their financial management skills. Technological advancements, such as digital payment platforms and mobile banking, play a crucial role in making these services accessible. Enhancing financial inclusion for migrant labourers not only improves the individual financial stability and economic opportunities but also contributes to broader economic growth and development.

Financial inclusion is the process of ensuring access to affordable, appropriate, and timely financial products and services for all individuals, particularly those who are unbanked or underserved. This concept is particularly crucial for migrant labourers, who often face significant barriers to accessing traditional financial services due to their transient nature, limited financial literacy and lack of formal identification. Enhancing financial inclusion among migrant labourers can significantly improve their financial efficiency, leading to better financial stability and economic growth.

Financial inclusion plays a crucial role in enhancing financial efficiency among migrant labourers by providing them with access to essential financial services such as banking, credit, insurance, and remittance channels. Access to banking services, including savings accounts and digital payments, ensures that migrant labourers can securely save their earnings, earn interest, and reduce reliance on cash transactions, which are often risky and cumbersome. Credit access, particularly through microloans, allows labourers to manage emergencies, invest in small businesses, facilitating future access to larger loans and build credit histories. Insurance services, such as health, life, and accident insurance, provide a safety net, protecting labourers from financial shocks due to medical emergencies or unforeseen accidents. Cost-effective remittance services enable migrant labourers to send money home more efficiently, with lower fees and greater reliability.

Financial literacy programs enhance labourers' ability to budget, save, and make informed financial decisions, further improving their financial management skills. Technological innovations like mobile banking and block-chain technology increase the accessibility and security of financial services, especially for labourers in remote areas. The financial inclusion empowers migrant labourers by improving the financial stability, enabling better economic planning, and contributing to the economic well-being and the growth of broader economy.

2. REVIEW OF LITERATURE

Arun, T., and Kamath, R. (2015). The effective policies and practices are essential for promoting financial inclusion and ensuring that migrant labourers can access and benefit from financial services. Governments should implement regulatory frameworks that encourage financial institutions to develop products to the needs of migrant labourers, such as low-cost savings accounts and affordable microloans. Policies that simplify the requirements for opening bank accounts, such as accepting alternative forms of identification, can also significantly enhance access.

Azizi, S. (2019). Migrant labourers play a crucial role in the economies of both host and home countries through the remittances they send back to their families. These remittances are a vital source of income for many families, helping to cover essential expenses such as food, education, healthcare, and housing. The efficient and cost-effective remittance services are essential to maximize the impact of the funds. Policies that reduce transaction fees and enhance the speed and reliability of money transfers can significantly benefit for migrant workers and their recipients.

Bhagat R. B. (2017), Migration and urban transition in India are linked, reflecting significant socio-economic transformations. As India experiences rapid urbanization, the movement of people from rural to urban areas intensifies, motivated by the search for better employment opportunities, education, and living standards. This migration plays a crucial role in shaping the urban landscape and the country's economic development.

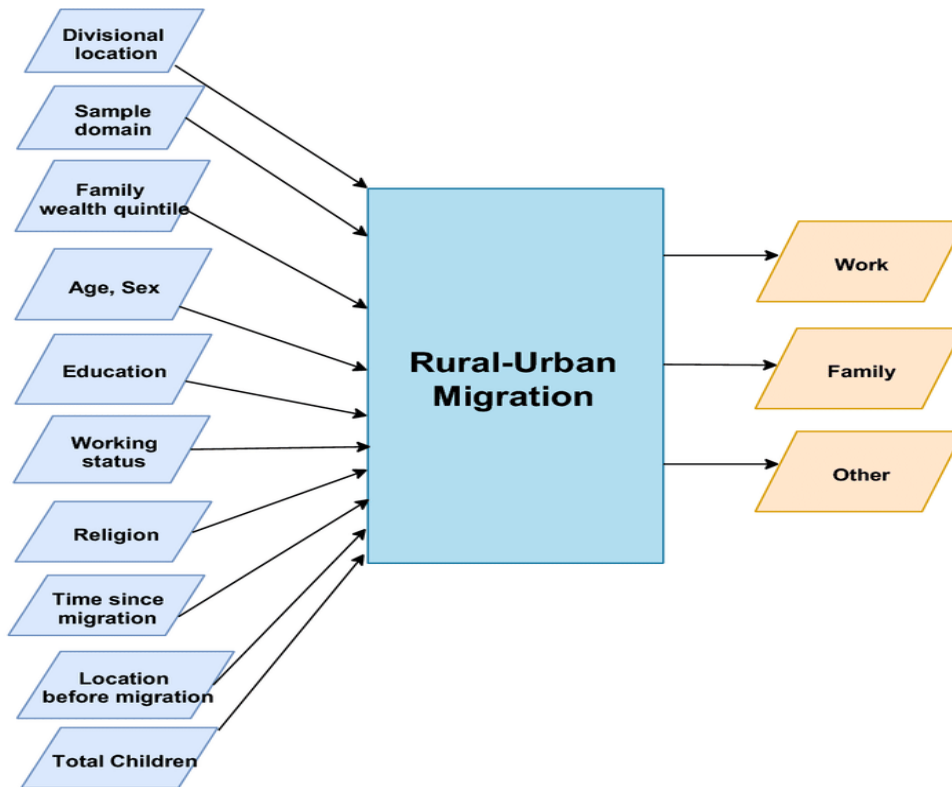
Brown, R. P. C., Carmignani, F and Fayad, G. (2013). A primary driver is the pursuit of better job prospects. Urban areas offer various employment opportunities, particularly in the manufacturing and service sectors. Access to better educational institutions and healthcare facilities in cities attracts migrants seeking improved living conditions for themselves and their families.

Crisil (2018). Migrants' remittances play a crucial role in financial development, significantly impacting both sending and receiving economies. For the families receiving remittances, these funds provide an important source of income that supports daily living expenses, education, healthcare, and housing. The steady inflow of remittances can reduce poverty and enhance economic stability at the household level.

Deshingkar P and Akter S (2009). The surge in financial inclusion in recent years has had profound effects on global economic development, particularly among underserved populations such as migrant labourers. The expansion of financial services, focussed by technological advancements and proactive policies, has enabled millions of previously unbanked individuals to gain access to essential financial tools.

Intermedia (2017). Migration significantly impacts human development by improving living standards, enhancing economic opportunities, and developing social and cultural exchange. For migrants, moving from rural to urban areas or from one country to another often provides access to better employment prospects, education, and healthcare, which can lead to substantial improvements in their quality of life and that of their families.

3. RESEARCH MODEL



4. OBJECTIVES

- ❖ To study the infrastructure and housing facilities of migrant labourers
- ❖ To examine the economic impact of migrant labourers

5. HYPOTHESIS

- ✓ There is an association between infrastructure and housing facilities and the economic impact of migrant labourers
- ✓ There is an association between Policy Implications and Social Dynamics

6. RESULTS AND ANALYSIS

Table 1.1

Descriptive Statistics			
	N	Mean	Std. Deviation
Infrastructure and Housing	117	2.4573	0.83839
Economic Impact	117	2.4551	0.94835
Policy Implications	117	2.3376	0.87180
Social Dynamics	117	2.4295	0.88562

Mean

The mean scores for the variable such as Infrastructure and Housing (2.46), Economic Impact (2.45), Policy Implications (2.34), and Social Dynamics (2.43). Among all the above variables, the highest mean score goes to Infrastructure and Housing. It means that all the above factors can help the migrant labourers to improve their financial efficiency. It conclude that Infrastructure and Housing is most important for the well-being of migrant labourers.

Standard Deviation

The above table 1.1 indicated that the SD scores for four factors are Infrastructure and Housing (0.84), Economic Impact (0.95), Policy Implications (0.87), and Social Dynamics (0.89). According to this Infrastructure and Housing has a low SD, whereas Economic Impact has a high SD.

Table1.2

One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper

Infrastructure and Housing	31.703	116	.000	2.45726	2.3037	2.6108
Economic Impact	28.003	116	.000	2.45513	2.2815	2.6288
Policy Implications	29.003	116	.000	2.33761	2.1780	2.4972
Social Dynamics	29.673	116	.000	2.42949	2.2673	2.5917

The range of T values are 31.703 to 28.003. The T values are statically significant and presented with two-tailed significance. The table 1.2 shows that migrant labourers strongly agreed that the factors such as Infrastructure and Housing, Economic Impact, Policy Implications and Social Dynamics are most important for the betterment of migrant labourers.

Table 1.3

Correlations				
	Infrastructure and Housing	Economic Impact	Policy Implications	Social Dynamics
Infrastructure and Housing	1	.662**	.603**	.520**
Economic Impact		1	.698**	.549**
Policy Implications			1	.523**
Social Dynamics				1
**Correlation is significant at the 0.01 level (2-tailed).				

Correlation

The table 1.3 indicates, the results of correlation analysis. The inter-correlation matrix of all the variables were significantly correlated with each other @ 1% level of significance which shows that there is a significant relationship between the factors such as Infrastructure and Housing, Economic Impact, Policy Implications and Social Dynamics.

The Correlation coefficient among Infrastructure and Housing and Economic Impact is .662**, which reveals 66.2% of positive relationship among Infrastructure and Housing and Economic Impact at 1% level of significance. The Correlation coefficient among Infrastructure and Housing and Policy Implications is .603**, which reveals 60.3% of positive relationship among Infrastructure and Housing and Policy Implications at 1% level of significance. The Correlation coefficient among Infrastructure and Housing and Social Dynamics is .520**, which reveals 52% of positive relationship among Infrastructure and Housing and Social Dynamics at 1% level of significance.

The Correlation coefficient among Economic Impact and Policy Implications is $.698^{**}$, which reveals 69.8% of positive relationship among Economic Impact and Policy Implications at 1% level of significance. The Correlation coefficient among Economic Impact and Social Dynamics is $.549^{**}$, which reveals 54.9% of positive relationship among Economic Impact and Social Dynamics at 1% level of significance.

The Correlation coefficient among Policy Implications and Social Dynamics is $.523^{**}$, which reveals 52.3% of positive relationship among Policy Implications and Social Dynamics at 1% level of significance.

Testing of Hypothesis

The above correlation analysis reveals that the P value of the factors of financial inclusion is less than 0.05. Consequently, Null hypothesis is rejected, it examine that there is a significant relationship between the Factors such as Infrastructure and Housing, Economic Impact, Policy Implications and Social Dynamics.

7. FINDINGS

- ❖ With access to savings accounts can securely store the migrant labourer's earnings, reducing the risks associated with cash handling.
- ❖ The adoption of digital payment systems has facilitated more convenient and safer transactions, reducing reliance on cash and enhancing financial management.
- ❖ Availability of microloans has enabled the labourers to invest in small enterprises and manage emergencies, promoting the financial stability and entrepreneurship.
- ❖ The regular access to credit has allowed migrant labourers to build credit histories, improving their ability to secure larger loans and better financial products over time.
- ❖ The health insurance access has protected migrant labourers from financial shocks due to medical emergencies, ensuring they do not deplete their savings on healthcare expenses.
- ❖ The insurance products have provided financial security to migrant labourers' families in case of death or disability, ensuring their dependents' welfare.
- ❖ The lower remittance fees have ensured that a greater portion of migrant labourers' earnings reaches their families, improving their economic well-being.
- ❖ The financial literacy programs have educated migrant labourers' on effective income and expense management, improving better budgeting and savings habits.

- ❖ Awareness of various investment options has enabled migrant labourers' to make informed financial decisions, helping them grow their wealth and avoid high-risk ventures.

8. SUGGESTIONS

- ✓ To enhance financial inclusion and thereby improve financial efficiency among migrant labourers, stakeholders such as governments, financial institutions, and non-governmental organizations should collaborate to implement targeted strategies. These strategies include expanding access to affordable and user-friendly banking services tailored to the needs of migrant labourers, such as mobile banking and digital payment platforms.
- ✓ Providing microloans and establishing credit-building programs can help migrant labourers invest in small businesses and manage emergencies.
- ✓ Insurance products, particularly health and life insurance, should be made accessible and affordable to mitigate financial risks.
- ✓ Need to take efforts to streamline and reduce the costs of remittance services are essential, ensuring migrant labourers can send money home efficiently.

9. CONCLUSION

Financial inclusion is a powerful tool in enhancing financial efficiency of migrant labourers. By providing access to banking services, credit, remittance services, insurance, and financial literacy programs, financial inclusion helps migrant labourers manage their finances better, secure their earnings, and plan for the future. The technology plays a crucial role in this process, making financial services more accessible and affordable. The financial inclusion not only improves the economic well-being of migrant labourers but also contributes to broader economic growth and stability. The financial inclusion plays a critical role in enhancing financial efficiency of migrant labourers by providing them with essential financial services and tools. Through improved access to banking, remittance systems, credit, insurance, and along with comprehensive financial literacy programs and technological innovations, migrant labourers can achieve greater financial stability and economic resilience.

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