IIMAD

**The International Institute of
Migration and Development [IIMAD]**

**Recruitment Costs of
Migrant Workers: Insights
from the 2023 Kerala
Recruitment Cost Survey**

**S Irudaya Rajan
Akhil C S**

Recruitment Costs of Migrant Workers: Insights from the 2023 Kerala Recruitment Cost Survey
*(India /*WP-14 IIMAD)

Recruitment Costs of Migrant Workers: Insights from the 2023 Kerala Recruitment Cost Survey

Authors

S Irudaya Rajan, Chair, IIMAD
Akhil C S, Research Fellow, IIMAD

Recruitment Costs of Migrant Workers: Insights from the 2023 Kerala Recruitment Cost Survey

S Irudaya Rajan
Akhil, C.S

Abstract: This study examines the recruitment costs faced by migrant workers from Kerala, India, using data from the Kerala Recruitment Cost Survey 2023. Focusing on SDG Indicator 10.7.1—Recruitment Cost Indicator (RCI), which measures costs as a proportion of first-month earnings—the study analyzes financial burdens across different recruitment channels, occupations, and demographic groups. Findings reveal a median recruitment cost of ₹61,156, with travel expenses (₹58,369) and private agency fees (₹66,065) as major components. The median RCI of 2.11 indicates most workers spend over two months' salary to recover costs, while 25 per cent face severe burdens (RCI > 4.37). High RCIs disproportionately affect less-educated migrants (63.35 per cent with ≤10th standard education) earning lower wages (median salary: ₹27,282). Recruitment through social networks (60.41 per cent) remains dominant, but reliance on private agencies (14.88%) and informal intermediaries (6.02 per cent) exacerbates costs.

Keywords: Recruitment costs, migrant workers, Kerala, SDG 10.7.1, RCI, labor migration policy

1. Background

Kerala has long been recognized as a key source of international labor migration, particularly to Gulf Cooperation Council (GCC) countries. While early migration flows were relatively modest, the 1970s oil boom triggered a dramatic surge in migration to Middle Eastern nations, with social networks playing a pivotal role in facilitating these movements (Rajan and Zachariah 2015). However, the past two decades have witnessed significant transformations in Kerala's migration patterns, characterized by three key developments (Zachariah et.al, 2021a; 2021b).

First, the traditional GCC destinations have seen a shift in demand toward skilled workers and professionals, while simultaneously declining in relative importance as Keralites explore new destinations. Second, there has been substantial growth in migration to developed nations (Australia, New Zealand, Canada, and European countries) and emerging economies in Africa and Southeast Asia. This diversification reflects both the improved educational attainment of Keralites and their aspirations for permanent settlement. The professional composition of migrants has expanded beyond healthcare and IT workers to include management professionals, academics, entrepreneurs, and skilled technicians (Rajan and Oommen, 2020; Rajan and Saxena, Rajan, 2019; Rajan, 2004).

These changing patterns have significantly impacted recruitment processes. While historically low recruitment costs in Kerala were maintained through strong social networks, the contemporary migration landscape presents new challenges. The rise of unauthorized recruitment channels - including fraudulent travel agencies, educational consultancies, and individual brokers - has created vulnerabilities, particularly for young migrants and students.

The outdated Emigration Act of 1983 proves inadequate to regulate these modern recruitment practices, especially for non-labor migration streams.

The financial implications are substantial, with the Kerala Migration Survey 2023 reporting outward remittances of ₹43,378.6 crore (approximately 20 per cent of inward remittances) spent on recruitment and related costs (Rajan, 2024). This underscores the urgent need for evidence-based policy interventions. Current government initiatives through NORKA-Roots aim to ensure safer recruitment practices, but require robust data on recruitment costs to be effective.

1.1. Global Context of Migration Costs

The economic dimensions of labor migration from the Global South have evolved significantly since the mid-20th century. Early migration primarily involved transportation costs, but the establishment of visa regimes and neoliberal economic policies in the 1970s transformed migration into a complex process with multiple financial burdens (Wickramasekara 2013). Contemporary migration costs reflect systemic governance failures in both origin and destination countries, despite attempts to regulate them through legislation, bilateral agreements, and international frameworks.

The economic costs of migration remain particularly opaque due to the involvement of multiple state and non-state actors in recruitment processes. As Sjaastad (1962) noted, migrants often accept high costs based on anticipated earnings abroad, creating conditions ripe for exploitation. Wickramasekara's (2013) typology of migration costs (direct/indirect, monetary/non-monetary) helps illuminate these complex financial burdens.

International efforts to address these challenges have yielded mixed results. While the Philippines has made progress in reducing recruitment fees (Martin 2010), other countries like Nepal have struggled with implementation. Regional dialogues like the Abu Dhabi Dialogue and UN initiatives through the ILO and IOM represent important multilateral approaches. The inclusion of recruitment cost reduction in SDG 10.7 and the Global Compact for Migration reflects growing recognition of this issue's importance, with Indicator 10.7.1 providing a specific metric for tracking progress (ILO and World Bank 2019; Ratha and Seshan, 2018).

This study builds on these international frameworks while focusing specifically on Kerala's unique migration context, where traditional social networks intersect with modern recruitment challenges. The findings aim to inform both local policy interventions and broader discussions about ethical recruitment practices in major migration corridors.

1.1. Kerala Migration Surveys and recruitment cost

The migration from Kerala is better understood using data from the Kerala Migration Surveys conducted since 1998. Started as a one-time study during March-November 1998, the first Kerala Migration Survey (KMS), soon transformed to a continuous periodic ongoing activity called Migration Monitoring Study, Kerala. The subsequent surveys were conducted in 2003, 2007, 2008, 2011, 2013, 2016 and 2018. Large scale surveys were used to collect data on different types of migrants—emigrants, return migrants, out-migrants and return out-

migrants. In 1998, data was collected from 10,000 households across 200 localities selected at random from all the 14 districts of the state (Zachariah et al. 2001a; 2001b). The sample size was expanded to 15,000 households in 2008. The major objective of each round of surveys was to estimate the number of emigrants and return emigrants and its impact on Kerala's economy and society.

The survey provides panel data on the cost of migration in Kerala from 1998. The six out of eight surveys of KMS provide cost of labour migration and modes of finances for migration. The attempt to capture the cost of migration in the very first edition of KMS in 1998 could be considered as one of the earliest attempts to understand importance of cost of migration. Akhil and Rajan (2020) use the comprehensive panel data provided by KMS to understand and analyse the cost of migration from Kerala. The study uses quantitative data generated from four KMS rounds, 1998, 2008, 2013 and 2018. The panel data from 1970 to 2015 was used for analysis because of the increase in labour migration during that period propelled by the oil boom. A total of 10448 respondents were used for analysis. The study calculated the total cost of recruitment by summing up cost of documentation, cost of transportation and cost of recruitment process. The analysis shows that the cost of migration from Kerala has been declining over the years. The Study shows a gradual decline in the costs of migration from 1970s. It also clearly indicates that the rate of decline in the 21st century is minimal. The average cost of migration remains stable.

The KMS data over the years offer reliable estimates of recruitment cost. But the survey did not include a comprehensive module that could offer nuances of migrant recruitment cost in Kerala's context (Rajan, 2024). To address the need for estimating the cost of recruitment, the KMS 2023 included an additional module on recruitment cost following the ILO-World Bank guidelines on 'Statistics for SDG Indicator 10.7.1'

Apart from the basic profile, KMS 2023 mapped various nuances of international migration from the eight modules such as climate change and migration, return migration, migration and health, food security and left behind persons – women, children and the elderly. However, the KMS 2023 did not evaluate recruitment costs in detail. Considering the change in dynamics in the second-generation migration from Kerala, It is important to examine and estimate the cost involved in migration and its impact on the migration process from the state. Previous KMS studies made comprehensive efforts to address migration costs, but they did not provide a broad understanding of these costs to the same extent as a survey on recruitment costs could achieve. And also, NORKA has also not yet broadly examined the cost of recruiting migrants and the intensity of the role of intermediaries in migration process.

1.2. Objectives

The key objective is to measure labour migration and recruitment costs for migrant workers in the State of Kerala, India, with a view to inform policy and regulations, in order to reduce the vulnerability of migrants and increase the benefits of international labour migration for all involved. The specific Objectives are the following:

- To estimate international migration cost for workers migrating through the prominent migration corridors from Kerala and how they managed to finance it.
- To understand the relationship between type of recruitment and cost involved?
- To suggest policy recommendations to reduce migration costs and ensure safe and fair migration.

1.3. Methodology

This study employs data from the Kerala Recruitment Cost Survey (KRCS) 2023, a specialized module within the broader Kerala Migration Survey 2023, to analyze the financial burdens faced by migrant workers from Kerala. Adopting a country-of-origin perspective, the research focuses on returned migrants who had worked in Gulf Cooperation Council (GCC) countries, which account for over 80% of Kerala's overseas workforce. The survey utilized a stratified random sampling approach across all 14 districts of Kerala, targeting 2,000 returnees from a pool of 20,000 households, with respondents selected based on their return within the last 14 years (2010-2023) to capture both recent and longer-term migration experiences. Data collection involved a structured questionnaire documenting detailed recruitment costs (including pre-departure expenses, travel, and intermediary fees) and first-month earnings abroad. The study applies the Recruitment Cost Indicator (RCI) methodology developed by the ILO and World Bank, calculating the ratio of total recruitment costs to first-month income to assess financial burden, where higher values indicate greater economic strain.

While the survey provides comprehensive insights, limitations include potential recall bias, underrepresentation of very recent returnees (only 7.87 per cent returned during 2019-2023), and exclusive focus on GCC destinations. The analysis emphasizes median values over means to account for skewed distributions and conducts subgroup analysis by education level, occupation, and recruitment channel to identify particularly vulnerable migrant cohorts, ultimately aiming to inform policies that reduce exploitative practices in Kerala's labor migration ecosystem.

a. Recruitment Costs:

In line with ILO General Principles and Operational Guidelines for Fair Recruitment (2016) and the definition of recruitment fees and related costs endorsed through tripartite consultation (2018). Recruitment Cost is 'Any fees or costs incurred by the migrant worker in the recruitment process to secure employment or placement, regardless of the manner, timing, or location of their imposition or collection'. Detailed information will be obtained on various costs incurred during the recruitment process, including agency fees, visa fees, transportation, medical examinations, and training expenses. All costs will be converted to a common currency for uniform comparison.

b. Monthly Earnings:

Data will be collected on the Gross monthly earnings with reference to the first month earnings upon starting a job abroad. It is the total remuneration in cash and in kind paid to employees. The total remuneration includes:

- For time worked or work done + remuneration for time not worked (vacation, paid leave, holidays)
- Before any deductions paid by employees (e.g. taxes, social security, pension contributions directly, etc)
- Excluding employer contributions to third parties, e.g. social security, pension)

1.3.1. Sampling

Sampling frame of the Return Emigrants from the Gulf extracted from the 20,000 total Sample households of KMS 2023 (Table 17.1).

Table 17.1: Sampling Profile of Kerala Recruitment Cost Survey, 2023.

Districts	Interviewed	Not Interviewed by reasons			Not Interviewed	Total
		Unwilling	Re-migrated	Died		
Thiruvananthapuram	191	84	45	38	1	275
Kollam	132	70	47	23	0	202
Pathanamthitta	51	26	21	3	2	77
Alappuzha	59	45	30	15	0	104
Kottayam	35	42	28	13	1	77
Idukki	4	10	9	1	0	14
Ernakulam	46	50	39	11	0	96
Thrissur	152	79	49	29	1	231
Palakkad	67	32	15	17	0	99
Malappuram	273	109	50	54	5	382
Kozhikode	145	88	50	37	1	233
Wayanad	7	14	8	6	0	21
Kannur	84	57	43	14	0	141
Kasaragod	24	24	15	9	0	48
Total	1270	730	449	270	11	2000

Source: Special Tabulations from the Kerala Migration Survey 2023

The KMS 2023 employed a stratified systematic random sampling method across all fourteen districts of Kerala. The survey included 20,000 households, with a distinct stratification between rural and urban areas. In each rural and urban area, localities, i.e., grama panchayats or wards were selected. Within each selected locality, 40 households were chosen using systematic random sampling. A total of 500 localities were selected from 14 districts of Kerala (see more details, Rajan, 2024). Table 17.1 represents the total households sampled across all 14 districts for the KMS 2023, along with the number of return emigrants surveyed. These return emigrants were selected for the present study. The survey targeted 2,000 return emigrants from Gulf countries who had returned since 2010. Of these, 63.5 percent were

successfully interviewed. Among the remaining respondents, 22.5 percent declined to participate, and 13.5 percent had re-migrated. This study focuses on the 1,270 return emigrants who were successfully interviewed.

2. Observations from the survey

This section aims to provide basic profile of the respondents in terms of age, gender, education, occupation, type of recruitment and countries of destination. It also offers the basic statistics of the components of recruitment cost as well.

2.1.Basic Profile of the respondents

With 94.1 percent male and only 5.9 per cent female, the respondents are predominantly male. Similar to the KMSy result which identifies Kerala migration as male-centric, the survey also reveals a strong gender disparity in migration patterns, with men dominating the migrant workforce.

Table 17.2 presents the educational profile of migrants, categorizing them into three levels of education: low, medium, and high. The percentages indicate the distribution of the migrant population based on their educational attainment. The majority of migrants (63.4 per cent) have a low education level, defined as 10th standard (secondary school) or below. Migrants with lower education often accept jobs with lower pay, less job security, and limited access to benefits (Malit et.al, 2016). They may be more vulnerable to exploitation and face challenges in accessing higher-paying or more stable job opportunities.

Table 17.2: Level of Education among Return Migrants, KRCS, 2023

Description of Education	Level	Number	Per cent
10th standard or below	Low	806	63.4
Higher Secondary/Diploma/Certificate	Medium	313	24.7
Bachelor degree/ higher degree	High	151	11.9
	Total	1,270	100.00

Note: Special tabulations from the Kerala Recruitment Cost Survey 2023

About a quarter of the migrants (24.7 per cent) have a medium education level, which includes higher secondary education, diploma, or certificate-level qualifications. A smaller proportion of migrants (11.9 per cent) have a high level of education, defined as a bachelor's degree or higher. By the time medium-educated migrants are added (24.7 per cent), the cumulative percentage reaches 88.1 per cent, showing that the vast majority of the migrant population (more than 8 in 10) have either low or medium levels of education.

The age distribution of Keralite migrants at the time of migration reveals that the majority are relatively young, with 45.9 per cent migrating between the ages of 18 and 30 (Table 17.3). This indicates that nearly half of the migrants pursue opportunities abroad early in their professional lives. Additionally, 40.4 per cent migrated between the ages of 31 and 45, reflecting a substantial number of mid-career professionals seeking better prospects or career

advancement abroad. In contrast, only 13.7 per cent migrated after the age of 45, suggesting that migration among older individuals is less common, possibly due to family responsibilities or established careers in Kerala. Overall, 86.3 per cent of migrants moved abroad between the ages of 18 and 45, emphasizing a strong trend of early to mid-career migration.

Table 17.3: Education Level by Age Group among Return Migrants, KRCS, 2023

Age group	Number			Per cent			Total
	Low	Medium	High	Low	Medium	High	
18-30	309	176	90	53.74	30.61	15.65	575
31-45	353	106	46	69.90	20.99	9.11	505
Above 45	133	25	10	79.17	14.88	5.95	168
Total	795	307	146	63.70	24.60	11.70	1,248

Note: Special tabulations from the Kerala Recruitment Cost Survey 2023

The distribution of education levels among Keralite migrants across different age groups in table 17.4 reveals significant trends. In the 18-30 ages, 53.7 per cent have lower education, while 30.6 per cent possess medium education, and 15.7 per cent have higher education. As the age group increases, the proportion of migrants with lower education rises. Among the 31-45 ages, 69.9 per cent have lower education, while only 9.1 per cent hold higher qualifications. In the above 45 plus age group, 79.2 per cent have lower education, and only 6 per cent are highly educated. This suggests that younger migrants tend to have higher levels of education compared to older groups.

Table 17.4: Education Levels of Male Return Migrants, KRCS 2023

Age group	Number			Per cent			Total
	Low	Medium	High	Low	Medium	High	
18-30	301	173	77	54.63	31.40	13.97	551
31-45	343	104	38	70.72	21.44	7.84	485
Above 45	107	23	9	76.98	16.55	6.47	139
Total	758	305	128	63.64	25.61	10.75	1,191

Note: Special tabulations from the Kerala Recruitment Cost Survey 2023

Table 17.4 shows that most male migrants have lower education, with 63.64 per cent overall. Younger migrants (18-30) have a better distribution, but older groups (31-45 and above 45) are predominantly less educated, with 70.72 per cent and 76.98 per cent having lower education, respectively. Only 10.75 per cent of male migrants have higher education.

Among women, 58.67 per cent of them have lower education overall. Younger women (18-30) are more likely to have higher education (54.17 per cent), while the majority of older women, especially those above 45, have lower education (89.66 per cent). This highlights a generational gap in education levels among female migrants.In addition, female migrants, especially younger ones, have higher education levels compared to males, with 54.17 per cent of women aged 18-30 having higher education, while most male migrants in all age groups predominantly have lower education. Older migrants, both male and female, tend to have significantly lower education.

Among return migrants surveyed, drivers and salespersons make up the largest groups of occupation, each comprising 9.69 per cent of the total migrants. Together, they account for 19.38 per cent of all migrants, indicating these are two of the most common occupations among migrants. Construction Workers form the next largest group, representing 7.87 per cent of the migrants. When combined with drivers and salespersons, these three occupations account for over a quarter (27.25 per cent) of all migrants. A striking 59.91 per cent of migrants fall into the "Others" category, indicating that a majority are engaged in a wide range of jobs which does not fall in the top seven category of occupation – driver, sales person, construction worker, electrician, storekeeper, cook and mechanic. This could include informal labour, or occupations too varied to categorize neatly.

The United Arab Emirates (UAE) is the most popular destination, receiving 38.03 per cent of all migrants. Saudi Arabia ranks second, attracting 29.53 per cent of migrants. Oman (11.89 per cent), Qatar (10.16 per cent), Kuwait (5.35 per cent), and Bahrain (5.04 per cent) each host smaller but still significant portions of the respondents. By the time the top two destinations (UAE and Saudi Arabia) are accounted for, the cumulative percentage reaches 67.56 per cent, indicating that two-thirds of the migrants are going to these two countries alone. The distribution of destinations is similar to the Kerala Migration Survey 2023.

Relatives account for 34.81 per cent of recruitment, making it the most common recruitment source for migrants. Additionally, friends make up another 25.6 per cent of recruitment. The majority of migrants (over 60 per cent) relied on social networks—either relatives or friends—to facilitate their migration. This suggests a strong reliance on informal channels and the role of personal connections in securing overseas jobs.

Private Agencies from Kerala recruited 10.45 per cent and private agency abroad recruited 4.43 per cent of migrants. A notable proportion of migrants used private recruitment agencies, with 14.88 per cent relying on professional recruiters both in Kerala and abroad. This indicates that while social networks play a dominant role, formal agencies also facilitate a significant share of migration. A small but significant portion of migrants (9.12 per cent) was directly recruited by employers, potentially indicating more formal hiring processes or direct employer outreach.

About 6.02 per cent of migrants used individual recruiters, who may operate independently rather than as part of larger agencies. They are mostly informal intermediaries. It suggests that informal recruiters play a role in migration, often working in rural areas where formal agencies may not have a presence. They may be working as sub agents for the large players. But the respondents often were not able to demarcate between formal and informal. Government agencies in Kerala and abroad recruited a combined 1.68 per cent of migrants. Government agencies play a relatively minor role in facilitating migration, despite potential efforts to streamline and regulate the recruitment process through two Government owned recruitment agencies (Norka-roots and ODEPC) in the state of Kerala.

2.2. Recruitment Cost

For migrant workers, recruitment costs are defined as "any fees or costs incurred during the recruitment process to secure employment or placement, regardless of when, where, or how they are imposed or collected" (ILO and World Bank 2019a, para. 21; ILO 2016). These costs must be borne by employers but workers end up paying and encompass a wide range of expenses, including fees charged by recruiters, job-specific training, visa and document fees, transportation, medical and insurance expenses, as well as interest payments on debt taken to cover these recruitment costs.

Recruitment costs can be significantly reduced through effective regulation of recruitment practices, raising awareness among migrants about their rights, and fostering cooperation between countries and promoting employer pays model. Lowering or even eliminating these recruitment costs can bring substantial benefits: it would not only improve access to decent employment opportunities but also help reduce irregular migration and lead to increased remittances sent back to migrant households and reduce vulnerabilities for migrant workers arising from debt bondage and forced labour. These remittances could then be utilized for essential purposes such as education, healthcare, and other productive investments.

In this study, recruitment cost refers to the total recruitment cost incurred by migrants, adjusted to real values.[1]

Table 17.5: Summary Statistics of Components of Recruitment Cost (in Rupees), KRCS 2023

No	Variable	Obs	Mean	Std. dev.	Min	Max
1	Police clearance	1,270	215.63	846.45	0	16097.49
2	Training	1,270	79.77	663.68	0	9658.50
3	Medical Checkup	1,270	1603.21	3314.83	0	57174.38
4	Insurance	1,270	534.76	3074.89	0	60747.07
5	Private recruitment fee	1,270	13941.22	41350.99	0	460080.50
6	Intermediary fee	1,270	8354.14	25078.11	0	221998.10
7	Payment to Relatives	1,270	8378.78	25985.49	0	310441.20
8	Contract preparation	1,270	34.89	465.49	0	12877.99
9	Travel	1,270	43707.51	69657.75	0	826356.80
10	Government recruit fee	1,270	0	0	0	0
11	Reimbursement-Other	1,270	510.64	5648.75	0	113428.60
12	Reimbursement-travel	1,270	144.29	2422.74	0	60000

Note: Special tabulations from the Kerala Recruitment Cost Survey 2023

The recruitment costs are broken down into multiple categories, including police clearance, training, medical checkups, insurance, recruitment fees (private and intermediary), payments to relatives, contract preparation, travel, and reimbursements. The travel component stands

---

[1] Nominal values for salary and recruitment costs were collected and subsequently adjusted to real values using the Consumer Price Index (CPI) from the World Development Indicators (WDI) provided by the World Bank, with 2010 as the base year.

While calculating the Recruitment Cost Indicator (RCI), we included only observations for migrants whose salary is at least 1,000 rupees in real values.

out as the largest cost. For the full sample in table 17.5, the mean travel cost is approximately ₹43,707. For those who incurred travel costs in table 6, the average rises to ₹58,369, with a high standard deviation, indicating significant variation in travel expenses, potentially due to differences in destinations, booking methods, high demand and various other factors.

For those who paid, the mean cost is ₹66,065, with a maximum of ₹460,080—indicating that some migrants paid extremely high fees to private agencies. Intermediary fees (middlemen) have a mean of ₹42,954 for those who incurred the expense, showing that additional layers of recruitment intermediaries can significantly drive-up costs.

Police clearance and medical check-up is an important component of recruitment cost. For those who paid recruitment fee, the mean police clearance fee is ₹1,195, and the mean medical checkup cost is ₹4,268. The category of payments to relatives refers to money migrants give to family members to facilitate their migration, often to pay for travel arrangements or cover initial costs. For those who spent, the mean payment was ₹47,294. This reflects the informal financial arrangements that migrants often rely on, with family networks playing a critical role in financing migration.

Training costs are high for those who undertook it, with a mean of ₹4,404. These may include language courses, vocational training, or certifications required for jobs abroad. Contract preparation, though less common (only 21 observations), had an average cost of ₹2,110 for those who incurred it, showing that formalizing employment contracts can also carry costs.

Table 17.6: Summary Statistics of Components of Recruitment Cost for those who spent, KRCS 2023

No	Variable	Obs	Mean	Std. dev.	Min	Max
1	Police clearance	229	1195.839	1676.43	33.54704	16097.49
2	Training	23	4404.698	2343.31	1039.616	9658.496
3	Medical Checkup	477	4268.511	4230.02	146.0117	57174.38
4	Insurance	97	7001.531	8901.34	114.3463	60747.07
5	Private recruitment fee	268	66,065	68340.52	0	460080.5
6	Intermediary fee	247	42954.46	41856.69	0	221998.1
7	Payment to Relatives	225	47,294	44460.7	453.9581	310441.2
8	Contract preparation	21	2110.072	3024.99	0	12877.99
9	Travel	951	58,369	74999.15	0	826356.8
10	Government recruit fee	19	0	0	0	0
11	Reimbursement-Other	19	34,132	32221.24	3205.59	113428.6
12	Reimbursement-travel	6	30541.15	19382.75	6812.43	60000

Note: Special tabulations from the Kerala Recruitment Cost Survey 2023

Interestingly, the government recruitment fee shows a mean of ₹0 in both tables, indicating that those who used government agencies[2] (as seen in previous tables) did not incur any additional fees for recruitment through official channels.

The high standard deviation across many categories, especially for private recruitment fees, travel, and intermediary fees, suggests a wide disparity in costs. Some migrants may have had access to lower-cost channels (e.g., social networks), while others faced steep expenses, particularly those relying on private agencies or middlemen. For instance, the maximum cost for travel is ₹826,356, and for private recruitment, it reaches ₹460,080, illustrating extreme cases of high-cost migration.

Table 17.6 focuses only on migrants who incurred costs in each category, the mean recruitment costs are considerably higher than in the full sample. This reflects that a substantial portion of the sample did not incur certain costs (e.g., only 23 migrants spent on training), and when they did, the expenses could be substantial. This variation suggests that not all migrants require the same services or incur the same recruitment costs, which may depend on factors like the destination, job sector, or recruitment channel used. Another reason could be the lack of understanding about the components of recruitment costs. The respondents might have paid the total amount in bulk and may not be aware of the detailed breakdown of the costs.

Table 17.7: Summary statistics of the Recruitment Cost, Salary and RCI, KRCS, 2023

Variable	Mean	Median	Quartile-1	Quartile-3	Obs.	Min	Max
Recruitment Cost	83165.58	61155.94	31422.69	105590	1,270	0	1479028
Salary	110743.5	27281.75	17136.85	47879.2	1,270	0	18500000
RCI	3.95	2.11	0.73	4.37	1,224	0	120

Note: Special tabulations from the Kerala Recruitment Cost Survey 2023

Table 17.7 provides a summary of the recruitment costs incurred by 1,270 migrant workers. The mean recruitment cost is 83,165.58, representing the average amount paid by workers for securing employment. However, the median recruitment cost is 61,155.94, indicating that half of the workers paid below this amount and half paid above. The first quartile (Q1) is 31,422.69, showing that 25 per cent of workers paid less than this amount in recruitment costs, while the third quartile (Q3) is 105,590, suggesting that 75% of workers paid below this amount, and the top 25 per cent incurred higher costs. There are a total of 1,270 observations in the sample, with a minimum recruitment cost of 0, meaning some workers did not bear any costs, and a maximum recruitment cost of 1,479,028, indicating that some workers faced exceptionally high recruitment expenses.

---

[2] Government agencies are state-run recruitment agencies approved by Ministry of External Affairs. In Kerala Norka-roots and ODEPC are state-run recruitment agencies that are operated by Government departments.

The median is used here as a more appropriate measure of central tendency compared to the mean because it is less affected by extreme values or outliers. The fact that the mean (83,165.58) is considerably higher than the median (61,155.94) suggests that a small number of workers faced disproportionately high recruitment costs, which skews the average upwards. The extreme maximum value of 1,479,028 confirms this. In such cases, where there are large variations in costs and the presence of outliers, the median offers a more accurate reflection of what the typical worker paid. The median provides a better representation of central tendency for the majority of workers in the sample, unaffected by the extreme cases, and thus, they are more reliable measure for understanding the overall recruitment cost burden faced by migrant workers.

2.3.   Salary

The guidelines for collecting recruitment cost data for SDG indicator 10.7.1 recommend that the statistics or estimates used to calculate the indicator should focus on the first job obtained in the migrant's most recent country or territory of destination, typically within the three years prior to the survey year. Additionally, the guidelines advise collecting information on the actual income earned during the first month of employment, including bonuses, other earnings, and any deductions from wages to recover recruitment costs initially paid by the employer (ILO and World Bank 2019). The study focussed on returnee migrants and most of the migrants from Kerala involve in long term migration and the three-year period is not applicable because most of them have long migration cycles.

Table 17.7 summarizes the first-month salary of 1,270 migrant workers at their last destination. The first quartile (Q1) is INR 17,136.85, meaning that 25% of workers earned less than this amount during their first month of employment. The third quartile (Q3) is INR 47,879.2, indicating that 75% of workers earned below this figure. The minimum salary is 0, which may suggest that some workers did not receive any wages in their first month, potentially due to factors such as delayed payments or unpaid internships. On the other hand, the maximum salary is an exceptionally high INR 18,500,000, which is likely an extreme outlier, reflecting the unusually high earnings of a few workers.

With a mean of 110,743.5 rupees and a much lower median of 27,281.75 rupees, the data suggest that most migrants earn a lower monthly salary than the average, whereas a few high-earning individuals raise the mean above the typical income level, indicating considerable salary disparities among the migrants. Similar to the recruitment cost, given the significant disparity between the minimum and maximum values, as well as the presence of outliers, the median salary would be a more appropriate measure of central tendency than the mean. The median ensures a fairer representation of the majority's earnings, offering a clearer understanding of the typical first-month.

2.4.   Recruitment Cost Indicator

This section presents the results for SDG indicator 10.7.1: "Recruitment cost borne by the employee as a proportion of monthly income earned in the destination country." In other words, it is a ratio between recruitment costs and income. The Recruitment Cost Indicator

(RCI) for each subgroup is calculated by dividing the total recruitment costs by the total first-month earnings of that subgroup. This statistic indicates the equivalent number of months' salary or wages required to repay the recruitment costs.
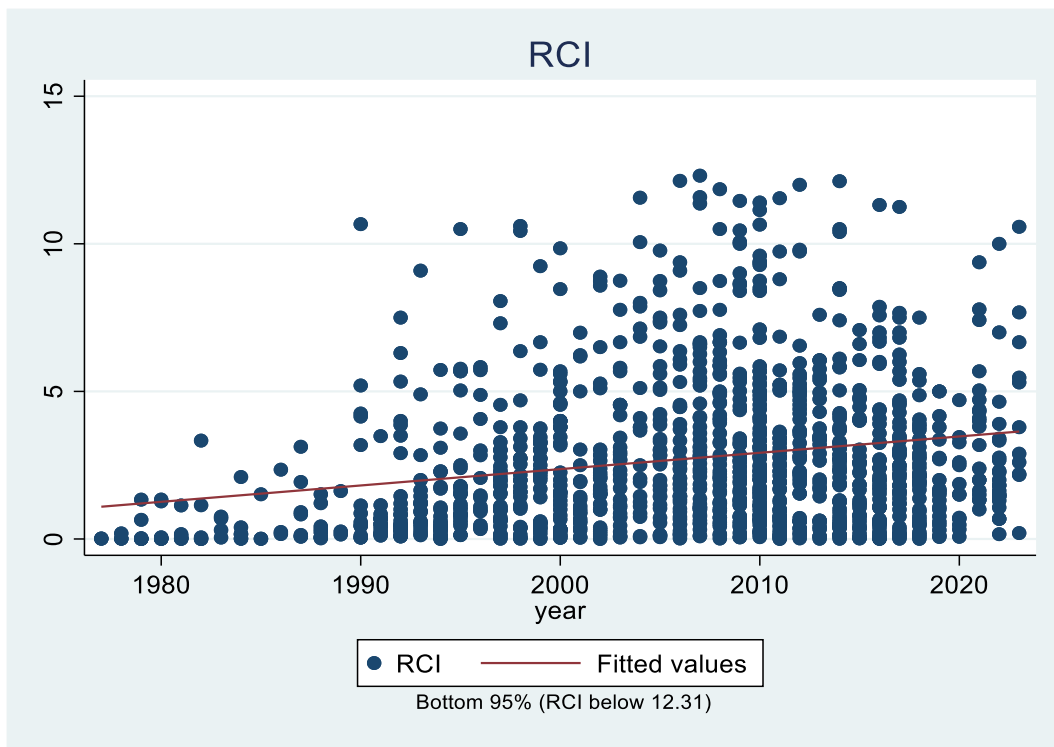
The Recruitment Cost Indicator (RCI) provides important insights into how long, on average, migrant workers take to recover their recruitment costs in terms of their first-month salary (Table 17.7). The mean RCI of 3.95 suggests that, on average, migrants require nearly four months' salary to cover recruitment costs, while the median RCI of 2.11 indicates that many need significantly less time. The higher mean relative to the median suggests that most migrants face relatively modest costs, but a few experience disproportionately high costs relative to their earnings, which may create financial strain and extend the time needed to recover initial expenses.

Also, the lower 25 per cent of workers have an RCI below 0.73, meaning they need less than a month's salary to recover their recruitment costs. These workers face relatively low costs in comparison to their earnings. The upper 25 per cent of workers have an RCI above 4.37, meaning it takes them more than four months' salary to pay off their recruitment costs. These workers are shouldering a much higher financial burden.

2.4.1. Trends in RCI over the Years

The overall upward trend in the RCI over the years suggests that the cost of securing employment abroad, relative to first-month salaries, has generally increased (Figure 17.1). This could imply that, over time, recruitment processes have become more expensive for migrant workers, or salaries have not kept pace with rising costs, forcing migrants to spend a larger portion of their income on covering recruitment fees.

Figure 17.1; ECI Trends over the last 40 years, 1980-2020

Conclusion and Policy Implications

The Kerala Recruitment Cost Survey 2023 provides comprehensive insights into the financial dynamics of labor migration from Kerala, with particular emphasis on the Recruitment Cost Indicator (RCI) as a critical metric for assessing migrant worker vulnerabilities. Our analysis reveals several key findings that demand urgent policy attention and systemic reforms.

The study found that while social networks remain the dominant recruitment channel (accounting for 60.41 per cent of cases through relatives and friends), a significant proportion of migrants (20.9 per cent) still rely on formal and informal intermediaries, including private agencies (14.88 per cent) and individual recruiters (6.02 per cent). This mixed recruitment landscape has created varying degrees of financial burden, with the median total recruitment cost standing at ₹61,156. When disaggregated, travel expenses (₹58,369) and private agency fees (₹66,065 for those who paid) emerge as the largest cost components, followed by medical checks (₹4,268) and payments to relatives/friends (₹47,294).

The RCI analysis provides particularly valuable insights, with a median value of 2.11 indicating that most workers require slightly over two months' salary to recover their recruitment expenses. However, the distribution reveals more troubling realities - while 25 perc cent of migrants face a relatively manageable RCI below 0.73, another 25 per cent confront severe financial burdens with RCI values exceeding 4.37. This means a substantial minority must work more than four months just to break even on their migration investment. These high RCI values are particularly prevalent among less-educated workers (63.35% of

14

our sample had only 10th standard education or below) who typically earn lower wages (median first-month salary of ₹27,282).

Three concerning RCI trends demand attention: first, an upward trajectory is showing costs growing faster than wages; second, significant disparities across demographic groups with younger, less-educated migrants facing higher relative costs; and third, dramatic variations by recruitment channel, with formal agency users experiencing significantly higher ratios than social network users. These findings necessitate comprehensive policy reforms. Strengthening regulation through licensing systems, fee transparency, and blacklisting mechanisms for fraudulent operators is essential. Financial protections like low-interest migration loans and anti-fraud insurance schemes must be developed, while alternative recruitment models should be promoted through community-based systems and employer-pays arrangements. Institutionalizing RCI tracking with an ethical benchmark of 1.5 (six weeks' salary) will enable better monitoring, complemented by migrant empowerment initiatives including enhanced pre-departure orientation and grievance redressal systems.

Implementing these measures requires coordinated action across government agencies, recruitment stakeholders, employers, and migrant communities. By systematically addressing the factors driving high RCI values, Kerala can transform its migration system to reduce worker vulnerabilities while maintaining remittance benefits. Future research should expand RCI monitoring to emerging destinations and occupational categories while examining digital recruitment platforms' potential. The RCI serves as both a diagnostic tool and progress metric by reducing recruitment costs relative to earnings, Kerala can ensure migration remains a pathway to prosperity rather than debt, aligning with SDG 10.7's vision of safe, orderly and ethical labor migration that benefits workers and their communities alike.

References.

Akhil, C. S., & Rajan, S. I. (2020). Exploitative or ethical? Understanding the labour recruitment practices in the 21st century from Kerala. Chapter 15, P. 280-292 In S. I Rajan (2020) India Migration Report 2020: Kerala Model of Migration Surveys. Routledge.

ILO and World Bank (2019). Operational Manual on Recruitment Costs – SDG 10.7.1. International Labor Organization, Geneva.

Martin, P. (2010). The future of labour migration cost. Migration Report 2010. https://www.migrationpolicy.org/research/future-labor-migration-cost.

Rajan, S. I. (2004). "From Kerala to the Gulf: Impacts of Labor Migration." Asian and Pacific Migration Journal 13 (4): 497–509.

Rajan, S. I and Zachariah, K. C. (2015). Indian migrants to the Gulf: The Kerala experience. In J. Cortina & E. Ochoa-Reza (Eds.) New perspectives on international migration and development. Columbia University Press.

Rajan, S. I., and P. Saxena. (2019). India's Low-Skilled Migration to the Middle East: Policies, Politics and Challenges. New York: Palgrave Macmillan.

Rajan, S. I., and G. Z. Oommen. (2020). Asianization of Migrant Workers in the Gulf Countries. Singapore: Springer.

Rajan, S. I. (2024). Migration and Development: New Evidence from the Kerala Migration Survey 2023. *Migration and Development*, *13*(2), 139-175

Ratha, D., & Seshan, G. (2018). Worker-paid recruitment costs. In Global Labour and the Migrant Premium (pp. 26-35). Routledge. https://doi.org/10.4324/9780429498086

Sjaastad, L. A. (1962). The costs and returns of human migration. Journal of Political Economy, 70(5, Part 2), 80-93. https://doi.org/10.1086/258726

Wickramasekara, P. (2013). Regulation of the recruitment process and reduction of migration costs: Comparative analysis of South Asia. SSRN. https://doi.org/10.2139/ssrn.2478461

Zachariah, K.C, E.T. Mathew and S.I. Rajan (2001a). Impact of migration on Kerala's economy and society. International Migration: 39 (1): 63-87

Zachariah, K. C., E.T. Mathew and S.I. Rajan. (2001b). Socio-economic and demographic consequences of migration in Kerala. International Migration, 39(2), 43–71.