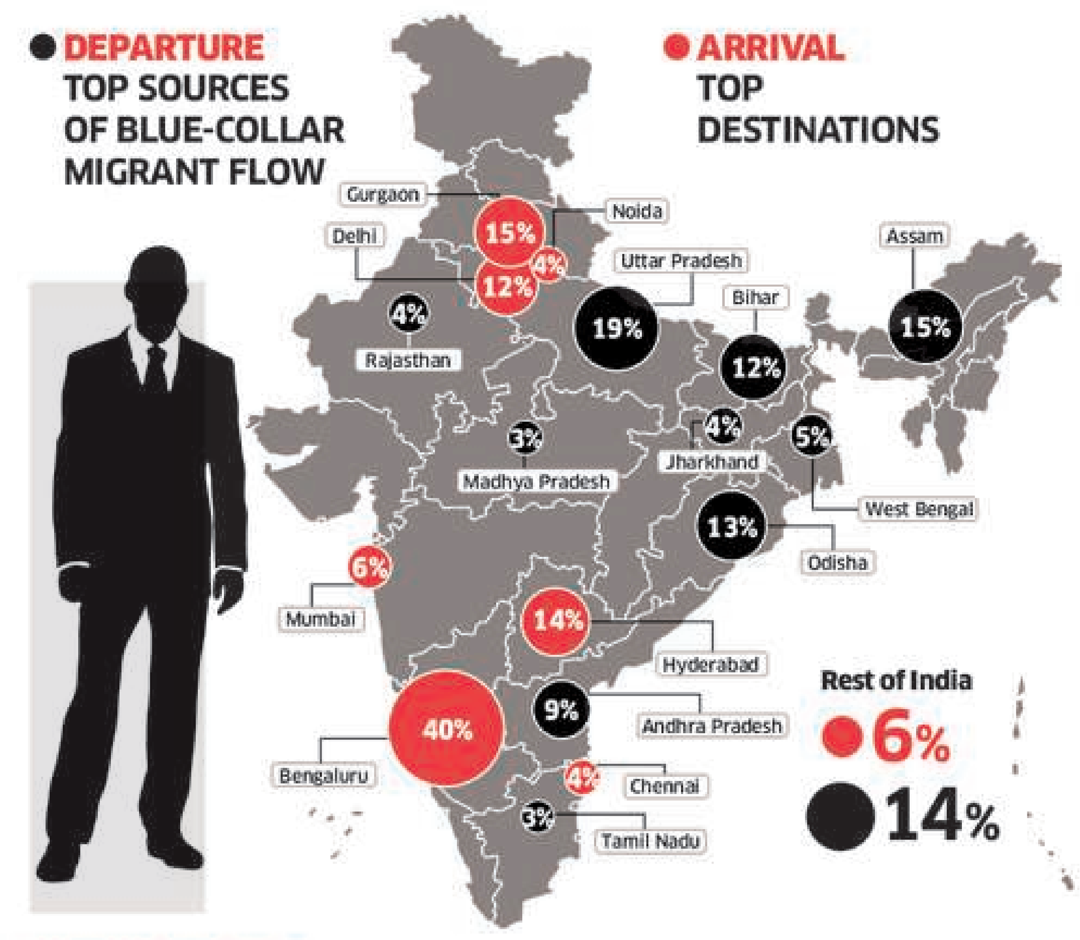
ET GRAPHICS

Migrant Workers: Where They Come From, Where They Go

Tech capital Bengaluru is one of the country's biggest destinations for blue-collar migrants—attracting as much as 5-7 million of the estimated 120 million blue-collar workers moving in search of jobs from villages to tier I and tier II cities. Most of the country's migrant workers hail from Uttar Pradesh, Assam, Odisha, Bihar and some of the other northern and north-eastern states, according to a survey on the blue-collar workforce by HRtech startup BetterPlace.

The numbers are set to swell, despite the spread of anti-migrant sentiment. "92% of this segment is unorganised but many sectors here are growing at 20%-plus annually. While Delhi and Mumbai were the most popular places for such migrants earlier, there is a big shift towards Bengaluru among new blue-collar migrants," said BetterPlace CEO Pravin Agarwala. **Sreeradha D. Basu** takes a closer look at the findings of the survey based on data from over 500 employers with a total of 2 million employees.



WORK PROFILE: THE JOBS THEY GET

- 41% DRIVERS
- 32% DELIVERY WORKERS
- 9% SECURITY GUARDS
- 9% HOUSEKEEPING STAFF
- 9% OTHERS

GENDER PROFILE

92% of the migrating workforce is male
8% is female

AGE PROFILE

MIGRANTS ARE TYPICALLY YOUNGER

18-20 years	35%
21-25 years	30%
26-30 years	20%
30+	15%

SALARY TRENDS

Due to the absence of a formal hiring system or a database that captures experience, the blue-collar workforce usually doesn't see any systematic rise in salary. About a third get ₹15,000-20,000 per month. They repatriate as much as 60% of their earnings home and are aspirational, looking to acquire two-wheelers, smartphones, financial products, health products and more.

MONTHLY EARNINGS

₹10,000-15,000	15%
₹15,000-20,000	35%
₹20,000-25,000	20%
₹25,000 – 30,000	16%
₹30,000 plus	14%

Source: BetterPlace blue collar jobs report *Based on a sample set of 198,539 from amongst 2 million people employed in 532 cos.

RBI KYC Deadline may Punch a Hole in Wallet Cos' Plans

Most wallets may become non-operational by March; cos have verified just a fraction of total user base

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Bengaluru: Most of India's mobile wallets may become non-operational by March, say payments industry executives, as they fear companies will be unable to meet the central bank's deadline to complete verification of all customers by the end of February 2019.

Prepaid payment instruments (PPIs) or mobile wallets were mandated by the Reserve Bank of India in October 2017 to capture all information required under the know-your-customer (KYC) guidelines. So far, companies have been able to verify just a fraction of their total user base, and are yet to complete biometric or physical verification of the majority of users, industry executives told **ET**.

"More than 95% of the mobile wallets in the country could stop being operational by March," said a senior executive with a New Delhi-based payments company.

The payments industry has been scrambling to conform to RBI guidelines issued after the Supreme Court's judgment on Aadhaar that barred private companies from using the database for paperless verification of customers.

"There is no eKYC, the RBI has not told us anything clearly about the alternative KYC mechanisms that they plan to approve," a senior payment executive told ET. "The deadline is just a few weeks away and we cannot adhere to (it) with this rate of progress," he added.

There have been discussions around alternative KYC mechanism like using video-based verification or XML-based KYC, but neither has been formally approved by the banking regulator.

RBI did not respond to **ET** queries till the time of going to press.

"We are waiting till January 8, that is the last day of the winter session of Parliament; let us see what happens to the Aadhaar Bill," said another payment industry executive. "We will reach out to RBI and ask for the next course of action."

Mobile wallets kickstarted the Indian digital payment revolution about four years ago but now only a few such companies remain in the fray. Most of the PPI licence holders such as MobiKwik, PhonePe and Amazon Pay are either focusing on Unified Payments Interface business or have diverged into other fintech activities.

'Standalone Wallets Directly Affected' ▸▸ 17

Jersey No Longer a Safe Haven for Dormant Shell Companies

Authorities want such cos to show activity, a move that may expose Indians linked to shell entities to tax scrutiny

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Mumbai: For many rich Indians, 2019 has begun on an awkward note. Jersey, one of their favourite tax havens, is questioning the lack of 'substance' in the nameplate firms set up to either hold undisclosed money, or invest in other countries.

In the last few days, service providers in Jersey have reached out to these companies and their advisers, telling them that these firms must have some activity and business — or substance, in tax parlance.

"This is based on directions that service providers have received from Jersey authorities. But none of these companies are operational. In order to establish substance, these outfits would have to be used for future transactions. But, this won't be easy given the disclosure and surveillance standards," a person aware of the development told **ET**.

Service providers do the paperwork to float front entities & hire locals willing to lend their names as directors

In most cases, investments to purchase shares of such companies were carried out outside the Reserve Bank of India's liberalised remittance scheme (LRS) — the official window that permits a resident Indian to invest as much as $250,000 a year in stocks and properties abroad. Thus, the very investment in these companies is irregular and amounts to a violation under harsh Indian laws like the Foreign Exchange Management Act and Prevention of Money Laundering Act (PMLA).

Such front entities are floated by service providers in Jersey who do the paperwork to register the firm and hire locals willing to lend their names as directors. In many cases, these companies are beneficiaries of discretionary trusts set up to ring-fence wealth from tax authorities and bankruptcy proceedings.

Till now, Indians with undisclosed offshore assets have faced the wrath of the Income Tax Department and Enforcement Directorate which had slapped notices on individuals whose names surfaced either following leaks like Panama Papers or in the course of bank account details revealed by various tax havens as part of their respective information-sharing pacts with India.

For the first time, a tax haven such as Jersey is raising the criteria relating to 'substance' for entities that for years have been dormant shell companies.

Illustrations ANIRBAN BORA

Safety Cover Blown

JERSEY

- **HAS CLOSE LINKS** with law and financial services firms in London
- **FRIENDLY LAWS FOR** setting up offshore, discretionary trusts
- **FLYING TO JERSEY** (from London) leaves no arrival stamp on passport
- **FOR MANY, IT** was a gateway to invest in the London property market
- **IN MANY CASES,** shell cos set up in the tax haven are beneficiaries of discretionary trusts set up to ring-fence wealth from taxman and bankruptcy proceedings