



*The impact of recruitment fraud on Indian seafarers: A joint study by GMU and ISWAN*  
*Summary report*





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# Preface

Seafarers are key stakeholders in the maritime sector. After obtaining the necessary qualifications, one of the major challenges faced by many seafarers is being exploited by fraudulent recruitment agents. Desperate to gain sufficient sea time to appear for higher competency examinations and progress their career, many seafarers fall prey to fraudulent recruitment agents who charge exorbitant amounts for employing them on board vessels. Often, these fraudulent agents take fees from the seafarer but do not provide them with a job. In other instances, fraudulent agents put the seafarers on substandard unseaworthy vessels and, in such cases, the agents do not provide seafarers with financial assistance in case of abandonment, loss of wages, repatriation or fatality.

In recent years, the International Seafarers' Welfare and Assistance Network (ISWAN) has received almost 500 cases of seafarers who have been exploited by fraudulent agents. The problem is clearly on a much larger scale since each aggrieved seafarer contacting ISWAN was aware of about 10 other similar cases.

Hence ISWAN proposed a collaboration with Gujarat Maritime University (GMU) to carry out a study to better understand the issue of recruitment fraud. Firstly, the research aimed to identify the demographics and background of seafarers specifically targeted by fraudulent crewing agents in India. Secondly, the study sought to identify the challenges that seafarers undergo during the recruitment process and the tactics used by fraudulent agents to target unwary seafarers. Finally, the project examined the effectiveness of the Indian legal regime in addressing the issue of fraudulent manning agents.

The study aims to raise awareness among the general public, government and other stakeholders in seafarers' welfare about the issues that seafarers who fall victim to fraudulent agents often face in seeking justice. It is also hoped that the study will support advocacy efforts to improve the existing legal systems and sensitise stakeholders across the maritime and law enforcement domains to the exploitation of seafarers by fraudulent agents.

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Government of India

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MINISTRY OF PORTS, SHIPPING AND WATERWAYS

नौवहन महानिदेशालय

Directorate General Of Shipping

## FOREWORD


As the Indian Maritime administration works towards achieving the key performance indicators as encapsulated in the Maritime India Vision 2030 and in the Amrit Kaal Vision 2047 (AKMV-2047), wherein the nation aspires to contribute yearly 20% of the Global Pool of Seafarers from the present 12% and also ensuring adequate gender representation in maritime-based livelihoods/jobs. There are, however, several areas of concerns that need to be addressed to achieve these ambitious goals.

Fraud in the recruitment process is causing significant damage to the maritime sector around the world and is a major threat to the safety and wellbeing of seafarers on whom the shipping industry depends. The Directorate General of Shipping (DG Shipping) has been proactively working to address the issue in India, by taking action against recruitment and placement service providers that fraudulently request service charges and running campaigns to educate seafarers about the risks they pose. As part of these efforts, since 2017, DG Shipping has been working with the International Seafarers' Welfare and Assistance Network (ISWAN) to deliver a campaign to discourage Indian seafarers from signing up with unregistered agencies and to raise awareness about the best practices to follow to search for a job at sea safely.

We are aware, however, that in India, as in other seafarer-supplying nations, more concrete steps are needed to address the problem of recruitment fraud and protect seafarers from exploitation. DG Shipping is engaging with the findings of this research study by Gujarat Maritime University (GMU) and ISWAN, which sheds light on the nature of recruitment fraud in India and provides valuable insights into some of the possible solutions.

The recent advisories for recruitment and placement service providers and seafarers (DGS Circular 25 of 2024, dated 14.08.2024) set out improvements to e-migrate, DG Shipping's E-governance system, including the activation of SMS alerts to ensure seafarers are informed about any important updates that could affect their travel or employment and the requirement for recruitment and placement service providers to complete information about the seafarer's port and country of joining. Innovations such as these are precursors to an end-to-end solution which leverages technology to engage seafarers with a seamless experience and provides a 24x7 Comprehensive Grievance Redressal System and Crisis Management Response, therefore reiterating the commitment to wellbeing of the seafarers being paramount.

DG Shipping looks forward to working collaboratively with shipowners, manning agents, social partners, academics and other maritime stakeholders to take forward some of the recommendations, both within India and at an international level through our work as an International Labour Organization (ILO) Member State.

  
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### ***About Gujarat Maritime University***

Gujarat Maritime University (GMU) was established by the Gujarat Maritime Board, Government of Gujarat (India). The prime objective of Gujarat Maritime University is to be a global centre of excellence in maritime education, research and development, and professional training. It aims to enhance and increase the human capital and capacity of the maritime industry, both in India and globally.

### ***About ISWAN***

The International Seafarers' Welfare and Assistance Network (ISWAN) is an international not-for-profit maritime organisation which works to improve the lives of seafarers and their families with services, resources, strategies and advocacy. ISWAN supports seafarers and their families around the world with free helpline services, educational resources, relief funds and humanitarian support. The organisation also works to drive change within the maritime sector for better health and wellbeing amongst seafarers, using data from ISWAN's helplines to identify areas of need and inform new projects and research. In 2023, ISWAN assisted 6,740 seafarers and their families around the world through its helplines and delivered training to almost 6,000 seafarers, including pre-departure orientation and mental health awareness presentations. Over US\$180,000 was awarded to seafarers and their families in need by the relief funds administered by ISWAN in 2023.



# Introduction

Despite International Labour Organization (ILO) regulations that prohibit charging recruitment fees to seafarers, issues regarding the illegal recruitment of seafarers persist in Member States around the world. India, one of the largest seafarer-supplying nations, is no exception.<sup>1</sup> Indeed, recent research studies examining the impact of fraudulent recruitment practices around the world highlight Indian seafarers as facing particularly acute challenges in the recruitment process.<sup>2</sup> Recent media focus on the high numbers of Indian seafarers who are abandoned in ports, frequently having been recruited via illegal practices, has highlighted the need for urgent action on the issue.<sup>3</sup> In response, the Directorate General of Shipping (DG Shipping)<sup>4</sup> has introduced additional measures, including enhanced checks of registered agents and steep penalties for any agent found to be engaged in fraudulent activity.<sup>5</sup> Furthermore, recruitment agencies are now required to maintain up-to-date records of seafarers currently working in or scheduled to join vessels in Iran, the United Arab Emirates (UAE) or Malaysia, in an attempt to address the substantial numbers of seafarers facing abandonment in these regions.<sup>6</sup>

In India, the issue of recruitment fraud is fuelled by an imbalance between the supply of seafarers and the availability of seafaring contracts, with many aspiring Indian seafarers struggling to secure a job at sea or to demonstrate the required sea time to progress their career. This imbalance has paved the way for recruitment and placement agents – both licensed and unlicensed – to exploit seafarers by illegally charging fees to place them on board a vessel. Falling victim to fraudulent agents can have extremely serious consequences for seafarers. In many cases, seafarers report that these agents abscond after they have paid the requested fee, frequently leaving the seafarer in debt and no closer to securing employment. In other cases, the agents place seafarers on substandard and unseaworthy vessels which pose threats to their safety and wellbeing. In cases where seafarers have been placed by unlicensed agents, they do not have financial cover for abandonment, loss of

wages, repatriation, or death at sea. The seafarer's sea time is also not considered by DG Shipping, meaning that it does not count towards many career progression opportunities.

Despite the widespread issue of fraudulent recruitment practices and their extensive impact on seafarers, there has been little research to date focusing specifically on India.<sup>7</sup> This joint research project between GMU and ISWAN aims to address this gap by shedding further light on Indian seafarers' experiences of recruitment fraud and the modus operandi of agents. The study furthermore sets out to analyse the regulatory framework – both international provisions under the Maritime Labour Convention (MLC) 2006 and their implementation in Indian legislation – to identify the scope to strengthen existing regulation and provide more robust protections to seafarers. For the purposes of this study, the term fraudulent crewing agents refers to any agency or individual that engages in fraudulent or illegal recruitment activity, including both those who have a valid recruitment and placement service licence issued by DG Shipping, as well as those who operate without a licence.

As part of the research, GMU carried out analysis of the international legal framework as well as the Indian legislation in relation to recruitment and placement service providers. In addition, the researchers conducted a questionnaire to collect information directly from seafarers about their experiences with fraudulent agents. Findings from the survey were supplemented by 11 in-depth interviews with representatives from recruitment and placement agencies, seafarers' trade unions, legal practitioners and maritime professionals from Philippines and Indonesia.

The full report contains more detailed analysis of both the Indian and the international legal frameworks and will be of particular relevance to academic researchers and policymakers. This summary document draws out the report's key findings and recommendations for the wider maritime industry and other stakeholders with an interest in seafarer welfare.

1. Data from the Ministry of Ports, Shipping and Waterways estimates that the number of Indian seafarers increased from just over 117,000 in 2014 to 250,000 in 2022.

2. The 2023 joint study by Liverpool John Moores University and the Mission to Seafarers entitled Survey on Fees and Charges for Seafarer Recruitment or Placement and the 2023 research briefing on Seafarers and Recruitment Fees by the Sustainable Shipping Initiative (SSI) and the Institute for Human Rights and Business (IHRB) both highlight the prevalence of fraudulent recruitment practices in India.


3. See, for example, a recent article in India Shipping News.

4. The Directorate General of Shipping is an attached office of the Ministry of Ports, Shipping and Waterways, Government of India, and deals with all executive matters relating to merchant shipping.

5. DG Shipping Notice 11, 2024.

6. DG Shipping Circular 15, 2024.

7. Country-centric studies have, however, been conducted in Nigeria, China and Bangladesh.



## The impact of recruitment fraud on seafarers: Insights from ISWAN's SeafarerHelp

Since 2019, ISWAN's SeafarerHelp helpline has handled 475 cases of illegal recruitment, affecting 1,048 Indian seafarers. Frequently, these seafarers have sought help from ISWAN after their agent has taken a recruitment service charge but the promised job has not materialised, or after being placed in unsafe working conditions having paid a fee.



## Case studies from ISWAN's SeafarerHelp:

- A seafarer sought support from ISWAN's SeafarerHelp helpline as he and two of his colleagues had not received their wages. They had each paid INR 200,000 to an unlicensed recruitment agency in order to secure employment. The agency promised that the three seafarers would join a ship in a country with a strong track record for seafarer welfare. However, when they received their travel documentation, they realised that the location for joining ship had been changed to a country associated with high levels of seafarer abandonment and poor welfare standards. Having already paid a service charge and seeing few other options, the seafarers took up the positions.<sup>8</sup> When they joined the vessel, they were given new Seafarer Employment Agreements with much lower salaries than had been agreed before they left India and without coverage by the ITF Collective Bargaining Agreement (CBA). After nine months without pay, the seafarers returned home and contacted SeafarerHelp for assistance to recover their money. As they had been recruited through an unlicensed agency, they could not lodge a complaint with DG Shipping; however, ISWAN's SeafarerHelp officer provided information about filing a police report. In desperate need of earning an income, the seafarers said that they once again planned to pay service charges to an agency to secure another role at sea. The helpline officer warned them about the risks associated with taking this path; however, the seafarers were despondent about the possibility of finding work without paying recruitment charges.
- A seafarer contacted SeafarerHelp having been approached by a registered recruitment and placement service provider. The seafarer was inexperienced and had little sea time. The agent said that as it was the first time that he had been placed by the company, he was required to pay a fee of INR 25,000 for his medical certificate and other documents. After paying this charge, the seafarer was given details of the ship he would be joining. However, the agent then stopped responding to phone calls. The seafarer was from a financially disadvantaged family and was extremely anxious about his situation. He said that he had tried to report the fraud to the relevant authorities but that no action had been taken. He also reported having been approached by other agents who asked him for INR 230,000 in order to place him on a vessel. We provided information about how to report the fraudulent agent to DG Shipping, along with emotional support.

8. India's e-migrate system is designed to prevent seafarers who have been recruited through unlicensed agencies from leaving the country. Frequently, unlicensed service providers operate in tandem with registered agencies that fraudulently share their licence to enable seafarers to leave India. In some cases, however, seafarers who have been recruited by unlicensed agents travel on tourist visas to bypass e-migrate requirements and take up offers of employment abroad.

# India's legal regime on the recruitment and placement of seafarers

The Indian government has had measures in place to regulate the recruitment and placement of seafarers since the adoption of the Merchant Shipping Act (MSA) in 1958. The MSA brought about the establishment of the Seamen's Employment Office (SEO), which had the mandate to regulate and license recruitment and placement services, including ensuring that no fees were charged to seafarers and that procedures were in place to investigate and address any complaints.

Following the ratification by India of the Maritime Labour Convention (MLC) in October 2015, the Indian government adopted the Merchant Shipping (Recruitment and Placement of Seafarers) Rules 2016, which brought Indian legislation regarding the recruitment and placement of seafarers into line with MLC requirements.



Maritime  
Labour  
Convention  
(MLC) 2006

## About the MLC

At an international level, the Maritime Labour Convention (MLC), which was adopted in 2006, is the key mechanism that regulates the recruitment and placement of seafarers. To date, 104 countries have ratified the MLC. Under the MLC, the definition of a seafarer includes all persons who are employed on board a ship in any capacity.<sup>9</sup> The definition of seafarer recruitment and placement services includes all forms of the institution which is engaged in recruiting and placing the seafarers with the

shipowners.<sup>10</sup> MLC Member States have obligations to ensure that seafarers have access to an efficient and well-regulated recruitment and placement system that protects and promotes the employment rights provided in the MLC. This includes having systems in place to regulate private recruitment and placement services, prohibiting the charging of placement fees to seafarers, and having effective mechanisms to address any complaints concerning the activities of seafarer recruitment and placement services.

The obligations of Member States as regards the recruitment and placement of seafarers are set out in full in Regulation 1.4 of the MLC.



## About ITFShipBeSure

The problem of fraudulent recruitment is so prevalent in seafarer-supply nations around the world that, in 2021, the International Transport Workers' Federation (ITF) launched

ITFShipBeSure, a tool to support seafarers to safely find employment at sea. As well as guidance for seafarers on navigating the recruitment process, ITFShipBeSure includes a red list of manning agents who have been reported as being involved in fraudulent activities and a green list of reputable agents.

9. Article II (1) (f), Maritime Labour Convention, 2006.

10. Ibid, Article II (1) (h).

The Merchant Shipping (Recruitment and Placement of Seafarers) Rules 2016 introduced the following measures to enable the SEO to meet India's obligations as an MLC Member State as regards the recruitment and placement of seafarers:<sup>11</sup>

- All seafarers have access to an effective, adequate, accountable and public recruitment system to place themselves.
- The SEO is responsible for issuing, renewing and suspending licences to recruitment and placement services.
- No individual may engage in the recruitment and placement of seafarers in India on behalf of an Indian or foreign shipowner or employer unless they are registered and licensed under these regulations.
- No fees, directly or indirectly, can be charged to seafarers by private recruitment and placement services, other than the cost incurred for procuring the national statutory medical certificate, national seafarer's book and passport, or personal travel documents.
- Recruitment and placement service providers must maintain an up-to-date register consolidating the details of seafarers placed by them for inspection by the inspecting authority.
- Recruitment and placement services must inform seafarers about their rights and duties and facilitate them in examining their Seafarers' Employment Agreement (SEA) prior to joining ship.
- Recruitment and placement services are obliged to respond promptly to any complaints made against them, and inform DG Shipping about any unresolved complaints.
- If a seafarer or family member files a complaint directly to the Director of the SEO, the SEO must conduct a detailed enquiry into the activities of the recruitment and placement service provider.
- Recruitment and placement service providers must maintain a bank guarantee with the Director of the SEO of up to INR 40 lakhs,<sup>12</sup> depending on the number of seafarers employed on foreign-flagged ships. This guarantee serves to compensate seafarers for monetary losses and assist with any repatriation expenses in the event that they are stranded in any port or abandoned by shipowners.
- Recruitment and placement service providers are required to maintain confidentiality on the documents and records submitted to them by the seafarers.
- If any recruitment and placement service providers are found to have violated the requirements set out in the Merchant Shipping (Recruitment and Placement of Seafarers) Rules 2016, the Director of the SEO can suspend or withdraw their licence after issuing a 30-day show cause notice.

11. Ibid, Purpose, Regulation 1.4.

12. 1 lakh is equivalent to INR 100,000.

# Effectiveness of existing mechanisms for regulating recruitment and placement service providers

DG Shipping has taken various steps to protect the welfare of seafarers in the recruitment process, including issuing circulars to raise awareness about the risks associated with fraudulent crewing agents<sup>13</sup> and providing a comprehensive list of registered recruitment and placement service providers.<sup>14</sup> These activities were, however, perceived by stakeholders who took part in the research as being insufficient in curbing illegal recruitment activities.

Despite the fact that the Merchant Shipping (Recruitment and Placement of Seafarers) Rules 2016 require all recruitment and placement service providers to acquire a licence from the Director of the SEO prior to conducting any business, there is no provision for penalties or legal action against unlicensed recruitment and placement service providers under the Merchant Shipping Act, 1958, as amended. Consequently, DG Shipping is unable to act against unregistered agencies. At an operational level, DG Shipping also lacks a dedicated function to identify and close down fraudulent agencies.

**Legislative gap:** Neither the Merchant Shipping Act, 1958 nor its Rules impose any penalty on non-registered recruitment agents

**Legislative gap:** DG Shipping, acting as the regulatory authority, does not possess the power under the Merchant Shipping Act, 1958 to act against an unregistered agent.

**Operational gap:** DG Shipping lacks a dedicated cell to handle the complaints related to fraud committed by unregistered recruitment and placement agencies.

As stipulated in the Merchant Shipping (Recruitment and Placement of Seafarers) Rules 2016, recruitment and placement service providers must maintain a bank guarantee to the Director of the SEO of up to INR 40 lakhs, depending on the number of seafarers employed on foreign-flagged ships. This guarantee serves to compensate seafarers for monetary losses and assist with any repatriation expenses in the event that they are stranded in any port or abandoned by shipowners. However, stakeholder interviews indicate that many individuals are not able to provide this bank guarantee and, as a consequence, sublet the licence to others in order to recover some of the funds deposited with DG Shipping. DG Shipping has taken steps to curb the subletting of licences; however, input from stakeholder interviews suggests that the practice continues to pose issues.

**Legislative gap:** There is a need for additional measures to curb the practice of registered recruitment and placement service providers subletting their licences to unregistered agents.

Stakeholders further indicated that the bank guarantee levels stipulated in the Merchant Shipping Rules are not sufficient to meet potential financial duties to seafarers. In addition, bank guarantees only cover seafarers who are recruited through registered manning agents; seafarers who are placed through unregistered agents do not have these protections.

In an attempt to curb the operation of unregistered recruitment and placement service providers, in 2017, DG Shipping launched the e-migrate system to ensure that seafarers are

13. See the Advisory F. No. 23-CIR/1/2024-CREW-DGS (Comp. No.: 29100) dated 3 June 2024.

14. DG Shipping, 'Valid RPSP List'.

only allowed to leave Indian ports or airports if they have been employed through registered recruitment and placement service providers.<sup>15</sup> To comply with the e-migrate system, Indian-flagged shipowners and registered recruitment and placement service providers are required to input the data of Indian seafarers who have been recruited by them into DG Shipping's online database.<sup>16</sup> Additionally, senior officers, including Masters and Chief Engineers, who have been directly employed by foreign shipowners must also input their data into the e-migrate system.<sup>17</sup> Any seafarers who are found to have been recruited by unlicensed recruitment and placement service providers are prohibited from passing through immigration checkpoints.<sup>18</sup> In the early phase of e-migrate, any seafarers recruited directly by foreign shipowners (excluding senior officers) were also prevented from leaving India. However, following a successful Madras High Court challenge, this provision was declared unconstitutional, on the grounds that neither the Central Government nor DG Shipping has the authority to prohibit Indian seafarers from seeking employment on ships registered abroad.<sup>19</sup> The decision was later challenged by the Central Government in the divisional bench of the Madras High Court and the divisional bench also upheld the decision by the learned Single Judge.<sup>20</sup>

In order to further strengthen the legislative framework in relation to unlicensed agents, in 2020, the Ministry of Ports, Shipping and Waterways published the draft Merchant Shipping Bill, 2020. As per the draft bill, if any recruitment and placement service provider except an Indian shipowner engages a seafarer without a valid licence from the SEO, they will be liable for a maximum one-year prison sentence or a fine of up to five lakh rupees.<sup>21</sup> Further, if any

recruitment and placement service provider is found to be charging money for placing seafarers on board, they will be held liable for a fine of up to two lakh rupees for each seafarer that has been charged.<sup>22</sup> Concerns have been raised, however, as to whether the prospect of a two lakh rupee fine would provide a sufficient deterrent to fraudulent agents, many of whom charge seafarers up to five lakhs for a placement. As of September 2024, the Bill is expected to be taken up in Parliament soon.

**Legislative gap:** The delay in passing the revised Merchant Shipping Bill, 2020 is an obstacle to taking effective action against fraudulent agents, leaving seafarers at continued risk of exploitation.

**Legislative gap:** The proposed two lakh rupee fine on registered recruitment and placement agents is unlikely to be sufficient to serve as a deterrent to charging fraudulent fees to seafarers.



15. Merchant Shipping Notice 7 of 2017.

16. Ibid, Para 5 and 6.

17. Ibid, Para 7.

18. Ibid, Para 13.

19. Sankar Arumugam v. Union of India & Ors., W.P.No.28350 of 2017.

20. The Union of India v. Sankar Arumugam., W.A.No.1944 of 2023.

21. Section 286 entry 21 of the Merchant Shipping Bill, 2020.

22. Ibid, entry 23.

# Redress under the Indian legal system for victims of unlicensed agents

Whilst DG Shipping does not have the authority to take legal action against recruitment and placement services on the grounds that they do not have the required licence, defrauding seafarers can, nonetheless, fall under the remit of the criminal justice system. A 2015 High Court judgment established that individuals who commit recruitment fraud can be convicted of a criminal offence under Sections 415 and 420 of the Indian Penal Code, 1860. The judgment did not relate to seafarer recruitment agencies

specifically, but its ratio holds value with respect to any type of recruitment agency operating in India. These provisions remain under the Bharatiya Nyaya Sanhita, 2023, the revised version of the Indian Penal Code which entered into force on 1 July 2024.<sup>23</sup> Convictions can lead to a fine, a prison sentence of up to seven years, or both.<sup>24</sup>

Seafarers who have been defrauded by recruitment and placement service providers can file a police complaint by lodging a First Information Report (FIR).<sup>25</sup> According to

the Bharatiya Nagarik Suraksha Sanhita, 2023, the police are duty-bound to register an FIR against the said recruitment and placement agency and carry out an investigation.<sup>26</sup> If the police fails to carry out this duty, the seafarer can take the complaint directly to the superintendent of police or to the magistrate.<sup>27</sup>

A key objective in criminal cases against fraudulent recruitment and placement agents is the recovery of the

23. A.Perumal v. State and Ors., 2015(2) MLJ (CrI) 669.

24. Section 318(4), Bharatiya Nyaya Sanhita, 2023.

25. Section 173, Bharatiya Nagarik Suraksha Sanhita, 2023.

26. See also Advisory No. 15011/91/2013-SC/ST-W, Government of India, Ministry of Home Affairs.

27. Section 35 read with First Schedule, Bharatiya Nagarik Suraksha Sanhita, 2023. There have been [media reports](#) of an FIR being filed against unregistered recruitment agencies.



seafarer's money. However, whilst the Bharatiya Nyaya Sanhita, 2023 sets out punishment for the offence,<sup>28</sup> it does not give clear provision for the recovery in full of the victim's money, although a trial court can order that the fine received by the accused is paid in part or in full to the victim as compensation.<sup>29</sup> The seafarer also has the option to initiate civil action against the fraudulent agent, simultaneously with the criminal proceedings.

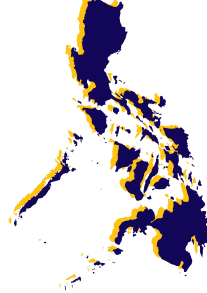
**Operational gap:**

Seafarers often face difficulties in registering a criminal case with the police.

**Operational gap:** Court proceedings can be very lengthy, potentially leading to continued financial hardship for seafarers.

28. Section 318(4), Bharatiya Nyaya Sanhita, 2023.

29. Section 395, Bharatiya Nagarik Suraksha Sanhita, 2023a.



### India

### Philippines

### Indonesia

#### Cost incurred for obtaining licence

Application fee of INR 40,000

Application fee of PHP 25,000<sup>30</sup> (equivalent to INR 36,582)<sup>31</sup>

No application fee specified

Licence fee of PHP 100,000.<sup>32</sup> (equivalent to INR 146,337)

#### Eligibility for making application

Individuals can apply

Individuals can apply

Business entities with a paid-up capital of IDR 5 billion can apply<sup>33</sup> (equivalent to INR 26,390,511)

#### Bank Guarantee requirement

From INR 1,000,000 to INR 4,000,000, depending on the number of seafarers placed

Along with the application a bank certificate showing a minimum deposit of PHP 5,000,000<sup>34</sup> (equivalent to INR 7,433,318) has to be provided

IDR 1.5 billion<sup>35</sup> (equivalent to INR 7,916,997)

#### Number of licences required for providing recruitment and placement services

Single

Provisional and Permanent licence

Dual (SIP3MI and SIP2MI)

#### Penalty for unlicensed recruitment and placement activity

No dedicated provisions in law  
Victim can initiate criminal action under Section 318(1) and 318(4) of the Bharatiya Nyaya Sanhita, 2023

POEA prosecutes illegal recruiters in collaboration with the Department of Justice<sup>36</sup>  
Victim can also initiate criminal action<sup>37</sup>

Maximum imprisonment of 10 years and fine of up to IDR 15 billion<sup>38</sup> (equivalent to INR 79,149,675)

30. Section 5, 2016 Revised POEA Rules and Regulations governing the Recruitment and Employment of Seafarers.

31. All currency conversions in this table are correct as at 8 August 2024.

32. Section 9(e), 2016 Revised POEA Rules and Regulations governing the Recruitment and Employment of Seafarers.

33. Art.7, Law Number 18 of 2017.

34. Section 4(b), 2016 Revised POEA Rules and Regulations governing the Recruitment and Employment of Seafarers.

35. Art. 7 (c). Law Number 18 of 2017.

36. Section 74 (b). 2016 Revised POEA Rules and Regulations governing the Recruitment and Employment of Seafarers.

37. Ibid, Section 83.

38. Art.81 Law Number 18 of 2017.



# The nature and impact of recruitment fraud: Survey insights

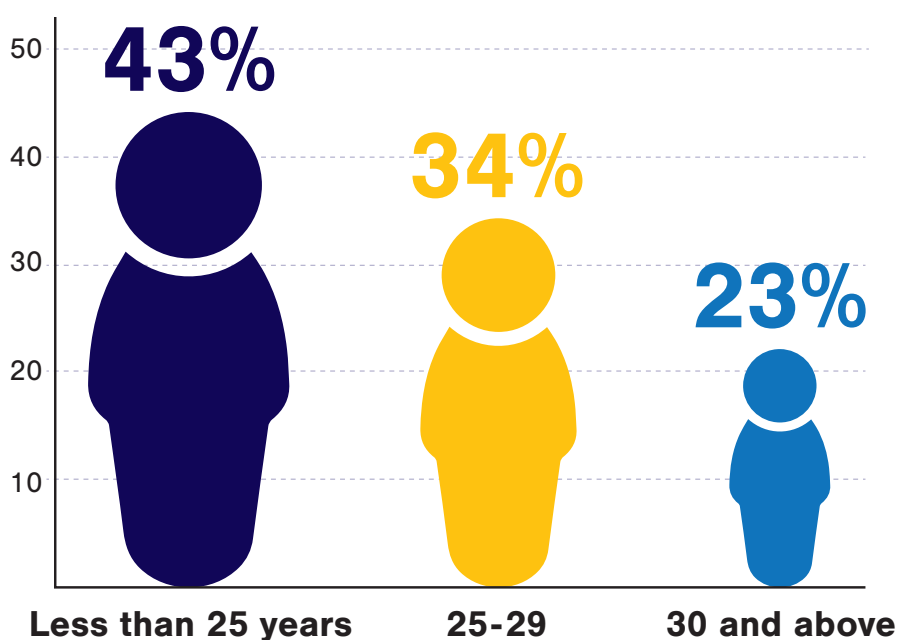
The findings of GMU and ISWAN's survey of seafarers' experiences of the recruitment process provide more detailed insights into the profile of seafarers who are most likely to become victims of fraudulent recruitment, the impact on their lives and the modus operandi of agents.

The survey was carried out via a Google Form questionnaire, which was disseminated by both GMU and ISWAN through their social media channels and shared by other maritime stakeholders. Out of 489 anonymous survey responses submitted, 249 valid responses were received from seafarers who stated that they had paid

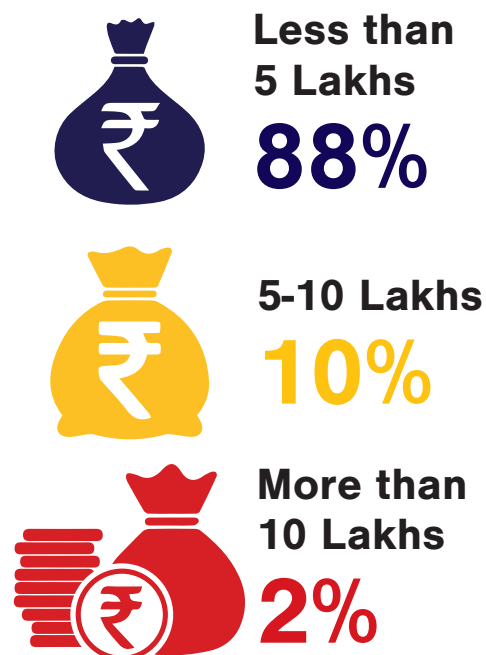
service charges to fraudulent crewing agents.<sup>39</sup> This response rate should not, however, be seen as indicative of the prevalence of illegal recruitment practices, as it is likely that seafarers who had been victims to fraudulent agents were more motivated to participate in the survey.

## Demographics

### Age:



### Family income:

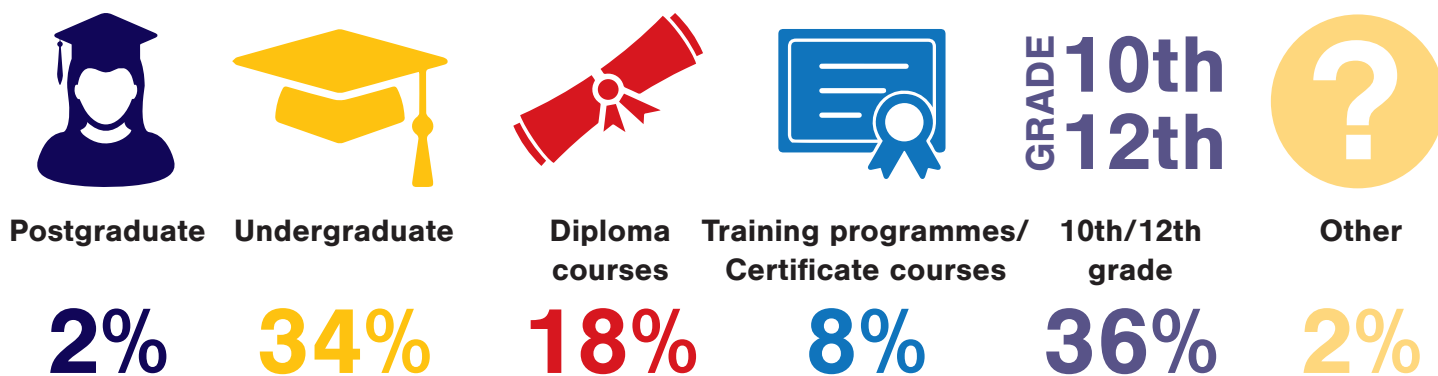


### Place of residence:



39. A further 15 respondents stated that they had been deceived by fraudulent agents; however, they were excluded from analysis as the responses were found to be contradictory or unclear.

## Education level:



## Sailing Experience:



Incomprehensible responses

2%



The survey responses indicate that younger seafarers are most likely to become victim to fraudulent manning agents: 43% of victims were aged under 25 and 77% were aged under 30. Over three quarters (76%) of respondents who had been defrauded came from villages and almost 90% came from financially disadvantaged backgrounds.

The majority of survey participants who had been defrauded by recruitment agents were seafarers with lower levels of formal education. Just over a third had no higher education, whilst almost two thirds had not completed an undergraduate degree. This correlation was also highlighted in the stakeholder interviews with legal practitioners, who stated that underqualified seafarers were more susceptible to paying service charges to secure jobs on board vessels.

Almost 50% of respondents had no seafaring experience and three quarters had spent less than one year at sea. This demonstrates the significance of a key structural issue that leaves

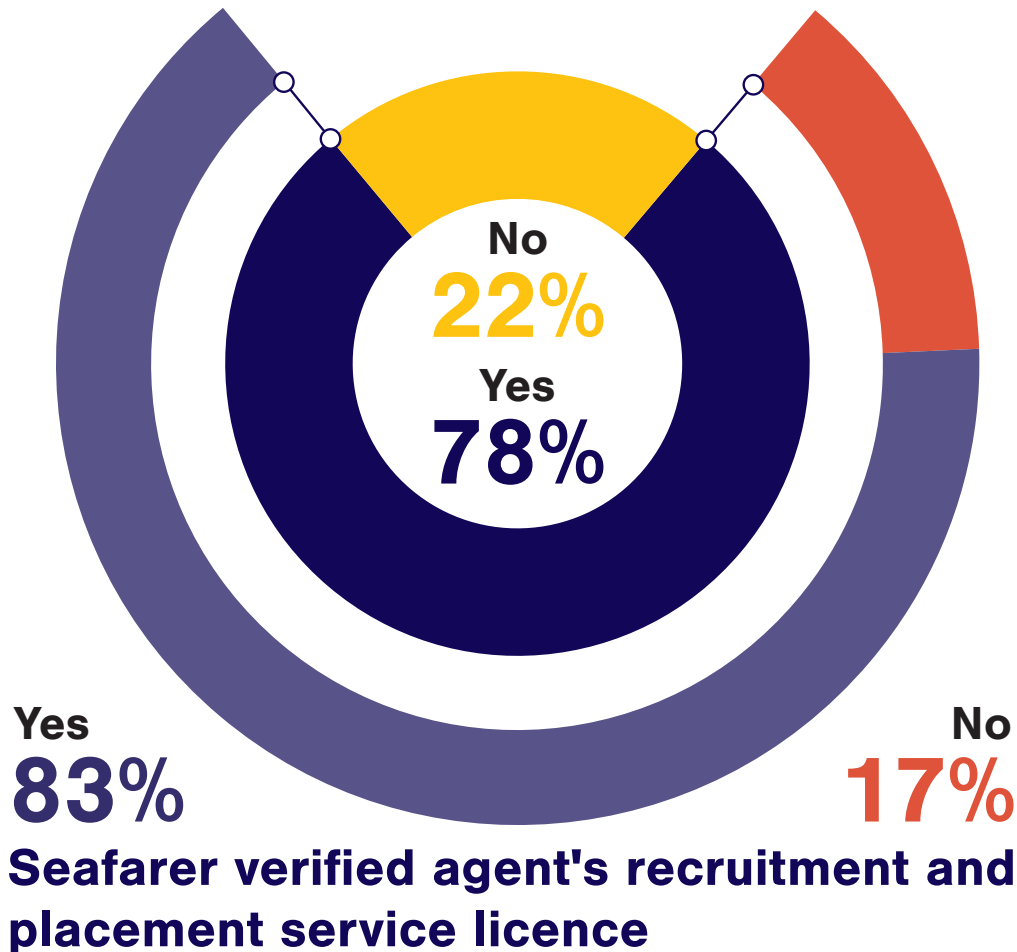
many aspiring seafarers vulnerable to exploitation: the obstacles to gaining sailing experience. Currently, a seafarer can gain a Continuous Discharge Certificate (CDC), certifying their identity as a seafarer, by completing four Standards of Training, Certification and Watchkeeping (STCW) courses. However, many maritime employers only recruit seafarers who have completed pre-sea training courses, leaving many without legitimate routes into employment.

**Legislative gap:** The current DG Shipping policy of allowing seafarers to obtain a CDC by completing four STCW courses creates an oversupply of seafarers who do not have sufficient experience and qualifications to pursue legitimate routes into employment, leaving many with little option but to pay service charges to fraudulent agents.

# Awareness of risks of recruitment fraud and motivations for paying fees

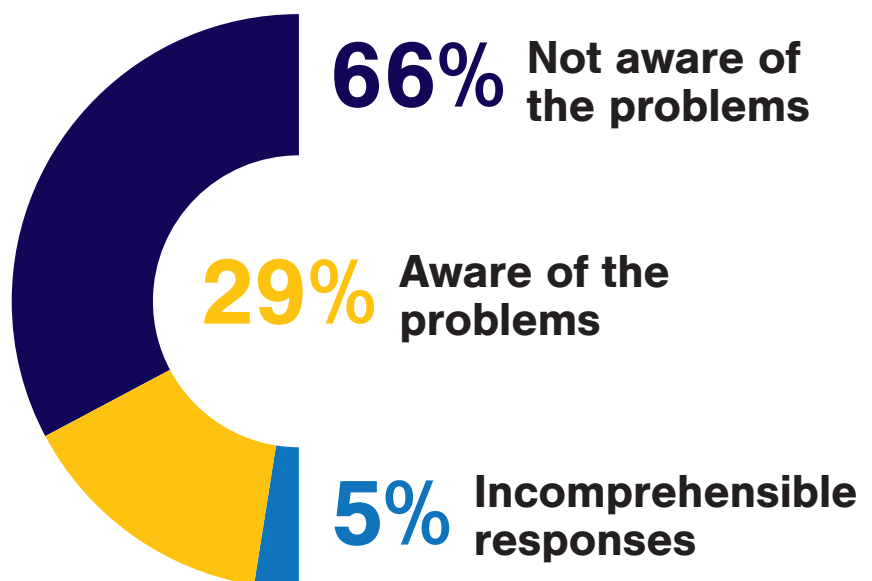
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Respondents' self-reported understanding of the difference between registered and non-registered crewing agents

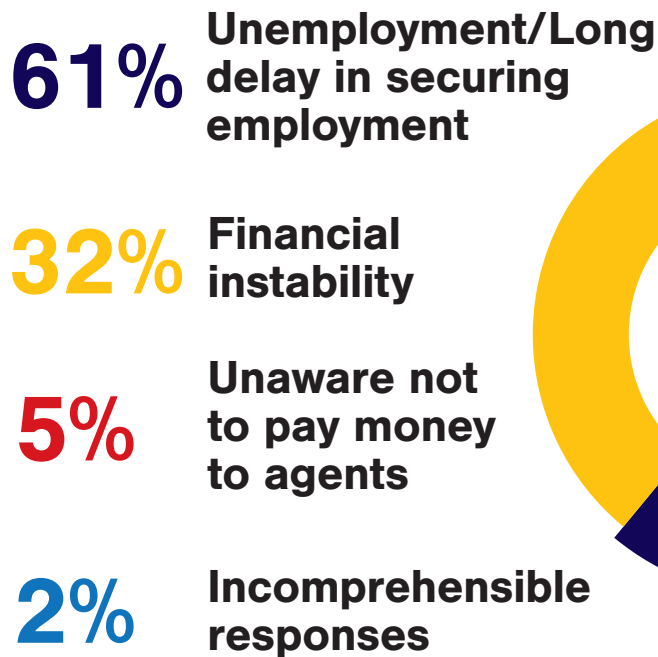


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Awareness about the problems of paying money to agents



## Reasons for paying fees to agents



The survey also gauged seafarers' levels of awareness about the distinction between registered and unregistered manning agents. More than three quarters of seafarers who had been victim to fraudulent agents stated that they did not understand the difference between registered and non-registered crewing agents under RPS Rules, 2005. Despite this, two thirds of respondents stated that they were unaware of the issues associated with paying service charges to agents, indicating a need for further education about the risks that this can carry, particularly amongst young, inexperienced seafarers. Furthermore, of the 195 seafarers who answered that they understood the distinction, 17% had failed to ask their agent about their recruitment and placement

service (RPS) licence, emphasising the importance of ongoing awareness-raising about the steps that seafarers can take to protect themselves from exploitation during the recruitment process.

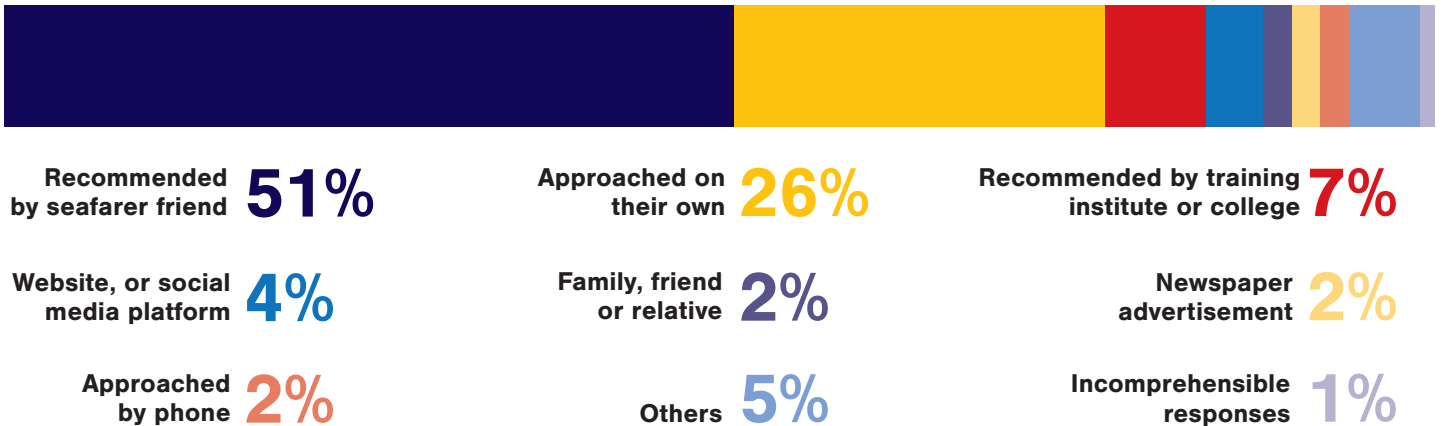
**Operational gap:** There is a need for DG Shipping to carry out a regular programme of awareness-raising campaigns about the distinction between registered and unregistered agents and the risks of engaging the services of unlicensed recruitment and placement service providers. It is particularly important to raise awareness amongst young, inexperienced seafarers.

For over 90% of respondents, the lack of job opportunities or financial insecurity were the motivating factor for paying service charges to fraudulent recruitment agents. This underlines the imbalance in supply and demand that facilitates the activities of fraudulent agents, as many inexperienced seafarers see no legitimate routes to securing employment.

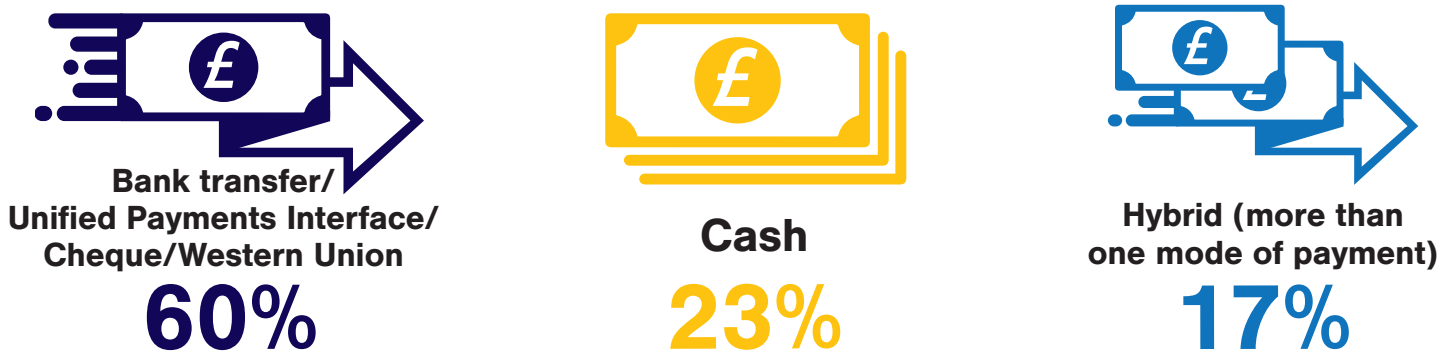
**Systemic factor:** The imbalance between the numbers of inexperienced seafarers who are seeking work and the legitimate employment opportunities available to them is fuelling the activities of fraudulent recruitment agents.

# Nature of interactions with fraudulent agents

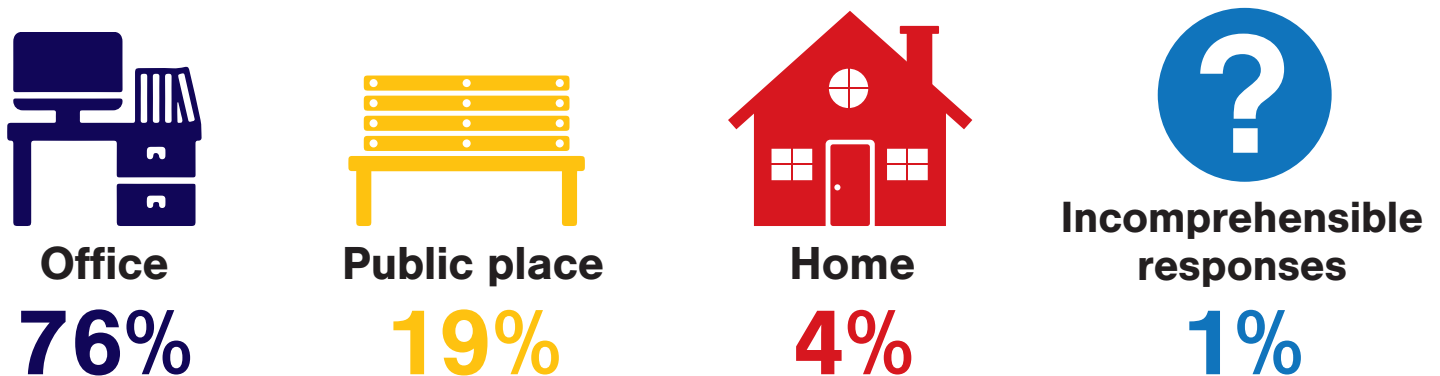
## Method of making contact with fraudulent agent



## Mode of payment



## Place of meeting with agent



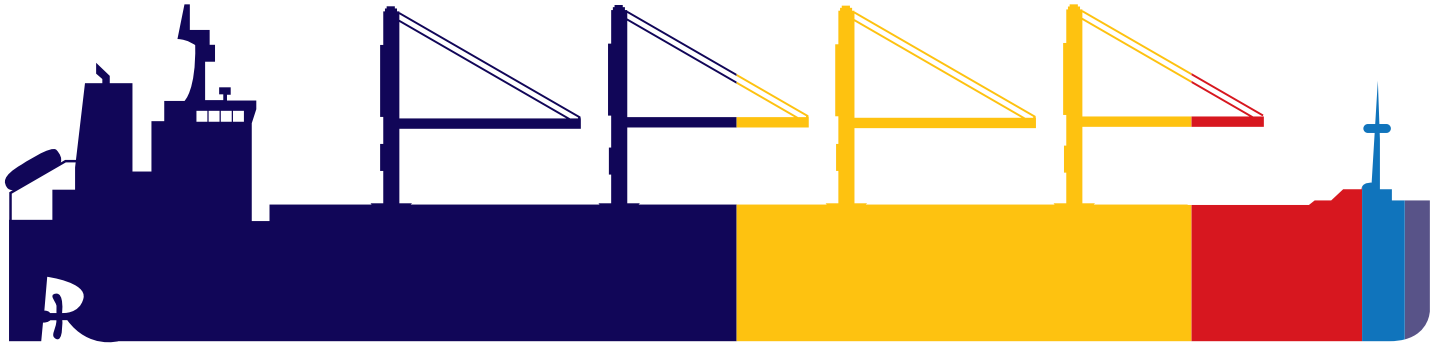
Just over half of survey respondents had been put in touch with the fraudulent agent by a seafarer friend. Concerningly, 7% of respondents reported that the agent had been recommended by a training institute or college. In 60% of cases, seafarers paid service charges via a bank transfer, Unified Payments Interface or cheque. A further 17% had paid through one of these means as well as making a cash payment. The frequent use of traceable payment means can

facilitate identifying fraudulent crewing agents and taking appropriate action against them.

Of the 249 seafarers who reported being defrauded, 190 (76%) stated that they had personal meetings with their agent. Of these seafarers, just over three quarters had met the agent in their office, whilst just under a fifth had met in a public place. Again, this high incidence of office-based meetings could assist in tracing fraudulent agents.

# Consequences of paying fraudulent agents

## Status of joining vessel



Not joined the ship

**51%**

Have joined the ship

**32%**

In process of joining the ship

**12%**

Sub-standard ship

**3%**

Incomprehensible responses

**2%**

## Status of retrieval of fee



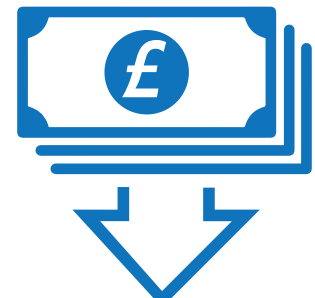
Not retrieved

**65%**



Retrieved partial amount

**18%**



Retrieved full amount

**17%**

## Wage status of 86 respondents who had joined ship



Not received wages

**61%**



Received wages

**29%**



No response

**10%**

## Working conditions of seafarers who joined ship



Faced issues

**85%**



Did not face issues

**11%**



No response

**4%**

## Status of impact upon family members and dependents



Severely impacted

**53%**



Affected but managed

**34%**



Not impacted

**13%**

The survey findings cast light on the risks to seafarers of paying service charges to fraudulent agents. In just over half of all cases, the job promised to the seafarer had not yet materialised. Just under a third had joined ship, whilst a further 12% were in the process of joining. The survey indicates that the possibility of retrieving service charges from fraudulent agents is low: just 17% of respondents had successfully retrieved their payment in full. Over three quarters of respondents (77%) reported being unable to contact their agent, either at their office or by phone.

Of the 86 seafarers who had joined ship (including those

joining a sub-standard vessel), 85% had faced a range of issues, including abandonment, unpaid wages, unseaworthy vessels, poor safety standards, poor food and hygiene conditions, and poor working standards on board. Over 60% had not yet received wages.

**Of the 249 survey respondents who paid a service charge for placement, only 25 had joined a vessel and received their salary.**

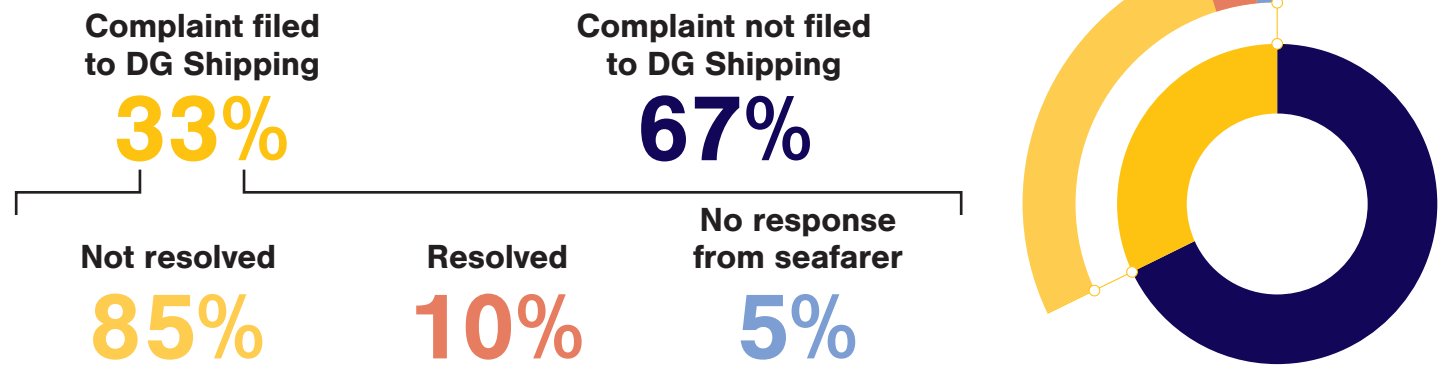
Over half of seafarers (53%) reported that the impact on their family and dependants of being defrauded by recruitment agents was severe. Only 13%

reported that their family and dependants had not been affected.

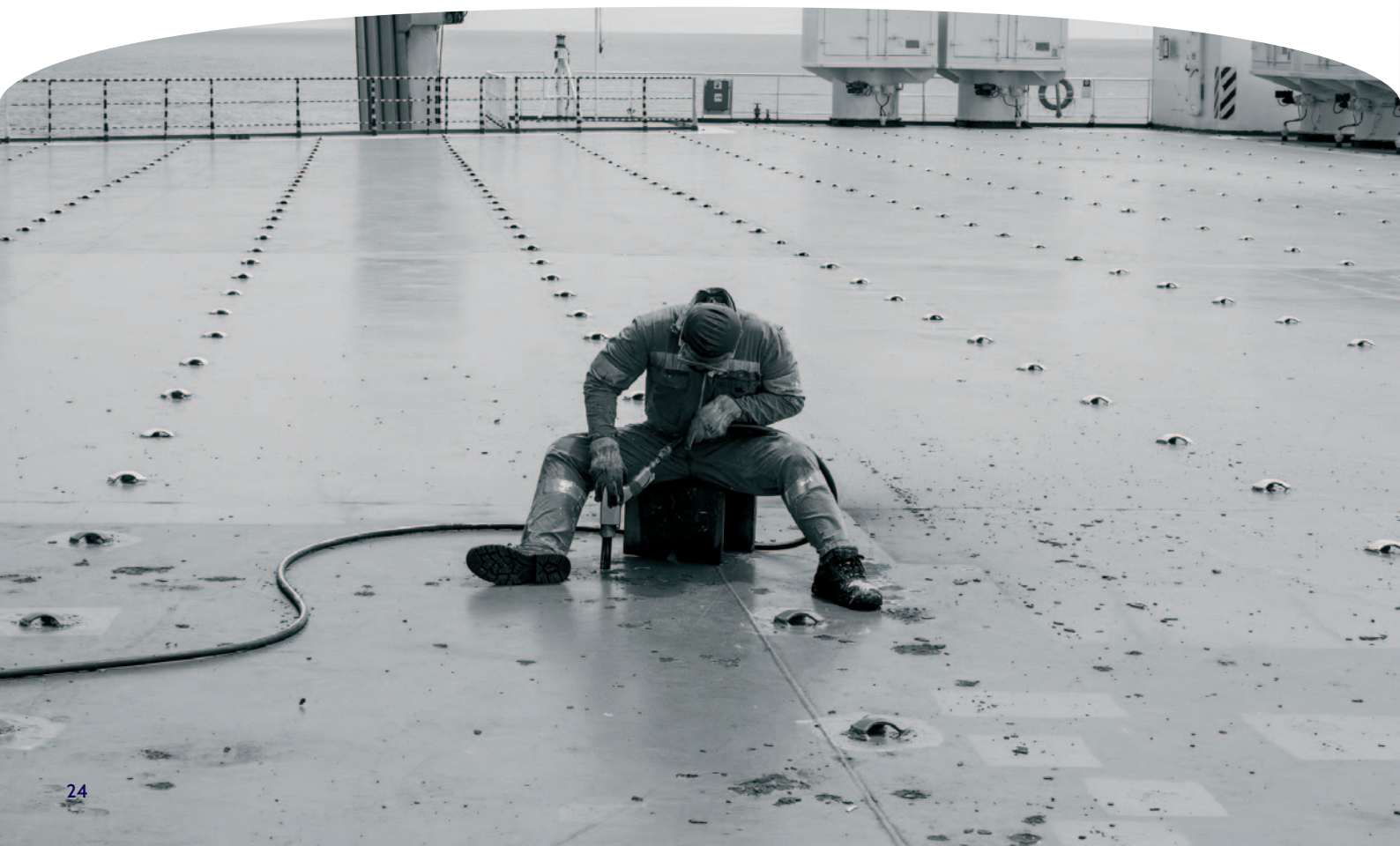
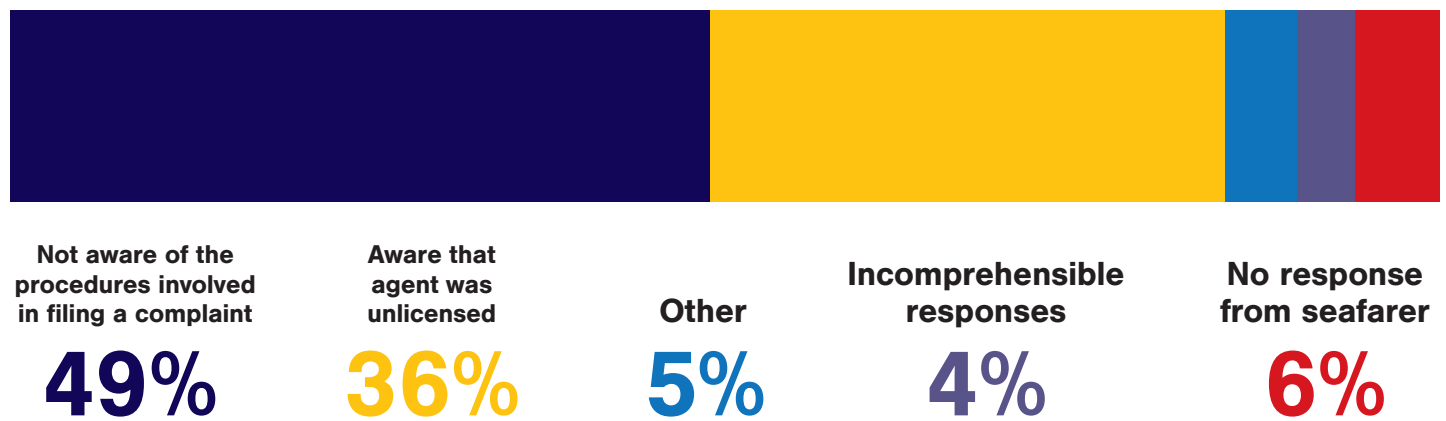
**Operational gap:** DG Shipping and training institutions should communicate more effectively to seafarers the financial, safety and welfare risks – including the potential impact on family members – of paying service charges to unlicensed/fraudulent agents.

# Mechanisms for reporting fraudulent agents

## Status of complaints to DG Shipping

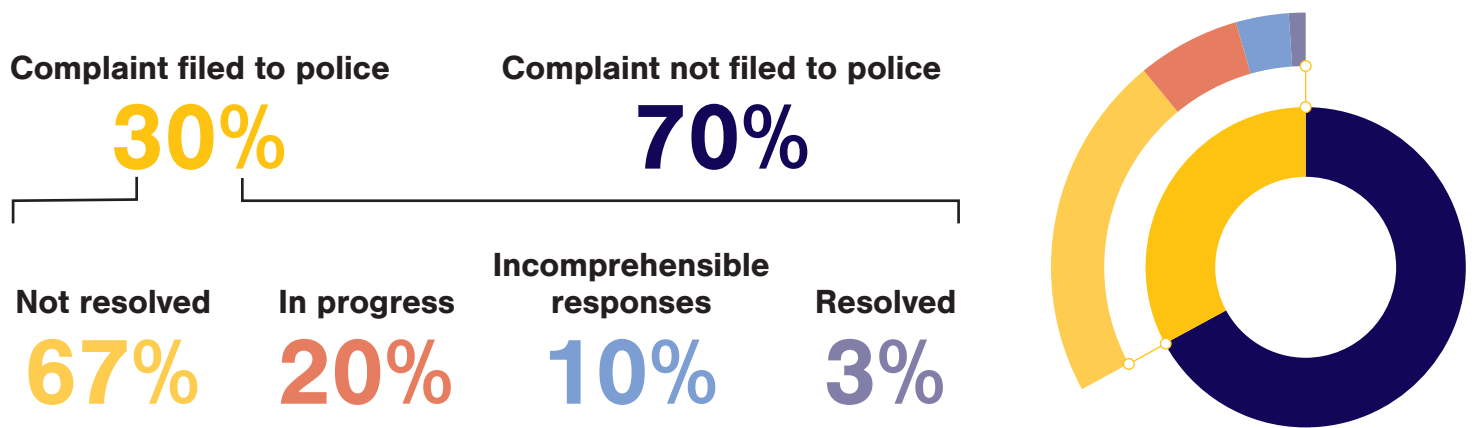


## Reasons for not filing complaint with DG Shipping (168 respondents)

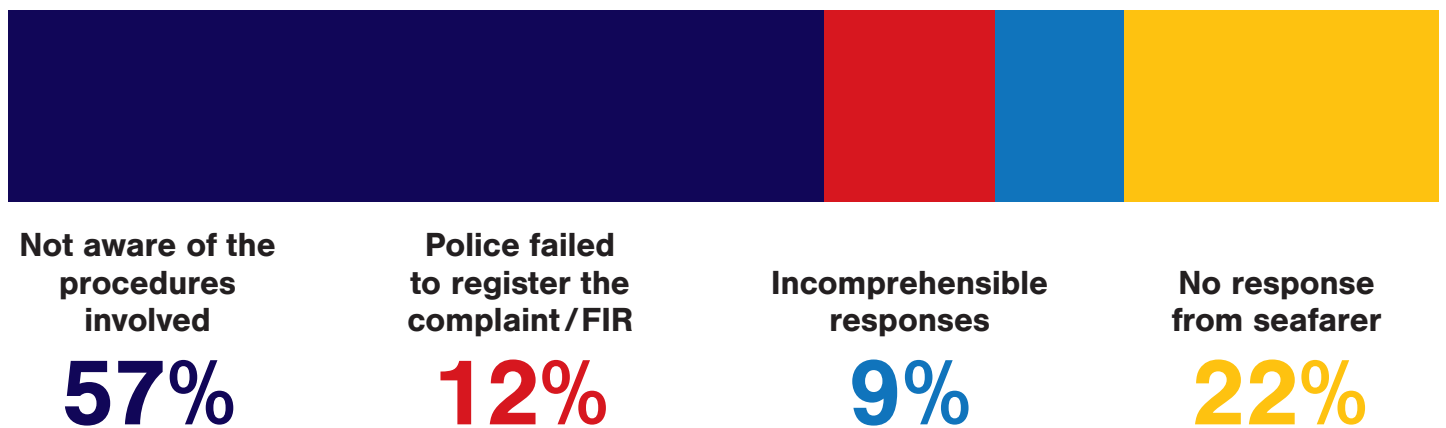




## Status of complaints to police



## Reasons for not filing complaint to the police (177 respondents)



Two thirds of seafarers had not lodged a complaint against the fraudulent agent with DG Shipping. Of these 168 respondents, just under half (49%) stated that they had not filed a complaint as they were not aware of the procedures to follow. Just over a third of respondents did not raise a complaint as they were aware that the agent was unlicensed. Three respondents stated that they did not lodge a complaint as they were afraid of their agent. Of the 81 seafarers who had registered a complaint, in 85% of cases, the claim was unresolved.

In addition to complaints lodged with DG Shipping, 30% of respondents had filed a complaint with the police. Of these 72 seafarers, in two thirds of cases, the police had not taken action to resolve their complaint. Amongst the 177 respondents who had not filed a police

complaint, for 57% this was due to a lack of knowledge about the process to follow. In 12% of cases, the seafarer reported having attempted to lodge a complaint but the police had not logged the First Information Report (FIR).

**Operational gap:** There is a need to raise awareness amongst seafarers about the process to follow to lodge a complaint against fraudulent agents, both to DG Shipping and to the police.

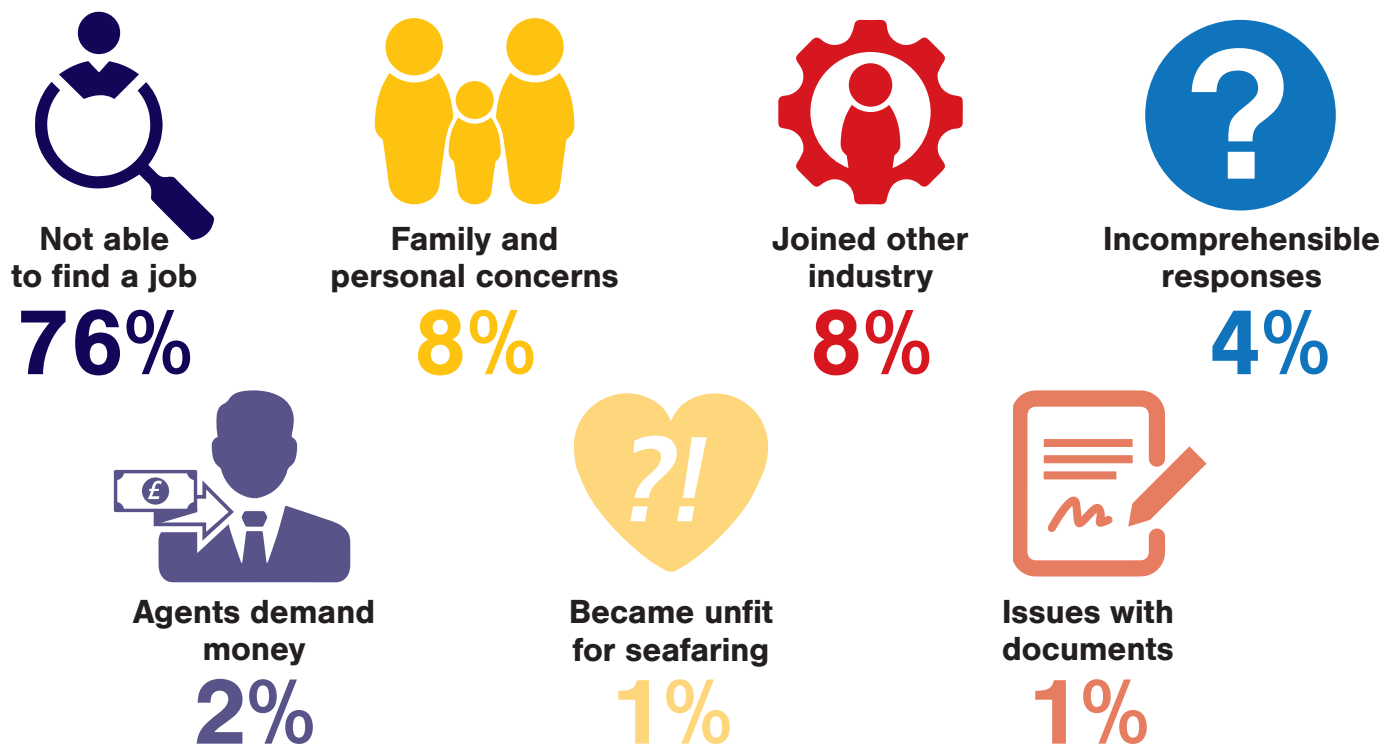
**Operational gap:** Seafarers report that complaints lodged with both DG Shipping and the police are frequently not addressed in a robust and timely manner.

# Seafarers' next steps and future intentions

## Employment status after experience with fraudulent agent



## Reasons for not joining another vessel (98 respondents)



## Attitudes towards paying fees to secure employment



Finally, the survey asked respondents about the steps they had taken to secure employment after their experience of being defrauded by recruitment and placement services. Just under 40% of respondents had gained employment at sea via a different recruitment and placement service provider. However, 3% had chosen to use the agent to whom they had previously paid service charges. Just under 40% of seafarers had not joined another vessel; in just over three quarters of cases, this was due to difficulties in securing employment.

Having been defrauded once, almost 70% of respondents stated that they would not pay a service charge to secure employment a second time. However, just over a quarter responded that they would pay an agency again, with several stating that they did not see any other routes to find work at sea.

**Systemic factor:** Many seafarers feel that legitimate routes into work at sea are not available to them.



# Recommendations

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The research findings point to systemic factors that are fuelling the widespread activities of fraudulent recruitment agents in India. The study also highlights a number of steps that can be taken to strengthen the current legislative framework and its operational implementation in order to better protect seafarers from being exploited by illegal recruitment and placement service providers.

## 1. Recommendations for strengthening the MLC

- The MLC should impose an obligation on Member States to prescribe stringent penalties through domestic laws on fraudulent seafarer recruitment agents who are found operating within the territory of the state.
- Flag States must be mandated by the MLC to act against foreign shipowners that are found to be dealing with unregistered manning agents. Action could include blacklisting beneficial owners/managers of such foreign shipowners to prevent them from entering the Flag State's waters.

- The MLC should require Member States to establish a designated fund to protect seafarers who are recruited through unregistered manning agencies operating in their territory. This fund should be utilised for repatriation of such seafarers in case of abandonment or being stranded.

## 2. Recommendation for the ILO

- The ILO should develop a separate database for reporting cases of fraudulent recruitment by manning agencies, whether they are operating with or without a licence. This database can be in line with the existing seafarer abandonment database. The database should contain information on action taken by the state on whose territory the incident was reported.



### 3. Recommendations for the Indian maritime administration

- India should amend the Merchant Shipping Act, 1958 to incorporate specific provisions prescribing monetary penalties along with criminal sanctions on individuals who operate recruitment and placement agencies without a licence from the Seamen's Employment Office.
- The proposed two lakh rupees fine on registered recruitment and placement agencies as provided in the Merchant Shipping Bill, 2020 should be made more stringent to ensure that it serves as a sufficient deterrent to charging fraudulent service charges to seafarers. In such cases, the fine should be five times the money charged from the seafarers and imprisonment should be up to two years for those involved in recruitment fraud. Further, the agency should be banned from conducting any maritime business for five years.
- The Merchant Shipping Recruitment and Placement Rules, 2016 should be amended and a designated fund should be established to protect seafarers who join ships through unregistered manning agencies. This fund should be utilised toward the costs of repatriation of such seafarers in the event that they are stranded or abandoned in foreign ports. The fund could be created out of fines levied on unregistered manning agencies.
- DG Shipping should put in place procedures to ensure that seafarers who have been recruited through unregistered agencies can access support, for example, in the event that they are stranded overseas. This should include working in a more structured way with seafarer welfare organisations that can provide emotional and psychosocial support to seafarers during such times of crisis, as well as looking after the wellbeing of their families.



- DG Shipping should establish a separate wing to handle fraud committed by unregistered recruitment and placement agencies. It should provide legal assistance to concerned seafarers to ensure that they have a clear route to access support and are not directed to multiple government departments. The designated wing should ensure that seafarers are aware of legal options to secure the return of their money, including providing a simple standard operating procedure (SOP) to set out the actions that seafarers need to initiate in the event of being exploited by a fraudulent recruitment agency. The wing should also support seafarers who are exploited by a fraudulent crewing agent to file a criminal case.
- The Home Ministry should issue specific directions to the police department to ensure that processes are in place to address allegations by seafarers relating to fraudulent recruitment and placement agents in a timely, consistent and effective manner. DG Shipping should issue guidelines to seafarers on the steps to initiate if the police do not accept their complaint against fraudulent recruitment agencies. This should include establishing a clear process and guidance for seafarers to ensure that they understand their legal rights and the routes available to them to lodge a complaint and recover their money.
- Where the seafarer exploited by a fraudulent recruitment agency is unwilling or unable to file an FIR with police, DG Shipping should initiate criminal action against fraudulent agents, where sufficient evidence exists.
- The Bureau of Immigration across all airports and seaports should periodically be sensitised / made aware of the e-migration process to protect any seafarers at risk of exploitation by recruitment fraud and to ensure that seafarers without valid documents do not encounter undue delays in leaving the country to take up jobs at sea.
- DG Shipping should conduct frequent awareness programmes to educate seafarers about the differences between licensed and unlicensed manning agencies and make them aware of the risks of joining a ship through an unregistered manning agency. Awareness campaigns should focus particularly on young and inexperienced seafarers. DG Shipping should also mandate training institutes to conduct awareness campaigns about the risks posed by fraudulent agents.
- The Merchant Shipping Act, 1958 should be amended to prescribe action against foreign ships in Indian ports in the event that such ships are found to have recruited seafarers through unregistered manning agents operating in India. The action should include blacklisting such foreign ships to prevent them entering Indian waters for a certain period.
- DG Shipping should consider collaborating more closely with the ITF to further strengthen the ITFShipBeSure database to ensure that Indian seafarers have access to comprehensive information about agencies that are known to have exploited seafarers and agencies with a trusted reputation. A similar strategy should be adopted for the shipowners who hire seafarers from unregistered manning agencies.
- DG Shipping should take more stringent measures to tackle the practice of registered agencies subletting their licences to non-registered service providers. This should include a prescription of penal action against individuals operating registered agencies, which is found to sublet the licence.
- DG Shipping should review its policy of allowing seafarers to obtain a Continuous Discharge Certificate (CDC) after completing four basic STCW courses. This creates an oversupply of seafarers who cannot gain the necessary sea time and leaves newly qualified seafarers vulnerable to exploitation by fraudulent agents.





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