

Internal migration, poverty and development in Asia

Internal migration could contribute significantly to the reduction of poverty in Asia. However, new policies must be implemented to secure the status of the migrant workers and ensure benefits are distributed evenly

Key points

- Internal migration includes poorer people from poorer regions and has a strong role to play in achieving the Millennium Development Goals (MDGs).
- Internal migration is likely to increase at a faster rate than international migration.
- Many sectors are benefiting from internal migration including agriculture, manufacturing, construction, coastal economies and services.

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Many rapidly expanding Asian economies have seen increases in the rate of internal migration over the past two decades, because of declining job opportunities in rural areas and increased opportunities in urban areas.

Of these movements, circular migration – where trips vary from daily commutes to those lasting several months and where migrants retain strong links with their rural family – appears to be emerging as the dominant trend for poorer groups.

Though internal migration offers a greater potential for poverty reduction and contributing to economic growth than international migration, the potential benefits are not being fully realised, because of:

- an inadequate understanding of migration patterns;
- continuing policy barriers to movement;
- social exclusion on the basis of ethnicity, caste, tribe and gender; and
- segmented labour markets.

Trends: numbers, migrant profiles

By combining information on temporary movements from micro-studies with national statistics on permanent migration, we can develop a picture of recent migration trends.

Migration away from poor regions is increasing across Asia, in particular amongst women seeking work as new opportunities open for



Woman digging a trench for a cable company in Hyderabad, India (Andy Hall)

them in industry and/or as social norms relating to women's work change. However, there are significant differences in the age profile and education levels of migrants in each country.

China¹

- There has been a continuous outflow of labourers from agricultural areas to industrialising regions. Internal migration is predominantly temporary and from rural to urban.
- Numbers have increased dramatically, from about 26 million in 1988 to 126 million in 2004. The majority of these are circular migrants (termed the 'floating population').
- Between 12 and 13 million rural labourers are projected to move to urban areas each year over the next 20 years. These migrations are temporary at present but could become permanent, if restrictions on settling in urban

areas are relaxed.

- Around 70 per cent of migrants are aged between 16 and 35 and view migrating as a life stage between leaving middle school and returning to marry and have children.

India

- Statistics from the 55th Round of the National Sample Survey (1999–2000) put the number of short term out-migrants staying away from their usual residence at 12.6 million. Recent micro-studies documenting large and increasing numbers of internal migrants (often hundreds of thousands) suggest this may be an underestimate.
- Informal estimates² show 30 million temporary migrants, a number that is said to be increasing.
- Labour-sending areas are typically agriculturally backward and poor. Destinations are towns and cities, industrial zones, stone quarries and coastal areas for fish processing and salt panning.
- High productivity agricultural areas ('green revolution areas') continue to be important destinations but more migrants are opting for non-farm employment in both rural and urban areas because of greater returns.
- Permanent migration rates are higher among the more educated. Unlike East and South-east Asia, illiterate and unskilled people appear to dominate seasonal labour migration.

Indonesia

- Labour mobility is a long standing feature but recent rapid increases have attracted attention (ILO 2004).
- There has also been increasing diversity in the types of movement and the profile of migrants. Census data for the last 30 years show an increase in inter-provincial migration especially in the case of women.
- Nearly one-fifth of movement is return migration (ILO 2004). Official statistics do not capture temporary movements but a large number of studies document a steady increase in circular labour migration, with workers leaving families for periods of one week to two years.

Vietnam

- There has been an increase in permanent migration, especially to Ho Chi Minh City (HCMC) and Hanoi as well as the industrial areas surrounding these cities (General Statistics Office 2005).
- Approximately 36 per cent of all intra-provincial movements during 1994–9 were from rural to urban areas and 20 per cent were permanent rural to urban moves (General Statistical Office 2001).
- Censuses do not capture seasonal and temporary migration. Smaller surveys have shown that after economic reforms in the late 1980s, temporary migration to urban areas and rapidly industrialising zones became a major form of spatial mobility. Cities are particularly attractive for temporary migrants engaged in trade and service work.

- Every year, HCMC receives around 700,000 KT3 and KT4 migrants (KT3 is temporary registration for a period of six months and more; KT4 is temporary registration for a period of less than 6 months).

Important drivers of migration

Dramatic improvements in communication and transport have allowed for unprecedented levels of large-scale internal movement in Asian countries. Many factors driving this migration are common to both permanent and circular migration, including regional inequality, under-employment in rural areas and the growth of labour intensive industries. Other factors differ, depending on the history, culture, policy environment and social structure of each country. In addition, circulation has also been attributed to (among other factors) a lack of security in destination areas which prevents people from settling down.³

- **Marked spatial inequalities** characterise many Asian countries today (Baliscan et al. 2005; Kanbur and Venables 2005). The relationship between income inequality and migration is not clear-cut, however. For example, India and Indonesia have relatively low levels of income inequality in comparison to other countries but high and increasing levels of internal migration. The difference in wages is attractive enough to make people want to move, but other factors often shape the decision to migrate (escaping oppressive village life or seeking new opportunities for one's children).

The relationship between migration and inequality is two-way: inequality may drive migration, and migration also affects inequality both within the sending area and between regions. Non-income inequalities related to caste, tribe, gender and ethnicity are also extremely important in shaping migration streams.

It is very likely that migration, especially circular migration, will continue until the gap between different regions narrows or conditions in the sending area become so unsustainable that populations have to move out altogether.

- **Inter-sectoral inequalities:** Diversification from agriculture into non-farm activities is occurring, but has been slow – especially in the less agriculturally developed areas. In such areas, labour migration has emerged as a more remunerative option.

Given current development patterns and future projections on urbanisation, the growth of manufacturing and agricultural development, it is very likely that internal migration, both temporary and permanent, will persist and grow. There will be a transfer of populations from rural/agriculture to urban/non-farm areas and occupations, but the rate at which this occurs will depend on how prepared governments are to allow more people to settle in urban areas.

- **Demographic factors** are also important, as young adult populations have a greater propensity to migrate and large young adult populations in a country will affect migration streams.

Studies have found a link between larger families and migration, especially where single members migrate. Smaller families may also show high migration rates, as entire families migrate – this can be observed in migrants to the 50,000 brick kilns across India, which employ around 100 families each.

- **The removal of restrictions** to settling down or claiming benefits and changing views on the importance or necessity of access to village life may increase permanent rural–urban migration. It is possible that with efforts to introduce social security for migrants in India and the reform of the Hukou⁴ system in China and the KT system in Vietnam, the urban environment will become more welcoming and secure for migrants. This would speed up the transfer of populations from rural to urban areas and a move to more urbanised societies. This does not necessarily mean, however, that circular migration becomes permanent migration, as many circular migrants will not want to settle at the destination. Even in the case of permanent migrants, many choose to return to the village once they have achieved a certain level of savings, investments or other goals, such as educating their children.

Migration, poverty reduction and economic development

No nationally representative data exists on internal remittances for most countries, but mounting evidence from micro-studies and larger surveys suggests that migration can reduce poverty, inequality, and contribute to economic growth and development.

The volume of internal remittances is vast:

- China: it is estimated each migrant labourer sent home on average 4,522 yuan (US\$545) in the year 2000 (Murphy 2005).
- India: In Mumbai, migrant money orders account for much of the £million plus⁵ sent back to Uttar Pradesh, Bihar and West Bengal, some of the poorest states in the country.
- Bangladesh: The Coalition for the Urban Poor estimates that circular migrants in Dhaka send up to 60 per cent of their income home. This provides up to 80 per cent of the budget for recipient households.
- Vietnam: According to the Government's 2004 Migration Survey, which covered nearly 5,000 migrant households across 11 cities and provinces, more than half had sent money to their households of origin. Over two-thirds had sent over one million Dong (c. US\$65) within the previous year.

Even if not reducing poverty directly, remittances may help to sustain rural livelihoods by preventing people from sliding further into poverty because of dependence on a deteriorating agricultural base.

The evidence on the impact of migration on inequality is ambiguous. Remittances are thought to stimulate the land market in the sending areas, increase local wages and the demand for local goods and services, and generally improve the economy. Using case studies across Central America, Eastern Europe, West Africa and South Asia, Black et al. (2005)

conclude that the relationship between migration and inequality is highly context-specific and depends on political, economic and socio-cultural institutions, as these are crucial to the distribution of wealth, power and opportunity within societies.

Migrant labour has clearly contributed to economic development through participation in the kinds of sub-sectors described above, but precise estimates on this contribution are not available. This could be a reason for the neglect of it as a development force.

Official positions on migration: restricting access to urban areas

Most governments have tried to control rural–urban movement through a combination of rural employment creation programmes, anti-slum drives and restricted entry to urban areas. While some have relaxed some restrictions recently, others continue to design policies and programmes that discourage people from moving. India has recently introduced the National Rural Employment Guarantee Programme, which promises 100 days of wage labour to one adult member in every rural household that volunteers for unskilled work. One of its aims is to check migration. The numerous watershed development projects in the country also aim to reduce migration.

Migrants remain politically, socially and economically excluded

Despite these restrictive policy measures, poor people continue to move. They gain from higher wages in higher productivity areas and contribute significantly to economic growth, but in doing so they are socially and economically excluded from the wider benefits of this growth, such as access to health and education, housing, sanitation and freedom from exploitation. Across Asia, nearly all temporary migrants and new arrivals who intend to stay permanently but who have moved without formally acquiring a house or a job are regarded as illegal. This brings a host of problems for migrants and their families.

Childcare and schooling are rarely accessible to migrants' children and the majority of infants and children who accompany their parents have to spend their days in highly polluted, dangerous and unhygienic conditions. Migrant women and adolescent girls are very prone to sexual exploitation and it is thought that migrant populations are more prone to infections such as tuberculosis and HIV/AIDS.

Migrants are often prepared to take on the lowest tier jobs in the labour market that others cannot or do not want to fill (those that are dirty, degrading and dangerous). Such market segmentation is often based on gender and ethnicity stereotyping. For example, in India, manual scavenging is almost always performed by scheduled caste people, while paddy transplanting is always done by women. Studies in Vietnam conducted by the Asian Development Bank also show labour market segmentation exists between informal and formal migrant workers and seems to make a significant contribution to wage disparity between poor and non-poor urban workers.

Migrant workers are, on the whole, discriminated against and paid less than non-migrant workers. While the attraction of a cheap, flexible and non-unionised labour force is obvious and arguably important for growth, it has far-reaching social costs and implications for longer term economic development. Poor workers are unlikely to be able to educate their children properly and are therefore unlikely to break the inter-generational transmission of poverty. There is also evidence to show that ethnic minority migrants are excluded even further (Deshingkar et al 2006).

Unless migrant workers are supported by policy through better services, social protection and remunerative wages, migrant populations are less likely to reach the targets specified under the Millennium Development Goals (MDG), especially those relating to education, the environment, women and children's wellbeing and health.

Policy responses

Facilitating, or at least not hampering, the movement of people from low productivity areas to high productivity areas is now being viewed as an effective way of reaping the gains from localised growth in globalising economies that are experiencing growing rates of inequality. Circular labour migration can yield strong win-win outcomes for most concerned. For sending households, migration is a source of additional income and for receiving areas and employers, migrants are a source of cheap labour.

However, policies and investment priorities must be developed in accordance with existing national priorities. For example, China is planning for a modern urban nation and circular migration is seen as an impediment. India, on the other hand, views its villages and agriculture as the engine of rural growth and poverty reduction, and continues to pursue a small farmer model of development. Policy needs to recognise that rural livelihoods in marginal areas are strongly linked to urban development and manufacturing and reallocate resources accordingly.

The liberalisation of labour migration needs to be accompanied by state/province government cooperation to develop flexible social services and pro-poor schemes that can be accessed by people on the move.

Sending money home can be an expensive and risky affair for migrants for several reasons. First,

migrants with low levels of education and few assets usually do not deal with formal financial institutions and rely on friends, family and other informal channels to remit money. Theft, cheating and delays are common. More work is needed to facilitate remittance flows – there are successful initiatives at the international level,⁶ but financial channels within countries are still unsuitable for migrants.

Policy attention is needed urgently in the areas of developing social security systems for migrants, building human capacities so that their bargaining power vis-à-vis employers and law-keepers is improved. There is also the need to strengthen data on migration trends, the impacts of migration on poverty, and occupational mobility, so that policy reforms can be introduced to maximise the benefits to migrating individuals and society at large.

Policy makers need to recognise the importance of migration for poverty reduction and development. Policy should aim to ease the hardship of migrants and facilitate a flexible labour force in the short term, in order to distribute the benefits of growth as evenly as possible. But there is a need to build human capabilities over the long term so that people who currently have to depend on such livelihood strategies can diversify into more remunerative options.

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Endnotes

1. This part draws heavily on Murphy 2005, GHK/IIED 2004
2. Figure agreed during a national meeting on seasonal migration held in New Delhi, August 2005 which included prominent researchers, NGOs and donors.
3. Development literature sees circular migration as a contract of mutual cooperation and insurance between sending families and migrants, occurring due to urban/rural market failures (see Kuhn's 2000 study on Matlab in Bangladesh).
4. In China the population is divided into urban and rural on the basis of hukou (place of registration). In the case of temporary/circular migrants the hukou remains rural, and there is no access to urban public sector services (education and health, housing and social protection).
5. This figure is in the order of £126 million in 2005 (using 2005's exchange rate of 79 rupees to the pound). It relates to MOs sent through the Mumbai post office only – it does not cover other major migrant destinations. It also does not cover the cash that migrants carry back themselves which is likely to be several times this figure. Migrants also take back clothes and electronic items.
6. For example, Sending money home?, a DFID-funded project providing information for people wishing to remit money back from the UK.