

Support for migrant workers: The missing link in India's development

Priya Deshingkar, Rajiv Khandelwal and John Farrington

India has around 100 million circular migrant workers, placing its experience almost on a par with China's. Yet migration in India faces an almost total absence of forward-thinking policies. Rejecting policies to 'keep them in rural areas' as unrealistic, this paper identifies the kinds of migrant support that are needed if migrants are to continue adding to economic growth as they currently do, but at lower personal cost than at present.

Policy conclusions

- Whilst infrastructural and other investment are still needed in the remoter, drier parts of India, these are approaching their limits in terms of productivity and employment creation.
- The movement of labour from slow to faster growing parts of the economy is inexorable, and far higher than shown in official statistics.
- Urban policies, backed by powerful urban electorates, are reluctant to recognise the economic contribution made by migrant labour; many policies, especially on housing, do not simply neglect migrants, but actively discriminate against them.
- Practical areas for migrant support include improved access to market information, skills enhancement, certification of identity, remittances, housing and continued access to health, education and social assistance whilst 'on the move'.
- These, and more empowering types of support such as collective bargaining and release from debt bondage, are currently being tried by a small number of innovative NGOs. The results of their work merit policy attention at the highest levels.

Background

Convention dictates that massive capital investment is needed in rural areas (telecommunications, roads and other physical infrastructure etc) to generate livelihoods, and the Rural Development Ministry's budget is large, at around \$10 billion/yr.¹ There is an argument for making basic infrastructure available to all, but against a recognition that the prospects for job creation in the more remote areas are limited. Even public works, are in general poorly administered and have limited impact on job availability. People's own strategies of migrating out of these areas are therefore likely to be the most effective in delivering benefits to the poor in the short term.

Scale

Official data do not help any serious discussion of migration. The National Census indicates that 98 million people migrated permanently in the decade before 2001 – almost half (mainly

women) moved for marriage reasons. The 55th round of the National Sample Survey indicates that there are 10 million (1% of the population) short term migrants in India. The difficulty of interviewing mobile households means that both NSS and Census are likely to provide serious underestimates. A rough estimate based on those sectors mainly employing migrants (textiles, construction, brick kilns, mines and quarries, domestic workers, street vending, rickshaw pulling, salt pans and prawn processing), backed up by village studies in 'source' areas, suggests that around 100 million workers are migrants. Inadequate official data have reinforced ill-conceived policies on migration.

Village studies indicate that the vast majority of those migrating seasonally for work are in the lower deciles of income distribution, and belong to disadvantaged groups such as Scheduled Castes (SC), Scheduled Tribes (ST) and Muslims, but are not the very poorest, who lack the capital and contacts to overcome the risks that migration



This series is published by ODI, an independent non-profit policy research institute, with financial support from the Swedish International Development Cooperation Agency, Sida. Opinions expressed do not necessarily reflect the views of either ODI or Sida.

Overseas Development Institute

ODI is the UK's leading independent think tank on international development and humanitarian issues.

poses. Migration for the poor is mainly circular owing to the desire to 'keep a foothold' in home areas during the agriculture season, but also to the lack of social security and barriers to settling more permanently in urban areas.

Main migration streams and shifts

Caste, social networks and historical precedents play a powerful role in shaping patterns of migration. Well established 'streams' of migration exist, but exhibit highly diverse terms and conditions, returns and prospects. Our own research (Deshingkar and Farrington, eds, forthcoming) as well as other village studies show that there are two broad kinds of circular migration among poorer social strata – one kind undertaken by the poorest, least educated and most disadvantaged social groups (mainly the Scheduled Castes or dalits, Scheduled Tribes and Extremely Backward Castes). This category typically works in brick-kilns, unskilled construction, loading and unloading and agriculture (such as cotton pollination). This kind of migration may allow slow asset accumulation, but does prevent downward slides into poverty. Working conditions are not much different from bonded labour with limits on personal freedom, long working hours, debt bondage and underpayment. Children from SC and ST families are widely employed in brick-kilns, textile markets, cotton fields and tea shops, and are particularly exposed to exploitation.

Contrasting with this is the migration undertaken by slightly better off groups with more education and skills, more assets and a higher social standing. Backward Castes are heavily represented in this kind of migration, typically in small industrial units (garments, shoes and bag making, embroidery), security services, the hospitality industry, plumbing and carpentry. Although many of these jobs are in the informal sector, this kind of migration often leads to substantial remittances, asset accumulation and investment which can lead to an exit from poverty; Bihari migrants remitted Rs4.5bn in 2006 (approx US\$100M) through post offices in addition to an equal or higher amount sent through electronic transfers. Oriya migrants remitted an estimated Rs20bn in 2007.

Labour market intermediaries (agents, contractors) are important in many (especially tribal) areas. Good access to information gives them an advantage over labourers. They provide labour to an employer, but also supervise, and arrange lodgings and food, allowing them to take a heavy cut of wages as commission.

In this context of highly imperfect labour markets with high (and uninsurable) risks, it is not surprising that labourers limit themselves to proven routes/streams, and newcomers tend to go only in the company of agents or established migrants. Only where migrants have become well established in a sector (for example Rajasthani cooks in Gujarat or Oriya plumbers across western India), do they strike deals directly with employers, or become agents themselves.

Why does circular migration come about?

Current and prospective rates of job creation in Indian agriculture are poor, and the non-farm rural economy tends to grow only where agricultural growth is strong (Bhalla, 2006). For large parts of the country with unreliable farming or forest-based livelihoods, migration, with all its risks, offers better returns and better prospects for raising living standards than local employment.

But there are new 'pulls': labour intensive urban construction, manufacturing and mining, and a growing service industry attract people to distant destinations despite the risks and isolation from

family that migration poses. There are also important non-economic reasons for migration which have so far received little attention. These include escaping oppressive caste relations and restrictive family environments, and the desire to experience city life.

What are the impacts of migration?

A large number of studies have found that migration earnings are used mainly for 'consumption', i.e. food, clothing, house repairs, social events and religious pilgrimages. But this underplays their importance in improving family nutrition and reducing the need to borrow for essentials. Furthermore, new evidence shows that migration earnings are being invested in agriculture, small enterprise, education, health and housing all of which contribute to improving household wellbeing (Deshingkar et al, forthcoming). On the negative side, male migration from nuclear families can lead to loneliness and increased work burdens for women.

Costs and risks of Migration

Migrants are rarely full citizens in their place of work. In the formal context, they lose voting rights, as well as free healthcare and subsidised food and fuel under the Public Distribution System. It becomes less easy for them to access free education for their children. They are often regarded as illegal residents and may be subject to police harassment. Journeys to and from work can be hazardous, with cheating over tickets on public transport and the constant threat of theft. They also face discrimination more generally because they often belong to historically disadvantaged groups such as the Scheduled Castes or Scheduled Tribes. Furthermore, women and girls from these social groups rarely receive 'equal pay for equal work'.

Poor migrants are often employed in risky jobs – industrial accidents, exposure to hazardous chemicals, long working hours and unhygienic conditions are the norm. Especially hazardous are dyeing, other chemical industries, stone crushing, brick making, steel utensil production, and loading.

Migrants are susceptible to infectious diseases because of the very poor, crowded and unhygienic living conditions (migrants are identified as high risk group by the National Aids Control Organisation). They often face exclusionary processes that prevent them from acquiring new skills and moving up the job ladder.

Why does it merit policy attention?

Despite the contribution made by migrants to the national economy, most remain on the margins of society, contributing cheap labour but unable to influence their pay or working and living conditions, and without political voice, especially where they migrate to other states. Migrants are preferred over local labour by employers because they are cheaper, work harder and are not unionised. As migrants become one of the most important sources of labour across the country, services and support for migrant workers need to be seen as an essential investment for India's development trajectory.

Yet, governments find migration an uncomfortable topic, not least where (as in India) a powerful middle class urban electorate is opposed to it. The lack of clarity in official positions on migration – often, if anything, veering towards a denial of the contribution that migration makes to the economy and prompting efforts to 'relieve distress' in order to keep migrants in rural areas – all mean that official support for migrants is almost non-existent. Such support as there is has been devised and implemented by NGOs.

Box 1: Aajeevika Bureau’s migrant support services

The Aajeevika Bureau is a specialised initiative based in southern Rajasthan that provides services and support to rural migrants. It is amongst the largest Indian migrant support programmes covering 5 source blocks and 4 destinations of Gujarat and Rajasthan. Its direct membership is nearly 20,000 with plans to reach 50,000 by the end of 2010. The services implemented by the Aajeevika Bureau includes the following:

Identity: Although ID cards for migrants have been viewed with caution by analysts worried about their potentially exclusionary impact on the poorest migrants, the Aajeevika Bureau has experimented successfully with them in Rajasthan. Registration and photo IDs can create a powerful data base of migrant workers across the country and also create a gateway for provision of services to them. The Aajeevika Bureau ID card for migrants has been endorsed by the Government of Rajasthan and this has created a large demand for it among migrant workers. This card establishes the source address, skill and bona fides of the migrant worker.

Counselling, skill training and information: Counselling services help migrants in making more informed choices about locations, employers and markets. Aajeevika Bureau’s counselling activities cover prospective migrant workers in the construction, hospitality and retail sectors. The Bureau runs regular skill training and placement programmes for migrant youth in order to help them move up the value chain in labour markets.

Financial services and inclusion: Despite the growth of micro finance few migrants are covered because of their high mobility and inability to form stable groups. Support to savings and remittances is an obvious starting point, but new lending solutions also have to be found. BASIX and Aajeevika Bureau are presently experimenting with the creation of a financial inclusion model for inter-state migrant workers in partnership with banks such as AXIS and SBI. Given the advancement in mobile banking technology, safe remittance solutions have become possible but these are still in the early stages of development and need careful monitoring.

In a political climate of ‘denial’, policy options to support migrants might best be divided into two categories: those (probably fairly minor) that can be introduced unobtrusively, possibly as part of wider initiatives (e.g. identity cards, or support to remittances as part of a wider upgrading of bank or PO services); and those that require more concerted and migrant-specific effort (e.g. ‘remote’ access to PDS benefits, education for migrants’ children and access to health and housing), and so will require major pressure if policy is to change appropriately. The work of an innovative NGO in these areas, the Aajeevika Bureau, is outlined in Box 1.

Other models of migrant support

These fall into four broad categories, most of which have operated on a limited scale to date:

1) Social Protection: This provides subsidised services related to e.g. job information and rights awareness creation. It aims to reduce poverty and vulnerability by promoting efficient labour markets, diminishing exposure to risks, and helping the poor to protect themselves against hazards and interruption/loss of income.

The rationale here is that poor migrants cannot fend for themselves in a job market dominated by intermediaries and employers who are better informed and connected than they are. Nor can they pay for such services on a full cost-recovery basis immediately. The services provided will enable them to access better jobs and reduce the level of uncertainty and harassment that they face in the job market.

Like any subsidy approach, this kind of approach has attracted criticism for being expensive and economically unsustainable. However critics under-estimate the time that it takes to attract poor, risk-averse and uneducated workers into contributory schemes. While industrial worker costs may be borne by industry (see market based approach below) other poorer workers who migrate on a freelance basis and switch jobs rapidly may require more support.

2) Improving labour market performance: This model works with existing labour market patterns and offers services on a cost recovery basis. An example is mazdoor.org proposed by Samarthan, (a leading NGO in Madhya Pradesh) and the World Bank-funded District Poverty Initiatives Project (DPIP). This will provide skills enhancement and certification programmes, advice and information on jobs and help workers to link up with government schemes for insurance and workers’ funds. They intend to work within a market economics framework, i.e. recognising that capital and labour are highly mobile and that industry locates itself where cheap labour can be accessed, but also recognising that contracting through intermediaries means that industry does not provide workers with the welfare benefits to which they are legally entitled. Mazdoor.org plans to provide these services against payment by employers, thus keeping them within the law. A further example is provided by LabourNet, an NGO based in Bangalore which has developed a database of 4,500 migrant construction workers, with the intention of improving job information to them.

3) The Labour Union Model: This is a rights-based approach and works for better implementation of labour laws and regulation of labour flows. Some NGOs like Prayas in Rajasthan and DISHA in Gujarat believe that unionising migrant workers will go a long way towards realising their rights, improving their bargaining power in the market and preventing exploitation. Prayas has set up a union of cotton pollination workers, one of the main objectives being to regulate the supply of labour so as not to lower the bargaining power of the migrant. They have enrolled over 1500 recruiting agents or ‘mates’ and the Union has put out a charter of demands. In 2007 it set up around 16 manned check points at all the border crossings between Gujarat and Rajasthan in order to check movement of child labour. As a result, employers have offered a partial hike in wage rates and negotiations are continuing. A similar approach has been adopted by the Bandhkam Majoor Sangathan (BMS) established by DISHA in Ahmedabad. Both Prayas and DISHA also advocate for the amendment of the Inter State Migrant Workmen Act which they argue is unimplementable in its current form.

4) The Rehabilitation Model: ActionAid conducts raids on brick kilns in Orissa together with the police to release bonded migrant workers and rehabilitate them. They believe that migration of this kind is akin to trafficking, where workers are lured on false promises, often borrow money from recruitment agents which they repay through punishing work schedules, their movement is restricted at the work site and wages are well below the legal



Overseas Development Institute

111 Westminster Bridge Road, London SE1 7JD

Tel: +44 (0)20 7922 0300

Fax: +44 (0)20 7922 0399

Email: nrp@odi.org.uk

Natural Resource Perspectives present accessible information on current development issues. Readers are encouraged to quote from them or duplicate them, but as copyright holder, ODI requests due acknowledgement. The Editor welcomes manuscripts for this series.

www.odi.org.uk/nrp

Series Editor:
John Farrington

Administrative Editor:
Jojob Faal

© Overseas Development Institute 2007
ISSN 1356-9228

minimum. Women and children are also exploited in various ways and living conditions are appalling.

These models offer much promise, but for many types of challenge faced by migrants, a combination will be needed of these kinds of support together with changes in (or better enforcement of) government legislation, and in some cases more information will be required on migrants' needs.

Of critical importance is the need to reform legislation related to food, housing, health, education and social security so that migrant workers can access schemes when 'on the move'.

Access To Subsidised Food, Housing, Health And Education

Although at least three states have actively planned the provision of mobile ration cards (Rajasthan, Andhra Pradesh, Maharashtra) only one, namely Maharashtra, seems to have institutionalised the system within a small area. In addition, pressure from NGOs such as DISHA Foundation in Nashik have ensured that government resolutions are not forgotten when staff are transferred or when there is a change in government.

Education for the children of migrants, on the other hand, has been taken up more widely through e.g. the Sarva Shiksha Abhiyan and District Primary Education Programme after sustained advocacy by NGOs and donors such as the America India Foundation.

While AIDS and TB control programmes have targeted migrant populations, there is as yet insufficient flexibility in routine health services which would allow mobile populations to claim health benefits away from their normal place of residence.

Barring one or two exceptions, housing programmes aimed specifically at temporary migrants do not exist in major migrant destinations. Some benefits may accrue to migrants from the numerous slum development programmes across the country but many of these also give priority to older and well established residents.

Finally, there are still a few social security schemes that cover unorganised sector workers, including migrants. The proposed National Social Security Bill For Unorganised Sector Workers will cover many categories of migrant, but it has been given low priority and still has not been passed in Parliament.

The future

It is very likely that circular migration will continue to increase in India as an increasing population of young adults moves from rural stagnation to rapid

Endnotes

¹ To which must be added the RD budgets of the individual States plus the rural activities of roads, telecommunications, irrigation, agriculture and other departments not falling under the Ministry of Rural Development.

economic growth in other locations. In absolute terms, China and India will have the largest increases in working age populations by 2015 (88 million and 148 million respectively) (Economist Intelligence Unit, 2006).

The demand for unskilled labour will continue to increase in services, road maintenance, construction, cable networks and coastal activities where mechanisation continues to be limited despite growth. While earlier projections saw temporary migration as a precursor to permanent, and so a purely transient phenomenon, current trends indicate that a growing number of people are choosing to keep one foot in the village because of social ties, lower costs, other safety net aspects and a long term intention to pursue a better life in the village.

In sum, there is a need to understand the drivers and impacts of migration better in order to move away from the common lamenting of 'distress migration' as a destructive and impoverishing process. The first step is to recognise that policies have hitherto been inadequate. There is also a need to understand migration properly in order to manage urban development better and appreciate the poverty reducing benefits of urbanisation. Policy positions on urbanisation (such as in the Jawaharlal Nehru Urban Renewal Mission) aim to clean up urban areas without any concrete plans for providing facilities to temporary residents. Likewise a better understanding of migration would also help in the formulation of more realistic rural development strategies that recognise and support multi-locational livelihood strategies, and help people to make informed choices about where they want to work without forcing them to live off local agriculture alone.

References

Bhalla, S. (2006) 'Diversifying beyond the farm – introduction' pp152-164 in Farrington, J., Deshingkar, P., Johnson, C. and Start, D., *Policy Windows and Livelihood Futures*. New Delhi and Oxford, OUP.

Deshingkar, P., Sharma, P., Kumar, S., Akter, S. and Farrington, J. (forthcoming) *Circular migration in Madhya Pradesh: Changing patterns and Social Protection Needs*. European Journal of Development Research, Taylor and Francis.

Economist Intelligence Unit (2006), 'Labour Mobility and Migration Trends in the Asia Region', *EIU Research Paper prepared for Asia-New Zealand Foundation*.

*Priya Deshingkar is a Research Fellow at the Overseas Development Institute.
Email: p.deshingkar@odi.org.uk*

*Rajiv Khandelwal is the Chief Executive of Aajeevika Foundation.
Email: aajbureau@sancharnet.in*

*John Farrington is a Senior Research Associate of the Overseas Development Institute.
Email: j.farrington@odi.org.uk*