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INEQUALITY AND HUMAN DEVELOPMENT PROGRAMME

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NIAS Policy Brief

A Strategy for Migrant Workers

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The Covid-19 pandemic has brought sharply into focus the challenge of migrant workers in India's post-1991 development strategy. While we still do not have meaningful estimates of the number of these workers, the magnitude of their demand to go home during the pandemic points not just to the fact that there are millions of them, but also to the reality that they do not see the cities, where they have spent many of their working years, to be their homes.

The question

How does one evolve a development strategy that addresses both the humanitarian concerns of these workers as well as their critical role in India's emerging economy?

The issue

The decline in the share of agriculture, from more than half of GDP at the time of Independence to just around a sixth of India's GDP today, brings with it the challenge of absorbing tens of millions of cultivators and agricultural labourers into productive non-agricultural activities. This massive structural transformation has demanded the bridging of two very substantial gaps. The first gap is one of knowledge, between the skills of agricultural workers, usually acquired over generations, and the non-agricultural skills of industry



The family left behind in a village in Karnataka

and the city. The other gap is in the distance between the places where workers are being released from agriculture and the points where they can be absorbed in non-agricultural activities. This gap is a very substantial one in countries like India, whose sub-continental size requires workers leaving agriculture to travel great distances to find non-agricultural opportunities. The transformation required to bridge these gaps has historically been associated with substantial social upheaval, going back to the acute distress of workers in the industrial revolution. The challenge is further complicated by India undergoing this transformation in a democracy.

The findings

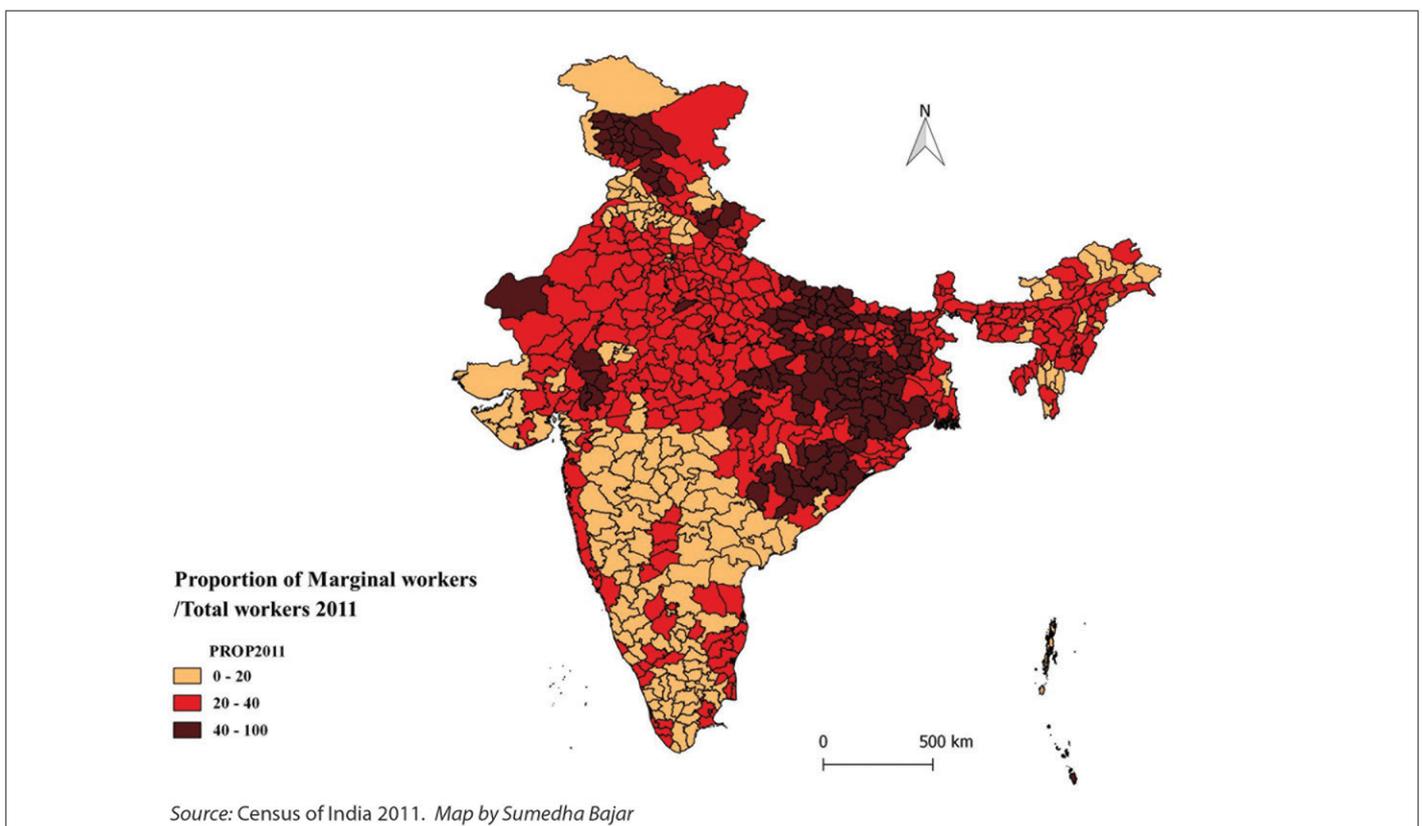
A recent study by the Inequality and Human Development Programme at NIAS, supported by Tata Consultancy Services, has brought out the magnitude of the task of bridging the knowledge and distance gaps. Even as official policy has addressed the knowledge gap through skill development strategies, many workers have found the opportunity cost of gaining formal training a significant hurdle. They have preferred to fall back on informal systems. Some of these informal systems are traditional ones, as when a young boy learns a skill from his father. Other informal systems are invented from the necessity of having to travel long distances. Young workers have been known to take their first steps towards learning specific skills when traveling to their place of work as part of a group put together by a contractor. These informal systems have proven to be quite resilient, sometimes even taking their methods into the formal sector, as when informal labour networks carve a niche for themselves in the work of formal construction companies.

The distance gap has been compounded in India, after 1991, by the declining interest of policy makers in issues related to the location of industry. Left entirely to market signals, industries have tended to locate around the more rapidly growing metropolises to the south and the west of the country. As these industries absorbed labour from surrounding areas, the cost of this labour began to rise. Industries then began to look for labour from more distant regions, often operating through contractors. At the same time, parts of northern and eastern India had seen their agriculture come under

intense pressure. With agriculture becoming less viable, a substantial proportion of workers in these regions found it difficult to find work for even six months in a year, thereby becoming what the Census of India calls marginal workers. The proportion of marginal workers to total workers in each of the districts in India thus gives us a quick indication of the regions where workers are being forced out of agriculture and cannot find alternative occupations.

In the map in Figure 1 we can see that most of the districts where marginal workers account for more than 40 percent of the workers (the districts coloured dark brown) lie to the north and east of the country. These districts tend to be concentrated in the states of Chhattisgarh, Bihar, Jharkhand, Odisha, and West Bengal. These districts are many hundreds of kilometres away from the main centres looking for workers, which are concentrated to the south and the west of the country. This distance poses its challenges even for those who seek to migrate permanently along with their families. This migration is made much more difficult by the patterns of urbanisation.

For several decades after Independence the strategy for urbanization was seen as primarily one of providing housing to those who migrated from villages to cities. In 1988 the National Commission on Urbanization recognised, quite rightly, that urban strategy needed to go beyond the challenge of housing, and begin to see cities as engines of growth. Unfortunately, when this approach became mainstream after 1991, the baby was thrown out with the bathwater.



Distribution of districts by proportion of Marginal Workers – 2011

The challenge of housing was left almost entirely to the market. As land prices skyrocketed it became increasingly difficult for workers being forced out of agriculture to move permanently to the city along with their families.

The workers responded by trying to earn in the cities while maintaining their families in their villages. Individual members of the families would typically venture out into the cities alone, often leaving their wife and children at home in the village. The effort was to earn as much as they could, and minimize spending in the city, so that they could transfer enough money to their households in the village.

The implications

The phenomenon of workers crowding into small shelters in large cities, even as they sent back as much of their earnings as they could to their families in villages, has influenced the very nature of our cities. Congested dwellings in slums have serious consequences for urban health, which the Covid-19 pandemic has only served to bring to the fore. The arrangement also ensures that these migrant workers never quite identify with the city, but remain loyal to the homes in their villages. At a personal level, the village provides a safety net to which they return whenever the urban turns uncertain. When the uncertainties arise due to the loss of a job the return of individual workers to the village would barely be noticed. But when there is a common threat, such as a pandemic or the threat of ethnic violence, a large number of these migrant workers hurry back to the perceived safety of their homes.

Such a system places economic and social burdens on India's development strategy. The costs of transportation across thousands of kilometres makes labour more expensive, thereby hurting the competitiveness of Indian products. The humanitarian costs of a permanently divided nuclear family can also affect the social ethos. At the same time we cannot simply wish such a system away. There are millions of workers leaving agriculture towards the north and the east of India who need to find non-agricultural jobs that their own states have not been able to provide. And it is doubtful if our already stressed cities will be able to immediately absorb these workers if they choose to migrate permanently to urban centres with their families.

The interventions

An effective long-term perspective would ask whether an economic strategy that completely ignores the locational dimension is sustainable. It would evaluate the costs of this strategy not just in terms of the price of transportation of workers across the country, but also in terms of the disruption to the economy and society that occurs when an unusual event, like the Covid 19 pandemic, causes an



The village as home in Bihar

exodus of workers away from manufacturing and service centres. Such a longer-term perspective would emphasize more widely dispersed urban centres that can provide non-agricultural jobs in the states that are releasing millions of workers from agriculture. Such a strategy would require policy interventions in a range of domains. It would require state governments to work out effective urbanization strategies of their own. The effectiveness of these strategies would, in turn, depend on the access of state governments to national resources, as well as their ability to offer incentives to attract investment. Such a change would be far-reaching and would require a substantial shift in the current policy paradigm.

In the immediate future it would be more realistic to improve the efficiency of the current practices based as they are on long-distance mobility. The practices would need to be made more economically efficient as well as humanitarian. In particular, the following policy initiatives could be considered:

- 1. Hostels for circular migrants:** An immediate concern for workers moving alone to urban centres is the need for shelter. As providing ownership rights of even small houses in our cities would bring in the real estate dimension, the focus would have to be on providing rental accommodation. This could be met by the creation of hostels at affordable rates. This arrangement would also be consistent with the temporary nature of the employment of migrant workers. The creation of these facilities would result in workers living in conditions that are far better than the slums they are currently forced into. This would also have a positive impact on public health.
- 2. Accessible public health facilities:** The continuous mobility of these workers impedes their access to public health. These workers can be expected go back

to the safety net of their home when they face a serious illness. But when they are in the city they need access to medical facilities for unexpected illnesses. A public health system that is based primarily on insurance is typically unable to provide this support, especially when the patient does not need to be hospitalized. An efficient network of local urban clinics would be better suited to address the immediate health concerns of migrant workers.

3. **Access to the Public Distribution System:** The Public Distribution System being designed to meet household needs is not particularly sensitive to the requirements of the migrant worker. Nowhere was this clearer than in the phenomenon of migrant workers whose households have ration cards not being able to access rations during the lockdown to fight the Covid 19 pandemic. The technology exists to enable workers to access their rations from anywhere in the country. There is a need to implement it on a scale that makes it meaningful.
4. **Transport:** Once it is recognized that these workers will necessarily move long distances from work to home, efforts must be made to provide low cost train services to them. This may seem to be a burden, but there could be ways of compensating the railways if the lower costs of travel lead to lower costs of labour, and hence improve the competitiveness of the final product.
5. **Flexible training:** Workers cannot afford the time they spend in formal training centres when they have the

opportunity to earn a wage at the same time. This trade-off could be avoided if formal skill training is provided at times when no work is available. One way of doing so would be to use mobile training centres that visit villages in the evening.

6. **Talent scouting at the village:** The mobile training centres could also be designed to identify talent at the village level for specific skills. This will enable tapping talent that may not be best suited for their family occupation or for the social network that finds jobs for youth in the village.
7. **Rural-urban job information networks:** A computerised system of registration for companies needing workers, for individual workers, and for networks of workers, can help bridge any information gap that might exist between the demand for workers in cities and the demand for work among workers in villages.

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