

Migration and Informality

Alakh N. Sharma

Dhruv Sood



**Institute for Human Development
NIDM Building, 3rd Floor, IP Estate
Mahatma Gandhi Marg
New Delhi-110002**

Outline

1. Literature Review

- **Why people migrate/**
- Secondary Data Trends in India
- Impact of Migration- problems with using secondary data

2. Sample characteristics & Descriptive Analysis:

- Definitions used: Migrants and Informality
- Migrants vs Non-migrants: Descriptives
- Process of Migration: origin, reasons and financing migration.
- Migration and the labor market: informality, education work type and absorption into vulnerable occupations
- Conditions of migrants: Housing, basic amenities & social protection
- Impact of migration and remittances

3. Research Questions and Specification:

- **Aim/Specification**
- **Preliminary Results**

4. Areas of future analysis being looked into.

Why People Migrate? : relatively understudied

topic.

- Labour migration is an important livelihood strategy and may have considerable impact on individuals, households and regions.
- Migration in India reflects household subsistence strategies in the face of social, cultural, demographic as well as economic constraints.
- Also a reflection of better off HHs seeking better opportunities
- It is also influenced by the demand for migrant workers and by (uneven) development patterns
 - uneven development main cause of seasonal migration.
 - In tribal regions, intrusions of outsiders, displacement and deforestation contributed significantly.
- Migration literature distinguishes between push and pull factors.
 - push factors-when workers in source areas lack suitable opportunities or are forced out due to various reasons (social constraints, natural calamities,deforestation)
 - pull factors- when workers seek improvement due to better opportunities outside the native region
- Shortage of local labor may be seen as important reason for labor migration, but employers may prefer migrant labor for reasons of labor control and wage-cost reduction.
- May be involuntary (push) – people in debt can use earnings from migration to pay off debts.
- There have been theories of migration like the HT model/Lucas which model migration as a result of wage differentials but reasons are likely to be

Trends and Patterns from Secondary Data

(secondary data)

- In 2001, 67.2 % of population lived in rural areas and 32.8% in urban
- people in urban areas as percentage of total population increased from 17.3% to 32.8% between 1951 and 2001
- In 2001- 32% of population can be called migrants.
- NSS 2007-08 estimates it to 28.6%
- Census show migration rate declining from 1981-1991 and stagnant from 1991-2001, however NSS data shows increase in migration rates in recent years
- migration for economic reasons has shown in increase both NSS and census.
- Migrants looking for employment mainly migrate to urban areas
- Female migrants usually migrate shorter distances as compared to males (same-district 61.4%-rural, 42.5%-urban)
- 78.3% males and only 2.4% females migrate for economic reasons (most migrate as part of marriage)
- Interstate migration is very high in poorer states – 61.8% in Bihar and 54.8% in Jharkhand.

- Rural migrant finding tougher to find permanent place in cities
- Out migration first time reported in NSS 1999-00
- In-migration data mixes both seasonal and permanent
- 64th round considered people who stayed away from UPR for work or seeking work for a period b/w 1 to 6 months as short duration out-migrants providing further they had stayed away for more than 15 days in any one spell.
- Rough estimates show that about 30 to 35 million laborers- almost half of casual laborers outside agriculture and 1-% of agricultural laborers could be seasonal migrants.
- Hence, permanent migration may be biased towards better off groups, but most seasonal migration is done by poorest and in the informal/unorganized sector.

Trends and Patterns: contd.

- Migration biased towards urban areas, better off groups and more developed states
- Surveys suggest decline in short duration migrants, suggesting cities become more hostile to poorer migrants. However, this may be not due to less migration but due to more seasonal and circulatory migration
- Among in-migrants, NSS finds about 39 million poor workers whose consumption levels are in bottom three quintiles.
- In 1991, 3% of migrants were short duration, which fell to 2.8% in 2001.
- NSS 64th round found about 15.2 million short duration out-migrants
- More likely to be from socially deprived, poorer groups, low education and mostly engaged in casual work.
- 36.2% in construction, 20.4% in agriculture related sectors, 15.9% in manufacturing.
- Outmigration high in rural areas of central and tribal regions like Andhra, MP; eastern India such as North Bihar; Jharkhand, parts of Orissa and Eastern UP.

Impact of Migration

- Migration enables migrants to maintain subsistence even if under very adverse conditions or even improve living.
- Impact could be positive or negative:
 - Positive Impact:
 - remittances or savings primary channel of improvement
 - In 2007-08 out of 27% of HHs that report outmigrants, 33.9% received remittances.
 - Impact of remittances is higher in poorer, heavily outmigrating states like Bihar, UP and Orissa where % of HHs receiving remittances are 18.6,16.3 and 14.6 respectively.
 - However proportion of HHs receiving remittances and amount of remittances increases in higher consumption quintiles.
 - Negative Impact:
 - Working conditions deplorable for migrant laborers, inadequate provision of housing/basic amenities, exploited by employers as they are considered cheap and easily disciplined labor
 - Temporary status makes PDS and other programs out of reach, and hence have to spend more on food.
 - Conditions could lead to sickness and adverse health
 - when migrating with children opportunity to education may be sacrificed
 - -when men go alone, it could influence participation of women in economy and increased decision making. However, patriarchy and bias restrict their autonomy, leading to women from poorer HHs entering labor market under adverse conditions.
 - When families migrate, educational chances of children reduce
 - Elderly people left behind have to cope with additional responsibilities and fend for themselves
 - Remittances mainly used for consumption, repayment of loans and meeting other social obligations

Problems with using secondary Data

Some Problems:

- difficulty in defining a migrant: permanent, semi-permanent, temporary/seasonal, attachment to origin.
- could lead to underestimation of temporary, seasonal and circular migration
- Data relate to population and not worker mobility, while theories are primarily about labor migration
- Definitions used are are not employment related
- give only main reasons, while secondary reasons could be masked
- family members may say migrating because HH decision but end up joining workforce.Hence, masked.

Our data: micro level: collected in Ranchi and Delhi.

Sampling strategy.

Socioeconomic Characteristics of the Sample:

- Data collected in Delhi and Ranchi
- Total of 14750 individuals and 3000 HHs
- 9513 in Delhi & 5237 in Ranchi
- 2000 HHs in Delhi
1000 in Ranchi

Socio-Economic Characteristics	Delhi	Ranchi	All
Sex Ratio	800	971	811
Dependency Rate	48.60%	53.40%	50.30%
Work Participation Rate	44.50%	44.50%	44.50%
Female Work Participation Rate	11%	18%	12%
Male Work Participation Rate	72%	70%	71%
Average age in Sample	26	26	26
Average Annual per-capita Income per HH	31446 Rs	19026 Rs	27339 Rs
Social Groups			
ST	1.07	33.78	12.68
SC	34.63	7.29	24.92
OBC	24.62	42.43	30.94
General	39.68	16.5	31.45
Religion			
Christian	3.46	11.06	6.16
Sikh	2.34	0.23	1.59
Muslim	11.96	17.32	13.86
Hindu	81.82	51.38	71.02
Sarana	0.06	19.95	7.13
Others	0.35	0.06	0.24

Migrants and Informality

Definition of Migrants:

For Individuals: All individuals living in the city for less than 10 years are taken as migrant individuals.

All households with at least one migrant worker in it are considered as Migrant Households

Based on our definitions, the percentages of migrants and informal workers in sample:

	Delhi	Ranchi	Total
Migrant Individuals	8.50%	8%	8.40%
Migrant Households	16%	12%	16%
Workers in Informal Sector	69%	67%	68%
Informal workers to Total workers	86%	87%	86%

Some characteristics of Sample w.r.t Migrants vis-à-vis Non-Migrants:

1. Although percentage of female migrants is found to be quite high in both Delhi and Ranchi, on further analysis it is found that only 16 women, 12 in Delhi and 4 in Ranchi were from households where the male was not already migrating.

2. Migrants to Delhi are mostly of working age. While the same holds true for Ranchi, the proportion of dependents is higher here suggesting more people migrate to Ranchi with families.

-This may be due to the lesser costs involved with migrating to Ranchi.

3. Substantial migrants in both Delhi and Ranchi are either illiterate or studied only upto Secondary school (class-10)

-This suggests that migrants of limited skill and may be absorbed more in informal activities.

	Delhi		Ranchi	
	Migrant	Non-Migrant	Migrant	Non-Migrant
Male	53.35	55.81	51.51	50.67
Female	46.65	44.19	48.49	49.33
Age Groups				
Below 5 Years	2.62	8.71	5.08	10.9
6-14 years	16.41	22.92	24.91	20.17
15-25 years	25.84	23.85	24.16	25.94
26-60 years	54.95	41.64	44.03	38.4
61 years and older	0.19	2.88	1.82	4.59
Education				
No formal education	23.49	27.22	21.55	31.06
Upto Primary	18.94	18.48	19.36	17.78
Upto Secondary	36.12	34.32	41.6	32.09
Upto Senior Secondary	10.32	10.18	9.94	8.61
Graduates	9.16	7.97	5.74	5.73
Technical or Vocational	1.97	1.83	1.82	4.74
Social Groups				
ST	1.01	1.28	25.14	34.33
SC	28.31	34.44	5.6	7.31
OBC	29.35	25.07	45.48	42.31
General	41.33	39.2	23.79	16.04
Expressed in %				

Process of Migration

Origin of Migration:

+ Most of migration is inter-state (from outside state) and in particular from rural areas.

-The levels of within state and within district migration in Delhi is minimal and if at all then understandably only from urban areas (these may be from areas surrounding UT of Delhi)

- Ranchi within state levels are at reasonably high levels

	Delhi	Ranchi	Total
Within District			
From Urban	25	25	50
From Rural	7	67	74
Within State			
From Urban	9	25	34
From Rural	5	107	112
Outside State			
From Urban	94	70	164
From Rural	666	137	803
Total	806	431	1237

Process of Migration

- **Reasons for migration:**
- -About 81% of migrants who are either currently working or unemployed migrated to the cities in search for better employment.
- For males, 86% of these workers/unemployed migrated looking for a better job while this is only 46% for women.
- 41% of women workers/unemployed migrated as it was the HHs decision to migrate.
- -While in Ranchi most women too migrated because in search of jobs, in Delhi most women migrated as it was the HHs decision.

Process of Migration: Financing Migration

Financing Migration	Delhi	Jharkhand
Own Savings	45.31	68.84
Borrowed	4.55	3.46
Family supported	44.6	20.08
Friends/relatives support	3.74	5.54
Contractor/agent	0.36	1.38
Others	1.44	0.69

- + Most migrants in Ranchi financed their migration through their own savings.
- + For Delhi, family support in financing migration is equally important.
- This may be because of costs involved in migrating to Delhi, and in initial settling down is likely to be much higher than in Ranchi

Migrants and the Urban Labor Market

- 86% of migrants in Delhi are informally employed while 83 % are so in Ranchi
- However the figures for those employed in informal sector are 61% and 59% respectively
- Suggests that even when employed in formal sector migrants are generally informally employed
- **Informality and income:**
- It can clearly be seen that out of the migrants employed informally, almost 70-75% are in the lower quintiles for average monthly income.
- While for the few migrants who get formal jobs, majority have income in the topmost quintile.
- Thus, we can suggest that most migrants get absorbed into informal employment and receive low average monthly income.
- Migrants are earning about 1000 Rs a month less on an average than Non-migrants in Delhi. However, surprisingly in Ranchi, migrants seem to be earning about 1400 Rs a month more on an average.
- Because non-migrant population in Ranchi have lower education levels than migrants and greater tribal concentration in their distribution.

	Delhi		Ranchi	
	Informal	Formal	Informal	Formal
Q1+Q2+Q3	69.78	11.26	75.59	4.2
Q4	19.4	15.67	18.99	8.4
Q5	10.82	73.07	5.42	87.4
Quintiles based on avg monthly income of worker				

	Migrants in Lower 3 income quintiles	Migrants in upper 2 income quintiles
Formal Workers	2.5%	68%
Informal Workers	97.5%	32%

Migrants and the Urban Labor Market contd.

- **Education and Absorption in Labor Market**
- There seems to be a clear link between education/skill level and absorption into the informal labor market.
- Most informal migrant workers have studied only upto secondary school while for formal workers are mostly graduates or at the very least secondary school and above

Education and Informal Migrant Workers			
		Informal	Formal
No Formal Education		19.8	7.14
Upto Primary		16.71	2.38
Upto Secondary		41.68	17.49
Upto Senior Secondary		11.75	13.05
Graduates		8.1	43.3
Technical or Vocational edu		1.96	16.65

Migrants and the Urban Labor Market contd.

- Most workers are regular salaried workers
- Casual labor migrants also significant in Ranchi
- More non-migrants are own account workers than casual labor in both cities

Type of worker	Delhi		Ranchi	
	Migrant	Non-Migrant	Migrant	Non-Migrant
Own Account Workers	21.06	30.2	19.55	28.31
Regular Salaried	57.1	46.94	44.14	44.39
Casual Labor	21.33	21.78	33.52	25.9
Others	0.51	1.08	2.79	1.4

Vulnerable Occupations for informal migrant workers:

Defined as occupations where more than 40% workers are in lower 3 quintile groups.

Vulnerable Occupations	% of total
	migrant workers
Service workers and sales workers	1.80
Artisans, Craft and related trade workers	4.30
Sales man or shop assistant	12.70
Shop keeper	2.30
Construction labour, skilled and unskilled	27.20
Mechanic	4.80
Sweeper	2.00
Peon, attendants, guard and caretakers	3.80
Street vendors	11.50
Domestic helper	5.90
Caretakers, porters and related activities	2.30
Driver	5.60
Rikshaw Puller and cart puller	3.30
Non-vulnerable occupation	12.50

Only 12% of all migrants informally employed are in non-vulnerable occupations

Housing and Basic Amenities

- 66% of migrant HHs live in rented accommodation while 32% have their own accommodation.
- However, for non-migrants the trend is completely opposite with almost 80% having their own accommodation.

Table gives a snapshot of the living conditions of the migrants in Delhi and Ranchi:

Housing

-In Delhi most migrants live in pucca housing while in Ranchi 47% live in semi-pucca houses which have at least either one wall or ceiling of bricks.

Basic Amenities:

-While in Delhi public taps are the most popular source of drinking water, in Ranchi most people have own dug wells or tanks.

- most migrant HHs as compared to non-migrants in Delhi or in Ranchi do not have exclusive toilets and either share with other houses(Ranchi) or have no toilet within house(Delhi)

-Most migrants do not have separate kitchens within houses vis-à-vis non-migrants.

	Delhi		Ranchi	
	Migrant	Non-Migr:	Migrant	Non-Migra
Type of House				
Thatched	1.14	2.15	2.6	2.81
Bamboo	2.42	1.88	11.96	24.37
Semi-Pucca	36.05	33.89	47.31	46.51
Pucca	60.4	62.09	38.13	26.31
Source of Drinking Water				
Public handpump-tubewell	13.28	18.46	17.33	25.88
Tap in Dwelling	25.34	25.72	15.95	16.4
Own dug well/tank	3.63	8.86	37.26	31.19
Public dug well/tank	1.02	2.86	12.13	9.74
Public tap	56.73	44.11	12.13	16.45
Pond,river,stream	n.a	n.a	5.2	0.33
Toilet Facility				
Exclusively used by HH	34.03	44.09	24.09	36.2
Shared with other HH	20.09	15.75	52.51	33.01
No toilet within house	45.88	40.16	23.4	30.79
Separate Kitchen in house				
Yes	35.66	50.17	37.61	47.9
No	64.34	49.83	62.39	52.1
Expressed in %				

Migrants and Social Protection

Life and Health Insurance

- Employer provided social protection is understandably minimal as informal workers are defined as those who do not get any social protection
- Workers have option of taking own life insurance and health insurance among other schemes.
- About 22% of migrants in Delhi and Ranchi opt for Life Insurance
- While Health insurance is taken up by 7.47% of workers in Delhi

Social protection for informal workers:				
	Delhi		Ranchi	
	Migrants	Non-Migrants	Migrants	Non-Migrants
Life Insurance	21.92	28.73	22.71	15.56
Health Insurance	7.47	10.28		1.02

Migrants and Social Protection contd. : PDS

- **Public Distribution System:**
- As we can see most Migrant HHs do not have access to PDS as they have no Ration card- 70% in Delhi and 91% in Ranchi
- Out of the people who do have access to the PDS the majority of people suggest that they are not satisfied with the services of the PDS (60% in Delhi and 70% in Ranchi)
- Comparatively less non-migrants are excluded from the schemes in both cities
- Suggesting that temporary status of workers halts them from reaping benefits.
- If we look at migrant informal workers distributions are extremely similar.

Type of ration card				
	Delhi		Ranchi	
	Mgrant	Non-Migrant	Migrant	Non-Migrar
Antodaya card	0.88	4.1	2.6	7.79
BPL card	19.72	32.8	1.73	16.02
APL card	10.13	26.79	4.33	16.68
No card	69.27	36.31	91.34	59.51
Satisfied with PDS?				
Yes	39.05	37.43	30	44.17
No	60.95	62.57	70	55.83

Impact of Migration

a. Remittances:

- +31.42% of migrants in Delhi and 21.33% in Ranchi sent remittance back to place of origin over the past year.
- +Out of the migrants remitting money from Delhi, about 65% have been living in Delhi for 8 or 9 years suggesting that income stability and sufficiency is gained only after a few years of migration.
- +Although even in Ranchi the biggest group remitting money have been living here for 9 years, there are sufficiently high remittances from more recent migrants.
- This could be because of the differences in cost of settling in Delhi vs Ranchi as well as most migrants into Delhi not being able to immediately obtain a stable /sufficient source of income.

Years since migration	Delhi	Ranchi
1	n.a	12.99
2	1.56	6.49
3	3.78	9.74
4	3.71	12.99
5	5.71	6.49
6	8.83	6.49
7	9.43	12.99
8	32.67	9.74
9	34.3	22.08

Impact of Migration contd.

b. Amount and Use of Remittances:

- + Most people in both Ranchi and Delhi sent remittances between Rs 2000-5000.
- More people in Delhi sent higher remittances which is understandable as income levels would be higher.
- Both in Ranchi and in Delhi the main use of remittances is for basic consumption needs of the HHs suggesting the dependence of HHs on migration for subsistence.
- However, while in Delhi the second largest use is on education, in Ranchi it is on health care. This maybe due to worse conditions of living faced by migrant workers in Ranchi leading to more sickness and worse health.
- May also be due to lack of educational opportunities due to lower income.(needing children to work)

Amount of remittance sent during last one year-Cash (Rs.)	Delhi	Ranchi
0 to 1000	4.57	9.74
1001 to 2000	12.81	19.48
2001 to 5000	25.11	29.22
5001 to 10000	22.89	25.97
10001 to 20000	22.78	12.34
20001 and above	11.84	3.25
Main use of Remittances		
Basic consumption needs	81.01	74.67
Education of children	10.64	6.49
Health care	4.93	15.59
Purchase of land/productive asset	2.29	n.a
Repair of house	1.14	n.a
Payment for labour etc.	n.a	3.25

Impact of Migration

c. Perceptions of Household:

- In Delhi, majority HHs feel that their incomes are just about adequate for food, rent and health care while insufficient for sending remittances.
- May reflect higher costs of living in Delhi
- In Ranchi majority feel that their income is more than sufficient for food, while about 30% feel their income is more than sufficient for health care and 40% for rent.
- Again HHs feel that income is insufficient for sending remittances
- The figures seem to suggest that most HHs feel that their income may be just about adequate but not overly comfortable.

:

Was HH income sufficient for food?		
	Delhi	Ranchi
More than sufficient	22.75	75.16
About adequate	64.87	21.6
Insufficient	12.38	3.24
Rent ?		
More than sufficient	15.49	38.94
About adequate	54.57	40.71
Insufficient	24.81	19.08
Donot know	5.14	1.27
Health care?		
More than sufficient	15.29	30.24
About adequate	63.71	41.9
Insufficient	20.55	26.78
Donot know	0.45	1.08
Is HH income sufficient for sending remittances?		
More than sufficient	1.6	14.19
About adequate	18.42	13.98
Insufficient	50.76	57.86
Donot know	29.22	13.98

Conceptual Framework: Research Questions and specifications:

- Aim: To judge the reasons for absorption into the informal sector.
- Assume education to have a strong role in probability of getting a job in the formal sector
- Estimate the role played by factors like Caste, Age/Experience, initial HH assets, gender
- Simple Linear Specification used:

$$\begin{aligned} \text{informal} = & \text{educationlevel} + \text{Age} + \text{Agesquare} + \text{Male} + \text{Caste dummies} \\ & + \text{Work type Dummies} + \text{initial assets of the household} \\ & + \text{MigrantStatus} + E \end{aligned}$$

-interaction terms explored but insignificant

VARIABLES	(3) informalsec
age	0.00972 (0.0187)
agesq	-0.000168 (0.000254)
male	-0.0282 (0.0636)
education	-0.0105* (0.00624)
SC	0.112* (0.0581)
ST	-0.117 (0.0832)
OBC	0.0297 (0.0530)
Years of migration	-0.0467 (0.0464)
Assets category	-0.0398** (0.0189)
Household Size	0.00464 (0.0120)
Own account worker	0.522*** (0.0675)
Employer	0.287 (0.261)
Wage Workers	0.496** (0.211)
Casual Labor	-0.0118 (0.0570)
Whether spoke language before migrating?	0.0628 (0.0535)
Married	-0.00965 (0.0353)
Rural	0.0561 (0.0547)
Constant	0.530 (0.326)
Observations	436
R-squared	0.247
Standard errors in parentheses	
*** p<0.01, ** p<0.05, * p<0.1	

Initial Results:

- + Education level as expected is significant and negatively correlated to probability of informal sector work
- + Caste seems to play a significant role in the probability of absorption into the formal sector
- + Own account workers & wage workers are more likely to be in the informal sector
- + Initial assets are significant and negatively related to possibility of informal sector absorption
- + exploring other specifications

Incomplete Work: Other areas of analysis being looked into:

- Factors that determine decision to send remittances**
- Analyzing the differences in occupations, education levels, income and social groups between migrants in the upper income quintiles vis-à-vis migrants in the lower income quintiles.**
- Also analysing these differences in terms of formal vs. informal sector and formal vs. informal employment**
- Overall policy implications for development and well-being**