Determinants of migration from Rural to Urban India by the Labourer- An Overview

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Abstract
Migration is often termed as a movement from one place to another but the movement basically influenced by lots of socio-economic factors which vary country wise or region wise. Normally it is assumed that people are moving for economic reasons but this may not be the only reason which affects the migration decision. The paper tries to highlights on the probable cause of migration and its overall impact on both sending areas as well as receiving areas.

Keywords: Migration, labour, rural area and urban area

Introduction
Migration is a form of movement from one place to other due to varieties of reasons. The decision to migrate involves ‘push factors’ which force migrant out of the rural areas as well as ‘pull factors’ who attracts migrants to urban areas. The earlier model developed by Harris and Todaro (1976) explains rural-urban migration as a response to the expected rather than current income differential between rural and urban areas. In other words, workers will continue to migrate from rural to urban areas until wages they expect to earn in urban areas are equal to the wages they expect to earn in the rural areas. Numerous empirical research have built on this foundation to examine individuals’ motivation to migrate from rural to urban areas and majority reveal that the primary motivation is indeed economic considerations (Connell et al 1977, Baril et al 1986).

Review of Literature:
Some studies indicate that economic push factors (for example lack of rural credit, unemployment, lack of land, general rural poverty) are most important while others suggest that economic pull factors (e.g. perception of high wages from urban employment) are predominant. A number of other motivations for rural-urban migration including educational opportunities offered in urban areas, marriage and joining the family already at the destination are cited in the literature. Also, a few studies suggest that rural-urban migration is facilitated by the concentration of migrants of same origin in the destination city (Mora & Taylor, 2005).

Gugler and Flanagan (1978), Fields (1975), and Kelly and William (1984) suggested an inclusion in the Harris-Todaro model of the differential access to information for rural workers and urban residents, the cost of living, and education levels when computing the probability of a migrant securing an urban job. Corden and Findlay (1975) focused on capital mobility (i.e., workers moving to places where capital is more productive) as a major determinant of labour migration. In general, all the authors agreed on the basic Todaro hypothesis that wage differentials guide rural-urban migration.

Developing countries that face urban unemployment and poverty mainly due to high rural-urban migration rates, have tried to solve the problem by employing three types of policy.

First, a shadow pricing policy attempts to equate marginal rates of substitution in consumption in both sectors by granting wage subsidies to urban firms that agree to reduce the wage, paid to their workers, to the rural wage level (Harris-Todaro, 1970; Sabot, 1979). This policy is equivalent to giving production subsidies to the agricultural sector in order to equate the marginal rate of production in both sectors (Baghwati and Srinivasan, 1974). Second, restricting the flow of labour migration to cities had been applied in many LDCs, but with only short term positive results. This policy also raises questions concerning civil liberties. Finally attempts have been made to implement labour intensive projects in cities to reduce urban unemployment and poverty. These have only led to more rural-urban migration because rural workers interpreted them as signals of higher probabilities of obtaining urban jobs (Todaro 1969).

Reasons For Migration:
Based on the literature study we can broadly classify the following factors as the main reasons causing rural urban migration:

Economic Factors
There are many factors that cause voluntary rural-urban migration, such as urban job opportunities; housing conditions; rural land tenure and inheritance patterns; rural social structure and cultural values; among other factors. Rural inhabitants see and hear success stories about people that leave their community and move to cities, which
also act as incentives for out-migration. Incentives for outmigration may be distorted, thereby creating excessive urbanization. Therefore, rather than targeting the migration itself, it is preferable to focus on the causative factors.

Lack Of Income Generating Opportunities In Rural Sector:
Rural inhabitants, when presented with options of earning a living other than from farming, and which may not be as demanding or are financially more rewarding than farming, are very likely to accept the change. Depending on the country, farming offers only seasonal employment, not providing sufficient income to sustain the family households for an entire year. In many developing countries, farming is not looked upon with as much respect as, for example, a low level white collar job in the city. For many, farming is seen as strenuous, back breaking work. Consequently, policies that do not provide rural inhabitants with viable economic alternatives will likely lead to migration, creating problems of over urbanization in the cities. As long as there is an income differential, people will always move to where there is a greater income.

Poverty is still one of the most serious problems in the world. Many existing development policies take poverty alleviation into consideration, which has led to much economic advancement.

In an agricultural based economy, where poor residents lack access to resources and there is a high level of inequality and an inequitable distribution of assets, non-farm labour becomes an important source of income for the poor. Especially in the cases of small farmers and non land owners who account for the majority of agricultural labourers, there is a heavy dependence on the rural labour market for a huge portion of their incomes. How the rural labour market functions and the wages being offered, have an important impact on the state of poverty in all countries of the developing world.

Urban Job Opportunities
According to the Todaro model, rural migrants may not find employment immediately upon arrival in the city, and when they do, there is a high likelihood that their wages will be lower than they expected, resulting in lower than expected income. Educated and skilled immigrants may not have to wait as long as unskilled migrants to find jobs, since often their skills are in demand in the urban sector. However, migration of skilled personnel is a further reflection of inadequate policies as this further weakens the potential of rural areas to develop.

Social Factor
Rural – urban migration has a very important socio economic implication. Movement of the people can increase the cash flow towards rural sector and thus reduce the income inequality. Not only have that, this enhanced income can increase the purchasing power of the family members of the migrants. Migration also brings women empowerment as most of the migrants are male, due to their long absence from the household; women become the major decision maker.

Health, Education & Finance Factor (HEF)
Although socio – economic and political factors are most important dimensions of migrations, still some other factors like health, education and finance (HEF) also contributes significantly in this aspect. It is true that healthcare facilities has improved in India, but mostly it remains urban centric. The recent Annual Health Survey Bulletin 2010 – 11, highlights that in some of the indicators like Infant Mortality Rate (IMR), Neo – natal Mortality Rate (NNMR), Maternal Mortality Rate (MMR) and Crude Death Rate (CDR) are significantly higher in rural areas than urban areas. This has happen because of lack of healthcare facilities in the rural sector. If people decide to migrate, they can avail better healthcare facilities in the urban sector as compared to rural counterpart.

Migrants are generally from the top end of the distribution of the population in the country of origin, per health status. Since migration is a process with costs, both monetary (e.g., fees paid to enter in a country) and non-monetary (e.g., separation from social and cultural networks of origin community), only those expecting high benefits from migration are able to afford the move. Being healthier is associated with a higher probability of success in the destination labour market, and, therefore, a natural dimension influencing individuals’ decision to migrate. The argument of selectivity is defended, not only by all the studies previously mentioned, but also in the cases of Spain by Hernandez-Quevedo and Jimenez-Rubio (2008), of Australia by Chiswick et al. (2006), and of United Kingdom by Norman et al. (2005). In Chiswick et al. (2006) the evidence shows that selectivity

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also occurs among different types of immigrants, and the healthiest are those who come due to economic purposes. For Norman et al. (2005), the main conclusion obtained from the data is the inverse relationship between health selectivity and deprivation in origin locations: healthier immigrants come from more deprived communities. Because distance may also be a symptom of cost to move, Jasso et al. (2004) found that immigrants from closer source countries tend to be less healthy than those from more distant origins. Selectivity on health may also be present in internal migration, as seen by Halliday and Kimmit (2008) for the case of the United States, and by Lu (2007) and Muhidin et al. (2007) for Indonesia.

The last reason in the literature for convergence relates to access to medical services, this is a negative argument. Even if migrants move to countries and communities where the supply of health care services is better than at origin, they may lack access to it. The barriers in access may be formal, when public health care providers are limited and migrants’ jobs may not provide health insurance (e.g., Fennelly, 2005, for the case of United States); or informal, due to language and cultural differences, or the fear of being detected in the case of irregular immigrants (e.g., Kennedy et al., 2006; Van Houtven et al., 2005; Fonseca et al., 2007).

Level of education is one of the important criteria for economic development which is still not very strong in rural India. The latest census data 2011 (Provisional Data), shows that 68% of the total rural population is educated as compared to 84% of the urban population. Another issue is higher dropout rate in both urban as well as rural areas. The reason for this higher dropout rate can be explain in terms of -

1) Lack of available infrastructure in each and every villages of the district,

2) Cost of school education

3) Lack of income which can’t supplement for children education

The major initiative in this regard was the nationalization bank to provide finance to priority sectors, specially, agricultural sector. Since 1965, till date Indian banks (both scheduled commercial banks and private sector banks) expanded rapidly so as to provide basic banking facilities to the needy segment of the society.

If we try to find out the root cause of migration, we see that people migrate to compensate the income loss in the rural sector. Now, if we want to restrict rural – urban migration, one important criteria would be to engage them in non – farm activities, so that they can maintain the same standard of living when their agricultural source of income decreases. This generates the concept of development of entrepreneurship model for these rural poor. If we able to develop a skill building program suited to their existing skills, it will always improve the confidence level of the poor and thus enhance their livelihood. But this requires adequate amount of finance, which the poor people failed to get from commercial banks or other authorized financial institutions as they think that poor are not bankable. No other option left for these poor is to depend on rural moneylenders and ultimately falls into the poverty trap. Sometimes, to finance the cost of migration they take loan from these moneylenders, with the expectation that they will repay the loan, after migration, where opportunity of getting a job is higher. But due to lower wage rate in the urban informal sector, they never able to repay the loan and their conditions deteriorate further.

Providing finance is one of the important factors to increase the income opportunity of the poor people. The major problem that the policymaker faced that the rapid growth in urban sector, significantly contributed in the rapid expansion of urban poor. Out of 35 – 40% urban poor, only 0.01% has the banking relationship, but they contribute nearly 68% of the India’s GDP.4

This expansion of social banking concept is phenomenal as far as growth is concerned, although this data does not includes co-operatives banks, co-operative societies, and numerous primary agricultural societies. Otherwise the reach of the banking sector is far more robust and financial inclusion seems to be achievable. But it is not adequate in terms of providing banking facilities to target groups.

4 Reaching the Other 100 Million Poor in India, Case Studies in Urban Microfinance, by Sudha Krishnan, Center for Microfinance.
Bank Group and Population Group wise Number of offices of Scheduled Commercial Banks - March, 2009:

<table>
<thead>
<tr>
<th>Bank Group</th>
<th>Population Group</th>
<th>Rural</th>
<th>Semi-urban</th>
<th>Urban</th>
<th>Metropolitan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI &amp; Associates</td>
<td></td>
<td>5562</td>
<td>4858</td>
<td>3407</td>
<td>2931</td>
<td>16758</td>
</tr>
<tr>
<td>Nationalized Banks</td>
<td></td>
<td>13388</td>
<td>8732</td>
<td>9487</td>
<td>9177</td>
<td>40784</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td></td>
<td>4</td>
<td>4</td>
<td>53</td>
<td>234</td>
<td>295</td>
</tr>
<tr>
<td>RRBs</td>
<td></td>
<td>11636</td>
<td>2833</td>
<td>823</td>
<td>100</td>
<td>15392</td>
</tr>
<tr>
<td>Other Scheduled Commercial Banks</td>
<td></td>
<td>1114</td>
<td>2664</td>
<td>2841</td>
<td>2591</td>
<td>9210</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>31704</td>
<td>19091</td>
<td>16611</td>
<td>15033</td>
<td>82439</td>
</tr>
</tbody>
</table>

Source: Branch Banking Statistics, Volume 4, March 2009, RBI.

Earners Having a Bank Account-2007 (% of total Earners):

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>Urban</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 50,000</td>
<td>34.1</td>
<td>26.8</td>
<td>28.3</td>
</tr>
<tr>
<td>50,000 – 1,00,000</td>
<td>75.5</td>
<td>71.2</td>
<td>73</td>
</tr>
<tr>
<td>1,00,000 – 2,00,000</td>
<td>91.8</td>
<td>87.4</td>
<td>89.9</td>
</tr>
<tr>
<td>2,00,000 – 4,00,000</td>
<td>95.5</td>
<td>93.6</td>
<td>94.9</td>
</tr>
<tr>
<td>&gt;4,00,000</td>
<td>98.0</td>
<td>96.3</td>
<td>97.6</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td>61.7</td>
<td>38.0</td>
<td>44.9</td>
</tr>
</tbody>
</table>

Source: Presentation by Dr. K.C. Chakrabarty, Deputy Governor, RBI, at 20th SKOCH Summit 2009, Mumbai on July 17, 2009

The above table clearly shows that lowest income bracket (i.e. <Rs.50,000) has less number of bank accounts as compared to other income bracket members. This income bracket people are the representative of informal sector, whose annual earnings are very less. Naturally, this group belongs to the both rural and urban poor and hence deprived of basic banking services. The figure also depicts that overall only 44.9% (both rural as well as urban) have the bank account. The fact we need to accept that, only rapid expansion of the bank branches is not the only solution, along with branch expansion financial literacy also important. Time has come to make them creditworthy. Otherwise the problem remains same as it is. And most of the bank branches become non profitable. On the other hand this non availability of credit compels them to depend heavily on informal money lenders who charges exorbitant high interest rate, often 10% per month (See Table 4, where 34.9% people, whose annual income <Rs. 50,000 depends on money lenders to meet their financial requirements).

Table 1.10.3: Sources of Loans (Percent):

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>Banks</th>
<th>Money Lenders</th>
<th>Other Ins. &amp; Non Ins. Sources</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 50,000</td>
<td>13.0</td>
<td>34.9</td>
<td>52.1</td>
<td>100</td>
</tr>
<tr>
<td>50,000 – 1,00,000</td>
<td>34.5</td>
<td>19.6</td>
<td>45.9</td>
<td>100</td>
</tr>
<tr>
<td>1,00,000 – 2,00,000</td>
<td>49.3</td>
<td>12.0</td>
<td>38.7</td>
<td>100</td>
</tr>
<tr>
<td>2,00,000 – 4,00,000</td>
<td>51.6</td>
<td>11.8</td>
<td>36.6</td>
<td>100</td>
</tr>
<tr>
<td>&gt;4,00,000</td>
<td>62.8</td>
<td>5.5</td>
<td>31.7</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Presentation by Dr. K.C. Chakrabarty, Deputy Governor, RBI, at 20th SKOCH Summit 2009, Mumbai on July 17, 2009

These figures pointed out that there is a scope for mass improvement to facilitate the poor. Different measures have been taken to provide basic amenities as well as arranging finance for productive activities.

Till now whatever measures have been taken, it mainly focuses on financial inclusion but social inclusion so far has been neglected. Reason may be sited as the belief of the policymakers that financial inclusion may ultimately help to achieve social inclusion.

Conclusion:

The above discussion shows a detailed analysis about the concept of rural urban labour migration and its consequences. It is observed that there is a mix response related to migration. Some authors believe that migration is good for the people who have uncertain income; on
the other hand other groups are also there who speak against it. According to them migration not only creating a social imbalance in both the places it also simultaneously creating urbanization problem which any country try to avoid. The observation is shown that the problem of migration is not adding any positive value addition to the poor people as sometimes the cost of movement or initial settlement cost is so high that they are able to earn a substantial income. Thus, they remain in the same level. The overall analysis shows that it’s generally a blend of socio, economic and political factors. Not only that sometimes people are moving because of rural push factors or sometimes they are moving because of rural pull factors. Rural push factors like lack of infrastructure, less income facilities often force people to move. Sometimes even if the appropriate facilities are there still people are moving, mostly younger generations, because urban attraction is much more than their rural areas. Due to these typical characteristics of migrants it is important to understand their nature of movement and factors which basically affecting this decision.

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