

Reverse Migration Pattern in India – Global Perspective

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ABSTRACT

Migration basically means labor mobilization from one country to the other. Migration of labor is an inevitable part of globalization and in the perspective of global economy it has great importance. Especially, the role of migration is extremely crucial to the economic growth for the developing countries. In fact, free labor mobility is considered among the most critical problems for these nations. It is commonly seen that to uplift the economic conditions and standard of living, citizens of under-developed countries migrate to the developed countries, and in many cases the entire process takes place without any legal paper, which is a matter of real concern. This not only affects the economy of the country, but also creates an impact on the population and law and order system of that particular host country. Moreover, instead of having a strong economy, it shows less per capita income. In the perspective of financial globalization, migration has great impact on economy of a country. First of all, migration of skilled labor has enhanced the production and reinforced the economy for both the developed and developing countries. It also leads to proper utilization of brain, skill and talent. Along with boosting up the per capita income, migration of skilled labor is also raising the gross domestic product of the host country. Proper utilization of human resources is speeding up innovation and ensuring a more developed world. It also increases the remittals to the underdeveloped and developing countries.

The reverse migration of labour from factories to farms that CMIE's Consumer Pyramids Household Survey has been chronicling for long is also reflected in the government's Periodic Labour Force Survey. The latest PLFS report shows a sharp increase in employment in agriculture from 42.5 percent of the total employment in 2018-19 to 45.6 percent in 2019-20. This shift of labour to agriculture is larger than estimated by CPHS.

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Migration from factories to farms, a sign of distress

The reverse migration of labour from factories to farms that CMIE's Consumer Pyramids Household Survey has been chronicling for long is also reflected in the government's Periodic Labour Force Survey. The latest PLFS report shows a sharp increase in employment in agriculture from 42.5 percent of the total employment in 2018-19 to 45.6 percent in 2019-20. This shift of labour to agriculture is larger than estimated by CPHS.

Such a large shift of labour in favour of agriculture cannot be voluntary. It is a sign of distress in the labour market where non-agricultural sectors are unable to provide employment and labour is forced to shift to agriculture. The forced or at least involuntary nature of this migration is evident from the wages data provided by the PLFS. Salaried jobs provide wages of the order of Rs.16,780 per month. Self-employment provides wages of the order of Rs.10,454 per month. These translate into wage rates of Rs.558 per day and Rs.349 per day, respectively. In comparison casual labour which is the type of employment provided by agriculture yields much lower wages of the order of Rs.291 per day. Labour would not voluntarily shift to this lowest wage-rate sector unless it had no better option.

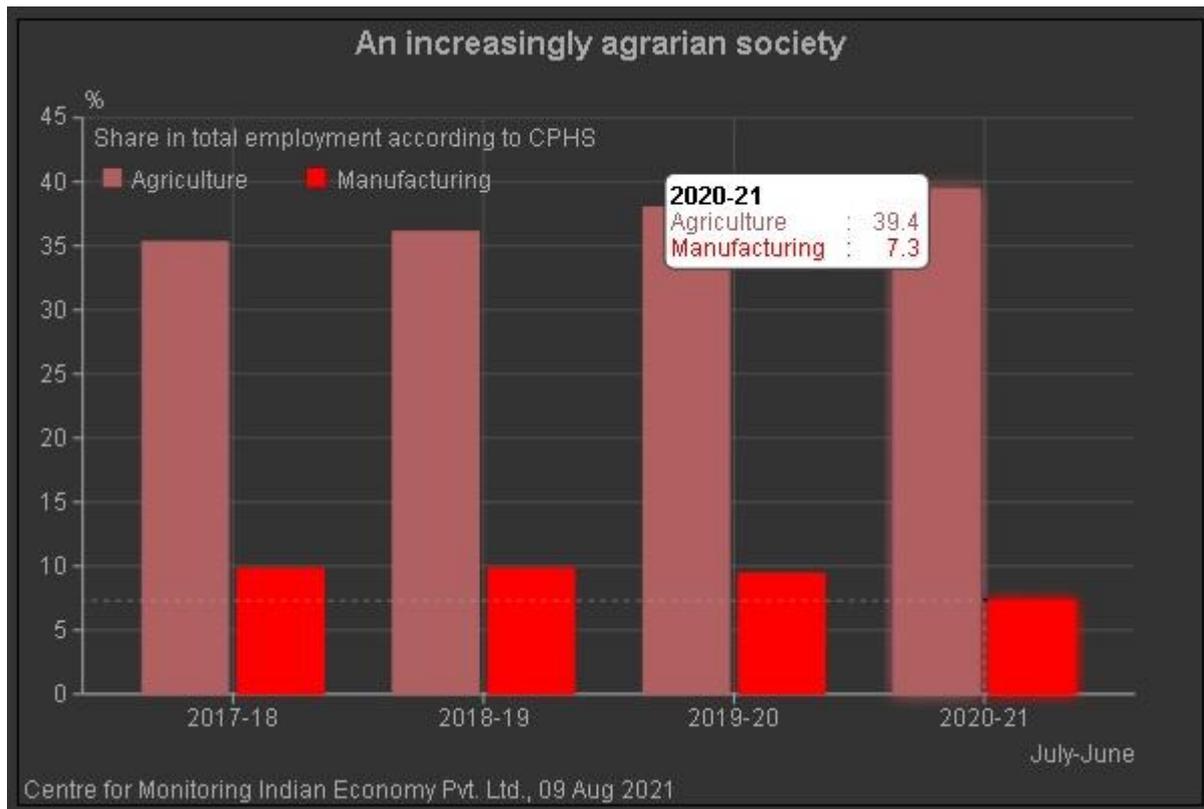
Agriculture provides a low wage safety net for labour during times of distress in India. In fiscal 2019-20, real GDP growth declined to 4 percent. This was the lowest growth rate since the global financial crisis more than a decade earlier in 2008. PLFS estimates are for a 12-month period from July 2019 through June 2020. It therefore includes the period when India suffered the first Covid-19 wave around April-June 2020. The sharp fall in growth before the pandemic and then the pandemic induced lockdown could have squeezed labour out of non-farm jobs who then had no option but to fall back on agriculture. Arguably, this safety-net provided by agriculture reduces the political pressure that widespread loss of jobs could have created if such a large contingency destination in the farmlands were not to exist.

The biggest increase in employment in 2019-20 was in agriculture and within agriculture the increase was largely among women. Nearly 60 percent of all employed women were engaged in agriculture. This shows the domination of poor quality of employment that women get in India.

The PLFS estimate of 45.6 percent of the working population being employed in agriculture is much higher than CPHS's estimate of 38 percent in 2019-20. This is partly because the PLFS definition of employment is highly relaxed. The readily available PLFS estimates on distribution of the workforce by industry is based on the Usual Status definition which effectively considers a person to be employed during a year even if the person were to be employed only for a month during the year. Such a presentation by Current Weekly Status, which is less relaxed, is not readily available.

The definition of employment in CPHS is far more stringent. Even CPHS has recorded a steady increase in the share of agriculture in total employment from 35.3 percent in 2017-18 to 36.1 percent in 2018-19 and then to 38 percent in 2019-20. Thus, while PLFS records a 3.1 percentage point increase in labour into agriculture, CPHS estimates a much smaller increase of 1.9 percentage points. To ensure comparability, CPHS estimates presented here also refer to the July-June year.

The rise in share of agriculture in employment raises a question on the sectors that are losing employment. According to the PLFS, the losers are manufacturing, construction and transport, storage and communication. The share of manufacturing in total employment fell from 12.1 percent to 11.2 percent. Of all the specific sectors for which PLFS provides data, the manufacturing sector saw the biggest fall (0.9 percentage points). The next largest loser is construction (0.5 percentage points). And then it is transport, storage and communication (0.3 percentage points). These three account for a little over half of the increase in the share of employment in agriculture. The rest is mostly accounted for by others.



It can be conjectured from the above that large parts of employment from the relatively unorganised construction sector and the unorganised manufacturing sector moved into agriculture. We estimate that nearly 60 percent of the employment in manufacturing industries is in the unorganised sector. It is labour from here that migrated into agriculture.

We know anecdotally that the manufacturing sector and the construction sectors waited for the migrant workers to return to resume work. But, 2020-21 (July to June) panned out differently. This period saw the second wave of Covid-19. India reacted differently to the second wave. CMIE's CPHS tells us that 2020-21 saw a continuation of the reverse migration to agriculture. The share of agriculture in total employment jumped to 39.4 percent in the year from 38 percent in 2019-20. More importantly, the share of manufacturing dropped sharply from 9.4 percent to 7.3 percent. But, construction has recovered. Its share in total employment which had fallen from 15.4 percent in 2018-19 to 13.5 percent in 2019-20, shot up to 15.9 percent in 2020-21.

Apparently, government efforts to boost manufacturing through production linked incentives or liquidity support to medium and small-scale enterprises have not been effective in stemming the decline of manufacturing in India.

Globalization, or more precisely financial globalization has revolutionized the global economy. It has not just expanded employment opportunities in the international level, but also opened the door of free mobilization of both the skilled and unskilled labor. Here comes the role of migration. Plenty of new job opportunities are being generated every new day in the developed countries for their technological advancements, and for growing industrialization. And the developing countries are mostly catering to the needs for skilled labor of these developed countries.

Developing Countries and Role of Migration

Migration basically means labor mobilization from one country to the other. Migration of labor is an inevitable part of globalization and in the perspective of global economy it has great importance. Especially, the role of migration is extremely crucial to the economic growth for the developing countries. In fact, free labor mobility is considered among the most critical problems for these nations. It is commonly seen that to uplift the economic conditions and standard of living, citizens of under-developed countries migrate to the developed countries, and in many cases the entire process takes place without any legal paper, which is a matter of real concern. This not only affects the economy of the country, but also creates an impact on the population and law and order system of that particular host country. Moreover, instead of having a strong economy, it shows less per capita income.

Demand of Skilled Laborer and Role of Migration

The economic globalization has made it quite obvious for most of the countries to reform their political and economic system, and consequently the demand of information and knowledge has increased. To shape the economy of the country, skilled labor force is important and in this context, the role of migration is undeniable. Advancements in the communications and technology sector have greatly increased the requirements of the skilled workforce. Irrespective of political boundary, there is high demand of the workforce with scientific knowledge, technical knowledge, ideas and innovative skills.

Benefits of migration

In the perspective of financial globalization, migration has great impact on economy of a country. First of all, migration of skilled labor has enhanced the production and reinforced the economy for both the developed and developing countries. It also leads to proper utilization of brain, skill and talent. Along with boosting up the per capita income, migration of skilled labor is also raising the gross domestic product of the host country. Proper utilization of human resources is speeding up innovation and ensuring a more developed world. It also increases the remittals to the underdeveloped and developing countries.

Impact of Migration on India

India is not just a developing country, but also a major resource of skilled labor. Being one of the prime information superpowers, it has been offering the maximum number of trained and expert workforce to the information technology enabled service companies, information technology based companies, and software based companies worldwide. According to the recent trend, it is quite evident that the day is not too far when India and China would be the only source for satisfying the needs of trained professionals in the domain of information technology, telecom sector, industrial sector, electronic sector, and more. As a result, within just a couple of decades, there will be huge impact of migration on India, and it will be one of the top economic superpowers in the world.

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