

# Relation between Unemployment and Migration in India

Paper Submission: 15 /04/2020, Date of Acceptance: 23/04/2020, Date of Publication: 28/04/2020

## Abstract

Throughout the world it has been noticed that the countries that are still struggling to get themselves considered as developed tend to face several issues such as migration. It has been remarked that to acquire balanced growth these issues need to be sorted out first. The major issues include migration and its impact on unemployment and vice-versa. This research is an attempt to study the relation between unemployment and migration in India. Throughout this study, I anticipated to find out the effect of migration on employment and the challenges that occur in the formation of economic policies due to uneven distribution of human resources.

**Keywords:** Unemployment, Migration, Migrants, Education, Source of livelihood.

## Introduction

Several socio-economic indicators can be used to study the cause and influence of migration. One such indicator is the education completion level of the rural and urban workforce. The tremendous data on education achievement recommends a strong and significant trend particularly while assessing typical years of education between the urban and rural workforce. The overall assessment reveals a noticeable difference between most of the categories of education. Not only in the selection of subjects but also in the average age of attaining a particular standard of education. Another marked distinction has been remarked in the choice of occupation that is made by the workforce in urban and rural areas. Our focus was in determining whether the occupation choices being made in the two were the same or at least somewhere nearby. Nevertheless, it is remarked that there were some underlying differences in the occupational preferences of rural and urban areas making it unlikely/ impossible for the occupation distributions to converge.

Recently, our country has been experiencing a structural transformation due to which there has been an increase in intensity in contribution of output occurring due to services and a subsequent deterioration in the output contribution of agriculture. Though the molding of predilections by the residents may take a long time before equilibrium can be established between the two sectors. Another important factor that calls for attention is the behavior of the wage gap across the entire wage distribution. Directly or indirectly the distribution of wages has a strong impact on the household expenditure and consumption in rural and urban India. This is one of the most often used criteria in studies on poverty and inequality. Still in our analysis we are employing it as a motivational trigger for momentum of an individual from rural to urban sector. The expansion in economic conditions of rural households is also essential for reducing the discrepancy in per capita rural and urban income which has continued repeatedly high. This involves substantially higher growth in rural economy as associated to urban areas.

## Review of Literature

Ritu and Naresh kumar (2013) reported that inclination and pattern of inflation and unemployment shows that inflation will be 16.40% (project value) and unemployment will be 11% (project value) in 2020 both the problems are at distressing level they suggest that government should concentrate on investment in productive purpose that will expand production provide employment and control the rising prices. More industries should be opened in rural areas so that people will get employment and self-reliance on agriculture sector for employment will diminish.



**Ekta Khator**

Guest Faculty,  
Dept. of Economics,  
J. N. Vyas University,  
Jodhpur, Rajasthan, India

Ghosh (2002) had observed that empirical analysis of migration in West Bengal for the duration of 1872-1991 where analyzed the trend different components, characteristics and reasons of the important from different parts of India to West Bengal and has analyzed the pattern of inter-district migration within West Bengal.

Labour bureau (2013-2014) performed a survey to know employment – unemployment scenario among different social groups. In this survey they found that the rural – urban areas female unemployment rate is higher as equated to the male unemployment rate under all the four social groups (SC, ST, OBC, general) based on the UPS approach.

Corresponding to the World Bank statement (2006) there are several “push” considerations that burden workers out of rural areas and “pull” factors that draw them into urban ones.

These factors perform a major role in migration. Push factor is are forces that drive people away from a place for example – food shortage, crime, war, floods, lack of important public services and pull factor is a forces that draw people to establish to a place of example – political stability, nicer climate, job opportunities, and safety.

### Objectives of the Study

1. The impact of the unemployment and migration in India.
2. To investigate the nature of unemployment in Indian economy
3. To understand the pattern of migration and unemployment in India.
4. How to put labour force in profitable and productive endeavours.

5. To analyse the disagreements of unemployment in terms of economic growth.

### Unemployment and Migration

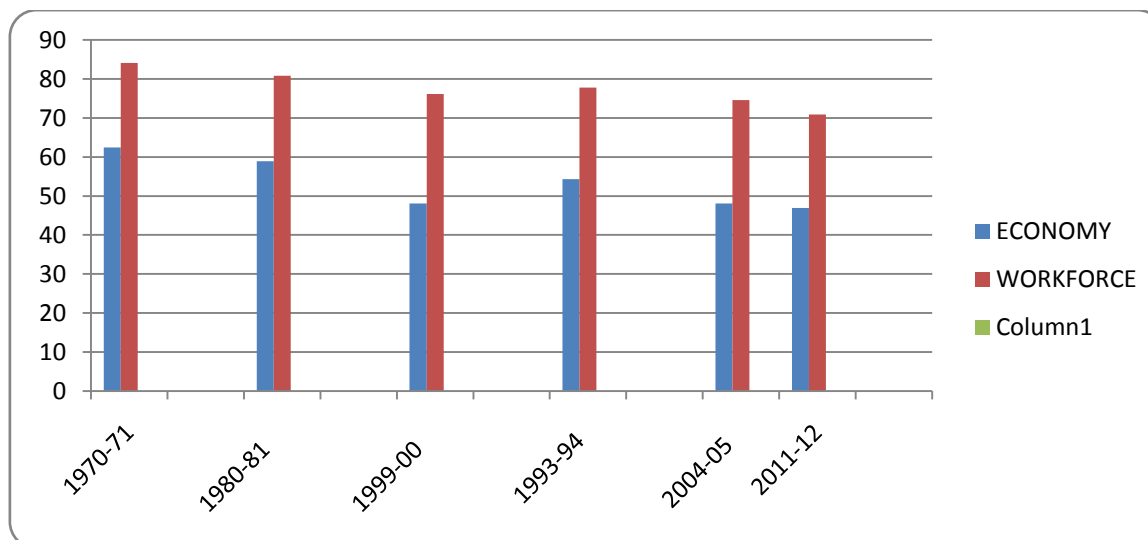
The concern of rural-urban dynamics during development procedure of structural transformation requires contracting and expanding sectors which, eventually calls in for the reallocation and possibly re-training of workforce. The capability of institutions in these improving economies to cope with these demands is thus a fundamental factor that governs how smooth or disruptive this process. obviously, the greater the interruption, the greater is its chances of income restructuring through unemployment and wage losses due to incompatible skills. The unemployment rate can be defined as the number of people actively looking for a job as a percentage of labour force. India is predominantly a rural country with two third populations and 71% workforce residing in rural areas. India has been on exactly such a path of structural transformation. Prodded by a sequence of reforms starting in the mid 1980s, the country is now averaging annual growth rates. This is in sharp contrast to the years when India became an independent country during which period the average annual output growth hovered around the 3 percent mark, a rate that barely kept pace with population growth during this period.

### Impact of Rural Sectors to Indian Economy

The contribution of the rural areas in economy of India for the period 1970-71 to 2011-12 is seen from its contribution in national output and employment in the given table:

**Contribution of rural areas in total NDP and workforce (per cent)**

| Year    | Economy | Workforce |
|---------|---------|-----------|
| 1970-71 | 62.42   | 84.15     |
| 1980-81 | 58.91   | 80.86     |
| 1999-00 | 48.12   | 76.12     |
| 1993-94 | 54.32   | 77.89     |
| 2004-05 | 48.15   | 74.67     |
| 2011-12 | 46.95   | 70.92     |



It is apparent from the above statistics that in the year 1970-71 the workforce participated in rural areas was 84.15 which produced 62.42 per-cent of total domestic product (NDP). With time the rural contribution in the national income deteriorated sharply along with which the rural contribution in employment also faced decline but its pace was slow and did not match with the changes in national income. The insignificant difference in the employment graph in comparison to the declined contribution to the national output from the rural areas clearly signify that complete development in the economy during this period was sourced from the capital-intensive sectors in urban areas. The urban areas nevertheless did not demonstrate any growth in producing employment during that span of time although a growth from 22 per cent to 28 percent has been observed in the rural sectors.

Throughout the period of 1999-00, due to the speeded growth the growth rate of rural economy accomplished correspondence with the growth rate of urban economy. With rural involvement in total NDP at around 48 per cent steadying was achieved in the rural economy. Throughout 2004-05 to 2011-12 the rural contribution in national NDP declined slightly despite acceleration in growth rate. The rural contribution in total workforce has declined progressively from 76.12 per cent in 1999-00 to 70.9 per cent in 2011-12. The rural contribution in output and employment narrowed down to 24 per cent by the year 2011-12 due to difference between the rural contribution in total employment and in national NDP.

There are some other points also that we may take into contemplation while reviewing the impact of migration on unemployment. One such factor is the capability of industrial sector to absorb the surplus labor force. Any lags in the reinvestment of the profits in the production sector may disturb the entire economic setup. Unemployment refers to the situation where someone of working age is not able to get a job but would like to be in full time employment. Some of the factors which influence unemployment in India are migration low job opportunities, lack of demand, recession etc. When we talk about the unemployment condition it becomes necessary to focus on the causes to explain their effect on it. Thus labour migration has had serious impact on the urban infrastructure. incessant migration of the rural people to urban areas in pursuit of more earning and better life style may therefore lead to population explosion in these areas and thereby give rise to problems like scarcity of basic facilities in urban areas; developing of slums leading to a unhealthy and unsafe environment for both kind of population. In order to balance such a combination of population the investments will also be more and will surely have an impact on the investments that could be made to improvise the situation in the rural areas.

Through the last few decades events related to construction have appeared as significant economic sector in most large and medium-sized urban centers in the country. Since the early fifties, a considerable proportion of the combined investment in

India has most seemingly been going to construction. Most workers in the construction sector come from the rural areas. While a part of this labour force is floating and move to these sectors seasonally, a group develops a long-time association with the industry that makes it more or less settled in urban centers and also significantly dependent upon it. Often such groups come from the categories of landless or marginal agricultural laborer and farmers who get trapped into compromising between subsistence wages in urban areas and marginalized situation in rural areas. Their growing dependence on the sector compels them to move from one employer to another or from one work-site to another.

In India, there has been substantial argument on both the trends in real earnings and income policy, particularly on the question of setting a national floor level minimum wage as well as the implementation of a large set of minimum wages in different states. Despite being labelled as an emerging economy and its status as a member of the G20, India presents a rather different picture when it comes to employment and wages. The contribution of population in the labour force is lower than other emerging Asian economies and the proportion of wage labour in the total work force is also quite low. Wage workers constitute only a little less than half the work force (48 per cent) in the economy. Since migration and unemployment tend to have mutual influence the focus of my research would be to study this effect and the significant outcomes. Numerous researches have intensive on the cause and effect of migration and unemployment on each other. Some have focused on their individual impact on the economy of a nation or on that of the world.

Thus, the fundamental target behind taking up this research is not only to study their interconnection in particular reference to India but also their reciprocated influence on the economy of our country principally in perspective of mounting of progressive plans and policies but also in their implementation.

#### References

1. Lall, V. Somik, Harris selod and Zmarak shalizi (2013), "Rural urban migration in developing countries: A survey of theoretical predication and empirical findings". World Bank research working paper, pp. 15-39
2. Nur fakhzan marwan (2011), "Macroeconomic impacts of immigration in Malaysia: Trade, Remittances and Unemployment", Durham university.
3. Labour Bureau report on "employment-unemployment scenario among different social groups (2013-2014) (Volume- V<sup>th</sup>)"
4. Tika Ram gautam (2010), "Cause and impact of migration: A sociological study of emigration from Kande bash, Baglung, Nepal", Centre for Economic Development Administration (CEDA), pp. 7-12
5. Gray S. Fields (1972), "Rural urban migration, urban employment and underemployment and

- job search activity in LDCs", Cornell university ILR school, pp.16-29
6. Dutt, Mitra and Ranjan (2009), "off shoring and unemployment: the trade of search frictions and labour mobility" *journal of international economics*, Vol. 78(1),pp.32-44
  7. Rana Hasan, Devashish Mitra, Priya Ranjan, Reshad N. Ashan (2010), "Trade liberalization and unemployment: trade and evidence from India" *journal of development economics*, pp.39-48.
  8. William Shaw (2007), "Migration in Africa: A review of the economic literature on international migration in 10 countries" *development prospects group Washington DC*, pp.78-95
  9. Gould (1994), "Immigrant links to home country: empirical implications for US bilateral trade flows" *Review of economics and statistics* 16, 302-316.
  10. Ritu and Naresh Kumar (2013), "trend and pattern of unemployment and inflation in India" *M.D university Rohtak. EDUBEAM multidisciplinary-online research journal. Vol-X, pp.1-9.*
  11. Saracoglu, D. Sirin, and Terry L. Roe (2012), "Rural-urban Migration and Economic Growth in Developing Countries." *Journal of rural development Africa*, Vol 15(3), pp. 115-129.
  12. UNDP human development report (2009), "International and Internal migration", pp.188-200.
  13. Ashis Bose (2001), "India's urbanisation 1901-2000", Tata MC Graw Hill, New Delhi.
  14. Alessandra Venturini (1999), "Do immigrants working illegally reduce the natives legal employment? Evidence from Italy", *journal of population economics*, Vol.12(1),pp.135-154
  15. V. Reddy (1994), "India's urban population, 1991, census data state, districts, cities and towns, Wheeler publishing, New Delhi.
  16. Shamika Ravi, Mudit Kpoor, Rahul Ahluwalia (2012), "The impact of NREGS on urbanization in India", *Journal of labour economics* (3), pp.63-82.
  17. S Lrudaya Rajan (2013), "Internal migration and youth in India: main features, trends and emerging challenges" *UNESCO discussion paper*, pp. 33-45
  18. Tushar Agarwal, S Chandrasekhar (2015), "Short term migration in India: Characteristics, Wages and Work Transition" *Indira Gandhi Institute of Development Research, Mumbai.*
  19. John R. Harris, M.P Todaro (1970), "Migration, Unemployment and Development : A two- sector analysis". *The American economic review*, Vol.60(1),126-142
  20. *Fourth annual employment and unemployment survey report 2013-2014 ministry of labour & employment government of India*
  21. Shamika Ravi, Mudit Kpoor, Rahul Ahluwalia (2012), "The impact of NREGS on urbanization in India", *Journal of labour economics* (3), pp.63-82.
  22. S Lrudaya Rajan (2013), "Internal migration and youth in India: main features, trends and emerging challenges" *UNESCO discussion paper*, pp. 33-45
  23. Tushar Agarwal, S Chandrasekhar (2015), "Short term migration in India: Characteristics, Wages and Work Transition" *Indira Gandhi Institute of Development Research, Mumbai.*
  24. S. C. Joshi (1994), "Migration to a Metropolis" *RBSA publishers S M S highway, Jaipur.*
  25. Shatha Abdul Khalia, Ruba Abu Shihab, Thikaraiat Safan (2014), "Relationship between unemployment and economic growth rate in Arab countries", *Journal of economics and sustainable development. Vol-5, No.9*
  26. S. Mahendra dev and M. Venkatanarayana (2011), "youth employment and unemployment in India" *Indira Gandhi institute of development research, Mumbai.*
  27. L. Gambetti & Barbara Pistori (2014), "Policy matters- the long run effect of aggregate demand and mark-up shocks on the Italian unemployment rate". *Empirical economics* 29,209-226
  28. R. Haque (2012), "Migrants in UK: A description analysis of their characteristics and labour market performance based on the labour survey home office", *Journal of labour economics*, 17(4), pp.3-22.