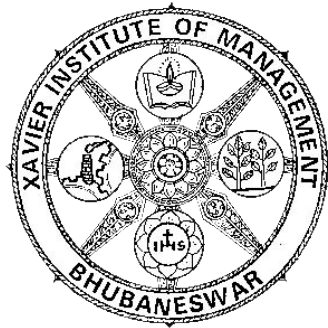


*An Empirical Study on:*  
*Urban Poverty as a Spillover of Rural Poverty*  
*(With Special Reference to Migration and Job Opportunities)*



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## ***Abstract***

Migration from rural to urban areas in search of jobs and higher wages is not a rare phenomenon. It is prevalent not only in the developing countries like India but across all the countries in the world. The effects of such migration may, however, vary. This study is an attempt to capture the impact of rural to urban migration on the poverty of the individual. Migrants in the two cities (Delhi and Bhubaneswar) were surveyed to study this impact and various techniques have been used to infer and arrive at a conclusion from the analysis of the data collected with respect to the hypothesis that rural poverty contributes to the urban poverty i.e. rural poverty spills over to urban areas because of migration. The study concludes that migrants to a small city (like Bhubaneswar) differ from the migrants to a metropolis (like Delhi) in their attributes and the reasons for which they migrate urban poverty, to some extent is a spillover of rural poverty. This extent is more in monetary terms than in psychological terms i.e. financial condition of many people who migrate has worsened but only a few people witness degradation in their psychological well-being. This paper also tries to analyze the suggestions made by various authors regarding the policy that should be in place for the unorganized sector and for the labour employed in the same.

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## *Background of the study*

Poverty is not a new concept to the world but its measure has always been a point of debate among various economists and other professionals in development studies. Whether it should be measured in absolute or in relative terms is still the dilemma that the intellectuals ponder upon. But in this thought process, the need for analyzing the causes and effects of poverty loses its importance. One of the factors that acts both as a cause and an effect of poverty is migration. The issue of migration has caught hold the attention of various think tanks and a significant amount of work has been done on the subject. Reasons for migration, primarily poverty, have been sufficiently analyzed and discussed.

Also, the condition of the migrants both at work and otherwise has been thoroughly researched on but there still remain many questions unanswered. Do the migrants achieve what they had migrated for? Is their problem of poverty addressed in the cities? Are they better off after migrating? What are the indicators of their improved condition? Has their condition improved only psychologically or also in economic terms? These are only a few of the many questions that deserve due attention of the development professionals.

The theoretical base for the concept of migration was proposed by Harris and Todaro<sup>1</sup> in Development Economics. As per this well known model, people migrate from the rural areas to the urban settlements in search of high paying jobs. But because of limited job opportunities in the urban formal sector, they end up being a part of the urban informal sector which is usually characterized by lower and irregular income and poor standard of living. The condition that these people face in this scenario makes them eligible enough to be considered or categorized as urban poor. Mathematically, the model can be explained in the following manner:

Let  $L_f$  be the number of jobs in the formal sector and  $L_i$  the number of jobs in the informal sector. Thus, the total number of urban jobs is  $(L_f + L_i)$ . Since the number of jobs in the formal sector is  $L_f$ , the ratio  $[L_f/(L_f+L_i)]$  captures the probability that someone coming to the city find a formal sector job (= number of jobs in the formal sector / total number of urban job seekers). In

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<sup>1</sup> *Development Economics, Debraj Ray. Chapter 10*

the event that he doesn't, he stays in the informal sector, hoping to find a formal sector job someday.

Assuming that the minimum wage in the urban formal sector is  $w_f > w_a$  the wage in the rural sector, in urban areas, those who do not find a formal sector job find a refuge in the informal sector, where it is assume a fixed wage  $w_i < w_a$ . Then, the expected wage from migrating to the urban area is:

$$[\{L_f/(L_f+L_i)\}w_f] + [\{L_i/(L_f+L_i)\}w_i]$$

Then, people keep coming from the countryside as long as this is greater than  $w_a$ .

In equilibrium, i.e. when people don't migrate anymore then:

$$[\{L_f/(L_f+L_i)\}w_f] + [\{L_i/(L_f+L_i)\}w_i] = w_a$$

This is the Harris-Todaro equilibrium condition.

According to the model, the informal sector exists for two reasons:

- Not everybody can find a job in the formal sector because wages are too high for the formal labor market to clear.
- However, there is a chance to find a formal sector job someday and this prospect makes people in rural areas migrate to urban areas. The informal sector acts as a refuge for frustrated formal job seekers.

The final result of the tedious exercise of migrating from his homeland to an alien city in search for a job and better earning to fight his poverty (rural) is poverty (urban) in the new habitat but with some different indicators. A migrant, in most of the cases, thus, remains poor and the change is brought about only in the indicators of poverty. While staying in the village, his poverty was measured by the rural poverty line at Rs 338<sup>2</sup> but after he migrates to an urban settlement, the measure of his poverty changes as per the urban poverty line at Rs 559<sup>2</sup>. Earlier

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<sup>2</sup> *Planning Commission*



he was living in a Kuchha House with no asset-holding, now he is a resident of a tattered house in a slum with no assets and no respect and recognition. Poverty does not only imply economic poverty or deprivation, it also includes the renowned Economist, Amartya Sen's concept of poverty and theory of entitlement<sup>3</sup>. According to him, the income approach to poverty, which considers people earning less than a certain amount annually as poor, is not an accurate measure of how well people live. Instead, the laureate gives precedence to one's capability or the capacity that people have of choosing and leading their lives. Sen says income is not an indicator of one's standard of living, the kinds of lifestyles that people can lead depend on many factors, including diversities in the physical environment, variations in social climate, and differences in relational perspectives. Even as per this theory that, of course, fits in more for a migrant, the migrant working in the informal sector is denied the entitlement to his way of leading life and more importantly, he is denied the conducive environment wherein he can develop his capability for the same.

If the situation is as grim as aforementioned, then why is it that the migrants do not reverse-migrate to their respective native places where they at least enjoyed social recognition and lead a life of dignity. Various reasons can be hypothesized for the same. First and foremost is the never ending expectation of getting a permanent employment. This expectation prepares him for everyday struggle. Secondly, income in the urban areas is not as variable or uncertain as in the rural areas where agricultural income is to the mercy of the weather conditions. Frequent floods in the rural areas of particularly the states of Bihar and Orissa (poorest states of India) drag people in distress and force them to migrate for a comparatively less volatile source of income. Third reason could be the better education and health facilities that are at least available in the cities as against the villages where they are inaccessible. Lastly, but most importantly, (psychological) going back to the homeland as a failure is considered a shame both by the migrant and his village community. A person who moved to the city is expected to earn a lot, become rich and is recognized as a role model for the entire village. Returning back as a failure is unexpected and the caliber of the person is questioned. His social status in the village is spoilt and this is a great threat that keeps him away from the idea of going back. Even if the individual reasons, as per the migrant's perspective, for working in the informal sector are worth

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<sup>3</sup> Alkire, S. (2002). *Valuing Freedoms: Sen's Capability Approach and Poverty Reduction*. (Oxford: Oxford University Press).  
Kuklys, Wiebke (2005) *Amartya Sen's capability Approach: Theoretical Insights and Empirical Applications* (Springer, Berlin).

considering, the ever increasing size of this sector is posing a threat to the development of the urban centres and is raising issues at the policy level. The informal sector is often characterized by very unpleasant features: its unregulated activities are often responsible for congested dwellings, pollution and a high crime rate. Then, governments may want to design policies to reduce the size of the informal sector. One obvious idea that comes to mind is to create more formal sector jobs to absorb workers waiting in the informal sector. But because the policy of creating formal jobs makes migration more attractive, one ends up with even more people migrating and thus more people in the informal sector. This, thus, looks like an extension to the vicious circle of poverty which is ever continuing as a result of the process of alleviating it. But the need is to address this issue in a manner that the concerns and cause of all the stakeholders are well considered as loss of any of them would be a loss to the nation's growth and development.

## *Literature Review*

Literature on the estimation of poverty, migration and reasons thereof, wage structure in the rural and urban areas and on other related topics is quite vast. Several researchers have dwelt on various aspects of poverty and migration etc. Survey of the vast literature is beyond the scope of the present work. However, a few relevant works are discussed in the following sub-sections which have close proximity with the theme of the present study.

### *Poverty: Definition and causes*

Poverty can be found in all the geographic regions of the world, all ethnic groups and persons of all ages. One of every five inhabitants of the planet lives on less than a dollar a day, and 56% of the population in developing countries lacks the most elemental health services (UNDP, 2002).

Poverty has been defined in different ways, and multiple causes have been attributed to its production and reproduction. The Spanish language dictionary defines poverty as the lack of magnanimity, gallantry, nobility or spirit, and a poor person is referred to as someone who does not have (or has very little of) what is necessary to live, or as unhappy, unfortunate or wretched. This definition alludes to both material as well as emotional characteristics (Diccionario General de la Lengua Espa?ola Vox, 1997).

Over the years, attempts have been made to quantify poverty and measure it so as to devise effective ways to alleviate it. But all the measures that have been suggested till date restrict to monetary aspect of it. There is no consideration of the various many factors that definitely come into play and contribute to the level of poverty. Some of the authors have, however, tried to discuss these aspects.

From a scientific point of view, poverty has been defined as a specific lifestyle (Lewis, 1968; Wilson, 1987, in Monreal, 1999). There is reference, for example, to the "poverty culture" (culturalist perspective) and the "ghetto culture or social isolation" (structuralist perspective). The first term, coined by Lewis (1968, in Monreal, 1999), refers to a set of values, norms and behaviors that are characteristic of those who live in conditions of poverty. From this perspective, the values, norms and behaviors of poor persons are, to a large extent, the causes of their failure to take advantage of the opportunities offered to

them by society, and thus, the reasons for their poverty. From the structuralist perspective, poverty is conceived as a social problem in which those affected live in this way (in conditions of poverty) because of segregation, limited opportunities and outside obstacles that restrict their lives (Monreal, 1999).

Both postures, mentioned above, refer to a specific "lifestyle or way of living" of the poor, however the first gives an autonomous, self-reproductive character to the cultural context, while the structuralist considers this way of living to be a product of society's economic and political structures, and therefore assumes that poverty could be reduced or even disappear if the causes that generate it would be modified. In any case, a point of agreement in this and other postures is that poverty implies the absence of well-being due to a set of deficiencies that threaten the physical and psychological integrity of those suffering from it.

Poverty is, thus, not reduced to only economic limitations, but also considers the dissatisfaction of other types of needs (psychological and psychosocial) which if met, would elevate the population's well-being (Palomar, in press). While generally speaking, human beings have relatively the same needs, the factors that meet those needs depend on and vary according to the culture and context. Thus, what may be favorable for one group of people may not be for another, and vice versa (Olsen and Merwin, 1977; Headey et al., 1984). And consequently, studies of the quality of life of persons and collectivities should be based on their own conception of well-being.

Some authors have chosen to conceive well-being as a construct defined by the level of satisfaction in different areas of life, such as family relations, family health, education of offspring, personality, couple relations, close friends, socialization, civic and social activities, personal development and knowledge, political activities, work, active/passive recreational activities, personal expression and creativity, among others (Flanagan, 1978; Pullium, 1989).

The studies that have linked poverty to subjective well-being have been basically oriented in two directions. On the one hand, some authors have found a strong positive relationship between the two constructs, stating that to the degree that the population becomes impoverished, their well-being diminishes (Cantril, 1967; Belle, 1990; Veenhoven, 1991; Diener et al., 1993;

Wilkinson, 1996; Mayer, 1997; Furnham and Argyle, 1998; McLoyd, 1998; Inglehart and Klingemann, 2000, in Diener and Biswas-Diener, 2001; Diener and Biswas-Diener, 2001; Easterlin, 2001). Others, however, have stated that the association between one's material life situation and subjective well-being is limited, affirming that a significant part of the variance of well-being is not directly explained by economic variables, but rather by psychological and social variables such as personality, aspirations, adaptation to the environment and motivation (Andrews and Withey, 1976; Brickman et al., 1978; Davis et al., 1982; Abbey and Andrews, 1985; Michalos, 1985; Diener et al., 1995; Schyns, 1998a, in Diener and Biswas-Diener, 2001; Benedikt, 1999; Csikszentmihalyi, 1999; Fuentes, 2001; Csikszentmihalyi and Schneider, in press, in Csikszentmihalyi, 1999).

The study conducted by Joaquina Palomar Lever, Nuria Lanzagorta Piñol, Jorge Hernández Uralde (2005) on Poverty, Psychological Resources and Subjective Well-Being concludes that there are basically three routes or trajectories through which poverty impacts subjective well-being.

The first is a direct route between poverty and subjective well-being, indicating that precarious life conditions have a negative impact on the perception of subjective well-being. The second trajectory proposes that poverty has an impact on well-being through influence from passive, evasive coping strategies, from an external locus of control and a lack of orientation toward competitiveness and mastery. And the third trajectory presents itself when personal rejection (low self-esteem) and minimal orientation toward mastery are translated into depression, which directly impacts individuals' subjective perception of well-being. Lastly, the study concluded that psychological and social variables are relevant in understanding a multidimensional, complex phenomenon such as poverty.

### *Rural to Urban Migration*

An extensive work has been done on the factors that lead to migration to the urban areas from the rural hinterlands and the characteristics of the migrants. The differences between the rural and urban areas in India (primarily in terms of the kind of employment opportunities) have been thoroughly researched upon. For instance, while analyzing socioeconomic factors of rural-urban differences in India, the study conducted by Ashok K. Dutt, Charles B. Monroe and Ramesh Vakamudi (1986) confirms some conclusions of previous investigations like the

higher female-male ratio and population density for urban areas. It also reveals certain characteristics that have been unnoticed. Cultivators, particularly males, are much better than agricultural laborers as an indicator of rural character. Female agricultural laborers are less significantly correlated than males with urbanization. Although persons engaged in household labor are found in both rural and urban areas, they are more prominent in the latter. Existence of another category of workers involved in both manufacturing and services sector is a highly significant indicator of urbanization. Literacy has a highly significant correlation with urbanization, but female literacy is a better indicator than male literacy of urbanization. The study has indicated this difference in correlates in the two settlements: urban and rural with the help of the following continuum model:

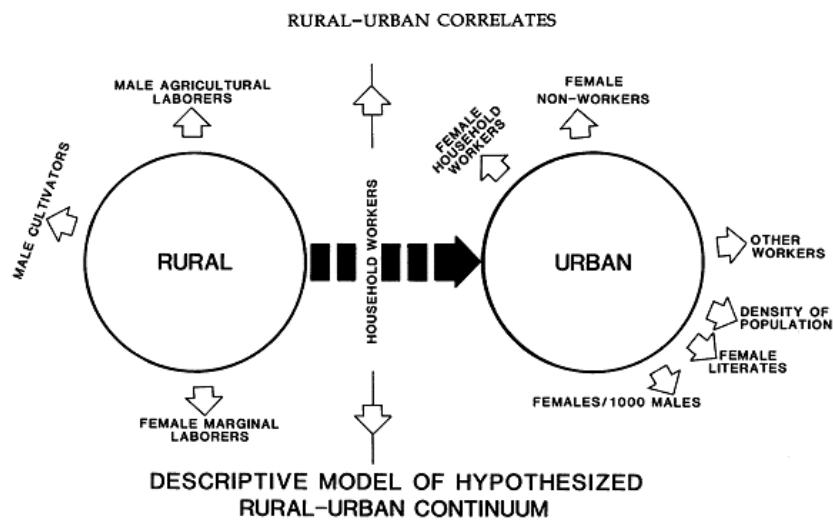


Figure 1

On similar lines, Amitabh Kundu and Niranjana Sarangi (2007) conducted a study that attempts to analyze the pattern of migration in urban areas and its socio-economic correlates. It employs published data at the national level from the last two rounds of NSS that had questions related to migration in their schedules, as also household and individual specific unpublished data from the 55th Round of NSS for urban areas. Inferences with regard to interdependency and explanatory factors have been drawn based on simple cross classification of migration and poverty data across various socio-economic categories, as also the results of logit regression analysis. A macro overview of the migration pattern reveals that economic deprivation is not the most

critical factor in migration decisions in contemporary times. This factor does not emerge as important even in case of seasonal migrants, which discounts the proposition that short duration mobility is very high among the poor when compared to middle class households. One observes that both poor and rich households report out-migration, although the reasons for sending out their family members and the nature of jobs sought by them are different. Migration emerges as a definite instrument of improving economic wellbeing and escaping poverty for the adult population in large, medium and small towns. The probability of being poor is much less among the migrants compared to local population, in all size classes of urban centres. Further, the probability of being poor is much less in large cities compared to middle level towns, the same being the case of middle level towns vis-à-vis the small towns. This pattern is observed not only in case of the two types of migrants but also the non-migrants.

It should be noted that Harris and Todaro (1970), in their theoretical model of migration, failed to recognize the fact that open unemployment among the poor and relatively unskilled in anticipation of uncertain future formal employment is not a viable proposition in the face of dire survival needs. In fact, choosing to remain unemployed especially in the absence of social assistance programmes may be construed as inconsistent with the socio-economic conditions of the very poor workers who migrate to escape starvation in the rural sector. Fields (1975), using a closer approach to Lewis' basic model, however, included a third option for the migrants in terms of the urban informal sector, albeit the choice to remain unemployed was still an open possibility. More modern treatments of the problem have been able to accommodate both open unemployment and informal employment in the conventional Harris-Todaro framework guaranteeing the fact that informal wage does not fall below the rural wage, in fact, the urban informal wage is held equal to the rural wage owing to perfect inter-sectoral mobility of labour (Marjit and Beladi 2008).

The sample study of female migrant workers in Tamil Nadu conducted by S. Sundari (2005) traces the causes of migration to economic, socio-cultural and environmental determinants. Economic explanations centre on the search for better opportunities of income and employment, socio cultural explanations centre on the desire of migrants to break away from traditional constraints and inequalities. Environmental explanations centre on the lure of the cities and migration induced by disaster, displacement and demographic pressures or imbalances.

Unemployment was cited as the main reason for migration by nearly 71 per cent of interstate female migrants. The main pull factors were favourable employment situation (assigned rank 1 by about 45 per cent of the respondents) and jobs already arranged in the place of destination through social networks (given rank 1 by nearly one-fifth of the respondents). Education was assigned the least rank by more than 60 per cent of the respondents. They felt that education was not a prerequisite to continue their unskilled work in which they were engaged before and after migration. These three-fold factors can be generalized to the male migrants and to all the states equally well.

### *Urban Informal Sector*

The informal economy has emerged as one of the most dynamic and active segments in the developing world. In India, the informal sector provides livelihood to more than 90% of the population. The importance of the unorganised segment of the economy is growing over the years. According to the 1993-94 series of National Accounts Statistics (NAS), the compilation of one-third of the estimate of domestic product pertains mostly to the unorganised segment of non-agricultural production. More than one-third of the domestic product from manufacturing originates from activities carried out in the unorganised segment, which contributes over 5 per cent to the total net domestic product (NDP). More importantly, the production of services in the unorganised segment of the economy constitutes over one-fifth of the total NDP. But there is a scarcity of direct current data for estimating the GDP for this unorganised segment and thus its contribution to the economy remains unrecognized.

The National Commission for Enterprises in the Unorganised sector provides an estimate of unorganised workers. Of the total count of the gainfully employed (based on both the principal and secondary workers counted by the National Sample Survey, the NSS) an astounding 91.2 per cent were in the unorganised sector (US) in 1999-2000, increasing by rather more than a whole percentage point in 2004-05. A large proportion of this informal US employment is of course in agriculture, but non-agricultural activities still accounted for a substantial 40 per cent. Another interesting point about the informal workforce is that a significant proportion is employed in formal sector establishments. Hence, US employment accounts for a larger proportion of total employment than the US itself. It is remarkable



that in 1999-2000, 37.8 per cent of the workers in formal sector were in informal employment in terms of the commission's definition of absence of job or social security coverage. Even more striking is that according to the commission's statistics the entire increase in employment between the two thick rounds of the survey (1999-2000 and 2004-05) were of the informal type. Employment in formal sector establishments did increase by 16 per cent, but apparently all this increase was of the "informal" type. This rather spectacular increase in "informalization" of employment in the formal sector was due to larger use of casual or contract wage labour. Wage workers account for 36 per cent of total US employment, the rest being self-employed. Of the 36 per cent, 7 per cent are regular, the rest casual. Almost all of the wage workers in agriculture are casual but the regular-casual divide among them in the unorganised non-agriculture sector is almost half and half. The self-employed constitute just over two-thirds of the employment in the US, and this proportion surprisingly is almost the same in agriculture as in non-agriculture. The commission draws attention to a special category of workers who could come under the International Labour Organization (ILO) Home Workers Convention 177 (adopted in 1996). These home-workers, who are disproportionately females, are "dependant sub-contractors" who, although working for remuneration, worked in premises of his/her choice rather than in the location specified by the employer. They are to be distinguished from "independent self-employed". Their numbers have most likely swelled with the growing practice of "outsourcing". They fall in a category in between self-employed and wage worker, and could be included in either category in national survey of employment. The 1999-2000 survey of the NSS, however, had some special questions which enabled the commission to identify them. According to this count, they constituted 7.4 per cent of the US. Income of the self-employed is very widely distributed. They contain marginal workers who are trying to eke out some income with a minimum use of co-operant factors. But they also include small independent businesses with established markets whose income levels might exceed those of many formal sector workers. This is what can be seen in the NSS data on household expenditure levels where the different categories have been established by the occupation of the principal earner. It is seen that the casual workers are mostly in the bottom household welfare class, but a substantial proportion of the self-employed are in better-off classes (although this percentage is a little lower than that of the regular workers who constitute just 7 per cent of the unorganised workforce). The commission does provide estimates of the percentage of the workers below the poverty line

(based on the mixed recall period and the Employment and Unemployment Survey). The data in Table 2.6 of the report suggest that 15.9 per cent of the self-employed in the rural US, and 21.4 per cent in the urban, were below the poverty line. This compares with the poverty ratios of 5.2 and 6.8 among regular organized workers in the rural and the urban areas respectively. However, the organized sector, as already mentioned, contains a sizeable body of workers without contracts and social security benefits. The poverty ratio among these was much closer to that of the self-employed in the US, although significantly less than that of casual workers.

Since its “discovery” in the early 1970s, the informal economy and its role in economic development have been hotly debated on. Some observers view the informal economy in positive terms, as a “pool” of entrepreneurial talent or a “cushion” during economic crises. Others see the informal economy as a source of livelihood for the working poor. Still others view it more problematically, arguing that informal entrepreneurs deliberately avoid registration and taxation. Underlying these varying perspectives are three dominant schools of thought regarding the informal economy:

- The dualist school, popularized by the ILO in the 1970s, subscribes to the notion that the informal sector of the economy is comprised of marginal activities – distinct from and not related to the formal sector – that provide income for the poor and a safety net in times of crisis [Hart 1973; ILO 1972; Sethuraman 1976; Tokman 1978].
- The structuralist school, popularized by Caroline Moser and Alexandro Portes (among others) in the late 1970s and 1980s, subscribes to the notion that the informal sector should be seen as subordinated economic units/enterprises and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms [Moser 1978; Castells and Portes 1989].
- The legalist school, popularized by Hernando de Soto in the 1980s and 1990s, subscribes to the notion that the informal sector is comprised of “plucky” micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration and who need enforceable property rights to convert their assets into legally recognized assets [de Soto 1989, 2000].

Although interest in the informal economy has waxed and waned since its discovery, it has continued to be useful as a concept to many policy-makers, activists and researchers. This is because the reality it seeks to capture – the large share of the global workforce that remains outside the world of full-time, stable and protected employment – is so significant. At present, there is renewed interest in the informal economy worldwide. This renewal of interest stems from the fact that, contrary to the predictions of many economists, the informal sector has not only grown worldwide but also emerged in new guises and in unexpected places. It now represents a quite significant but largely overlooked share of the global economy and workforce.

### ***Effects of Rural to Urban Migration***

Effects of migration from rural to urban areas can be analyzed by segregating them into three categories: (i) effects on the individual who has migrated, (ii) effects on the rural area from where the individual has migrated, and (iii) effects on the urban area or city to which the individual has migrated. Effects on all the three are discussed below with the help of the available literature.

#### ***Effects on the individual who has migrated:***

According to the study conducted by Indrani Gupta and Arup Mitra, in 1996, among 150 slum households from several parts of Delhi, the employment structure of the migrant slum dwellers in Delhi is by and large dominated by informal tertiary activities. The percentage of migrants below the poverty line is highest among those who migrated 1-5 years ago and lowest among those who have been in Delhi for 12-15 years. Although the decline in the incidence of poverty is not in proportion to the rise in the duration of migration, it suggests that with a rise in the period of stay, migrants are able to improve their standards of living. In other words, as migrants continue to stay for longer years in the place of destination, they tend to develop access to information pertaining to the urban labour market, and thus shift to better paid jobs. The incidence of poverty is highest for petty trade and vending, and the distribution of poor households across activities shows that the percentage of poor located in these activities is larger than its employment share. The incidence of poverty in services is on the low side although this sector too is usually believed to be largely dominated by low productivity jobs. On the other hand, in the manufacturing sector, the incidence is quite high.

Econometric results tend to support the hypothesis that with experience migrants move from low productivity to high productivity jobs. Secondly, short-distance migrants relative to their long-distance counterparts seem to be less concerned about information regarding high income jobs: they seem to migrate first to the city and continue their job search while pursuing work in casual or other low-income jobs. An interesting fact borne out by the empirical results is that the zone-specific variables indicate concentration and availability of certain kind of jobs in certain areas. It would be misleading to hypothesize that the urban job market is vast in nature, and provides opportunities of all types.

What is true at the macro level needs to be carefully interpreted at the individual level. Given the differences in the growth pattern and nature of activities across space within a city, and given the preference of the contact-based migrants to reside near the place of work on the one hand and near the relatives or co-villagers on the other, the urban job market manifests itself in a highly segmented form.

Brady J. Deaton, Larry C. Morgan, and Kurt R. Anshe (1982) attempted to study the influence of Psychic Costs on Rural-Urban Migration. Psychic costs signal utility differentials among geographic regions. These may induce migration, which results in a more socially optimal pattern of resource allocation than that induced by adjustments in market-determined wage rates. The paper identified and analyzed the determinants of psychic costs and drew relevant implications for rural development policy. The analysis is based on measures of psychic costs and urban satisfaction for a pooled sample of eastern Kentucky migrants located in Cincinnati, Ohio, and Lexington, Kentucky. The psychic costs reported in this sample of rural-to-urban migrants reflected preferences for rural life and more familiar social surroundings. Income differentials suggested that migration is associated with negative private externalities and that inter-regional factor price differentials are inadequate measures of relative welfare. These findings are consistent with Hoch's hypothesis that the observed inter-regional wage differentials represent, in part, compensation for disutility associated with urban life and that disutility increases with city size. The smaller city of Lexington, Kentucky, was clearly preferred to the larger metropolitan area of Cincinnati, though each is close to the area of origin. These measures are consistent with the urban-to-rural population movements experienced recently. The satisfaction measures indicate that the quality of work in the city may be a less

important deterrent to migration and successful social adjustments than the quality of the social and physical surroundings. Perhaps the social linkages between rural communities and nearby cities, regardless of size, are the most important determinants of psychic costs. Inter-regional income differentials can be expected to persist indefinitely, as long as non-pecuniary externalities of economic activity play a major allocative role. Programmes that assist migrants to adjust to urban environments may lower psychic costs and help eliminate the high personal and economic costs associated with "return" migration from urban back to rural areas of origin. The results of this study suggest that a significant proportion of migrant dissatisfaction can be explained by demographic measures. Development planning should be sensitive to psychic differentials associated with different population characteristics.

The frustrations of interpersonal interactions may be significantly reduced if migrants understand urban life better. For newcomers to the city, socialization programs can be offered through school systems, state employment services, and community organizations. In determining the optimal mix of urban and rural-oriented human resource development policies, the net social benefits of these programs should be compared with those of programs that induce firms to locate in rural areas.

Government investments, in some countries, have influenced the flow of migrants by altering income and employment opportunities in rural and urban areas. The urban to rural trends of industry and population may reflect the success of these policies. The results of this study imply that the determinants of psychic costs contribute to the same trends. Policy makers should consider the impacts of all these factors upon migration flows if desired population distribution is to be achieved and undesirable consequences avoided.

These results provide evidence that decentralizing industry may generate an increase in societal well-being that goes beyond improvements in rural wages. Job opportunities at acceptable real wages in rural communities provide opportunities for a significant number of return migrants from urban areas. Apparently, these return migrants avoid substantial psychic costs which will never enter an accounting stream but, nevertheless, contribute to personal utility. Few would doubt that all society is the beneficiary.

Arup Mitra (2006), made an attempt to examine the upward income mobility hypothesis. Though most of the workers seem to be employed in the informal sector both in the past and present, a large majority of them have experienced improvements in terms of earnings. Both inter- and intra-occupational changes within the informal sector itself have been beneficial to the workers. At the entry point, networks through relatives, etc, are important but at a later stage self-efforts help them improve their nature of job and climb up the income ladder. On the whole, though the graduation hypothesis, i.e., transfer of labour from the informal to the formal sector, does not seem to receive much empirical support, movements within the informal sector are substantive and prove to be beneficial. However, the cases of downward income mobility, particularly among those located in the higher income brackets in the past, have also been noted. The only major support in favour of the hypothesis is that the cases of downward mobility are much fewer in number than upward mobility. The duration of migration does not seem to have any significant effect on the expenditure per capita, but it shows a positive influence on the probability to save. With experience the workers are likely to gain in terms of income mobility. To conclude, while the evidence in favour of upward mobility is not overwhelming, it would be equally erroneous to reject the supporting facts howsoever few they may be. Income support measures including the scope to up-grade skill can fasten the process of upward mobility in the relatively lower income brackets and stop the process of downward mobility in the relatively higher income brackets. What is noteworthy is that even in these low income households, with no major income support policy the workers are able to earn a source of livelihood based on self-initiatives and “social capital”. These informal security mechanisms and the self-efforts need to be taken into consideration in framing the policy directives so that they remain cost efficient as well as compatible with the needs and requirements of the residents. Such complementary relationship is essential in making policies popular and effective.

Moshumi Basu (2006) highlights the plight of the unorganized labour in the informal sector with the help of two tragic cases of deaths of the workers due to negligence of the employer and lack of any legal framework. In the present system of governance where the state is actively withdrawing from its social obligations, leaving it to the market to protect, secure and fulfill the obligations of well-being, the occurrence of accidents leading to physical and psychological traumas is an inadvertent fact of reality. The functional logic of private enterprise is profit that it seeks to increase by depressing the expenditure on variable costs to the extent possible. Since,

the expenditure on raw materials, machinery, infrastructure, etc., cannot be reduced, the reduction happens almost invariably on the expenses incurred on labour. This could take several forms such as not issuing appointment letters, resorting to contract labour, not employing workers on a permanent basis, following a policy of hire and fire, not paying statutory benefits such as provident fund and ESI, etc. What is disturbing in the present circumstances is that the government in its attempt to appease private capital is actively encouraging a “flexible” labour policy whereby workers’ rights are legally negated. Such a model of development that is inherently unjust, unequal and insensitive to the needs and aspirations of the economically vulnerable sections poses serious problems. Moreover, there has been practically little effort to modify the structure by which the functioning of such enterprises may be monitored effectively by the state. The study highlights that beneath all the glamour and flamboyance that our cities display in the name of modernism, lie buried the unrecorded and unaccounted history of lost and vitiated lives of the unorganized labour-force.

One of the most understudied areas in informal sector activities in developing countries is that of home-based manufacturing activities, and labour in home-based work has been even less studied. But attention to these issues is growing internationally, as manifested in the ILO Convention on Home-based Work (1996). The ILO Convention No 177 on Home-based Work (1996a) defines home work (hw) as “work carried out by a person (i) In his or her home or in other premises of his or her own choice, other than the workplace of the employer; (ii) For remuneration; (iii) Which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used...” (ILO 1996a). The term “home-worker” (or industrial outwork) is used to refer to a subset of home-based workers: industrial outworkers who carry out paid work from their home, for firms or businesses or their subcontractors, typically on a piece rate basis. They are involved in labour-intensive activities especially in textiles, garments, and footwear manufacturing industries and in artisanal production (Baden 2001). Hw offers several advantages to families at the micro level. Above all, it offers employment and hence an opportunity to enhance and diversify their income; it also saves workers’ travel time and they can perform other activities in addition to hw. For men, such other activities usually include another economic activity (e.g., farming in rural areas or periodic wage work), and for women it normally implies the performance of their reproductive and domestic role, while also contributing to family income through hw. Hwers can gain specific skills in producing

goods at home, increasing the human capital available at the household level and at the local level. The work and experience can eventually trigger the entrepreneurial capabilities of some workers/subcontractors, and home-based activities, at least among men, can progress into subcontracting, and could possibly result in the start-up of a small enterprise (Prugl and Tinker 1997). At the local level this can improve the system of production through cluster development (Mehrotra and Biggeri 2005). These advantages can mask severe disadvantages for the hwer. In conditions of excess supply of labour, piece-rates (the normal form of payment in hw) can be low, and thus the share of hwers in the value chain would be extremely low. In many cases piece-rates are low despite the fact that hwers, in some cases, are very highly skilled workers (Mehrotra and Biggeri 2006). Work conditions can be very exploitative especially if there are few alternative income earning opportunities in the area or if work is available only as bonded labour. The exploitation of the hwers by local employers can be just a first step in the exploitation through the global value chain (Carr et al 2000; Mehrotra and Biggeri 2007). Furthermore, the hw household has to cover some production costs and associated risks – including, buying or renting and maintaining equipment; providing workspace and paying for utility costs; and buying some inputs – often without help from their employer. These activities are also often dangerous in terms of health in the first place for hwers, and in the second instance, for other members of the household since the activity is done in the home.

***Effects on the rural area from where the individual has migrated:***

Mitch Renkow (2003) conducted a study on Employment Growth, Worker Mobility, and Rural Economic Development for North Carolina. The study was empirical in nature and used econometric tools for analysis (particularly three-step simultaneous equation modeling). It highlights significant rural-urban differences in labor market adjustments to employment growth. A relatively greater fraction of new jobs in metro counties are filled by (non-resident) commuters than is the case for rural counties, while employment growth in rural counties appears to be accommodated to a relatively greater degree by reductions in out-commuting. Moreover, changes in employment in nearby counties were found to have a significant impact on labor force growth-and, by extension, population growth and residential development-in rural counties (but not so for metro counties). All of these findings are consistent with the growing exurbanization that has accompanied a geographic expansion of North Carolina's urban labor markets to encompass nearby rural areas. The fiscal impacts on



rural counties affected by this exurbanization is substantial. It thus appears to be the case that while employment growth within individual rural counties may lead to smaller fiscal impacts than is often supposed, employment growth in nearby counties-especially urban counties represents an important countervailing factor, one that also tends to be overlooked in economic and fiscal impact analyses. The findings highlight the importance of broadening the scope of impact analyses to encompass an array of spatial spillovers.

Prabir C Bhattacharya (2002) highlights that most rural areas appear to gain more than they lose due to migration. Population pressure is reduced and remittances of migrants improve the living standards of relatives left behind. Additionally, the conditions of those who stay in the rural areas may also improve in other ways as – to quote Guglar and Flanagan (1978:64) – “migrants provide villages with access to urban amenities (e g, health care), assist village development, and press village interests with officials at regional or national level”.

***Effects on the urban area or city to which the individual has migrated:***

Existing literature in the context of rural-urban migration is vast and controversial. The ‘over-urbanisation thesis’ – perhaps one of oldest theories – holds that with deterioration in the land-man ratio in the agricultural sector, the rural population, in search of a livelihood, migrates to urban areas [Hoselitz 1957]. Subsequently, in the face of limited possibilities of labour absorption in the organized sector, particularly in industry, the rural migrant workers are believed to create a situation of unlimited supply of labour in the urban job market. This leads to a residual absorption of labour in the informal sector, generally said to be characterized by low productivity. Below subsistence level of incomes accruing to workers in this sector inflate the percentage of population below the poverty line, and compel them to reside in slums. The probabilistic models, while formalizing some of these statements, hold that the rural-urban expected income differentials are much larger for the rural poor than the non-poor, and hence the poor have a higher propensity to migrate to urban areas [Harris-Todaro 1970, Todaro 1969] envisaged a two-stage migration process: in the first stage, migrants enter the ‘urban traditional’ sector (informal sector), due to their limited access to the ‘modern sector’ (formal sector). In the second stage, with a rise in the duration of stay, workers in the urban traditional sector are likely to acquire skills and graduate to the formal sector, or what he called “eventual attainment of a

more permanent modern sector job". In most of these studies, the best way of handling urban poverty is seen in terms of the implementation of rural development programmes.

These propositions have, however, been challenged at various levels. Banerjee and Kanbur (1981) argued that those in the middle-income groups have a higher propensity to migrate than those in the bottom or upper income brackets. To infer that poor villagers are the most likely to migrate from the fact that poor villages expel more migrants is to commit an ecological fallacy [Lipton 1980]. Further, the interpretation of urban poverty in terms of rural spillover has also been challenged on empirical grounds [Mitra 1992, Mills and Mitra 1997]. Papola (1981) and Banerjee (1986) found no evidence to support the assumption that migrants were predominantly located in lower rungs of activities, namely, the informal service sector.

Banerjee and Bucci (1994) evidenced rural-based search for urban jobs. The study was based on the labour market in Delhi. It confirmed that about one half of the rural migrants moved after pre-arranging a job or after receiving assurances of employment from an urban-based contact. This proportion was almost the same for both formal and informal sector entrants, indicating that informal sector jobs also act as pull factors for migration, rather than offering only a stop-gap arrangement as the probabilistic models would hold. On the whole, the contact factor plays a crucial role in obtaining the desired employment within a short time span. It is contended here that migrants in low-income households prefer to reside near the workplace and that the role of the contact is not confined to merely information on jobs. It often provides shelter in the initial stages and helps in settling down.

The co-villagers, relatives, kin and friends have a strong tendency to live in the vicinity of the early settlers primarily because the jobs obtained through contacts are quite similar to those of the contact persons, particularly in the case of manual and unskilled jobs, as observed by Banerjee (1984). The urge to reside near the work place is determined by a large number of factors, some of which could be traced to the very nature of activities the migrants perform. Self-employed workers in petty manufacturing and repairing activities often have their enterprises within the household premises [Sethuraman 1976]. Similarly the self-employed and wage labourers in trading activities are required to use their workplace for residential purposes as well, from a security point of view. Sometimes their encroachment on public land poses the threat of demolition, and their constant vigilance of the unit of operation may be essential. At other times

they are engaged by their employers outside working hours to check burglary. This enables them to reduce their expenditure on rent, thus reducing their cost of living in the city. Besides, community latrines and provision of drinking water attract many of them to reside close to the workplace.

Another reason to stay in the vicinity can be identified in terms of multiple jobs that members of low-income migrant households usually take up. Women, who combine their home-based activities with jobs outside the home (for example, domestic-maids), are engaged in similar kinds of jobs but in a large number of households, and prefer to have the place of work and place of residence close to each other. Even if the total income earned from all jobs is less than the income that could have been earned from the job available at a distant place, the former would be preferred as long as the cost of commuting and the opportunity cost of the time spent on commuting are large enough to reduce the potential earnings than the actual earnings.

The reason to reside in the neighbourhood of their relatives and friends or co-villagers deduces its roots from other than economic factors – sociological and political factors as well. With wide regional diversities in the cultural background of the migrants in the face of their difficulties in adapting themselves to an urban cosmopolitan culture of upper income groups, their urge to keep alive and enjoy their cultural identity in the city induces them to reside in close proximity to each other. In India, the multilingual and multiethnic identities of its citizens make such phenomenon even more important. Thus, the more heterogeneous culturally and ethnically an area/country is, the more likely it is that migrants would seek to settle in and around the areas of their brethren. Besides, as mentioned above, activities of the contact persons (early entrants) and the late entrants being mostly similar, sharing of family or individual endowment in their pursuit of economic goals becomes almost inevitable. Efforts to delay demolition programmes planned by the city administrators, and attainment of quasi-permanent residential rights in the city are realized only through collective efforts, which help secure political patronage in exchange for their promise to operate as vote banks.

Having mentioned the importance of contact in securing jobs and the urge to reside in groups formed on the basis of caste-kinship-co-villager bonds, and the preference of the low-income migrant households to locate near the workplace, the development of various nodes (centres) within the city can now be highlighted. As the literature on agglomeration (particularly the

localization) economies suggests, firms conducting similar activities tend to locate close to each other so as to reap the economies of scale [Henderson 1988]. Extending this argument – usually made at the inter-city level to explain the differences in activities that cities specialize in – to the intra-city level, the heterogeneity across space even within a specific city can be noted. In other words, not all areas would conduct all activities; each would be responsible for the growth of a predominant activity depending upon the availability of resources required for its generation. Thus different centres within a city would have specialized activities, though from the overall city point of view all activities would appear to exist within its territory, thus creating the myth of a vast labour market. Empirically too, the heterogeneity of the city structure across space has been documented: Dupont and Mitra (1995) divided the city of Delhi into several small units, or census charges, and observed wide inter-spatial variations of socio-economic characteristics and activities. Further, they also found an incidental matching of these socio-economic variables with geographic zones of the city: while certain attributes were more conspicuously present in certain zones, others were absent in other zones.

Prabir C Bhattacharya (2002) states that for every new job created in the urban modern sector, three or four workers who were productively occupied in the rural area may come to the urban area. This may then lead not only to higher levels of urban unemployment but also to lower levels of agricultural output, due to induced migration. More importantly, the total output of the economy may fall despite subtraction of workers from low marginal productivity agriculture and addition of them to higher marginal productivity industry (that is, the urban modern sector) if the decrease in output in the rural sector following the migration of these workers is greater than the increase in output in the urban modern sector following some of these workers being employed in that sector. However, the Todaro and Harris-Todaro-type models view the informal sector as being essentially a stagnant and unproductive sector, serving merely as a refuge for the urban unemployed and as a receiving station for newly arriving rural migrants on their way to formal-sector jobs. In sharp contrast to this view, however, the empirical literature increasingly sees the informal sector as dynamic, efficient, and full of hidden but creative entrepreneurial talents. Empirical findings suggest that many migrants from the rural to the urban area are attracted by income-earning opportunities in the informal sector itself; also that there is very little job-search activity by workers in the informal sector. Instead of being a transit camp for disappointed migrants queuing for formal-sector jobs, the informal sector is a dynamic sector making

substantial contributions to income and output, capable of attracting and sustaining labour in its own rights. Empirical findings also suggest that a large number of migrants who enter the formal sector line up their jobs from the rural area itself [Bhattacharya 1998a,1998c, 1999, Sethuraman 1976]. The insights from the recent theoretical and empirical work would suggest that any proper analysis and evaluation of rural-urban migration should include, among others, the following considerations. First, an informal sector needs to be introduced into the discussion in an essential way. Once a dynamic and productive informal sector is introduced into the analysis, the unemployment consequences of rural-urban migration on which so much attention has been devoted in the theoretical literature would appear to be greatly exaggerated. Second, it needs to be recognized that migrants are unlikely to be a homogeneous group and that migration flow is likely to consist of at least two distinct streams, with one group bound for the informal sector only; and that many of those who go to the formal sector do so with jobs lined up from the rural area itself. Third, in evaluating the impact of migration on overall development (especially on the rural sector), the role of family in migration decisions needs to be explicitly considered. The migration of one member of a family is often a family decision and a rural family that sends a member to the urban area may raise its total income and diversify across sources of income. Finally, it needs to be recognized that often migration itself accelerates economic development. Where scale and agglomeration economies are important, high levels of net migration or natural increase may improve economic opportunities, inducing increased migration.

Part of the reason, of course, why rural-urban migration is viewed unfavourable by many is the belief that urbanisation has proceeded too fast in many contemporary LDCs and that many of these countries suffer from ‘over-urbanisation’. Urban growth in these countries, it is argued, is the artificial result of an “urban bias” in government policies – “policies that set prices and make public decisions in ways that favour urban areas and concomitant industrial development more than their potential contribution to economic efficiency justifies”. However, as Egan and Benedick (1986) have so cogently argued, it is easy to overestimate the impact of these considerations. From huge primate cities to market towns, cities arise and grow because they offer advantages as locations to perform certain types of economic activity, and while urban bias may account for some urban growth, that growth reflects other, more fundamental factors as well: economies of scale, agglomeration economies, and other efficiency-enhancing benefits that result from concentrating population and economic activity, and, as Egan and Benedick observe,

“if urban bias had never existed in public policies, there is reason to believe that the majority of the urban development we observe today would still exist”.

A related concern frequently voiced is that in many developing countries the major cities, most prominently the capital cities, are already too big and are inefficient and unmanageable. Of course, as cities grow in size, the costs per household of providing services such as sewage, water and housing would rise. At the same time, new costs would arise from crowding people and activities together (for example, pollution, crime, congestion). Nevertheless, such increases in cost would justify concluding that a city is too big only if costs are rising faster than benefits, for one must not forget that scale and agglomeration benefits are the primary reason for the existence of cities in the first place. Even if the costs of living in the urban area are higher than those of living in the rural area, if urban-induced increases in productivity are greater than the urban-induced increase in costs, then urbanisation is still more efficient than a more dispersed pattern of settlement.

#### *Policy Implications*

Social groups working in the informal sector as labourers are among the most neglected groups under the present pattern of capitalist development. The state does not acknowledge their presence, nor does civil society accord them respectable status. Despite the physical existence and visibility of this sector and despite the millions involved in it for their sheer survival, their ‘official invisibility’ makes them ineligible for most statutorily ordained benefits and allowances, however minuscule the latter might be.

A couple of texts that set the stage for such discussions are by Hernando De Soto (2000) and Avinash Dixit (2004), although they are written from two different perspectives. De Soto’s book, *Mystery of Capital* talks about the lack of property rights and legal contracts in the informal segment that locks in huge amount of capital, blocking development all around. The policy of guaranteeing property rights, enforcement of legal contracts, etc., is expected to release capital for investment and growth. Dixit, on the other hand, talks about lawlessness of economics that necessitates appropriately designed contracts needed for conducting business. Dixit’s book is a technical manuscript representing the intricacies of contractual arrangements. De Soto’s is a more casual empirical work with persuasive anecdotes. Nevertheless, both in a sense admit the problems of informality in economic activities. While De Soto talks about legalizing the extra-

legal (i.e., activities in violation of some officially specified codes of conduct but are not criminal activities) Dixit provides a workable structure within the domain of the extra-legal. Both of these approaches indirectly hold the state and the regulatory structures responsible for the emergence of informal arrangements and formalizing the informal seems to be the first best choice that is somehow not implemented by the state.

Contrary to these, two recent studies by Marjit, Mukherjee and Kolmar (2006) and Dasgupta and Marjit (2006) provide political rationale to the part of the state to perpetuate informal arrangements. The first one argues that given high incidence of poverty and absence of a social welfare system, a democratic state uses the informal sector as a buffer for the poor people. The extra legal occupations work as substitutes for social security and emerge as an innovative and effective re-distributive strategy. The degree of enforcement of property rights itself becomes a strategic political variable. The existence of an unorganised sector helps the organized firms to take advantage of liberal economic policies and in a way use a disadvantage to gain competitive advantages, locally and globally. This is amply demonstrated in Marjit and Maiti (2006) and Maiti and Marjit (2008).

Dasgupta and Marjit (2006) use a framework with unionised labour and informal workers and show that the state will have reasons to undermine the strength of trade unions and stealthily promote the culture of informal sector, again to push forward liberal policies. Essentially, these papers look at the possible reasons as to why the State may be reluctant in clearly defining the boundaries of legal institutions and consequently chose an optimal degree of enforcement. In a related paper, Sarkar (2006) writes on the economic policies of the left-ruled state government in West Bengal and argues that the ruling coalition has encouraged formation of the informal sector as if on a clientele mode, such that they are always in a position to control the economic lives of the poor. This is also in line with the general tenet of the argument that the informal sector becomes a necessary element of state sponsored political strategy, especially when the institutions themselves are endogenously designed and their limits are manipulated to obtain highest political returns. It may perhaps be best viewed as the well-known dilemma of rules versus discretion as exemplified in the macroeconomic theory in a different context (Barro and Gordon 1983). Institutional commitment specifies certain rules of the game relatively sticky and un-manipulable. On the other hand, the state sometimes needs flexibility to foster adopted

policies and at times to steer political self-interest. Informal sector provides a great opportunity to practice discretion. Great many concerns behind formalising the informal often miss out this simple motivation of a democracy.

Apart from all this, wage and employment situations in the informal sector across the country have been fairly sensitive to exogenous shocks in international trade and per se to the waves of globalization. In the existing literature, welfare implications of trade reforms, with the informal sector as an important part of the economy, have recently come up for much discussion (Marjit and Kar 2007; Marjit et al 2007; Chaudhuri and Banerjee 2007; Chaudhuri 2003; Marjit 2003; Chaudhuri and Mukhopadhyay 2002; Chen 2000; Kar and Marjit 2001, etc). A primary is that leaving out the informal sector fails to capture the actual impact of such policy reforms since on an average 70% of the labour force in the less developed countries (LDCs) work under arrangements outside the purview of what is typically known as the formal/organized sector. Data from the south-east Asian, East European, African, and Latin American countries show varying rates of urban informal sector employment within the range of 15% to 20% in Turkey and Slovakia to 80% in Zambia, or even more, to about 83% in Myanmar. Moreover, considering the state of agricultural and rural activities in these countries, it is quite apparent that the total shares of the informal sector in these countries are quite high (ILO 1999). This is also corroborated by some of the other studies (for example, Turnham 1993), which provide evidence that in low-income countries like Nigeria, Bangladesh, Ivory Coast, India, and elsewhere, the share of the urban informal sector is at least as high as 51%. Alternatively, seen from the point of view of the “minimum wage” earners, only 11% of Tunisia’s labour force, for example, is subject to minimum wage; in Mexico and Morocco, a substantive number earns less than the minimum wage; in Taiwan, the minimum wage received by many is less than half of the average wage and, etc (Agenor and Montiel 1996).

There are conjectural suggestions that the level of informalisation in a country increases as the economic reforms are initiated. A more general concern that follows is that such expansion will reduce informal wage with retrenched workers crowding in from the formal sector. Some of the above mentioned studies show that despite contraction of the previously protected and often state-run formal sector as a consequence of trade liberalization, and consequent relocation of relatively unskilled and older workers into the informal segment, informal wage can still rise



if capital also relocates into the informal sector. Although generally, the informal sector activity pertains to non-traded items in the economy, from street vendors to domestic help, in many countries they produce intermediate goods, processed exportable and import substitutes with subcontracts from the formal sector. In such cases, the formal sector often adds the capital content (like, the brand name) only. In many other cases, informal industries that produce garments, leather goods, small tools and machinery are known to export directly – often by passing the formal regulations and procedures mainly through adjacent border trade. Apart from that, in all the developing countries, agriculture, poultry and fisheries are predominantly outside the formal sphere and consumer non-durables such as vegetables, fish and meat are procured from informal producers, processed and traded. Analyzing the impact of industrial and trade reform on these activities and on the workers employed therein should offer a wider view in favour of appropriate policy formulations. It is to be noted that given the considerably large share of employment in these sectors even small positive gains in the real wage, can increase the economic attainments of millions in most developing and transition countries.

As per Mario Biggeri, Santosh Mehrotra, Ratna M Sudarshan (2009), one reason why home-workers (HW) are “invisible” to policymakers is that the workers are in the informal sector, and are literally not counted in most labour force surveys. In order to measure the magnitude of HW and the informal sector there is a need for surveys based on fully representative samples in each developing country. This can be an important tool for policymaking, and for advocates to engage in policy-dialogue with government policy makers. What is equally, if not more important, is that gradually all home-based workers are registered. For the well-being of the worker and of her family, this is of more immediate and direct importance, as it will reduce their vulnerability. It is also consistent with the ILO Recommendation on Work. Naturally, only adult workers can be registered, not children. However registration will bring benefits to the whole family. The registration will at least recognize them as workers, from which some limited rights could follow. The latter would involve the registration of the subcontractors as well. Once the workers have an identity they can at least claim some benefits.

Also, there is need for some form of social protection for all those engaged in the informal sector manufacturing activities (Ginneken 2003). The Indian Parliament passed the Unorganised

Workers Social Security Act on 17<sup>th</sup> December 2008. The Commission on Unorganized Sector had made a proposal in June 2006 to the government of India to finance social insurance for informal sector workers. The commission proposes that the worker, the employer and the government each contribute one rupee per day (to cumulate to Rs 1,045 per annum per worker). Since only 17% of informal workers (in non-agricultural sectors) have identified employers, the employer contribution for the remaining 83% will need to be paid by the central government. The government contribution is to be shared between the central and state governments on a 75:25 ratio. Workers below the poverty level will not contribute, and their contribution will also be covered by the central government. All workers in the informal sector whose monthly income is less than Rs 6,500 will be eligible. In principle, this is a well-conceived scheme for social insurance for the informal sector. The difficulty is that it is much too ambitious since it is intended to be universal, covering the whole country in one go. It might be a fine proposal technically, but perhaps does not take into account the political economy of such a scheme – given that usually there is no political backing behind the fragmented, poor workers in the informal sector, who do not have a national level trade union (unlike the formal sector workers).

It might be more prudent to think of a social insurance scheme for the informal sector that is incremental in nature – that grows almost by stealth, in order to avoid arousing the employers and political elite in opposition to overtly distributive schemes from foundering even before they take off. By contrast, sector and even product-group specific social insurance mechanisms, (e.g., welfare funds), financed mainly from an earmarked tax on the product, could be a significant way forward for all informal sector-manufacturing activities. Kerala has 27 such welfare funds – all in the informal sector – as do many other states of India. A welfare fund of this kind could only become operational if the fund registers the workers, contractors and subcontractors.

It is believed that such social insurance (or welfare) funds must, at a minimum, provide the following benefits: (1) Specific health benefits, related to the nature of work of home-based workers, including maternity benefits; (2) Scholarships for children to go to school; (3) Old-age pensions; (4) Life insurance; (5) Childcare facilities. Each of these welfare functions is a critical element in a system of support for informal sector workers. For poor households catastrophic out of pocket health expenditures make all the difference between living below or above the poverty line and bonded labour. Death of father is associated with a child being in “work only” status.

Functional, affordable schools of reasonable quality offer an alternative to children who would otherwise work full time. While a functional school system is a state responsibility in a broader agenda of public action, welfare funds have been used to provide scholarships which could make all the difference between a child attending or not attending school as confirmed by econometric results.

The political economy of financing of such a fund is critical to its creation in the first place, and its sustenance thereafter. Given the wide diversity of goods produced in the informal sector, and the consequent fragmentation and lack of organization of the workers, as well as the large size of the informal sector workforce, it is unrealistic to expect that the government would be willing to finance, from general tax revenues, such a large number of sector-specific funds. Hence, the most important role of the government has to be to organize the creation, and the regulation, of such a fund, and ensure that a product-based tax is collected and reserved exclusively for the fund. The umbrella Act that has been passed by the Indian Parliament on 17 December 2008 could be the basis for taking forward such social insurance.

However, leaving it to the state governments to take the initiative is again a relatively uncertain way to take social insurance forward, since so far it is mainly the three southern states of Kerala, Karnataka and Tamil Nadu that have the institutional mechanism of the welfare fund.

The level of organization of the workers' community is a pre-condition for the creation of such funds. The regression results showed that membership of an hw organization and participation in collective action by the home-based worker was a determinant of whether the child would be working full time, or studying and working. Such funds are unlikely to be created by voluntary governmental action. Local governments should intervene for HW activities by providing basic infrastructure services such as water, electricity and roads. Further promotional functions may involve certification of skills, training, assistance with marketing and the provision of credit. Help in the setting up of cooperatives among the hwers which would challenge the monopoly of contractors in supply of work to vulnerable women workers will also help raise piece rates offered by sub-contractors.

Prabir C Bhattacharya (2002) suggests that for effective policy implications in urban areas for urban management, attitudes about the informal sector need to change. The informal sector produces many goods and services efficiently and provides employment to a large number of people. Studies show that the share of the urban labour force engaged in informal sector activities is growing and now ranges from 30 per cent to 70 per cent, the average being around 50 per cent. It also needs to be borne in mind that while in visualizing the urban informal sector one tends to think first of very large urban agglomerations such as Mexico City, Lagos and Kolkata, nevertheless smaller cities and towns also provide significant amounts of informal sector employment.

The informal sector enjoys a largely symbiotic relationship with the formal sector and contributes significantly to national output. It would, therefore, appear highly inappropriate to suppress or discourage the informal sector. Policies such as land-use controls and various licensing requirements, however, do have such a constraining effect. Lack of adequate credit facilities is also a major barrier to the growth of many informal sector firms. Loan programmes, training, and reduction of regulations among others, can be used to encourage the expansion of a vibrant informal sector.

David Mosse, Sanjeev Gupta and Vidya Shah (2005) highlight that seasonal labour migration is irreversibly part of the lives and livelihoods of many of the poorest sections of rural India. Labour migration is not just a means to cope with below subsistence agriculture and debt, but as in bhil western India, have become the only means by which valued agrarian lifestyles can be reproduced. For a few, migration is a route of upward social and economic mobility; but for the vast majority migration not only perpetuates debt and dependence, but exposes the poorest to extreme hardship and cruel exploitation. Despite the growing significance of labour migration, especially for informal urban and construction work, rural development agencies – state and NGO – have yet to regard this seasonal flow of workers as anything but a problem to be stopped. Meanwhile those institutions mandated to protect vulnerable informal workers – labour departments, unions, the law – have largely failed to do so. Instead, adivasi migrant labours depend for work and their welfare upon agents, brokers and contractors who are also their most intimate exploiters. While anthropologists may now accept the mobility of populations, the institutions of government and rural development remain structured around fixed populations

and are still poorly equipped to deal with boundary crossing – a fact which makes labour migrants a particularly invisible and exploitable section of society – even while macroeconomic policy encourages a form of capitalist development that creates a growing mass of footloose unskilled labour ‘outside the law and beyond the benign reach of state agencies (and) subject to repression and exploitation in a capitalist framework remarkable for its nakedness and rawness’ [Breman 2003:284]

The authors of the book, “Informal Economy Centre Stage: New Structures of Employment”, Renana Jhabvala, Ratna M Sudarshan and Jeemol Unni suggest the following as far as the importance and need for policy formulation for the informal sector is concerned:

(1) “Researchers and policy-makers are beginning to acknowledge that the informal sector can no longer be ignored and that it needs to be integrated into the overall development paradigm”. The question that now arises is what is the rationale for the assumption that the informal sector is not integrated into the existing ‘overall development paradigm’? If the studies of the industries that are majorly informal in nature (like that of the ceramic ware industry) were recast in a political economy framework, the linkages between the formal and informal parts of the industry would be starkly clear. Further, this recasting would explain in a much better light why some parts of the industry and some jobs in these parts employ regular workers while other parts/ jobs employ irregular workers and/or only women workers. The burden of the argument is the following: the analytical distinction between formal and informal (whether of sectors, economies, whatever) has been carried so far as to see the informal as an autonomous category requiring separate policies, programmes and/or schemes for mainstreaming. This way of understanding the problem and/or posing the question has successfully and comprehensively turned the attention away from arguing for restructuring of the mainstream, which has created and still renders much of the economy ‘informal’ in the first place.

(2) “If one takes into account the human capital generated in the informal economy through skill development and apprenticeship training, the case for promoting this sector becomes even stronger. It can be argued further that the elimination of uncertainty and improvement in the policy environment could, by providing an incentive for savings and investment, further enhance the informal economy’s ability to generate growth”.

Skeldon argues that movement of population can be a significant factor for the alleviation of poverty (2002:75). This may partly hold well in the case of international migration, but in the Indian context this cannot be an appropriate solution. Secondly it depends on how one perceives poverty. If it is defined in a narrow economic sense of low levels of income then migration may help in poverty eradication. In a broader perspective of human development which embraces better quality of life with access to basic necessities, migration cannot be considered as promoting human development. Migration is perceived by governments, policy-makers and urban planners in India as undesirable. In cities, the population living in squatter and slum settlement is showing an upward trend and the mushrooming growth of slum population exerts increased pressure on provision of minimum basic services such as housing, water supply, health, education and other basic infrastructure including sanitation. Supply of these services is one of the biggest challenges to all urban planners and policy-makers. Further, as migration is seen as contributing to urban environmental degradation, the policy framework must aim at (i) Reducing migration by adopting a 'remain at village' approach. The strategy is to promote rural development and guarantee employment to rural population through various schemes. (ii) Improving the living conditions of the urban slums crowded by the already arrived migrant population. The recent trend is that it is not the men/women moving to cities, but the family as a whole that is migrating which needs special policy prescriptions. The issue of migration should be given top priority in the local and national government's development agenda.

To conclude the selected works cited above which have been done in the realm of migration, poverty and the related topics, it can be observed and said that the entire issue of rural to urban migration and unemployment in the unorganized sector is highly controversial and debatable. Poverty has been widely accepted as a complex phenomenon especially in terms of its measurement. Some authors in Development Economics and Sociology do believe that poverty has both the monetary and psychological aspects to it. Poverty has various causes and effects an individual in various ways. Rural to Urban Migration is understood as an important cause and effect of poverty and various researchers have worked on this particular issue. The effects on the individual migrant, the rural area from where the individual has migrated and the urban area to which the individual has migrated have been thoroughly gauged but there have been no consensus, so far, regarding the nature of these effects. Some argue that the impact is positive and policies should be framed in such a manner that migration is encouraged and employment in

the unorganized sector is promoted. Others are of the view that the effects of migration are adverse and it should be restricted by implementing strict regulations. All this debate is majorly qualitative in nature and researchers have made some attempts to highlight the differences in the attributes of the migrants across regions in the same country that too as diverse as India. But there is a lot of scope to add to the literature on this particular aspect. Also, while talking about the policy implications, individual interest of the migrants and their families have not been taken into consideration. All the arguments restrict themselves to the impact on the nation's economy as a whole. But it needs to be realized that no policy can work effectively if it fails to consider the root cause of the problem and just tries to work in accordance to what is visible at the surface. In wake of such gaps that exist in the current literature, present study is an attempt to address some of them by studying two varied yet related samples.

### *Research Objective & Hypotheses*

- To study the effect of rural to urban migration on the poverty level of the migrant both in 'monetary terms' and at a 'psychological level' and to determine how the migrants in a small city (like Bhubaneswar) differ from those in a metropolis (like Delhi).
- To examine whether the poverty in the urban area is a spill over from the rural area.

Attempt has been made to achieve the above stated two objectives by examining the following hypotheses:

- Migrants to a small city differ from the migrants to a metropolis in terms of their attributes and reasons of migration.
- Individual income levels do not improve after migration.
- Poverty level of the migrant is negatively affected by migration.
- Psychological Well-being of an individual is adversely affected by migrating to an urban settlement from the rural area.
- Migrants are more risk averse and therefore, do not get engaged in entrepreneurial activities after migration leading to their engagement in ill-paying jobs.



## ***Methodology***

### ***Conceptualization of Spillover***

From the studies that have been conducted in the field, it can be derived that most of the people who migrate from the rural areas to the urban settings, migrate in order to combat their poverty with an expectation of having higher job opportunities in the cities and cities are viewed as an avenue for earning more. Now, when their problem of poverty is not addressed by migration, we say that there is a spillover of rural poverty in the urban areas. More precisely, by spillover, the present study means the following:

- There is a degradation or no improvement in the income level of the migrant
- Position of the migrant with respect to the poverty line worsens or remains unchanged
- Migrant's psychological well-being worsens after migrating

The contention of this study is that if a migrant faces the above mentioned conditions after migrating, then they are unknowingly adding to the poverty of the urban areas and reducing the burden of poverty on the rural areas i.e. urban poverty, to some extent, is a spillover of rural poverty and therefore, migration brings about only a spatial change of poverty.

### ***Data Requirement***

For the aforementioned objective of the study, it was required to obtain data on relevant variables from the individuals who have migrated from the rural areas to the urban settlements. These migrants had to be the people working in the informal sector which included: street vendors, rickshaw-pullers, construction workers, unregistered factory labourers etc. Various slums and workplaces where the target population is settled and employed were used as sampling frames in both the cities of Delhi and Bhubaneswar. Because of the possibility of extensive data collection, two cities were chosen for the study. The paper would, thus, be drawing inferences from the studies conducted in these two cities that lie in stark contrast with each other.

### ***Data Collection***

Approximately 60 Rural to Urban migrants were interviewed from each city viz. New Delhi and Bhubaneswar. Non-probabilistic Sampling technique (Judgmental Sampling) was used for the same. Only the individuals who have migrated for not more than 15 years were interviewed so as to do away with any differences that might occur because of external factors of pre-liberalization

and post-liberalization. Although the two cities mentioned above are different with respect to several aspects, a sample size of 60 has been taken in each. This could be a limitation to the study. However, attempts were made to see that a representative sample is obtained.

Condition of the labour before and after migration was primarily looked into. Poverty, in the study, does not only imply economic poverty or deprivation, it also includes the renowned Economist, Amartya Sen's concept of poverty<sup>4</sup>. According to him, the income approach to poverty, which considers people earning less than a certain amount annually as poor, is not an accurate measure of how well people live. Instead, the laureate gives precedence to one's capability or the capacity that people have of choosing and leading their lives. Sen says income is not an indicator of one's standard of living, the kinds of lifestyles that people can lead depend on many factors, including diversities in the physical environment, variations in social climate, and differences in relational perspectives. In this light, apart from analyzing the reasons of moving to unacceptable city dwellings and conditions, social, psychological and economic aspects of migration have also been taken into consideration.

#### *Instrument of Data Collection and Tools for Data Analysis*

To capture the effects of migration and other socio-economic aspects of the migrant labour force, a questionnaire was formulated which was duly pre-tested before canvassing. A final form of the questionnaire emerged after taking into consideration all the difficulties and shortcomings that were faced during the pre-testing. The final questionnaire was canvassed personally with 60 respondents each from Delhi and Bhubaneswar. Data collection was done during the month of October'09 in Delhi and in the month of January'10 in Bhubaneswar. Therefore, the data relates to the financial year 2009-10. (A copy of the final questionnaire has been appended for reference vide Appendix I).

Data cleaning led to the reduction of the sample size to 55 for each of the two cities. The findings have been presented in the next section. The sample characteristics have been introduced using univariate analysis (Means and Variances) with respect to a few demographic variables. Seven indices such as "Risk Aversion Index", "Time Preference Index", "Psychological Well-being Index", "Percentage Change in Income", "Poverty Gap before Migration", "Poverty Gap after

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<sup>4</sup> Alkire, S. (2002). *Valuing Freedoms: Sen's Capability Approach and Poverty Reduction*. (Oxford: Oxford University Press).  
Kuklys, Wiebke (2005) *Amartya Sen's capability Approach: Theoretical Insights and Empirical Applications* (Springer, Berlin).

Migration” and “Change in position with respect to the Poverty Line” have been created with the help of the data collected and they have then been analyzed for both the cities individually and also at an aggregate level. A Discriminant analysis (Refer to Appendix III for the output) has been used to determine the factors that contribute the most to the differences in the two samples from two different cities. Means for some of the factors have been compared using t-test to determine if the respondents have fared well after migration in both the cities. All these analytical tools have helped in testing if the urban poverty is the spillover of rural poverty and to what extent.

## Findings

### Introduction to the Samples

The two samples of 55 each for the two cities can be summarized on the following parameters in the following manner:

#### Gender and Age Distribution:

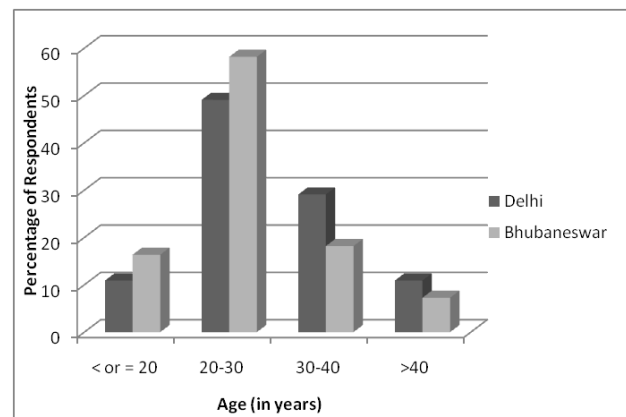
The samples in the two cities, when classified on the basis of gender and age of the respondents give the following results:

Table 1.1

State	Gender				Age (years)							
	M		F		< or = 20		20-30		30-40		>40	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Delhi	49	89.091	6	10.909	6	10.909	27	49.091	16	29.091	6	10.909
Bhubaneswar	54	98.182	1	1.8182	9	16.364	32	58.182	10	18.182	4	7.2727

Figure 1.1(Gender & Age Distribution)

As can be depicted from the table above, most of the respondents were males their percentage being 89 and 98 for Delhi and Bhubaneswar respectively. The data in the table and the adjoining figure show that maximum number of the migrants fall in the age group of 20-30 years. Only approximately 23 per cent of the respondents in each of the two cities lie in the extreme age groups of less than 20 years and more than 40 years. This implies that rural to urban migration is a popular phenomenon amongst young male adults as compared to other age groups and the female counterparts.



**States of Emigration:**

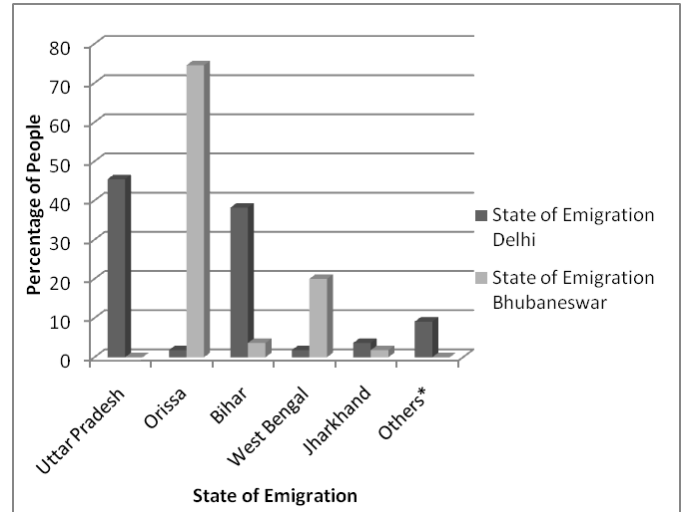
States from which the respondents had migrated to the two cities under study are very different. This can be depicted very well from the table and graph below:

Table 1.2

State of Emigration	State			
	Delhi		Bhubaneswar	
	No.	%	No.	%
Uttar Pradesh	25	45.45	0	0.00
Orissa	1	1.82	41	74.55
Bihar	21	38.18	2	3.64
West Bengal	1	1.82	11	20.00
Jharkhand	2	3.64	1	1.82
Others*	5	9.09	0	0.00

\* Includes the states of Sikkim and Madhya Pradesh. Also includes Nepal

Figure 1.2 (States of Emigration)



It can be inferred from the table and the graph above that migration is primarily a region specific phenomenon. Delhi (located in North India) witnesses migrants primarily from the northern states. Similarly, in Bhubaneswar (located in Eastern part of the country), migrants are majorly from the eastern states. In terms of data, most of the migration to the city of Delhi is from the states of Bihar and Uttar Pradesh contributing to nearly 84 per cent of the migration. For the city of Bhubaneswar, the migrants are majorly from the rural hinterlands of Orissa (primarily from the districts of Nayagarh, Puri and Cuttak). The number of such migrants stands at 41 contributing to approximately 75 per cent of the total migration. A significant number of migrants, nearly 20 percent, are also from the villages of West Bengal. These numbers are worth taking note of because further analysis reflects the characteristics of the migrants from these states specifically.

**Number of Years of Migration:**

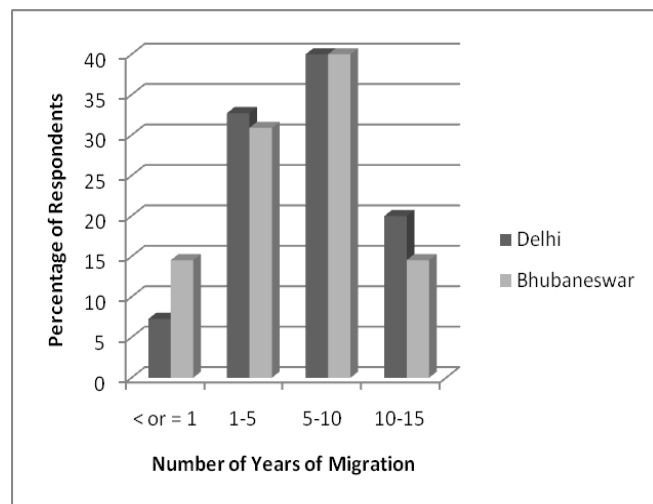
As stated earlier, the respondents have been so chosen that they must not have migrated for more than 15 years. This was done to overcome the possible and varied effects on the data collected due to differences in the economy before and after liberalization. On the basis of the number of years for which an individual had migrated, all the respondents have been categorized under four heads as can be seen in the table and figure below:

Table 1.3

State	Number of years of Migration							
	< or = 1		1-5		5-10		10-15	
	No.	%	No.	%	No.	%	No.	%
Delhi	4	7.2727	18	32.727	22	40	11	20
Bhubaneswar	8	14.545	17	30.909	22	40	8	14.545

Figure 1.3 (Number of years of Migration)

As can be inferred from the data above, most of the migrants surveyed (40 per cent for both the cities) have already migrated for five to ten years. A good number of migrants, having completed one to five years in the urban dwellings after migration, lie in the second category. What follows is the fourth category in case of Delhi. In case of Bhubaneswar, equal number of respondents fall in the first and the fourth category.



### Reasons for Migration:

The reasons, as cited by the sample entities, for the migration were quite similar and they can thus be categorized in five broad heads as under:

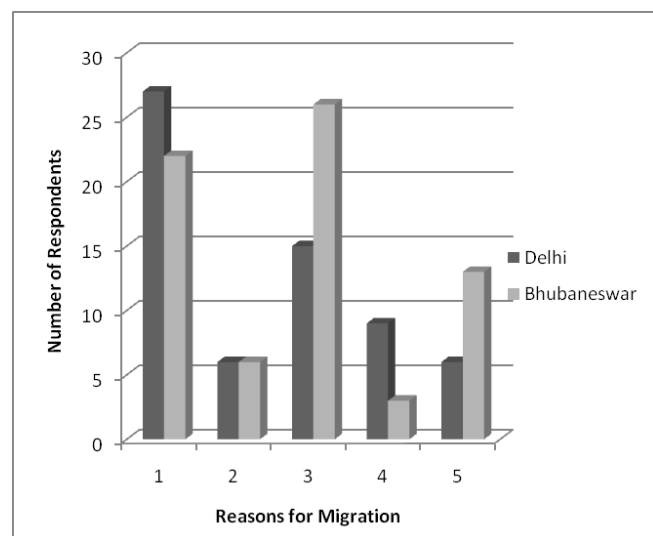
Table 1.4

Reasons for Migration	State	
	Delhi (No.)	Bhubaneswar (No.)
Higher Job Opportunities(1)	27	22
Expectation of Better Living Conditions(2)	6	6
Expectation of Higher Wages(3)	15	26
Other's Influence(4)	9	3
Miscellaneous*(5)	6	13

\*This category involves the reasons like land consolidation, bad health of a family member, floods etc.

Figure 1.4 (Reasons for Migration)

The data obtained has not been expressed in terms of percentage because there were multiple reasons for migration for some of the migrants. As can be deciphered from the table and bar graph above, 'higher job opportunities' is the basic reason for the people to migrate from rural to urban areas. The proportion is more in case of Delhi. Reason for same can be inferred from the fact that Delhi is more industrialized as



compared to Bhubaneswar and the existence of Urban Unorganized Sector is more pronounced in the former as compared to the latter. The second most important reason for migration is the expectation for higher wages. This reason is more pronounced in the city of Bhubaneswar as compared to the city of Delhi. Rest all reasons fair equally well in both the cities.

### ***Employment Before and After Migration:***

The sample entities are so chosen that they were working as Agricultural or Rural Workers at the place of their migration (Rural Area) and are currently working in the unorganized sector primarily in the sectors where the Industrial Workers are employed but are unregistered and temporary with no fixed and permanent wages.

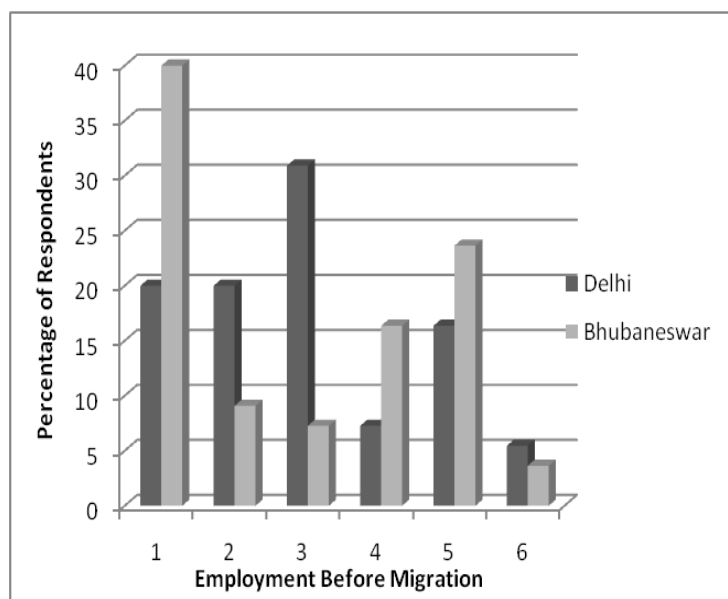
A person is treated as an agricultural labourer if he or she follows one or more of the agricultural occupations in the capacity of a labourer on hire, whether paid in cash or kind or partly in cash and partly in kind. A rural labourer is defined as one who does manual work in rural areas in agricultural and non-agricultural occupations in return for wages in cash or kind, or partly in cash and partly in kind. Industrial workers, on the other hand, are the workers employed in any one of the seven sectors namely factories, mines, plantation, railways, public motor transport undertakings, electricity generation and distribution establishments as well as ports and docks.<sup>5</sup>

As per these definitions, the respondents can be classified on the basis of the source of livelihood they were engaged in the following manner:

Table 1.5.1

<b><i>Employment Before Migration</i></b>	<b><i>State</i></b>			
	<b><i>Delhi</i></b>		<b><i>Bhubaneswar</i></b>	
	<b><i>No.</i></b>	<b><i>%</i></b>	<b><i>No.</i></b>	<b><i>%</i></b>
<i>Unemployed(1)</i>	11	20.00	22	40.00
<i>Small Farmer(2)</i>	11	20.00	5	9.09
<i>Agricultural Labour(3)</i>	17	30.91	4	7.27
<i>Unskilled Labour(4)</i>	4	7.27	9	16.36
<i>Skilled Labour(5)</i>	9	16.36	13	23.64
<i>Self Employed(6)</i>	3	5.45	2	3.64

Figure 1.5.1 (Employment before Migration)



<sup>5</sup> Source: Consumer Price Index Numbers (Annual Report by Labour Bureau of Government of India)

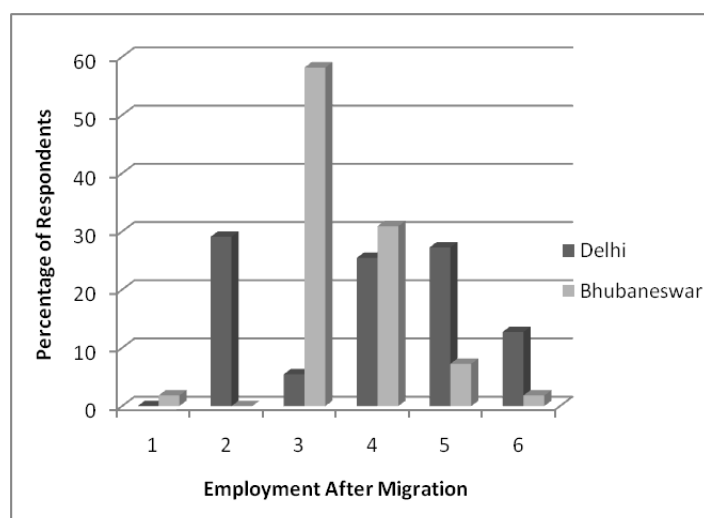


Table 1.5.2

Employment After Migration	State			
	Delhi		Bhubaneswar	
	No.	%	No.	%
Unemployed	0	0.00	1	1.82
Factory Labour	16	29.09	0	0.00
Unskilled Labour	3	5.45	32	58.18
Skilled Labour	14	25.45	17	30.91
Self Employed	15	27.27	4	7.27
Miscellaneous*	7	12.73	1	1.82

\*People engaged in miscellaneous activities include Milkman, Driver, Security Guard etc.

Figure 1.5.2 (Employment after Migration)



As can be seen from the tables and figures, most of the people were unemployed before migration in case of Bhubaneswar. In case of Delhi as well, the percentage of such people was significant enough but the number equaled the people who were engaged in Agriculture (primarily, subsistence agriculture). Highest proportion of people who migrated to Delhi were working as agricultural labourers before migrating and shifting to some other source of livelihood. But this category includes only a few people in case of Bhubaneswar. The number stands at only 4 constituting only 7.27 per cent of the sample. In both the cities, the percentage of people who were self-employed before migration is very low.

Talking about the status of employment after migration for the samples under consideration, it can be said that almost everybody found a source of living in the urban setup. Among other categories, migrants in Bhubaneswar are majorly working as unskilled labourers. The proportion of people lying in this category is very low in case of Delhi. Here, in this city, the migrants are primarily engaged in working as factory labourers (as the city is much more industrialized as compared to Bhubaneswar that offers more job opportunities) or skilled labourers. Also the number of people who are self-employed is significantly high. This number is very small for the other city. This shows that the migrants are not much entrepreneurial in nature.

### ***Migration with Family:***

Only a few of the respondents migrated with their families to the urban settlements. The number stands at 18 (32.72%) in case of the migrants to Delhi and 8 (14.54%) for those to Bhubaneswar. All the female sampling entities migrated with their families because single married female migration is not a usual phenomenon as she is the home-maker. Almost all the male individuals did not migrate with their families and do not intend to plan for the immigration of the family in the years to come because of the problem of affordability and other socio-economic problems. They believe that their families are better-off back home and the remittance sent is enough for their survival and well-being. A few, who have migrated with their families, cite “living together” as the only reason. Others migrated with the families because of the problems like Land Consolidation, Frequent Floods etc.

### ***Average Number of Earning Members in a Household and Dependency Ratio:***

The figure for Average Number of Earning Members in a five-member household stands at 1.5 for the city of Delhi and at 2.3 for the city of Bhubaneswar. The Dependency Ratio, thus computed for both the samples, values at 4 for the households of immigrants to Delhi and 2.4 for the households of the immigrants’ to Bhubaneswar. Here with reference to the inferences drawn from table 1.4 stating the reasons for migration, it can be concluded that because of a high dependency ratio, people migrate to the city of Delhi that is expected to offer higher job opportunities. Acquiring a job for this lot of people is more important than earning higher wages which stands as the second most important reason for migrating to Delhi.

### ***Construction of Indices***

Seven indices have been created with the help of the data collected. Various inferences can be drawn from the value of the indices across respondents for both the cities.

### ***Risk Aversion Index:***

This index has been created with the help of the responses received from various respondents for question number 2 of section VII of the questionnaire (Refer to Appendix I). Eleven, out of the sixteen choices given, aimed at judging the extent to which a particular respondent is risk averse. Rest of the five choices (1, 3, 11, 13 and 15) were given in order to break the monotony and remove any bias in responses to questions (choices) that seemed similar. For each of the

respondent, a Risk Averse Score (RA) and Risk Loving Score (RL) were then calculated and the Risk Aversion Index (RAI) for the individual was computed using the following formula:

$$RAI = \sum_{n=1}^{11} (RA_n + RL_n) / 11$$

Here,  $RA_n$  and  $RL_n$  refer to the Risk Averse and Risk Loving Scores for  $n^{\text{th}}$  choice.

The value of this index varies from (-1) to (+1) with the former signifying an extremely Risk Loving personality and the later an extremely Risk Averse personality. A 0 value of the index would identify with a person who is Risk Neutral.

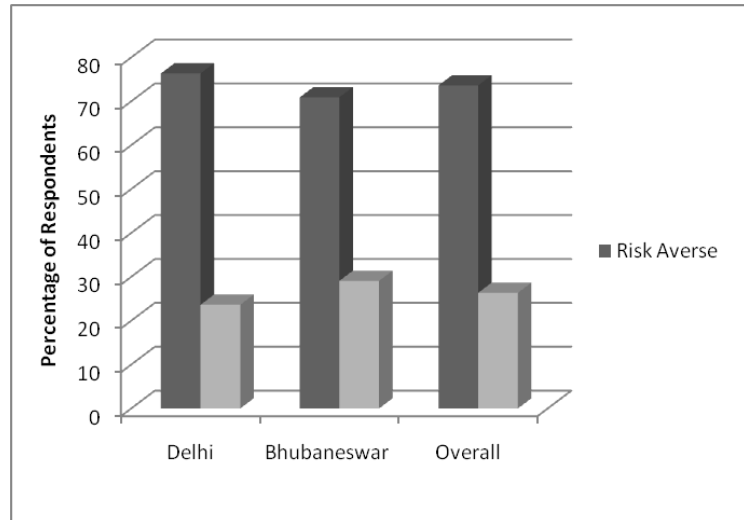
This index would help in identifying if a migrant can be characterized with a risk averse attribute or otherwise. The findings from the present study can be tabulated in the following manner:

Table 2.1

Risk Aversion Index	State		
	Delhi	Bhubaneswar	Overall
<b>RISK AVERSE (RA)</b>			
% of Risk Averse People	76.36	70.91	73.64
Maximum (RA) value of the index	1.00	0.82	1.00
Minimum (RA) value of the index	0.09	0.09	0.09
Mean (RA) value of the index	0.49	0.40	0.45
Variance in the (RA) value	0.06	0.04	0.05
<b>RISK LOVERS (RL)*</b>			
% of Risk Loving People	23.64	29.09	26.36
Maximum (RL) value of the index	0.64	0.27	0.64
Minimum (RL) value of the index	0.09	0.09	0.09
Mean (RL) value of the index	0.34	0.18	0.25
Variance in the (RL) value	0.05	0.01	0.03

\*The values obtained are negative but the absolute values have been taken into consideration for the sake of comparison

Figure 2.1 (Risk Aversion Index)



As can be seen from the table above and the adjoining figure, migrants in both the cities are majorly risk averse in nature their percentage being approximately 76 and 71 in Delhi and Bhubaneswar respectively. The mean RA value of around 0.45 shows that in both the cities risk averse individuals are moderately risk averse. The mean RL value of 0.25,

on the other hand, implies that respondents who are risk loving in nature take risk with caution. There are no cases of extremely risk lovers or risk-averse people. Very low variance for both the categories of people depicts the same. Also, the results obtained here are in accordance with the once deciphered from tables 1.5.1 and 1.5.2 which showed that a very small percentage of the respondents were self-employed before migration and there is only a slight improvement in this number after migration. Because majority of the respondents are risk averse in nature, therefore, they refrain from getting engaged in any kind of entrepreneurial activities. There may be other reason as well (like lack of capital for investment etc.) but risk aversion can be cited as a major and important reason. This particular inference can be extended a step further and it can be said that the attribute of risk aversion leads to the lower income of the migrants. This is because, being self employed (if successful) pays more as against working as a temporary labourer at lower wages.

***Time Preference Index:***

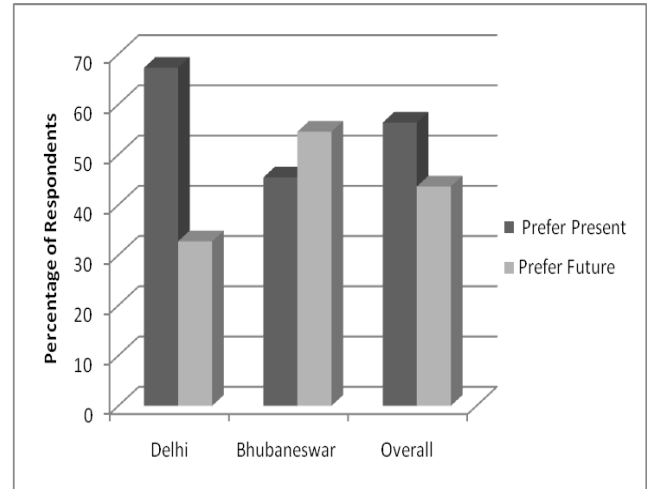
This index has been derived from the responses obtained for the first question of the section on Psychometric Analysis in the questionnaire (Refer to Appendix I). An index value of 1 implies that the individual is concerned more about the present and wants to accumulate all the money that he can in the current circumstances. His requirement for the money is urgent and also he cannot estimate the present value of the money if offered at a later date. An index value of 0, on the other hand, signifies the orientation of the individual towards future. Such an individual prefers to earn more money in the future than earning a bit less in the present. He can afford to

postpone his purchases. Moreover, he tries to estimate the present value of the money that is sure to receive in future and can bargain accordingly.

Figure 2.2 (Time Preference Index)

Table 2.2

Time Preference Index	State		
	Delhi	Bhubaneswar	Overall
% of People Preferring Present	67.27	45.45	56.36
% of People Preferring Future	32.73	54.55	43.64



Among the respondents questioned, most of them preferred to receive the money offered in the present. Proportion of such people is higher in case of Delhi than in case of Bhubaneswar. Migrants in Bhubaneswar are more future oriented and can afford to postpone their purchases.

**Psychological Well-Being Index:**

The objective of this index is to estimate the level of satisfaction among the migrants. This level of satisfaction has been measured for seven broad and basic factors (wages, working condition, health, food, education, housing and social status) and the value of the index has been arrived at by comparing this level of satisfaction before and after migration (Refer to Section VI of the questionnaire in Appendix I). This index, thus, helps in analyzing the concept of poverty from a completely psychological perspective of an individual and not in monetary terms. Following formula has been used to compute the same:

$$PWI = \sum_{n=1}^7 (U_n - R_n) / R_n$$

Here,  $U_n$  refers to the level of satisfaction (on a scale of 5) from the  $n^{th}$  factor in the urban area after migration. Similarly,  $R_n$  refers to the level of satisfaction (on a scale of 5) from the  $n^{th}$  factor in the rural area before migration. The resulting value of PWI ranges from (-5.6) to (+28) with the former implying an extreme level of dissatisfaction from migration and the latter an

extreme sense of satisfaction from migration. To convert the index into a more analyzable form, the values thus obtained have been converted so as to range on a scale of (-1) to (+1). This was done by dividing all the positive values by 28 and all the negative values by 5.6. The results obtained can be summarized in the following manner:

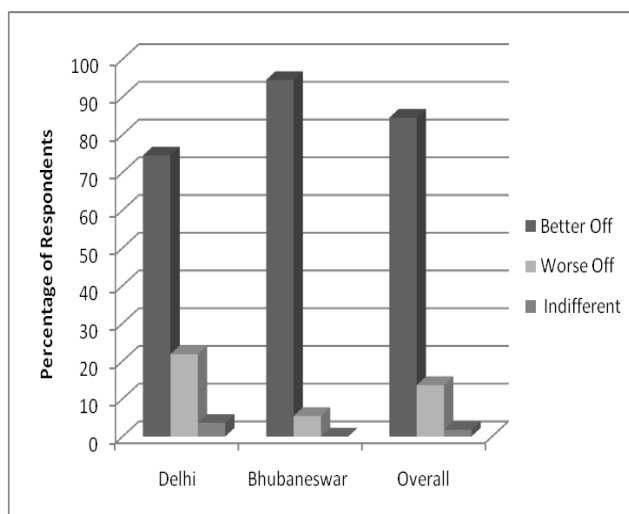
Table 2.3

Psychological Well-Being Index	State		
	Delhi	Bhubaneswar	Overall
<b>Better Off (B)</b>			
% of People (B) After Migration	74.55	94.55	84.55
Maximum (B) value of the index	0.33	0.64	0.64
Minimum (B) value of the index	0.01	0.02	0.01
Mean (B) value of the index	0.14	0.17	0.16
Variance in the (B) value	0.01	0.01	0.01
<b>Worse Off (W)*</b>			
% of People (W) After Migration	21.82	5.45	13.64
Maximum (W) value of the index	0.49	0.71	0.71
Minimum (W) value of the index	0.01	0.12	0.01
Mean (W) value of the index	0.24	0.41	0.27
Variance in the (W) value	0.03	0.09	0.04
<b>% of People Indifferent</b>	3.64	0.00	1.82

*The values obtained are negative but the absolute values have been taken into consideration for the sake of comparison*

Figure 2.3 (Psychological Well-being Index)

The table and the adjoining graph show that most of the people are psychologically better off after migrating. They have a sense of satisfaction and they are happy with the conditions they are living in. the proportion of such people is more in Bhubaneswar than in Delhi. This may be attributed to the kind of city life that Delhi offers (congestion, pollution, etc much more than Bhubaneswar). As an overall estimate, only 13 per cent of the



migrants are unhappy and dissatisfied. It is interesting to note that the mean value of dissatisfaction for both the cities is higher than the mean value of satisfaction. Also, the maximum values for satisfaction and dissatisfaction are significantly higher in case of Bhubaneswar than in case of Delhi. People in Delhi are moderately satisfied or moderately dissatisfied. But there exist cases in Bhubaneswar where the respondents are extremely satisfied with an index value of (+0.64) or extremely dissatisfied with an index value of (-0.71). Variation in the responses of the individuals is very low as can be depicted from the table. Thus, from here it can be derived that there does exist a spillover of rural poverty, though to a lesser extent, to urban poverty in terms of psychological well-being.

***Percentage Change in Income:***

This index estimates the percentage change in the income of the migrant after he migrated. The value, thus obtained, helps in identifying if the monetary condition (in terms of income) of the migrant has improved and by what amount. Following formula has been used to calculate this change:

$$\Delta I = \left( \frac{CI_U - CI_{RU}}{CI_{RU}} \right) \times 100$$

Here,  $\Delta I$  refers to the percentage change in income.  $CI_U$  refers to the current individual income from the employment in the urban unorganized sector.  $CI_{RU}$  refers to the income of the individual migrant that he/she used to earn before migration in the rural area. This income has been computed by taking into account the change in the value of money over the years of migration. Consumer Price Index for Agricultural and Rural Labours has been used for the same (Refer to Appendix II (a)). After taking into account the time factor, the current value of income in rural area is arrived at. But this value is still incomparable with the current urban income. This is because of the difference in the value of money in rural and urban areas. To account for the same, Consumer Price Index for Industrial Workers has been used (Refer to Appendix II (b)). This value thus obtained after accounting for the change in value because of the factors of time and location is  $CI_{RU}$ .

It needs to be noted here that for some of the individuals, income before migration valued at 0 because they were either unemployed or were studying before migrating. For such people, the

percentage change in income has been calculated by assuming their income to be the average income of the rest of the people in the sample.

The results obtained for both the cities with regard to this particular index have been summarized in the table below:

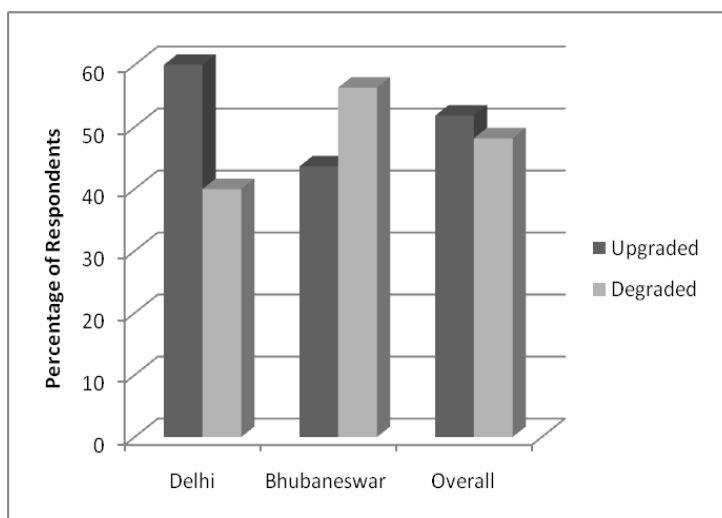
Table 2.4

Percentage Change in Income	State		
	Delhi	Bhubaneswar	Overall
<b>Upgraded (U)</b>			
% of People whose Income (U)	60.00	43.64	51.82
Maximum value of % Income (U)	464.65	571.67	571.67
Minimum value of % Income (U)	1.96	2.90	1.96
Mean value of the % Income (U)	87.79	97.43	91.85
Variance in the value of % Income (U)	12188.36	14103.63	12780.37
<b>Degraded (D)*</b>			
% of People whose Income (D)	40.00	56.36	48.18
Maximum value of % Income (D)	57.65	100.00	100.00
Minimum value of % Income (D)	1.19	5.25	1.19
Mean value of the % Income (D)	29.15	33.47	31.68
Variance in the value of % Income (D)	301.22	525.52	429.44

*The values obtained are negative but the absolute values have been taken into consideration for the sake of comparison*

As the table and the figure show, at an overall level, almost 50 percent of the migrants witnessed a positive change in their income after migration. Other 50 percent faced a decline, i.e., they have become poorer after migrating. These numbers simply state that a significant amount of poverty has spilled over from rural areas to urban areas in terms of the income levels.

Figure 2.4 (Percentage Change in Income)





For 60 percent of the migrants in Delhi there was an increase in the income with an approximate average increase of 88 percent. A lower proportion of people (44 per cent) experienced an increase in their income in case of Bhubaneswar but the approximate average increase for this group of people was more (97 per cent) as compared to that for the group in Delhi. Respondents for whom the income declined witnessed a percentage decline of 29 per cent in case of Delhi and 33 per cent in case of Bhubaneswar. The maximum value in percentage by which an individual's income degraded is 100 per cent. Contrary to this, the maximum value in percentage by which an individual's income upgraded is as high as 572 per cent. High level of variance in the percentage change in income across all the respondents signifies the volatility associated with the rural income and the income in the urban unorganized sector.

***Poverty Gap before Migration:***

Poverty Gap before Migration ( $PG_{BM}$ ) is the index that compares the migrants' household income per capita per month with the poverty line. Current estimate of the rural poverty line ( $P_R$ ) has been taken into consideration for the computation of the index. The value for the same stands at Rs. 338 per capita per month. Following formula has been used to estimate the poverty gap:

$$PG_{BM} = \left( \frac{\frac{CHI_R}{n} - P_R}{P_R} \right) \times 100$$

Here,  $CHI_R$  refers to the total household income of the migrant before migration (i.e. in rural area) accounted for the number of years of migration. This value is, thus, the present value of the income earned by the household before migration. This present value has been obtained by converting the income using price index (Refer to Appendix II (a)).  $n$  refers to the size of the household.  $(CHI_R/n)$ , therefore, gives the per capita income.

Results obtained for this particular index can be summarized in the following manner:

Table 2.5

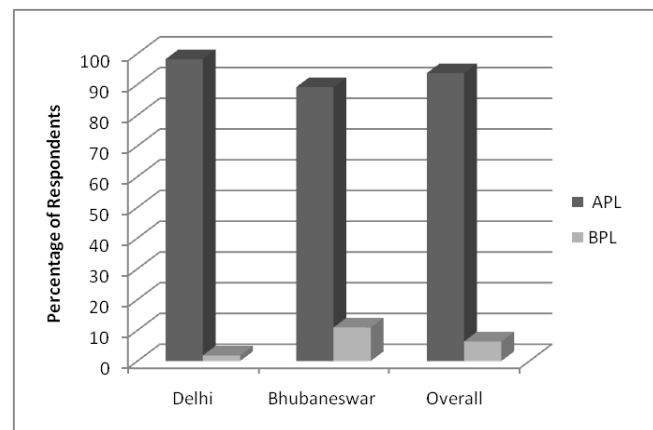
Poverty Gap Before Migration	State		
	Delhi	Bhubaneswar	Overall
<b>Above Poverty Line (APL)</b>			
% of People APL	98.18	89.09	93.64
Maximum value (in %) by which people are APL	3086.52	597.23	3086.52
Minimum value (in %) by which people are APL	9.57	9.15	9.15
Mean value (in %) by which people are APL	333.86	165.21	253.63
Variance in the value of % by which people are APL	306977.40	18098.79	175188.20
<b>Below Poverty Line (BPL)*</b>			
% of People BPL	1.82	10.91	6.36
Maximum value (in %) by which people are BPL	24.86	100.00	100.00
Minimum value (in %) by which people are BPL	24.86	0.96	0.96
Mean value (in %) by which people are BPL	24.86	24.31	24.39
Variance in the value of % by which people are BPL		1417.50	1181.29

\*The values obtained are negative but the absolute values have been taken into consideration for the sake of comparison

The table and the corresponding figure show that before migration, most of the respondents, approximately 94 per cent were above the poverty line. People were above the poverty line by as low as 9 percent and by as high as 3086 per cent. The latter, is however, an outlier. This can be easily seen from the mean value which stands at 254 per cent and very high

variance. People who migrated to Delhi were farther away from the poverty line as compared to the people who migrated to Bhubaneswar. Only 6 per cent of the people were below the poverty line. These people were majorly the ones who migrated to Bhubaneswar i.e. from the villages of Orissa and West Bengal. On an average, people were below the poverty line by as low as 1 per cent and as high as 100 per cent. It can be observed that on an average, 6 per cent people were

Figure 2.5 (Poverty Gap Before Migration)



approximately 25 per cent below the poverty line before they migrated to work in the urban unorganized sector.

***Poverty Gap after Migration:***

This index, as against the previous one, aims at estimating the position of an individual respondent with respect to the poverty line after migration. It compares the present per capita household income of the migrant with the urban poverty line ( $P_U$ ). Currently, the value of the urban poverty line stands at Rs. 559 per capita per month. Following formula has been used for calculating the value of this index for all the respondents:

$$PG_{AM} = \left( \frac{\frac{CHI_{RU} + CHI_U}{n} - P_U}{P_U} \right) \times 100$$

Here,  $PG_{AM}$  denotes the Poverty Gap after Migration.  $n$  as in case of the previous index refers to the size of the household of the migrant. It needs to be noted here that the total household income of a respondent after migration has two components: (1) Total income from the earning members back home (in rural) and (2) Total income from the members who migrated along with the respondent including the respondent's income. Both these components need to be taken into consideration for computing the per capita income of the household per month. For the same reason, both: the present income from the rural employment in urban terms ( $CHI_{RU}$ ) (refer to Appendix II (b)) and the present income from the urban employment ( $CHI_U$ ) have been summed up in the formula above.

This exercise results in the values that can be summarized in the form of the following table:

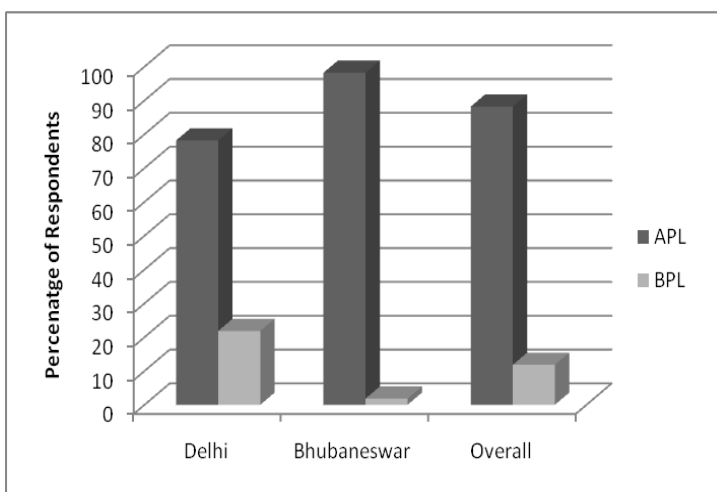
Table 2.6

<b>Poverty Gap After Migration</b>	<b>State</b>		
	<b>Delhi</b>	<b>Bhubaneswar</b>	<b>Overall</b>
<b>Above Poverty Line (APL)</b>			
% of People APL	78.18	98.18	88.18
Maximum value (in %) by which people are APL	1274.60	773.21	1274.60
Minimum value (in %) by which people are APL	2.22	2.86	2.22
Mean value (in %) by which people are APL	207.75	196.21	201.32
Variance in the value of % by which people are APL	74280.58	32518.82	50484.06
<b>Below Poverty Line (BPL)*</b>			
% of People BPL	21.82	1.82	11.82
Maximum value (in %) by which people are BPL	48.89	2.09	48.89
Minimum value (in %) by which people are BPL	10.55	2.09	2.09
Mean value (in %) by which people are BPL	28.68	2.09	26.64
Variance in the value of % by which people are BPL	172.58		212.60

\*The values obtained are negative but the absolute values have been taken into consideration for the sake of comparison

As can be depicted from the table and the corresponding figure, even after migration, most of the people were above the poverty line. The proportion of people below the poverty line, however, increased from 6 per cent to approximately 12 per cent and this majorly the people who migrated to Delhi (22 per cent). Only 2 per cent of the people who migrated to

Figure 2.6 (Poverty Gap after Migration)



Bhubaneswar are below the poverty line after migration. This numbers are in stark contrast with the ones obtained for the previous index (Refer to table 2.5) where before migration, only 2 per cent of the people who migrated to Delhi were below the poverty line. Also, there is a 2 per cent

increase in the average value by which people are below the poverty line after migration. Maximum value has, however, decreased to 49 per cent from 100 per cent. These results also add to the evidence of urban poverty being a spillover of rural poverty.

***Change in Position with respect to the Poverty Line:***

The objective of this index is to compare the previous two indices in a much comprehensive manner. This index, Change in Position with respect to the Poverty Line ( $\Delta PG$ ) is a simple difference in the value of the Poverty Gap after Migration and Poverty Gap before Migration. This index clearly recognizes the effects of migration on the poverty of an individual migrant in monetary terms and helps in depicting if he/ she benefitted from migration as far as financial position is concerned.

Mathematically,

$$\Delta PG = (PG_{AM} - PG_{BM})$$

Computation of this index for both the samples yields the following results:

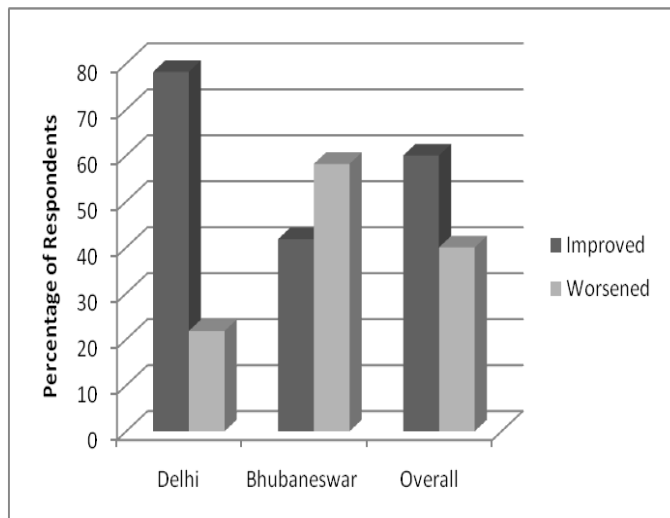
Table 2.7

<b><i>Change in Position with respect to the Poverty Line</i></b>	<b><i>State</i></b>		
	<b><i>Delhi</i></b>	<b><i>Bhubaneswar</i></b>	<b><i>Overall</i></b>
<b><i>Improved (I)</i></b>			
<i>% of People whose position Improved</i>	78.18	41.82	60.00
<i>Maximum value by which position (I)</i>	1844.84	341.01	1844.84
<i>Minimum value by which position (I)</i>	4.04	10.12	4.04
<i>Mean value by which position (I)</i>	242.55	117.40	198.94
<i>Variance in the value by which position (I)</i>	114431.60	8388.38	80390.39
<b><i>Worsened (W)*</i></b>			
<i>% of People whose position Worsened</i>	21.82	58.18	40.00
<i>Maximum value by which position (W)</i>	239.17	791.69	791.69
<i>Minimum value by which position (W)</i>	22.41	4.29	4.29
<i>Mean value by which position (W)</i>	84.60	166.99	144.52
<i>Variance in the value by which position (W)</i>	4163.53	35046.91	27709.36

*The values obtained are negative but the absolute values have been taken into consideration for the sake of comparison*

The data in the table and the graph clearly show that for 40 per cent of the migrants, their position with respect to the poverty line worsened i.e. they came closer to the poverty line after migration. The maximum value by which their position worsened can be estimated at 792 per cent. This is the value for the city of Bhubaneswar and it is much higher than the maximum value in case of Delhi

Figure 2.7 (Change in Position with respect to Poverty Line)



which is 239 per cent. Even the mean value by which the position of the migrant has worsened is more for the Bhubaneswar city (167 per cent). This value is approximately double the value for Delhi. This concludes that the monetary situation of the respondents who migrated to Bhubaneswar worsened much more than those who migrated to Delhi. Similar conclusion can be arrived at by comparing the data for the migrants to the two cities whose position has improved. It improved by a lesser amount in case of Bhubaneswar. The mean value for the same by which the position improved is estimated at approximately 117 per cent. This value for Delhi is as high as 242 per cent. Also, the maximum value by which the monetary position of the migrants to Delhi has improved is approximately five times than that of the migrants to Bhubaneswar. This again supports the contention that urban poverty is a spillover of rural poverty and this spillover is more in case of Bhubaneswar as compared against Delhi.

### *Discriminant Analysis*

The previous analysis gives a brief description of the indices (means, variances, and maximum and minimum values) for the migrants in the two cities and also overall. This sub-section presents the results of the Discriminant Analysis that has been done so as to highlight the most important discriminating factors of migration to a small city like Bhubaneswar and to a Metropolis like Delhi. The estimated standardized discrimination function is as follows:

$$D_i = (0.912)\Delta PG + (-0.149)\Delta I + (-0.504)PWI + (0.138)RAI$$

Here,  $i$  is equal to 1 for Delhi and 0 for Bhubaneswar.

The value of Wilks' Lambda for the above mentioned function is 0.814 (Chi-square value is 21.780) and the significance level for the same is (0.000). These results show that the two groups of migrants (i.e. migrants in Bhubaneswar and migrants in Delhi) are significantly different from each other with "Change in Position with respect to Poverty Line" ( $\Delta PG$ ) and "Psychological Well-being Index" ( $PWI$ ) being the first and second most important discriminating factors respectively. These are, therefore, the most important factors that distinguish these two groups of migrants. "Risk Aversion Index" ( $RAI$ ) and "Percentage Change in Income" ( $\Delta I$ ) do not contribute significantly in explaining the difference in the migrants in the two cities (Refer to Appendix III for the output).

### Comparing the Means

Means for two parameters (Poverty Gap and Income) have been compared for two independent samples using t-test for equality of means. The samples for this particular analysis are the same respondents (110 in number) but in different settings (rural and urban). This exercise, therefore, compares the means for the respondents on the parameters of Poverty Gap and Income before and after migration. The results obtained have been summarized in the form of the following table:

*Table 4.1*  
*Independent Samples Test*

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Poverty Gap	Equal variances assumed	1.680	.196	1.381	218	.169	61.55600	44.57906	-26.30512	149.41712
	Equal variances not assumed			1.381	168.361	.169	61.55600	44.57906	-26.44995	149.56195
Income	Equal variances assumed	4.091	.044	-1.061	218	.290	-413.09091	389.46132	-1180.68241	354.50059
	Equal variances not assumed			-1.061	166.198	.290	-413.09091	389.46132	-1182.02015	355.83833

As can be depicted from the table above, with 95 per cent confidence interval, there exists a significant level of difference in the means for both Income and Poverty Gap before and after migration. This implies that after migration, the respondents faced a significant change in their individual income levels and also in their position with respect to the poverty line as captured by the Poverty Gap. This result stands in accordance with the inferences drawn from the tables 2.4 and 2.7 and adds to the set of evidences (stated above) that conclude that urban poverty, to some extent, is a spillover of rural poverty.



## *Conclusion*

On the basis of our findings reported in the foregoing section the following conclusions emerge:

1. The migrants to a small city (like Bhubaneswar) differ from the migrants to a metropolis (like Delhi) in their psychological attributes/ mindset and the reasons for which they migrate. They differ from each other primarily on the parameters of psychological well-being and change in their position with respect to poverty line. The reason for these two being the primary discriminating factors may be attributed to the higher amount and higher variability in the kind of employment opportunities, wage rates and working conditions that a metropolitan city offers as compared to a small city (as perceived by the migrants).
2. Analysis of the data collected from the two cities helps in concluding that urban poverty, to a large extent is a spillover of rural poverty. This extent is more in monetary terms than in psychological terms i.e. financial condition of many people who migrate worsens but only a few people witness degradation in their psychological well-being. Also, many of them (approximately 50 per cent in this study) experience mobility closer towards the poverty line after migration. The rest (approximately 50 per cent in the study) move farther away from the poverty line and by a larger extent as compared to the extent by which the former lot moves closer but the latter is significant enough to be considered. Also, one of the reasons for the lower earning of the individuals after migration can be attributed to their risk-averse behavior that keeps them away from getting engaged in any kind of entrepreneurial activity and they are stuck in the low paying temporary jobs of the urban informal sector. Because of this reason as well, there are people for whom the change in income has been negative.

Therefore, summarizing the above two aspects relating to the findings it may be opined that not everyone benefits from migration. Everybody's expectations of a better living and higher wages are not met in the cities and the repercussions are grim both for such individuals and for the urban areas. These migrants suffer psychologically and economically and in turn add to the poverty in the urban areas. Migration for such individuals, thus acts as a necessary evil because

of its irreversible nature as the expectations are never ending and the probability of finding a better source of earning always exists.

Various policies are in place and are being suggested by various Researchers, Development Economists and Sociologists but they all primarily focus on the impact of the informal sector on the nation's economy at an aggregate level. The findings of the study highlight the need for paying a significant consideration to both the kind of groups: those who benefit from migration and working in the informal sector and those who do not. This is because both of them have an equally remarkable size. It has also been opined that because the informal sector contributes positively to the economy, its existence cannot be wiped out altogether. Therefore, there cannot be any one stop extreme solution regarding this sector but regulations (for social security and insurance of the informal workforce) need to be in place. This would at least help in the improvement of the condition of the individual migrant and his/her family in the urban slums or back home. The adverse effects on the urban areas, as have been quoted by some authors, can be dealt with by stricter regulations (like introducing cooperative funding) and by the provision of better infrastructure in the slum dwellings and other habitats of the migrants.

#### ***Scope for Further Research***

Further, this study proposes to conduct a research with an objective of understanding the precise impact (both in quantitative and qualitative terms) on the rural area from which the migrant has migrated. This can be studied as an impact on both: (1) the family and relatives of the migrant (in terms of the asset holding due to remittances etc.); and (2) the rural area as a whole (in terms of knowledge transfer and further migration and development of infrastructure because of flow of funds etc). This kind of study would add further to the pool of the literature and help develop a better understanding of the Economics and Sociology of Migration.

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**APPENDIX I**

**AN EMPIRICAL STUDY ON URBAN POVERTY AS A SPILLOVER OF RURAL POVERTY**

*(With special reference to migration and job opportunities)*

**QUESTIONNAIRE**

**I. Background Information**

Name of the respondent: \_\_\_\_\_ Age of the respondent: \_\_\_\_\_ years

Village: \_\_\_\_\_

District: \_\_\_\_\_ State: \_\_\_\_\_

**II. Details of Migration**

1. When did the respondent migrate? \_\_\_\_\_

2. What were the reason(s) for his migration?

- |                                                         |                                                                  |
|---------------------------------------------------------|------------------------------------------------------------------|
| <input type="checkbox"/> Higher job opportunities       | <input type="checkbox"/> Expectation of better living conditions |
| <input type="checkbox"/> Expectation of higher wages    | <input type="checkbox"/> Others' influence                       |
| <input type="checkbox"/> Others, (please specify) _____ |                                                                  |

3. From where did he get the information about the scope of migration? \_\_\_\_\_

4. Did the respondent migrate with his family?

- |                              |                             |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

5. If yes go to 8. If no, did the family migrate later?

- |                              |                             |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

6. If yes, after how much time? If no, go to 7.

- |                                            |                                            |
|--------------------------------------------|--------------------------------------------|
| <input type="checkbox"/> Within an year    | <input type="checkbox"/> Between 1-2 years |
| <input type="checkbox"/> Between 2-3 years | <input type="checkbox"/> After 3 years     |

7. Is he/she planning for the immigration of the family?

- |                              |                             |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

8. What are the reason(s) for the family to migrate? \_\_\_\_\_

### III. Resettlement Details

1. Where did the respondent settle down when he migrated?

- With a relative or friend
  Rented room or house  
 Accommodation provided by the employer
  Others, (please specify) \_\_\_\_\_

2. What is the present status of accommodation? \_\_\_\_\_

### IV. Family Details

S. No.	Name of the member	Sex	Age	Educational Background	Present Occupation	Average Earning per month
1	Self					
2						
3						
4						
5						
6						
7						

### V. Socio-economic Details Before and After Migration

1. Fill in the following occupation and income details of the household:

S. No.	Name of the Member of the Household	Primary Occupation		Secondary Occupation		Average Earning per Month	
		Before Migration	After Migration	Before Migration	After Migration	Before Migration	After Migration
1	Self						
2							
3							
4							
5							
6							
7							

2. Other benefits received on the job:

<b>Benefits</b>	<b>Before Migration</b>	<b>After Migration</b>
<b>Food</b>		
<b>Clothing</b>		
<b>Accommodation</b>		
<b>Others, (please specify)</b>		

3. Fill in the following details as per the assets that the household held:

<b>S. No.</b>	<b>Asset</b>	<b>Quantity</b>		<b>Value (in Rs.)</b>	
		<b>Before Migration</b>	<b>After Migration</b>	<b>Before Migration</b>	<b>After Migration</b>
<b>1</b>	<b>Land</b>				
<b>2</b>	<b>House</b>				
<b>3</b>	<b>Vehicle</b>				
<b>4</b>	<b>Livestock</b>				
<b>5</b>	<b>Jewellery</b>				
<b>6</b>	<b>Bank Deposit</b>				
<b>7</b>	<b>Others</b>				

4. Average expenditure on food per month:

Before migration \_\_\_\_\_ After migration \_\_\_\_\_

5. Number of days of employment:

Before migration \_\_\_\_\_ After migration \_\_\_\_\_

6. Were the wages earned before migration, regular throughout the year?

Yes

No

7. If no, fill in the following details:

<b>Minimum Wage</b>	
<b>Number of months for which minimum wage was attained</b>	
<b>Maximum Wage</b>	
<b>Number of months for which maximum wage was attained</b>	

8. Are the wages earned after migration, regular throughout the year?

Yes

No

9. If no, fill in the following details:

<b>Minimum Wage</b>	
<b>Number of months for which minimum wage was attained</b>	
<b>Percentage of income sent back home (only if applicable)</b>	
<b>Maximum Wage</b>	
<b>Number of months for which maximum wage was attained</b>	
<b>Percentage of income sent back home (only if applicable)</b>	

10. Information about job card and BPL card and other identity cards:

	<b>Before Migration</b>	<b>After Migration</b>
<b>Job Card</b>		
<b>BPL Card</b>		
<b>Other Identity Cards (Specify)</b>		

**VI. Well-being Analysis**

1. Rank the following parameters from 1 to 5 as per the respondent's level of satisfaction regarding the following parameters both before and after migration. (Note: 1 stands for highly dis-satisfied and 5 stands for highly satisfied):

<b>Parameters</b>	<b>Before Migration</b>					<b>After Migration</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Wages</b>										
<b>Working Conditions</b>										
<b>Health</b>										
<b>Food</b>										
<b>Education</b>										
<b>Housing</b>										
<b>Social Status</b>										
<b>Overall</b>										



**VII. Psychometric Analysis**

1. For each of the eleven options below (a through k), circle which option you would prefer to receive. (Assume that the money would be received with certainty.) Rs. 1000 today OR

- |                        |                        |
|------------------------|------------------------|
| a) Rs.1000 in one year | b) Rs.1050 in one year |
| c) Rs.1100 in one year | d) Rs.1150 in one year |
| e) Rs.1200 in one year | f) Rs.1250 in one year |
| g) Rs.1300 in one year | h) Rs.1350 in one year |
| i) Rs.1400 in one year | j) Rs.1450 in one year |
| k) Rs.1500 in one year |                        |

2. For **each** of the 16 choices in the table below, please circle the option you prefer.

Choice 1	Banana	Oranges
Choice 2	Rs. 3400 this month	Rs. 3800 in two months
Choice 3	Gulab Jamun	Rasmalai
Choice 4	A 15% chance of Rs. 10,00,000	Rs. 500 for sure
Choice 5	Saving Money	Spending Money
Choice 6	Rs. 100 for sure	A 50% chance of Rs. 300
Choice 7	Lottery Ticket	Ice-cream
Choice 8	An 80% chance of Rs. 20	A 10% chance of Rs. 150
Choice 9	Being Successful	Having Fun
Choice 10	Flip a coin and win Rs. 200 for "heads", but lose Rs. 100 for "tails"	Rs. 5 for sure
Choice 11	Cricket	Football
Choice 12	Win Rs. 100 for sure	Get a 75% chance to win Rs. 200
Choice 13	Amitabh Bachchan movie	Shahrukh Khan Movie
Choice 14	Lose Rs. 100 for sure	Take a 75% chance to lose Rs. 200
Choice 15	Potato Chips	Chocolate
Choice 16	25% chance of Rs. 3000	20% chance of Rs. 4000

## APPENDIX II

(a) Table for Consumer Price Index<sup>6</sup> to determine the present value of the income earned before migration:

Year	Number of years of Migration	Consumer Price Index for Agricultural and Rural Labour
1995	15	239
1996	14	249
1997	13	262
1998	12	287
1999	11	304
2000	10	307
2001	9	307
2002	8	315
2003	7	328
2004	6	337
2005	5	348
2006	4	372
2007	3	402
2008	2	439
2009*	1	480

Because of unavailability of data, for the current year (2010), price index has been taken as 480

(b) In order to convert the present value of the income earned before migration, i.e., rural income in terms of urban income (using the consumer price index for industrial labour)<sup>5</sup>, following formula has been used:

$$y = \left( \frac{586 \times x}{480} \right)$$

Here, 586 is the current consumer price index for the industrial labour and 480 is the current price index for the agriculture and rural labour.  $x$  refers to the present value of the income earned before migration and  $y$  refers to  $x$  converted as per the urban standards.

<sup>6</sup> Ministry of Labour, Government of India

**Appendix III**

**Discriminant Analysis**

**Analysis Case Processing Summary**

<i>Unweighted Cases</i>	<i>N</i>	<i>Percent</i>
<i>Valid</i>	110	100.0
<i>Excluded</i> <i>Missing or out-of-range group codes</i>	0	.0
<i>At least one missing discriminating variable</i>	0	.0
<i>Both missing or out-of-range group codes and at least one missing discriminating variable</i>	0	.0
<i>Total</i>	0	.0
<i>Total</i>	110	100.0

**Group Statistics**

<i>City of Reference</i>		<i>Valid N (listwise)</i>	
		<i>Unweighted</i>	<i>Weighted</i>
1	<i>Risk Aversion Index</i>	55	55.000
	<i>Psychological Well Being</i>	55	55.000
	<i>Percentage Change in Income</i>	55	55.000
	<i>Change in Position with Respect to Poverty Line</i>	55	55.000
2	<i>Risk Aversion Index</i>	55	55.000
	<i>Psychological Well Being</i>	55	55.000
	<i>Percentage Change in Income</i>	55	55.000
	<i>Change in Position with Respect to Poverty Line</i>	55	55.000
<i>Total</i>	<i>Risk Aversion Index</i>	110	110.000
	<i>Psychological Well Being</i>	110	110.000
	<i>Percentage Change in Income</i>	110	110.000

**Group Statistics**

City of Reference		Valid N (listwise)	
		Unweighted	Weighted
1	Risk Aversion Index	55	55.000
	Psychological Well Being	55	55.000
	Percentage Change in Income	55	55.000
	Change in Position with Respect to Poverty Line	55	55.000
2	Risk Aversion Index	55	55.000
	Psychological Well Being	55	55.000
	Percentage Change in Income	55	55.000
	Change in Position with Respect to Poverty Line	55	55.000
Total	Risk Aversion Index	110	110.000
	Psychological Well Being	110	110.000
	Percentage Change in Income	110	110.000
	Change in Position with Respect to Poverty Line	110	110.000

**Analysis 1**

**Summary of Canonical Discriminant Functions**

**Eigenvalues**

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	.228 <sup>a</sup>	100.0	100.0	.431

a. First 1 canonical discriminant functions were used in the analysis.

**Wilks' Lambda**

Test of Function (s)	Wilks' Lambda	Chi-square	df	Sig.
1	.814	21.780	4	.000

**Standardized Canonical Discriminant Function Coefficients**

	Function
	1
Risk Aversion Index	.138
Psychological Well Being	-.504
Percentage Change in Income	-.149
Change in Position with Respect to Poverty Line	.912

**Structure Matrix**

	Function
	1
Change in Position with Respect to Poverty Line	.840
Psychological Well Being	-.471
Percentage Change in Income	.178
Risk Aversion Index	.166

*Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions*  
*Variables ordered by absolute size of correlation within function.*

**Canonical Discriminant Function**

**Coefficients**

	Function
	1
Risk Aversion Index	.361
Psychological Well Being	-2.648
Percentage Change in Income	-.001
Change in Position with Respect to Poverty Line	.003
(Constant)	.011

*Unstandardized coefficients*

**Functions at Group**

**Centroids**

City of Reference	Function
	1
1	.473
2	-.473

*Unstandardized canonical discriminant functions evaluated at group means*