People on the Move
Advancing the Discourse on Migration & Jobs

October 2018
Acknowledgments

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Previous signature volumes

2016
Transformations in Technology, Transformations in Work

2015
Global Wage Debates: Politics or Economics?

2014
Overcoming the Youth Employment Crisis Around the World

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MOVING FROM PRINCIPLE TO PRACTICE

Provision of social welfare to internal migrants in India to enhance work opportunities

Partha Mukhopadhyay & Mukta Naik, Centre for Policy Research

The Centre for Policy Research (CPR) has been one of India’s leading public policy think tanks since 1973. The Centre is a nonprofit, independent institution dedicated to conducting research that contributes to a more robust public discourse about the structures and processes that shape life in India. CPR’s community of distinguished academics and practitioners represents views from many disciplines and across the political spectrum. It is one of the 27 national social science research institutes recognised by the Indian Council of Social Science Research (ICSSR), Government of India. CPR works across five focus areas: economic policy; environment, law and governance; international relations and security; law, regulation and the state; and urbanisation.
INDIA

Number of Internal Migrants (2011) 453.6 million

Total Youth Population (2011) 327.4 million

1211 million Total Population (2011)

Youth migrants as a share of Total youth population 75.1%

37%

265.9 million

75.1%

MOVING FROM PRINCIPLE TO PRACTICE

Provision of social welfare to internal migrants in India to enhance work opportunities

Partha Mukhopadhyay & Mukta Naik, Centre for Policy Research

The participation of migrants in India’s labor market is robust. Nevertheless, attention to migrants’ basic services, housing, education and nutrition – all of which are related to work productivity – is required, especially for poorly educated rural migrants, if they are to fully benefit from work opportunities in urban areas. In this chapter, we examine India’s social protection architecture from the perspective of the inclusion of migrant workers, focusing on the example of building and other construction workers. While we appreciate that the architecture of social protection is gradually moving towards increased universalization and portability of benefits, our analysis leads us to underscore the need for involving and motivating local bureaucracy and civil society for implementation in practice, as compared to design of schemes in principle.

It is widely acknowledged that China’s spectacular economic growth is fueled by the migration of rural labor to urban areas of industrial production. However, data tell a different story of the sort of labor mobility behind India’s services-led growth. Urbanization levels in India, as officially measured, are low, at 31.2 percent (2011) compared with China’s 49.7 percent (2010) and the urbanization process is driven by ‘morphing places,’ the in situ densification and economic transformation of villages, rather than ‘moving people’, with rural-urban migration accounting for only 22 percent of urban population growth, as per the 2011 census. By contrast, field studies estimate large flows of short-term migrant labor (an estimated 40-100 million) participating in urban labor markets. In short, people are working in cities, but not moving permanently.

In this chapter, we investigate this phenomenon of work-related migration and find that while expected wage differentials between the rural and urban can be an incentive for movement, this potential migration is hindered by the loss of social protection, the architecture of which is often tied

DISTRIBUTION OF MIGRANTS BY EDUCATION

54.8% Primary not completed

25.1% Primary completed & Secondary not completed

20.1% Secondary above

Source: Census Population 2011 & Migration in India, NSSO 2007-08
to location and not portable. While wages are a challenging area for governments to intervene, greater attention to social protection could offer a supportive mechanism for rural-urban migrants and improve their access to urban work. Such access to social protection could reduce migration costs and affect pro-work migration choices—whether, favoring longer-term migration over short-term and seasonal movements. Further, we argue that there are particular opportunities in the current architecture of social protection that can be tapped with relative ease—for example, in reaching out to the large body of migrant construction workers.

Migrants in India’s labor market

As per the Census of India, the number of migrants has doubled in the period 1991-2011, the current number being 454 million migrants, which comprises about 37 percent of the country’s population. This migration is a complex phenomenon, comprising different streams, across different distances and durations of time. However, the census is better at capturing longer-term movements, compared to the shorter-term movements referred to above. To begin with, it is useful to look at longer-term migration.

Longer-term migration

Even though it does not account for a large share of urban population growth, the census data on migration indicates considerable spatial mobility in India. First, migrants move across all four streams: rural-rural, rural-urban, urban-rural, and urban-urban, though rural-rural movements form the bulk, fueled by marriage migration of women. This kind of migration also tends to be predominantly short-distance, occurring within districts.1

However, data from the 2011 census indicate that the share of rural-rural migration decreased from 56.3 percent of total movements in 2001 to 47.4 percent in 2011, with an accompanying increase in all three other streams and a striking increase in urban-urban movements—from 15.2 percent to 22.6 percent of all migration. While complete data from the census of 2011 are yet to be released, in 2001, of the 18 percent of urban residents who migrated from rural areas, 37 percent came from the same district, 33 percent from another district of the same state and 30 percent were inter-state rural-urban migrants. There are significant differences by gender. Men constituted the majority of inter-state rural-urban migrants—8.9 million in number. However, much of the migration, especially by women, remains family-related, as seen in Figure 1, though non-family reasons account for 61.1 percent of male rural-urban migration. It ought to be noted that women often work after migration, even if their primary reason for moving was family-related.2

Migrants are also well represented across sectors in the urban workforce in India. In industry, public services and modern services, migrants comprise 38 percent, 40 percent and 40 percent, respectively, among all male workers, as seen in Table 1. While the latest census data on migrant workers are still awaited, in 2001, migrants comprised over a third (35.5 percent) of the workforce, making them important contributors to the economy.

![Figure 1](image-url)

**Table 1**

<table>
<thead>
<tr>
<th>Sector</th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Services</td>
<td>33.7</td>
<td>35.5</td>
</tr>
<tr>
<td>Transport (Other)</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td>Modern services</td>
<td>42.8</td>
<td>42.8</td>
</tr>
<tr>
<td>Traditional services</td>
<td>16.9</td>
<td>19.0</td>
</tr>
</tbody>
</table>

Source: Census 2011 and 2001 and NSS 2007-08

Unlike China, there is no legal barrier to migration in India. The Constitution of India guarantees freedom of movement to all citizens. This right is enshrined in clauses 19(1)(d) and 19(1)(e) of the Constitution; in addition, Article 15 prohibits discrimination on the basis of place of birth, among other criteria, and Article 16 guarantees equality of opportunity for all citizens in matters of public employment and prohibits the denial of access to public employment on the grounds of place of birth or residence. Thus, there are no apparent major demand-side barriers to migrant workers. This is not to say that there are no localized tensions in certain places, but these are as yet not significant.

*In the 2011 census, there were 640 districts. These districts in India vary in size and population. On average, the districts are about 4,000 to 5,000 sq km, with a population of around 1.5 to 2 million. However, a few are very large, over 10,000 sq km, while others are quite small, less than 100 sq km. Population too can vary from less than 100,000 to over 10 million.*
In this chapter, we focus on the nature of urban labor markets, comparing them to rural opportunities, in order to understand the incentives shaping households’ decisions to remain only partially rooted in cities. Our findings suggest the important role of social protection portability for migrants in urban areas.

The urban labor market

How attractive is the urban labor market? The trope of hordes of migrants moving from villages to the city reflects an assumption that the urban labor market is far more attractive than the rural. But, is it really so? Analysis of data from the National Sample Survey on Employment and Unemployment in 2011-12 indicates that the actual situation may be more nuanced. We focus on the age group 15-59 for all workers, both male and female.

Table 1

<table>
<thead>
<tr>
<th>Sector</th>
<th>Rural</th>
<th>Male</th>
<th>Female</th>
<th>Urban</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4%</td>
<td>75%</td>
<td>20%</td>
<td>65%</td>
<td>6%</td>
<td>33%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13%</td>
<td>59%</td>
<td>38%</td>
<td>51%</td>
<td>8%</td>
<td>32%</td>
</tr>
<tr>
<td>Public Services</td>
<td>16%</td>
<td>69%</td>
<td>40%</td>
<td>56%</td>
<td>6%</td>
<td>33%</td>
</tr>
<tr>
<td>Construction</td>
<td>8%</td>
<td>73%</td>
<td>32%</td>
<td>67%</td>
<td>6%</td>
<td>33%</td>
</tr>
<tr>
<td>Traditional Services</td>
<td>10%</td>
<td>65%</td>
<td>29%</td>
<td>55%</td>
<td>6%</td>
<td>33%</td>
</tr>
<tr>
<td>Modern Services</td>
<td>16%</td>
<td>66%</td>
<td>40%</td>
<td>52%</td>
<td>6%</td>
<td>33%</td>
</tr>
<tr>
<td>Total</td>
<td>6%</td>
<td>73%</td>
<td>33%</td>
<td>56%</td>
<td>6%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Census 2011 and 2001 and NSS 2007-08 *Using the National Industrial Classification (NIC), 2004 codes, Primary includes agriculture, hunting, forestry, fishing, mining & quarrying (NIC 01-14), Manufacturing is NIC 15-37, Public Services are NIC 40-44, Transport via Railways (NIC 6010), National Postal activities (NIC 64110), and Public Administration (NIC 751, 752 and 753). Construction is NIC 45. Traditional services include wholesale and retail trade, hotels and restaurants, transport, storage and communications (NIC 50-52, 55, 60-64, except 6010 and 64110), and modern services includes real estate, renting and business, financial intermediation education, health, social work, and other community, social and personal services (NIC 65-74, 80, 85, 90-99, excluding 751, 752, 753).

Short-term migration and commuting

In addition to these migration streams, there is also the related phenomenon of short-distance and short-term migration, largely for work, which data collection systems in India are not designed to capture. As a result, estimates vary wildly. The NSS in 2007-08 estimated short-term migration to be about 13.6 million, while Srivastava (2011: 422) estimates that “[c]onservatively, 40 million labourers could be seasonal migrants.” The Economic Survey 2016-17 notes that changes in same-age cohorts “yields an annual inter-state migration of about 5-6.5 million between 2001 and 2011 [while] railway passenger data analysis suggests an annual inter-state migration flow of close to 9 million” over 2011-16. Other studies have suggested even higher numbers, up to 100 million.6

Households use migration as a risk-distribution strategy, whereby some members of the household migrate to cities or other rural areas while others remain in the place of origin. Additionally, the improved transportation infrastructure, including the Pradhan Mantri Gram Sadak Yojana (PMGSY) or Prime Minister’s Rural Roads Program, which has constructed over 600,000 km of roads since 2000, has facilitated commuting, which accounts for over 10 percent of India’s urban workforce and enables workers to engage in urban labor markets without moving residence.

One key difference between the urban and rural labor markets is the extent of casualization of labor for wage workers, as shown in Figure 2, which also shows the share of wage (both casual and regular salaried) workers as a share of urban workers. In rural areas, a high proportion of work is casual for those with low levels of education – specifically, those with eight or less years of education. In urban areas, this proportion is much lower, even for those with low levels of education. Further, as is clear in Table 2, a smaller share of the urban wage workforce has low educational levels. While 80 percent of rural wage workers have not completed secondary schooling and 37 percent are illiterate, these figures are only 48 percent and only 14 percent, respectively, in urban areas. Regular and casual work differ not only in terms of job security but also in terms of wages. Depending on the sector, the wage regular workers earn anywhere from 1.5 times to

Figure 2

Regular salaried workers (15-59) as share of wage workers by education and location

Source: Author’s calculations from NSS 61st round
Note: Some school includes those with eight years of schooling or less.
Note that three-quarters of domestic service jobs are in urban areas, making the comparison with rural wages less meaningful.

The poverty line is constructed to reflect access to a similar bundle of goods and services in urban and rural areas.

For those with some schooling, the urban poverty line to the rural poverty line in a sector is further price adjusted by the ratio of the price-adjusted urban wage for the workforce in regular salaried and casual work, in that sector, weighted by the share of the workforce in regular salaried and casual work, respectively. This expected urban wage for the sector is further price adjusted by the ratio of the urban poverty line to the rural poverty line in 2011-12.

Table 3 shows the ratio of expected price-adjusted urban wage to rural wages across broad sectors, by the education level of the workers. The expected urban wage for a given sector is the average of the regular salaried wage and casual wage in that sector, weighted by the share of the workforce in regular salaried and casual work, respectively. This expected urban wage for the sector is further price adjusted by the ratio of the urban poverty line to the rural poverty line in 2011-12. 

For those with some schooling, Table 3 shows the ratio of the expected price-adjusted urban wage in a given sector to the rural agricultural wage for casual labor, since 90 percent of the rural casual labor are in either agriculture (64 percent) or construction (26 percent). In the next column, it also gives the ratio of the price-adjusted urban casual wage in a given sector to the rural agricultural wage for casual labor. For those who have completed secondary or higher secondary education, it shows the ratio of the expected price-adjusted urban wage in a given sector to the rural wage for casual labor in that sector. The assumption here is that casual workers in rural areas would have the greatest incentive to migrate.

Obviously, this is a national picture and the story may vary across states and cities, meaning the ratio of wages in a specific city to a particular district may be substantially higher than the average ratios presented here. Those specific differentials would drive migration flows.

However, Table 3 shows that, on average, a rural worker has an expected wage premium in urban areas in all sectors but domestic service, though the premium varies considerably by sector.

For workers with low levels of education, there is a reasonable expected wage premium across sectors. However, as seen in Figure 2, there is still a substantial share of less educated workers in urban areas who are engaged in casual work. In actuality, it is reasonable to expect that while the worker searches for regular salaried work, which is where the wage premium lies, s/he will be engaged in casual work. In this sense, the ratio of rural casual wage to urban casual wage is important.

Critically, for a casual worker in urban areas, the wage premium over casual agricultural rural work is non-existent, except for construction, transportation and transport and storage, where it is quite minimal. For example, in trade, which accounts for almost a tenth of the casual labor in urban areas, the price-adjusted urban wage for casual work in the trade sector is only 9 percent higher than the baseline agricultural rural casual wage. For construction, which accounts for 44 percent of the casual workers in urban areas and has the highest premium, the wage is just 25 percent higher. Indeed, the adjusted urban wage in construction is less than the comparable casual wage in rural construction. As a matter of fact, the price-adjusted urban casual wage is always less than the comparable casual wage in rural areas for the same sector.

This likely leads to a situation where potential migrants are discouraged, since they are not sure about how they will manage until finding more secure regular salaried work, in which the wage premium is far more substantial. Alternatively, they likely explore the urban labor market intermittently, but this is not an effective strategy since limited social capital or networks are built in these short-term migration spells.

Table 2

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Not Literate</th>
<th>Some School (less than 9 years)</th>
<th>Completed Secondary and/or Higher Secondary (10 - 12 years)</th>
<th>Graduate &amp; Above</th>
<th>Diploma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>37%</td>
<td>43%</td>
<td>13%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Urban</td>
<td>14%</td>
<td>34%</td>
<td>22%</td>
<td>26%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from NSS 68th round
Note: Some school includes those with eight years of schooling or less.

Table 3

<table>
<thead>
<tr>
<th>Sector (NIC codes in parenthesis)</th>
<th>1-4 Years of Schooling</th>
<th>Secondary or Higher Secondary</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expected Urban</td>
<td>Casual Urban</td>
<td>Share of Urban Wage Workers</td>
</tr>
<tr>
<td>Traditional Manufacturing (10-14)</td>
<td>1.37</td>
<td>0.89</td>
<td>17%</td>
</tr>
<tr>
<td>Manufacturing (19-33)</td>
<td>2.42</td>
<td>1</td>
<td>13%</td>
</tr>
<tr>
<td>Construction (41-43)</td>
<td>1.36</td>
<td>1.25</td>
<td>19%</td>
</tr>
<tr>
<td>Trade (45-47,55,56)</td>
<td>1.52</td>
<td>1.09</td>
<td>15%</td>
</tr>
<tr>
<td>Transport &amp; storage etc. (49-53)</td>
<td>2.43</td>
<td>1.2</td>
<td>8%</td>
</tr>
<tr>
<td>Services (58-96)</td>
<td>3.42</td>
<td>0.98</td>
<td>13%</td>
</tr>
<tr>
<td>Domestic Service (97)</td>
<td>0.89</td>
<td>0.9</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from NSS 68th round

*The poverty line is constructed to reflect access to a similar bundle of goods and services in urban and rural areas.

*Note that three-quarters of domestic service jobs are in urban areas, making the comparison with rural wages less meaningful.
The link between migration and social protection

It is apparent, from the above discussion, that if a worker is poorly educated, it is likely that s/he will be in precarious casual employment, at least to begin with, after migration to urban areas. If so, s/he is likely to be in construction (44 percent), trade, transport and storage (15 percent) or traditional manufacturing (14 percent). These workers face multi-dimensional precariousness: not only are their wage premiums minimal or non-existent, as compared to potential earnings in agriculture, their employers are unlikely to extend social security benefits, and they are also made vulnerable by the absence of written contracts and the presence of intermediaries in the labor contracting chain. The accompanying living conditions that contribute to work productivity are similarly poor. Unskilled low-income migrants face substandard living conditions and disproportionately high costs at destination, especially for housing, food, basic services, education and healthcare. Worker housing on construction sites, for instance, is known to be of poor design and construction quality with low-income migrants face similarly poor. Unskilled to work productivity are conditions that contribute to the precariously of tenancy itself. This is also seen in consumption outcomes, which vary systematically by sectors of work, as seen in Table 4. While construction workers are disproportionately from the bottom 20 percent, workers in information & communication and other services are disproportionately from the top 20 percent. Given that migrants are central to the workforce in India, as seen earlier, a focus on reducing the costs of migration at destination and mitigating vulnerabilities is an important economic (as well as human rights) imperative. Efforts to improve the broader migration experience beyond work are an important part of improving economic outcomes for a significant part of the workforce, especially for those who are less educated. Social protection is a key element of these efforts. Even though the labor market may not appear to discriminate against migrants—for instance, migrants may actually be preferred because of their willingness to work for lower wages—less privileged migrants are highly constrained when social protection is denied to them. Lack of social protection means higher costs of living, higher risks entailed in moving permanently to the city or in moving their families to the city, lower productivity, and possibly fewer women in the workforce. Hence, the extent of access to social protection impacts migration decisions. For example, improved social protection can reduce living costs for those rural workers engaged in casual work in urban locations despite the low or negligible wage premium; this reduction in risk could buy them the time required to build networks to enter regular employment, where meaningful wage premiums exist. In another scenario, the availability of good education for a child in the city would affect her parents’ decision to migrate and her ability to be a productive member of a future workforce. We contend that addressing barriers that migrants might face in accessing social protection at destination can nudge rural-urban migration to optimal levels, commensurate with India’s economic transformation.

Efforts to improve the broader migration experience beyond work are an important part of improving economic outcomes for a significant part of the workforce.

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Improving social protection for migrant workers

It is not as if India’s government has not thought about this. In the recent past, the government has established a growing architecture of social protection; however, migrants are not yet seamlessly integrated into it. Certain aspects of social protection, like education and health, are considered to be universal in coverage, while others, like the targeted public distribution system (TPDS), are designed to be household-specific and are tied to a specific place. The delivery systems are further challenged when only some members of a household migrate. Portability of such schemes is essential to include migrants. We will briefly summarize the social protection architecture, before moving to the specific case of building and construction workers, who are among the most vulnerable, to illustrate opportunities for improving labor market access and outcomes via the social protection route.

The accompanying living conditions that contribute to work productivity are similarly poor.

Unskilled low-income migrants face substandard living conditions and disproportionately high costs at destination, especially for housing, food, basic services, education and healthcare. Worker housing on construction sites, for instance, is known to be of poor design and construction quality with inadequate sanitation facilities. Low-income migrants are also likely to rent in informal settlements, with accompanying problems of poor services and infrastructure, not to mention the precariousness of tenancy itself. This is also seen in consumption outcomes, which vary systematically by sectors of work, as seen in Table 4. While construction workers are disproportionately from the bottom 20 percent, workers in information & communication and other services are disproportionately from the top 20 percent. Given that migrants are central to the workforce in India, as seen earlier, a focus on reducing the costs of migration at destination and mitigating vulnerabilities is an important economic (as well as human rights) imperative. Efforts to improve the broader migration experience beyond work are an important part of improving economic outcomes for a significant part of the workforce, especially for those who are less educated. Social protection is a key element of these efforts. Even though the labor market may not appear to discriminate against migrants—for instance, migrants may actually be preferred because of their willingness to work for lower wages—less privileged migrants are highly constrained when social protection is denied to them. Lack of social protection means higher costs of living, higher risks entailed in moving permanently to the city or in moving their families to the city, lower productivity, and possibly fewer women in the workforce. Hence, the extent of access to social protection impacts migration decisions. For example, improved social protection can reduce living costs for those rural workers engaged in casual work in urban locations despite the low or negligible wage premium; this reduction in risk could buy them the time required to build networks to enter regular employment, where meaningful wage premiums exist. In another scenario, the availability of good education for a child in the city would affect her parents’ decision to migrate and her ability to be a productive member of a future workforce. We contend that addressing barriers that migrants might face in accessing social protection at destination can nudge rural-urban migration to optimal levels, commensurate with India’s economic transformation.

Table 4

<table>
<thead>
<tr>
<th>Consumption Quintile</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Basic Services</th>
<th>Information &amp; Communication</th>
<th>Other Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom 20%</td>
<td>15.30%</td>
<td>28.40%</td>
<td>16.60%</td>
<td>2.00%</td>
<td>9.00%</td>
</tr>
<tr>
<td>Middle 20%</td>
<td>21.30%</td>
<td>20.60%</td>
<td>21.00%</td>
<td>8.90%</td>
<td>17.70%</td>
</tr>
<tr>
<td>Top 20%</td>
<td>21.60%</td>
<td>11.30%</td>
<td>20.40%</td>
<td>69.30%</td>
<td>36.20%</td>
</tr>
<tr>
<td>Share of workforce</td>
<td>18.90%</td>
<td>8.70%</td>
<td>29.80%</td>
<td>2.30%</td>
<td>22.30%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from NSS 68th round

* Roy, Manish, & Naik, 2017 find that short-term migrant workers in the city are often in the construction sector.
Starting with the universal aspects of social protection, the Indian public health system is in principle accessible to all, but is heavily overburdened, especially in cities. It has been supplemented by the Rashtriya Swasthya Bima Yojana (RSBY), which provides insurance coverage for some key health conditions and incorporates portability via smart cards that can be used at enrolled hospitals across the country by households and individuals. The Integrated Child Development Services (ICDS), which focuses on maternal and child health, has no restrictions of domicile, and at least in principle is accessible to migrants. Exclusions do exist in practice, though, and ground-level workers require sensitization. Similarly, in education, the Right of Children to Free and Compulsory Education (RTE) Act (2009) reinforces the access to schooling for all children, and the Sarva Shiksha Abhiyan (SSA) or Education for All, again, in principle provides for flexible institutional arrangements that districts with high volumes of migrants can utilize to include migrant children. However, in practice, local action is weak in implementing most schemes. Even a location-linked social benefit like the TPDS, the largest food security system in the world, is in principle and in legal terms universally accessible as per the National Food Security Act (2013). However, since the identification of beneficiaries is still carried out by individual states and these beneficiaries are further attached to specific Fair Price Shops, attempts at portability have been sporadic and limited to intra-state migrants.

This results in much less inter-state migration than is optimal. For example, Kone, et. al. (2018) find that state borders matter considerably, with significantly lower migration between neighboring districts in the same state compared to neighboring districts on different sides of a state border, even after linguistic differences have been taken into account. They argue that this may be related to state-specificity of public benefits. Similarly, benefits related to housing, skill development and employment that target persons from specific underprivileged groups are rendered inaccessible to many inter-state migrants because their special status is often specific to their state or even district of residence. Finally, as mentioned before, housing and linked basic services are a serious gap for migrant inclusion and require substantial changes in attitudes towards city planning and housing delivery mechanisms.

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### Building and other construction workers: Low-hanging fruit

Construction is a migrant-intensive sector. It is also an important economic sector in India, contributing 7.7 percent of the country's GDP. As per the 2001 census, the latest for which we have detailed migration data, of the 14.6 million construction workers in the country, about 30.4 percent (3.9 million) of male construction workers and 60.4 percent (1 million) of female construction workers were migrants. About 66 percent of migrants who work in the construction sector head to urban destinations, with men tending to be city-bound and women working in rural construction. After retail, construction absorbs the highest proportion of migrant workers who are moving inter-state out of agriculture and into non-farm jobs, at 9.8 percent. So there is considerable long-distance migration for construction work and destinations tend to be in urbanized or urbanizing areas. Long-distance moves tend to be towards larger cities – over half (52 percent) of the inter-state migrant construction workers with urban destinations go to the top 8 metro cities (cities with populations over five million). In these cities, such inter-state migrants form over half (56 percent) of the migrant construction workforce. By contrast, in cities with less than 100,000 people, short-range migrants from within the same district constitute a comparable proportion (47 percent) of migrant construction workers.

Work is precarious in the construction sector, with over 82 percent of poorly educated construction workers in urban areas working as casual wage labor. Migrants in construction tend to move back and forth between construction and agricultural labor. In the NSS 2007-08 survey, the most recent one on migration, about 40 percent of all short-term migrants — were employed in construction and 43 percent of construction workers belonged to socially vulnerable groups.

The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act (1996) mandates that states constitute Construction Worker Welfare Boards (CWWBs) to register workers and administer schemes for their social welfare. Conceptualized as a tripartite body with representation from workers, employers and the government, the CWWB can offer a range of welfare benefits including medical assistance, accident coverage, pension, educational assistance for children, insurance and loans, among others. It also

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**Note:**

- A new insurance scheme, Ayushman Bharat, was announced in the budget this year, which provides substantially enhanced benefits. The details of its implementation are yet to be finalized.
- **Migrants are also unable to exercise their franchise if they are not physically present at the place of origin, and the Election Commission is looking into what kind of mechanisms e.g. postal ballots, could be put in place for political inclusion. For voting purposes, six months of residence is sufficient to seek voting rights at destination.**
provides an assured funding mechanism in the form of a fee on all construction projects, which is set at 1 percent of the cost of construction. While this legal structure replaced existing laws in Kerala and Tamil Nadu, the majority of states in India had to start from scratch on this issue of social welfare for construction workers. By 2006, fewer than half the states had framed rules or set up CWWB; subsequently, they did so only after court orders and central government directives, a decade after the act came into effect. Recently released data from the Ministry of Labour and Employment shows that states have succeeded in registering only about 65 percent (up from about 50 percent in 2015) of construction workers. Field studies show lack of awareness among workers, especially among daily wage laborers and inter-state migrants. While tax collection is more or less proportionate to the construction activity across states, expenditure has been low. While some states, like Kerala, Odisha, Madhya Pradesh, Tamil Nadu, West Bengal and Chhattisgarh, have high worker registration and tax expenditure per capita, the majority of states perform poorly both in terms of registering workers and spending the money. In a recent judgment on a long-standing writ petition filed by the National Campaign Committee for Central Legislation on Construction Labour against the Government of India for non-implementation of the BOCW Act, the Supreme Court observed that states had a multiplicity of “good looking” schemes “on paper.” It directed the Ministry of Labour and Employment to create a “model scheme,” focusing on benefits related to education, health, social security, old age and disability pension. There is, therefore, an untapped opportunity here of using collected funds, potentially to the tune of INR 200 billion (US$ 2.76 billion) annually,10 for a variety of social benefits.

Beyond the “life of dignity” that the Supreme Court demands on behalf of construction workers, we contend that the BOCW scheme has the potential to: (a) improve skill levels, enabling access to better paying jobs; (b) improve productivity through healthcare interventions and improvements in working and living conditions; and (c) invest in the future workforce by improving nutrition, health and education of the children of construction workers—for example, by using the tax money to set up on-site day-care facilities and schools.

The construction sector provides a good example of where funds available under the BOCW Act are low-hanging fruit to improve conditions for migrant construction workers, who are a highly mobile and vulnerable population. Cities can be supported to create quality rental housing and extend basic services to settlements where migrant construction workers live. Extending the social protection net by improving portability of other benefits, especially PDS and quality anganwadi and education facilities, will make the migration experience less precarious. It can also enable migrant women to join the workforce, making economic mobility easier for migrant households vis-à-vis individuals. Needless to say, these steps will also create a healthier, more educated workforce for the future.

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Conclusion

Traditionally, migration has been treated as a ‘supply side’ issue with a policy focus on preventing out-migration from rural India. While it is true that people should not need to leave their homes out of distress, it is equally true that migrants cannot fully leverage work opportunities in urban India unless they have a robust social protection net to reduce risk and offer them a foothold in the city. Improved portability of social benefits can be a key strategy for more inclusive access to employment, as India moves to an urban future.

Given the predominance of inter-state migrant construction workers in large metros, these may be a good starting point for vigorously implementing the BOCW Act. These cities are also better endowed with implementation capacity and migrants in these relatively more expensive cities would benefit more from well-implemented social protection schemes.

Improved portability of social benefits can be a key strategy for more inclusive access to employment, as India moves to an urban future.

Traditionally, migration has been treated as a ‘supply side’ issue with a policy focus on preventing out-migration from rural India. While it is true that people should not need to leave their homes out of distress, it is equally true that migrants cannot fully leverage work opportunities in urban India unless they have a robust social protection net to reduce risk and offer them a foothold in the city. Improved portability of social benefits can be a key strategy for more inclusive access to employment, as India moves to an urban future.

In making these suggestions, we are cognizant that the integration of migrants is a sensitive issue made challenging by low awareness of the extent and nature of migration. In some states, anti-migrant politics obstruct inclusion through, for example, the introduction of domicile clauses. Firms’ preference for migrants, because they are willing to work for lower wages and are less likely to self-organize, fuels resentment among non-migrants competing in the same labor markets. Thus, while better implementation of social protection will require sensitizing and educating ground-level actors, and emphasizing the constitutional rights and economic, social and cultural contributions of migrants, the practical challenges to integration will remain. Here, focusing on local actors can help ensure that responses and demands are calibrated closely to changes in local situations.
Endnotes


9 ibid


11 ibid