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**Migration and Urban Transition in India: Implications for Development**

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## THE CONTEXT:

Migration has been a historical process shaping human history, economy and culture. It re-emerged as a strong force shaping cities and urbanization since the time of industrial revolution in western countries, and is closely associated with urban transition influencing the demand and supply of labour, economic growth and human wellbeing (McKeown 2004; Skeldon 2008). However, both migration and urbanization has not been viewed positively by both researchers and policy makers until recently. Migration was seen as a development failure and policy makers were busy in suggesting how to reduce migration. This perspective has been changing of late. The ICPD held in 1994 recognized the profound impact of urbanization for livelihood, way of life and values of individuals, while migration has been stressed to have both positive and negative impacts for the places of origin and destination. ICPD further stressed that orderly international migration helps the countries of origin with remittances while benefitting the destination countries with human resources. It also argued to facilitate the return of migrants and their reintegration in home countries (UNFPA 2004). However, in 2000 when the international community adopted the MDGs it hardly recognized the role of migration in development (Skeldon 2008). The same is largely true for urbanization except the MDG target of achieving a significant improvement in the lives of at least 100 million slum dwellers. Conversely the debate on the post-2015 development agenda took a new turn. Now we find that migration and urbanization is well recognized in SDG goals. The Goal 11: 'Cities and sustainable communities' exclusively focused on urbanization, while three other Goals dealt with the issues on migration. Goal 8: 'Economic Growth and Decent Work' recommends to protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. Goal 10 'Reduce Inequality within and among Countries' suggests to facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies, and Goal 17 in respect with 'Global Partnership' acknowledges data gaps in the field of migration and recommends to strengthen disaggregated data including migratory status.

The Sustainable Development Goals (SDGs) was followed by New York Declaration for refugees and migrants and the New Urban Agenda agreed by the world leaders in 2016. The New Urban Agenda reaffirms the objectives of SDGs in achieving sustainable cities and urbanization. It acknowledges that safe, orderly and regular migration through planned and well-managed migration policies enable the positive contribution of migrants to cities and strengthen urban-rural linkages (UN-Habitat 2017). These policies related developments increasingly recognized the role of migration and urbanization in achieving human development, equity and wellbeing.

This background note summarizes the conceptual and theoretical dimensions of the relationship between migration, urbanization and development and also presents their potential and actual impact on development in general and India in particular. It also argues that the development impact of migration and urbanization much depends upon how the countries like India design their urbanization and migration policies.

#### **THEORETICAL UNDERPINNINGS AND POLICY IMPERATIVES:**

The relationship between migration, labour market, wages and capital accumulation has been a matter of debate in the development literature (Lewis 1954; Fei and Ranis 1964; Harris and Todaro 1970; Stark and Bloom 1985). Lewis (1954) and Fei and Ranis (1964) argued that in a situation of labour surplus migration could help in capital accumulation through sectoral transformation. Migration results from the transformation of the traditional agrarian sector with surplus labour into a modern industrial sector which goes in tandem with capital accumulation.

Urbanization transforms space and place, generates agglomeration economies creating favourable conditions for the market forces to boost productivity and economic growth. In this process various spatial flows like the flow of goods and services, capital, labour and information are the natural outcome of economic growth. Higher is the rate of economic growth higher will be various types of spatial flows. Labour mobility is the expected outcome with increasing economic development and urbanization (World Bank 2009; UNDP 2009; IOM 2015). However, the relationship between urbanization, labour mobility and economic development is not straightforward but mediated by global and local processes, both spatial and historical. Figure 1 presents how impact of migration and urbanization could be analyzed looking at the global and local processes that influence both areas of destination as well as areas of origin. The areas of destinations benefit due to agglomeration economy, reduction in cost of production, rising productivity, size of consumer and capital market, corrections in the labour market, and innovations. At the same time, areas of origin also benefit through return migration, flow of remittances, information and innovations influencing the households and people left behind. In recent decades, the reverse flow acquired a new proportion and dimension due to easy and faster means of transportation and communication linking the areas of origin and destination. Thus, migration no longer remained a one way movement necessitating a complete rupture from the native place, but a process that binds the two places together. In this context, in the areas of international migration, the role of diaspora is increasingly evident in several countries of south Asia (Rath and Shaw 2007; Skeldon 2008).

It is worthwhile to mention that there are also some negative impacts as well. A number of studies show that a suitable policy and programmes is likely to enhance the benefits of migration and urbanization (Quigley 2008; McFarlane 2012; Bhagat 2012; UNESCO 2013; IOM 2015). Empirical studies and findings in different contexts will be quite helpful in formulating spatial strategy of development keeping in view the central role of migration and urbanization in transforming places and shaping the nature of development.

#### **DEVELOPMENT IMPACT OF URBANIZATION:**

Globally, Henderson (2010) found a strong positive relationship between level of urbanization and per capita income across the countries globally. Further, the history of economic growth vindicates that no country has achieved high income level or rapid economic growth without substantial urbanization. Empirical studies show that nearly all countries which achieved middle income status were at least 50

per cent urbanized and all high income countries are 70 to 80 per cent urbanized (Spence et al 2009 p. x). The causal mechanism of urbanization works through agglomeration which is essentially a concentration of activities and people. Agglomeration economies influenced by density (market), distance (transport cost) and divisions (trade related barriers) have emerged as important factors influencing economic growth through innovations and technological changes and reduction in production and transport costs (World Bank 2009). In many countries of Asia and Africa, urbanization also played a significant role in economic growth and poverty reduction (Turok and McGranahan 2013).

In addition, cities are considered as a means to solve the emerging economic and environmental crisis (UN-Habitat 2012). Globally big cities attract international migration, while cities of developing countries receive huge number of internal migration (IOM 2015; UNDP 2009). Further, studies also show that it is not only the level of urbanization, but also the scale of urbanization matters. Increasing city size is closely associated with greater income, wealth, wages and access to amenities (Bettencourt and West 2010; World Bank 2013). Urbanization further helped in raising productivity in agriculture by providing access to market, modern inputs and technology. On average, countries with higher level of urbanization also show higher agricultural productivity and have lower level of poverty (World Bank 2009; Li, Florax and Waldorf 2014; IOM 2015).

In India, both earlier and recent studies confirm that there is a close relationship between urbanization and economic development (Sovani 1964; Bhagat 2012). About 65 percent of GDP accrue from urban areas that comprise of one-third of India's total population (31 % urban according to 2011 Census). Although India has about 8000 cities and towns, 53 million plus cities consist of 43 per cent of India's urban population showing large concentration of population and economic activities (Bhagat and Mohanty 2009; Bhagat 2012). Migration, on the other hand, is a flow linking places that are defined as rural and urban. Although rural to urban migration has been the dominant component of urbanization in the western countries, India has experienced rapid urban population growth as a result of higher contribution of urban natural increase. In the decade preceding the Census 2011, net rural to urban classification in India contributed about one-third to urban population growth compared one-fourth by net rural to urban migration (Bhagat 2012). Such characteristic of urbanization often known as *in situ* urbanization has also been observed in China (Zhu 2004). Thus, the emerging pattern of urbanization in India is not simply a rural to urban transfer of labour and populations, but a complex process of changes in the characteristics of human settlements (Bhagat 2011a; World Bank 2013; Bhagat 2014). In general, urban areas have better access to electricity, drinking water, sanitation and clean fuel compared to rural areas (Bhagat 2011b). Also worthwhile to note that the increasing proportion of urban population is living in bigger cities in India with better coverage of basic amenities conducive to economic growth (Bhagat 2013; Mitra and Mehta 2011).

It is hardly possible for the growth in rural sector to match the productivity increase in urban sector. In such situation urbanization might be looked upon a solution rather than a problem. However, a majority of policy makers resists urbanization rather than welcome it. Although there are huge urban problems like proliferation of slums, congestion and overcrowding, air pollution, urban crime and violence and host of other problems in many parts of the developing countries, the question is whether to stop urbanization or to harness it? (Spence et al. 2009). Given the fact that urbanization has emerged as a global force, it is inevitable that countries like India with low level of urbanization is likely to be more urbanized in future. As per UN estimate India's urban population is projected to be 814 million i.e., 50 per cent of total population by 2050 (United Nations 2015). In this situation, negative consequences of urbanization might be kept in check, and its potentials for poverty reduction, economic growth and innovations would be harnessed.

The emerging regional inequality in India is closely associated with the process of urbanization. It therefore raises a question of the nature and ability of urbanization to redress the rural distress in many part of India has been experiencing. A spatially distributed urbanization which promotes development of small and medium towns closely linked with rural areas may be more desirable. Also, the place based policies need special attention in addition to household and sectoral policies in India and many other developing countries (World Bank 2009; Chakravarty and Dehejia 2017).

### **DEVELOPMENT IMPACT OF MIGRATION:**

The experience of many developing countries shows that migration has tremendous potential to improve human development (UNDP 2009; IOM 2015). At present, 'more than a billion people rely on international and internal migration to escape poverty and conflict, adapt to environmental and economic shocks, and improve the income, health, and education of their families. Annual remittances to developing countries alone approach \$500 billion, triple the amount of official development assistance (ODA) (Sutherland 2013). Adams and Page (2005) show that a 10 percent increase in per capita international remittances in a developing country can lead to a 3.5 percent decline in the share of people living in poverty. Thus, studies confirm that migration is an important pathway out of poverty. However, compared with international migration, internal migration offers more opportunities of increasing income and convergence of welfare, although it is less emphasized (Skeldon 2008; World Bank 2009; Bhagat 2016). On the other hand, in the context of India, emigration also enhances social prestige and family status which is less emphasized as researchers are mainly concerned with economic gains (Bhagat et al 2017).

Migration is also a process of skill formation. Many migrants bring their relatives, friends and co-villagers once they have firmly established in urban areas. Some migrants also upgrade their skill level and learn two and more skills (Deshinker and Akter 2009; Bhagat 2014). Among emigrants, about one-third returns to India. They are the potential source of knowledge and skill transfer (Bhagat et al 2017). The studies on social remittances are lacking and the reintegration of returnees with the development is gaining attention in India.

The key areas of opportunities and benefits associated with migration are listed in Box-1.

#### **Box 1: Opportunities of Migration – Four Key Areas**

- i) *Labour Demand and Supply* – fills gaps in demand for and supply of labour; efficiently allocates skilled and unskilled labour; cheap labour, disciplined and willingness to work.
- ii) *Remittances* – provides insurance against risks to households in the areas of origin; increases consumer expenditure and investment in health, education and assets formation.
- iii) *Return Migration* – brings knowledge, skills and innovation (these are known as social remittances).
- iv) *Skill Development* – migration is an informal process of skill development. It enhances knowledge and skills of migrants through exposure and interaction with the outside world. New skills are learnt from co-workers and friends at the place of destination.

Source: Bhagat 2014

Internal migration in India is closely associated with urban transition (Bhagat 2010). Dubey, Palmer-Jones and Sen (2004) observed that relatively better off sections of the populace and higher castes migrate from rural areas, the gaps that emerge are likely to be filled by the poor and the lower castes with implications for economic improvement and poverty reduction in rural areas. A number of studies also show that internal migration can help reduce or prevent households sliding into poverty in both sending and receiving areas (Deshingkar and Akter 2009; Higgins et al., 2010). A significant negative association exists between migration rate and the ratio of rural poverty in the areas of destination (Bhagat 2010), and diversification of economic activities and increase in income in the areas of origin in India (Kumar and Bhagat 2017).

The efficiency of labour use and poverty reduction are the two main outcomes associated with transfer of surplus labour from agriculture to non-agricultural sector. It is also observed that people adopt circular, seasonal and temporary mobility patterns as a part of their livelihood strategies and income security in India (Keshri and Bhagat 2013; Bhagat 2014). Apart from the role of migration and remittances in poverty reduction, studies on India show the positive impact on building assets and improving the access to education and health care (Deshingkar and Sandi 2012; Ratha 2013; Kumar and Bhagat 2017). It is important to mention that the household remittances sent by internal migrants were twice compared to remittances sent by international migrants (NSSO, 2010).

However, migration is not viewed positively in India and policies are often aimed at reducing rural to urban migration. As a result there is a lack of integration of migration with the process of development (Bhagat 2012; 2014). The Human Development Report by UNDP (2009) highlights that migration is integral to the process of human development. Migration has also emerged as a possible adaptive mechanism in the context of climate change and the occurrence of extreme weather events like floods, droughts, and cyclones etc. (Foresight 2011; Rajan and Bhagat Forthcoming).

#### **MIGRATION AND INCLUSIVE URBAN POLICIES:**

Internal migration in India is many times larger than international migration. Critical issue is how to reduce the impact of push factors and augment the impact of pull factors so that return on investment in human capital could be maximized? Many have argued that it would be inappropriate to prevent migration as it plays a very important role in development and in fulfilling human aspirations.

Preventing migration could even be counterproductive (UNDP 2009; World Bank 2009; UNESCO 2013; Foresight 2011). The recent UNESCO (2013) publication highlighted that the policies and programmes facilitating integration of migrants at the destination remain weak at best or non-existent and suggested the inclusion and integration of migrants in development. However, it is necessary to emphasize that migration is very intrinsic to the path of human development, but its impact is also place specific (de Haan 2011). Policies that lower the costs of migration, eliminate discrimination against migrants, and protect their rights can reap even bigger gains for development (Sutherland 2013). A continued understanding of urban transition is also essential for developing an appropriate spatial strategy of urbanization which is just and sustainable. In the context of India, there is a need to integrate migration in urbanization and development policies.

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**Fig 1: The Impact of Migration and Urbanization: A Conceptual Framework**

