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Urban Labour Markets and Returns To Migration : Destination Surat

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Abstract

The paper deals with labour market mechanisms and earnings of Oriya migrant workers in the city of Surat and also explores the importance of remittances in household income at the origin. As single migrants, parts of families, working on daily or piece rate basis, they earn poorly and live miserably. They earn from jobs characterized by lower wages, irregular income and employment, frequent retrenchment and a pronounced absence of any social security. Financial needs back home force them to deal and negotiate with a distorted labour market and inhuman living conditions. Trapped within this duality, these migrants economize on their living and provide financial support to families back home. Though remittances account for over half of the total income of families back home; owing to landlessness and chronic indebtedness, remittances hardly add to wellbeing of the families. The process, at best creates an environment where younger members of migrants' families keep joining the up-country labour markets in cities like Surat.

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Introduction

The ‘unprotected’ and ‘informal’ domain of the specific urban economies provide a larger scope of entry to the rural migrant workers having lower literacy and rudimentary skills. A majority of them moves into specific sector, often having some knowledge about the types and nature of jobs that they are likely to get. This in turn, tends to cumulate the process of movement from specific regions making such flows more ‘particularistic’ than ‘general’. A chain like ‘Kith-Kin-Peer’ facilitated process of migration enhances the risk taking capacity of migrants as well provides them with the much needed social and economic security at least during the initial days in a city. The nearly ‘mono’ directional entry insulates the migrant workers in specific job types constraining their knowledge about other sectors. This not only creates a competition among the swelling number of aspiring migrants, but gives an added advantage to the proprietors and entrepreneurs to organize their production in ways that invariably goes against the interest of the workers. Not surprisingly thus, sectors such as power loom, dying and printing and diamond polishing in a city like Surat remain organized around ownership arrangements and labour use in manners that tend to distort the labour market and compel workers to remain in a perpetual state of penury and vulnerability.

Many among them remain stuck well below the poverty line and continue to be labelled as the ‘working poor’ (Sharma, 1988). Most of these workers lead a poor quality of life. They work as well as sleep in shifts involving multiple occupancy in small rooms for specific time spans in a day/night.¹ Elsewhere, it is mentioned that the social and allied costs associated with migration is far more than economic costs (Sjaastad, 1962; The World Bank, 2006). The complete lack of access to basic public services like sanitation, health, education to their children, public distribution system etc., further deteriorate their existence (Acharya, 2008).

What do they get from their hard work in such oppressive working conditions and depressive living environments? The specific objectives of this study include:

- i) To understand employment opportunities of migrant workers at the destination point;
- ii) To estimate income and the size of remittance per worker; and
- iii) To analyse the impact of remittances on migrant’s households.

The rest of the paper proceeds as follows. The first section describes about the database of the study. In the second section we briefly discuss factors initiating migration in the context of Orissa. How the swelling numbers of aspiring migrants get absorbed in the urban labour market is explained in the third section. The fourth section analyses returns to migration, while the impact of remittances are considered in the fifth section, section 6 concludes.

1. Database

Present paper addresses the above questions by analysing data collected from a sample of 100 randomly selected Oriya migrant workers in the city of Surat in the state of Gujarat during the financial year 2006-07. While there is no official record on the total number of Oriya migrants in Surat city, our enquiries from Oriya migrants residing in 72 different localities in Surat, interviews with senior migrants and leaders in the community leads us to estimate their population to be around 4.5 lakhs² of which, the working population is approximately 3.25 lakhs.

These migrants were found to work in 27 different occupations. However, we have grouped them on the basis of their nature of jobs as: (i) wage labourer (daily and piece rate basis); (ii) employee in a private sector; and (iii) self-employed. Interview method has been adopted for collecting information on nature of employment, number of working days available per month, income, expenditure and amount of money transfer. The respondents were also asked about their personal details, family composition, land and other resource base as well as income sources and indebtedness of the households at the origin. Besides, questions were asked on the utilisation pattern of the money that was sent home.

2. Who Migrates Out and Why?

This section aims at answering two important questions, viz., who migrates out and why do they do so (Table 1). Of the sample, 21-respondents attributed to lack of employment opportunities at Orissa as the primary reason of their migration to Surat while 23 migrants revealed poor financial condition as the major reason. Among the migrants' families, the land-man ratio (acre of land per person) is found to have ranged between zero and 1.33 acres with the average size of landholding per person being 0.256 acre.³ The correlation coefficient between the land-man ratio and the proportion of out-migrating workers to the total number of family members stands at 0.21 and is statistically significant at the 5 per cent level. This suggests that the population pressure on land is a pertinent factor that induces out-migration from 'depressed' rural areas.

Other prominent push factor includes pressure of repaying old debts⁴ which are frequently linked with as well as are outcome of lack of job opportunities at the native place. The push factors hence, appear to be interrelated. Factors like failure in completing school education, unwillingness to work as wage labourer in the village,⁵ inability to pursue education, unwillingness to study and unsuccessful business ventures at origin also cause migration.

Table 1. Factors influencing migration

| Push factors | Pull factors |
|---|--|
| i) Lack of employment opportunities at the native end (21) | i) Seeking better employment and income (59) |
| ii) Poor financial condition (31) | ii) Kin and family members living at Surat (2) |
| iii) Repayment of old debt(s) (15) | iii) Attracted by the city life (1) |
| iv) Failure in completing school education (6) | |
| v) Inability to pursue education (3) | iv) Keen to lead an 'independent' life (1) |
| vi) Lack of willingness to study (2) | |
| vii) Unsuccessful 'business' at origin (3) | |
| viii) No land in the village (2) | |
| ix) Unwillingness to work as wage labourer in the village (3) | |

Note : Figures in parentheses are number of respondents indicating frequency of the listed factors that motivated them to migrate.

As many as 53 respondents have reported seeking better employment and income as the main pull factor for their migration to Surat. Among other pull factors, joining their kin and family members already living at Surat,⁶ the attraction offered by the city life⁷ and desire to lead an independent life were prominent. Thus migration appears to be a configured expression of push as well as pull factors.

3. Labour Market

Empirical observation reveals that these migrants normally enter the 'informal-sector' in cities (Breman, 1996). The literature show four types of employment in the 'informal-sector' viz., regular casual; daily casual; regular contract; and daily contract. In the first two, workers are employed directly by the employers. In both cases, though workers neither have a protected job, nor a fixed employment for a specific period of time, chances of availability of working days are more for the regular casuals compared to the daily casuals. Such assurance about work availability however is informal and terminations from jobs are arbitrary without any compensation. Generally, the regular casuals are paid fixed salaries and the daily casuals are paid on a daily wage or piece rate basis. Occasionally a few among them get some benefit in cash or kind, popularly known as *hakraj*,⁸ especially during the *deepawali* festival.

The third and fourth types of workers are employed by contractors or the middlemen who hire them out to industry. Though work is assured to some extent to the workers under regular contract, normally no formal employment security is given to them. They remain at the mercy of contractors, virtually without any connection with the actual employers. The

workers on daily contract do not have even any assured work and remain the most vulnerable and employed frequently at very low wages.

Working under a senior worker in the power looms is quite common for many at Surat. For instance, a senior loom operator (weaver) takes control of eight to ten looms and hires those having rudimentary knowledge of weaving to work with him. The senior worker thus doubles as a worker as well as a ‘contractor’ to whom the junior workers remain obliged and subordinated. Wages of the junior workers are fixed and paid by the senior worker who collects his share of wages from the loom owner on the total quantum of work produced by the number of machines under his control. Needless to say that such a practice cannot sustain without a tacit agreement of the loom owners. Indeed, the owners often prefer this, for they are able to bargain with the senior workers and reduce the amount to be paid to them for production of a given amount of grey cloth, albeit without compromising on the quality. Extent of ability of a senior worker to lower the wages of the workers hired, allows him to make that additional gain. It must be noted here that for a single loom operator, it is not possible to work in more than six looms at a time. And hence, they place new workers in additional looms and continue to weave while overseeing their work. And, he does so only when sure of earning from the additional looms more than or at least equal to what he pays to the juniors.

Such an arrangement has three implications. First, the employer reduces his botherations by keeping lesser number of workers in records. Second, the proprietor is able to produce the same level of output at a lower cost. And third, the senior weaver gets an additional income while the junior worker gains skill as well as some income. This however, tends to create competition among migrants and is likely to result in higher ‘un’ or ‘under’ employment. Even the beam fixers and warpers in the powerloom sector hire workers in this manner and earn some additional income. Evidently, what appears is that wage employment in power looms, dying and printing and diamond processing industries essentially revolves around an informal production organization and exploitative labour arrangement.

Majority of Oriya migrants in Surat feels that the migration influx here has led to an excess of labour supply especially since the last decade. The employers take advantage of this situation to the maximum. Indeed, an excess supply of labour especially to the power loom and dying and printing industries in the city is a prime factor leading to a distorted system of production relations in such enterprises. To find a worker for a loom or a factory owner at Surat is not as difficult as for a worker to find a job. This has serious implications on the number of workdays available, wage fixations and benefit entitlements for a worker. Since there are many who are ready to work at lower wages for the same quantum of work, mill owners keep substituting low paid workers for the high paid ones and try to get rid of the former on the smallest of pretexts. In other words, given the competition among the swelling number of aspiring migrants to get absorbed in the labour market, hardly any worker feels sure about continuation of job since he has no idea as to when the employer will throw him out. Workers are of the view that their wage rates have been gradually declining which

in turn has lowered their income. In order to cope with job market fluctuations, they often pick diverse jobs in the same enterprise, even at lower wages.

3.1 Extent of involuntary unemployment

Table-2 gives data on the average number of days that Oriya migrant workers remain unemployed at Surat by nature of their employment. Of the 90 workers, 63.3 per cent visited their native places and on an average spent 48 days at such location during a year.⁹ Of the remaining 317 days that the worker stayed in Surat, he worked for 275 days in 2006-07. The data show, that on an average, workers were not on the job for 8 days due to illness and/or on account of personal leave. Excluding these 8 days, this means that a worker had to stay at Surat without a job for 34 days. Since a worker is not entitled to any casual leave with pay, his stay at Surat without a job outside illness and/or personal leave can be termed as ‘involuntary unemployment’. Apparently, the market is forcing upon this involuntariness more on the wage labourers than on the employees in private enterprises.

Table 2. Average number of days without a job by nature of employment

| Description | Average number of days by nature of employment | | | | |
|---|--|---------------|---|----------------|-----|
| | Wage labourer | | Employee in a private enterprises | All workers | |
| | Daily wage | Piece rate | | | |
| a) Stayed at Surat | 319 | 308 | 315 | 334 | 317 |
| b) Worked at Surat | 274 | 264 | 270 | 312 | 275 |
| c) Not attending work due to illness and/or personal leave | 9 | 9 | 9 | 5 | 8 |
| Stayed at Surat without a job, [a – (b+c)] | 36 | 35 | 36 | 17 | 34 |

Notes : 1) Average number of days stayed at Surat = 365 – Number of days stayed at the native place. 2) We were reported that 68.9 per cent of workers had some or the other health problem at the destination.

The issue of ‘involuntary unemployment’ can be explained by the following factors.

- As the power looms, dying and printing, and diamond processing units remain closed intermittently due to power cut, shortage of raw materials and poor market clearance, the wage labourers are prone to face ‘no-work’ situation.¹⁰ As they work on either a daily wage or a piece rate basis, they also remain unemployed on holidays declared by the employer. Thus, the involuntary unemployment is associated with the type of jobs undertaken by the migrants.
- It was found that the decline in wage rate; longer distance to work place; ill treatment by owners, supervisors, managers; changes in the contractors (for those working under contractors) are some of the important factors that make a worker to shift job from one unit to other. On an average, one among every three workers in the power loom and

dying and printing units faces this problem, whereas every eighth worker is retrenched by the employer without any prior notice. Workers also lose their jobs due to sudden closing down of units.¹¹ These factors often lead to a specific period of unemployment till a worker joins a new job.

- Of the 57 migrants, who had visited their native villages, 47 per cent faced a denial to continue their jobs after returning from their native villages. Getting work at the same unit is possible only if some looms are vacant. Workers even face denial to rejoin in case of being absent from work for two to three days consecutively on account of illness. This contributes towards specific periods of unemployment till a worker arranges to get a new job.

The definitions, measurements and descriptive statistics of the variables used in the analysis are given in Table 3 and the estimated results outlined in Table 4. Notably, all parameters reflect expected associations and are significant except for the coefficient of JOBTYPe.

Table 3. Definitions, measurements, descriptive statistics and expected sign of variables used in the OLS equation

| Variables | Description | Mean & Standard Deviation | Expected Sign |
|---------------|--|---------------------------------|------------------|
| Dep. variable | Extent of involuntary unemployment | 33.78 (34.97) | |
| JOBTYPe | Nature of job = 1, if the migrant is a wage labour = 0, otherwise | 0.89 (0.32) | + ve |
| JOBSHIFT | Number of times shifting job from one unit to other | 0.74 (1.23) | + ve |
| DENIEDWORK | Denial to continue the job =1, if the migrant is denied to continue his job = 0, otherwise | 0.33 (0.47) | + ve |

Notes : (1) figures in parentheses denote standard deviation. (2) Number of observation = 90

Table 4. Determinants of extent of involuntary unemployment : OLS Result

| Variables | Coefficients | t-values |
|------------|--------------|----------|
| Constant | 3.78 | 0.49 |
| JOBTYPe | 12.41 | 1.48 |
| JOBSHIFT | 19.31* | 9.28 |
| DENIEDWORK | 13.78** | 2.47 |

Note : R² = 0.54, * and ** indicate significant at 1 % and 5 % level respectively.

With the coefficient of JOBSHIFT being positive and highly significant, it appears that, on an average, a migrant worker has to wait for 19.31 days to get a new job after leaving or having thrown out of an earlier job. Significantly, those who have migrated with their immediate family (i.e., with wives and children) lose a higher number of working days compared to single migrants while trying to locate a new job.¹² This is perhaps due to the higher vulnerability of migrants staying with their families, who at least have to earn an amount that was available in the earlier job. Burden of the family not bothering the single migrant enhances his risk taking capacity allowing him to change jobs more frequently. As expected, the coefficient of DENIEDWORK too is positive and statistically significant. This suggests that a migrant worker loses, on an average, 14 working days to get a new job after being retrenched from a job that he had been working on. The above discussion indicates that whether from the vantage point of industry or workers, it is the interest and the security of labourers that continue to get jeopardized, enhancing their vulnerability in the urban labour market.

3.2 Job Security

A secured job (regular job) is defined as one in which a worker does not lose job in case of being absent from his work for one to ten days in one spell. As many as 83 per cent of them feels insecure about continuation of their jobs, for they hardly know as to when they may be thrown out by their employers (Table 5). Apparently, the sense of insecurity is much higher among wage labourers in the power looms and dying and printing units compared to salaried employees in the private enterprises.

Table 5. Distribution of Oriya migrant workers by their job status

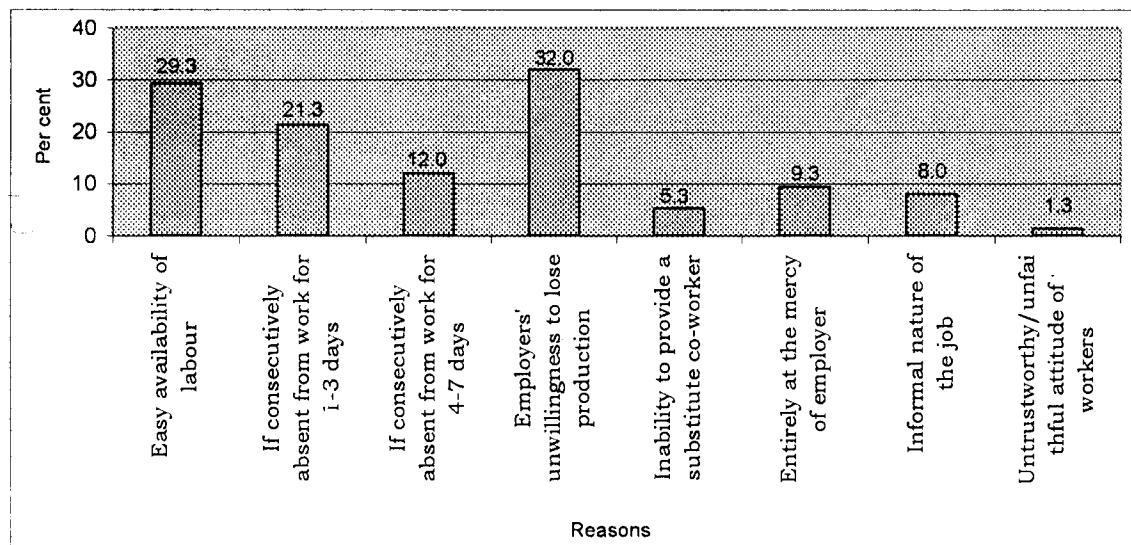
| Job status | Nature of Employment | | | | All workers | |
|------------------------------------|----------------------|------------|---|---------|-------------|--|
| | Wage labourer | | Employee in a private enterprises | All | | |
| | Daily wage | Piece rate | | | | |
| % of workers with secured jobs | 16.7 | 6.2 | 12.5 | 50.0 | 16.7 | |
| % of workers with 'insecured' jobs | 83.3 | 93.8 | 87.5 | 50.0 | 83.3 | |
| Total | 100(48) | 100(32) | 100(80) | 100(10) | 100(90) | |

Note : The figures in brackets denote total number of workers.

Reasons for not having a secured job as expressed by our respondents have been shown in Figure 1. Around 29.3 per cent of them were of the opinion that excess and easy availability of workers is the primary reason for such insecure job situations. They emphasize that there is no shortage of workers in the industry at any point of time and one's absence is substituted by another immediately, as an 'un' or 'under' utilized machine means loss for the owner. Around 12 per cent of them said that if one was absent from work consecutively for a number of days ranging from four to seven, even if ill and admitted in hospital, will lose his job. As many as 21.3 per cent stated that an absence lasting from one to three days was

enough for a worker to be relieved from job. Unless a co-worker is ready to oblige and double for a next shift, it is often difficult for a worker to get even 12 hours leave. During boom periods, a weaver occasionally works for more than 48 hours at a stretch to safeguard his co-worker's job.

Figure 1. Reasons for not having a Secured Job



A weaver reports that "even if one informs and takes leave for a few days which in any case cannot exceed a week, getting work at the same unit may be possible if only few looms are vacant. Once you leave the place with or without the knowledge of a loom owner, there is no guarantee of continuing job at the same place." According to another respondent, "migrant labourers especially working in the power looms and dying and printing units in Surat are like any other disposable goods – thrown at will and pushed when ill." As many as 32 per cent workers said that, "Companies only look for work and no work means no production. So, even if one is sick, he has to work or prepared to be thrown out. There is nothing called security in our kind of jobs." Thus, employers' unwillingness to lose even a fraction of production tends to determine the fate of a worker, particularly in the power looms and allied industries. This indicates that a worker continues to struggle across the variability of these factors which add up to create different intersects at different points of time with the worker trying to continuously negotiate and keep himself on an around that critical line below which he falls into a 'temporary' or a no job situation.

3.3 Change of Jobs

Of the 100, as many as 66 had started their first job in Surat as power loom worker, 20 as workers in the dying and printing units, 11 as salaried employees in private enterprises and 3 as petty 'business' persons. Insecure work environments and uncertain

job markets tend to compel workers to try and move across jobs and sectors. Our data suggest some broad patterns in such shifts and movements by workers over time and across sectors.¹³

- i) The rate of inter sector mobility is more pronounced among those who had migrated to Surat prior to 1997-98. This mobility however was more prominent among workers who had started their jobs in the dying and printing industries as compared to those in power looms.
- ii) Notably, job shift from dying and printing units to power looms is more common, at times even at lower wages. It could be due to the hazardous nature of dying and printing jobs, for exposure to chemicals and dyes tend to cause occupational health problems among workers.
- iii) By late 1990s, workers were generally found to move within the same sector, particularly from lower to somewhat higher paid jobs.
- iv) For the last ten years, such inter-sector labour mobility has declined significantly. This has been particularly due to the excess supply of labour leading to competition in grabbing a job in whatever sectors possible and holding on to the same in a situation of no and/or lack of choice.
- v) Significantly, the share of those who have not changed their first jobs has been on the rise among workers in the power loom industry. The trend can be attributed to the higher demand among new and existing migrants to get into as well as remain in this industry.

4. Returns to Migration

4.1 Income at destination

The average monthly earning of workers by their nature of employment for the financial year 2006-07¹⁴ is presented in Table 6. As evident from our data, per month average earning in Surat was Rs.3761.¹⁵ Size of this income however varies across occupations. Those who have the highest income pursue self-employed¹⁶ occupations and earn an average of Rs.6429 per month. Most in this category live with their immediate families in the city. Another small group of high earners include the salaried employees in the private sector with a per month average income of Rs.4461. A wage labourer, including those working on daily wage and piece rate basis earns, on an average, Rs.3340 per month including a wage income of Rs.3318 and extra cash benefit of Rs.22 given at the time of *Deepawali*. None of them received any other benefit from their employers, such as earned leave, medical aid, clothing, meals, over duty wage, assistance for children's education, transport allowance, house or house rent allowance, bonus etc. However, 49 per cent of them stated to have received some cash benefit during the *Deepawali* festival. Spread across the year, this comes to an average extra amount of Rs.22 per month per worker.

Table 6. Average size of income and money remitted per month by Oriya migrant workers by their nature of employment and pattern of migration

| | Income (in Rs.) | | | |
|------------------------------------|-----------------|--------------------|-------|---------------------|
| | Wage income | Extra cash benefit | Total | Remittance (in Rs.) |
| <i>Nature of employment</i> | | | | |
| All wage labourers (a + b) | 3318 | 22 | 3340 | 1378 (41.3) |
| a) Daily wage basis | 3142 | 24 | 3166 | 1382 (43.6) |
| b) Piece rate basis | 3583 | 19 | 3602 | 1372 (38.1) |
| Employee in private enterprises | 4292 | 169 | 4461 | 1532 (34.3) |
| Self-employed | 6429 | 0 | 6429 | 1655 (25.7) |
| All | 3727 | 34 | 3761 | 1427 (37.9) |
| <i>Pattern of migration</i> | | | | |
| Extended family | 5963 | 0 | 5963 | 267 (4.5) |
| Immediate family | 5862 | 57 | 5919 | 1172 (19.8) |
| With father and/or brother | 3484 | 45 | 3529 | 1466 (41.5) |
| Single migrant | 3368 | 26 | 3394 | 1557 (45.9) |

Note : Figures in parentheses are per cent to respective total average income.

The average duration of stay of these migrants in Surat comes to around 10 years and 4 months. The correlation coefficient between number of years of their stay at Surat and income during the last year is 0.23 and statistically significant at the 5 per cent level. This suggests that one's duration of stay can positively stimulate his income at destination. Respondents' years of schooling and income although positively correlated, the correlation coefficient is only 0.06 suggesting that educational qualifications hardly have an impact on income at the destination. Since 80 per cent of these migrants are manual and semi-skilled wage labourers, a higher educational qualification hardly aid to one's income.

Interestingly, migrants living in Surat with extended (entire) family and those with immediate family (with wife and children) have a higher income compared to single migrants as well as those living with their fathers and/or brothers (Table 6). Migrants with families are generally the ones who are self-employed or work as better paid wage labourers with a reasonable degree of job certainty. Single migrants tend to opt for whatever jobs available and often land up in low paid works. The poor financial situations and pressures of remitting money back home do not allow them any spare time to equip themselves with some skill or wait while looking for a better job. And once on a job, stiff competition does not allow them to shift to better paid works even within the same sector.

4.2 Cost of living

As shown in Table 7, on an average, a worker spends Rs.1882 per month including food and non-food expenditure. In other words, around 50 per cent of one's income gets spent in Surat itself. On an average, a migrant spends 59.5 per cent of the total expenditure in foods and the remaining on non-food items. Apparently, for migrants with extended and immediate families, the share of food and non-food expenditure was approximately the same. For other migrants, expenditure on food was relatively more compared to non-food items.

Table 7. Pattern of migration and average monthly expenditure per migrant

| Heads of expenditure (in Rs./per month) | Pattern of migration | | | | |
|--|----------------------|------------------|----------------------------|----------------|------|
| | Extended family | Immediate family | With father and/or brother | Single migrant | All |
| (a) Food | 625 | 910 | 1179 | 1142 | 1119 |
| (b) Non-food | 627 | 917 | 711 | 768 | 762 |
| Room Rent | 191 | 306 | 205 | 194 | 209 |
| Medical exigencies | 61 | 129 | 117 | 113 | 115 |
| Alcohol/tobacco products | 120 | 119 | 82 | 183 | 144 |
| Telephone | 57 | 134 | 118 | 97 | 107 |
| Entertainment | 29 | 19 | 24 | 27 | 25 |
| Clothes | 95 | 99 | 117 | 104 | 107 |
| Education | 0 | 23 | 0 | 0 | 2 |
| Others | 75 | 88 | 48 | 50 | 54 |
| Total Expenditure (a + b) | 1252 | 1827 | 1890 | 1910 | 1882 |

An average amount that a migrant spends per month is approximately Rs. 209 on accommodation, Rs. 115 on medical exigencies, Rs. 144 on consumption of alcohol and tobacco products, Rs. 107 on making phone calls to their native locations and another Rs. 107 on clothing (Table 7). Significantly, a migrant spends hardly on children's education. This could be attributed to the poor schooling facility on the one hand, and inability to afford the money needed for sending children to private schools.¹⁷ Not surprisingly, those living with their wives and children at destination spend highest amounts on accommodation i.e., Rs.306 per month per person. Single migrants tend to spend more on consumption of alcohol and tobacco products (Rs.183 per month). Interestingly however, migrants living with their fathers or brothers spend less on alcohol and tobacco products (Rs.82 per month), whereas migrants living with their wives and children spend most in making phone calls (i.e., Rs.134 per month) to their native places.

4.3 Remittance

Table 6 presents data on the size of remittances with respect to the nature of employment. The average size of remittance through all channels during the last twelve months stands as Rs.1427. Its size however varies across migrants. The absolute amount of remittance and proportion of income remitted also vary inversely among different occupational groups. Notably, the amount remitted per month has a positive correlation ($r = 0.48$, significant at 1 % level) with the earnings of a migrant worker, whereas the correlation coefficient between amount of money earned and proportion of income remitted was found to be negative (i.e., $r = -0.13$) and significant at 1 % level.¹⁸ It also becomes evident from the same set of data that the absolute amount of remittance and proportion of income remitted has no significant relation with size of landholding.¹⁹

Table 6 also gives data on the remittance behaviour of Oriya migrants by pattern of migration. As expected, migrants living with their extended (entire) families at the destination remit the lowest amount i.e., Rs. 267 per month, for they do not need to support many dependents and relatives at the origin. They tend to gradually lose connections from their native villages and settle more or less on a permanent basis in the city. Occasionally however they send money in form of gifts to their married daughters or as supports to aged parents or grand parents particularly on specific social occasions. Elsewhere, it has been stated that migrants planning to settle in urban centres tend to remit less than those intending to return to their native places (Banerjee, 1981).

Migrants, who live with their immediate families (i.e., wives and children) at the destination after leaving their extended families at the native end, remit only 19.8 per cent of their income. This is because the need for money to cope with household expenditure at the destination does not allow them to remit more. Compared to others, single migrants whether married or not remit the highest amount per month (i.e., Rs.1557). In proportionate terms the single migrants also remit a larger share of their income. Out of 59 single migrant respondents, 41 per cent are married and work at Surat having left their families at their native places. Such migrants are likely to have a higher commitment and propensity to remit compared to others.

5. Impact of Remittances

5.1 Remittances vs. other sources of income at origin

Data on household income at the native end by sources for the year 2006-07 were collected from the respondents. For analysis, these sources were categorized into two groups viz. (a) sources at native locations, and (b) income received by households through remittances (Table 8). Not surprisingly, on an average, agriculture contributes only 17.8 per cent of the total household income. Income generated through allied agricultural activities and wage works constitute only 2.1 and 4.3 per cent of the total household earnings respectively. The tiny size of landholdings and prevalence of rain fed agriculture in these areas are some of the important reasons that cause for low demand for agricultural wage labour and, in turn,

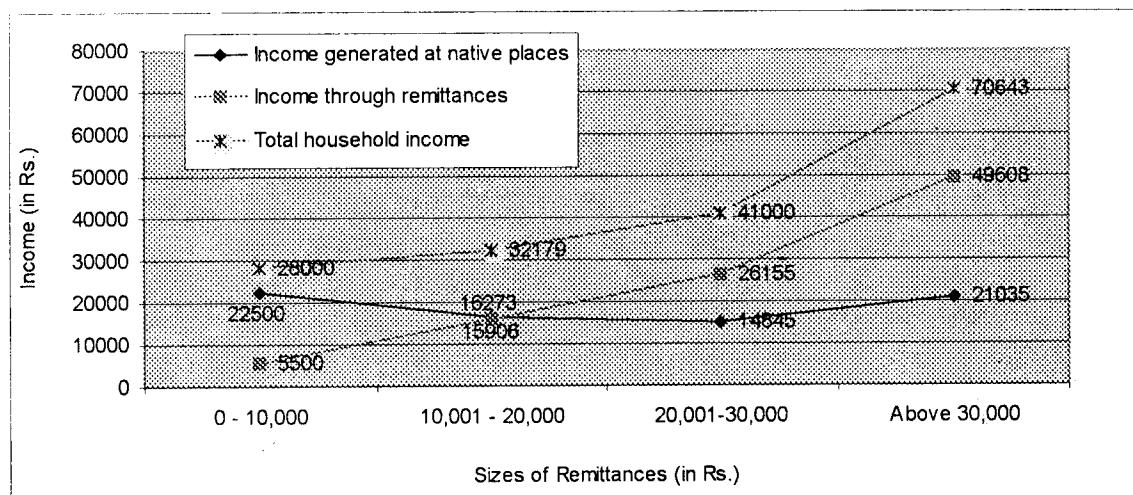
leads to poor wage income. The non-farm activities contribute around 6.5 per cent of total household earnings. The data suggest that as much as 42.5 per cent of the total income among these households is generated from different sources at the origin, and the rest through remittances. This implies that remittances emerge as a prominent source of income for the migrants' households back home.

Table 8. Distribution (in %) of migrants' households income by sources

| Sources of income | Categories of Households by Sizes of Landholdings | | | | |
|---------------------------|---|----------|---------|---------|---------|
| | Landless | Marginal | Small | Medium | All |
| (i) Sources at the origin | 33.9 | 36.1 | 50.1 | 71.7 | 42.5 |
| Agriculture | 6.2 | 15.7 | 27.3 | 28.7 | 17.8 |
| Allied to agriculture | 1.7 | 3.2 | 0.0 | 1.0 | 2.1 |
| Wages | 11.9 | 3.5 | 1.8 | 0.8 | 4.3 |
| Non-farm activities | 6.5 | 5.6 | 9.8 | 4.7 | 6.5 |
| Services | 5.0 | 7.6 | 10.5 | 36.6 | 11.1 |
| Others* | 2.7 | 0.5 | 0.6 | 0.0 | 0.8 |
| (ii) Remittances | 66.1 | 63.9 | 49.9 | 28.3 | 57.5 |
| Total – (i + ii) | 100 | 100 | 100 | 100 | 100 |
| | (32480) | (38566) | (54403) | (98400) | (42594) |

Notes : (1) * includes income received as old age pension, by performing temple rituals; narrating folklores; and singing/dancing, designing costumes, and undertaking tasks such as tailoring and giving private tuitions. (2) Figures in brackets are average annual income of the households (in Rs).

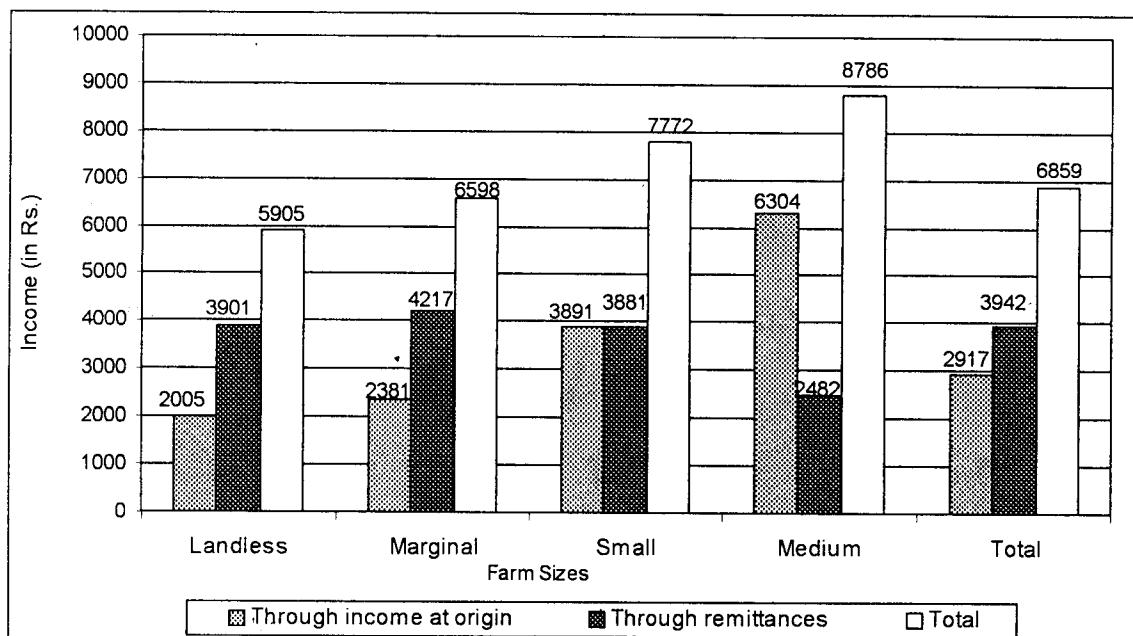
Figure 2. Average income of migrants' households at Origin by Size of Remittances



Data in Table 8 also show that the landless and marginal farm households respectively derive around 66 and 64 per cent of their total income through remittances. The share of remittances to total household income has been declining with respect to differentials in the size of landholdings. It implies that income generated at native places have progressive shares to total household income with increasing size of landholdings.

More importantly, the total income of these households has been increasing only through remittance money (Figure 2). As it appears, with the amount of remittance increasing, its share to total household income increases, while the share of income generated at the native locations to total household income decreases. This means that the share of households' income by various sources at their native locations is gradually decreasing with increasing flow of remittances.

Figure 3: Per Capita Income of Migrants' Households at Origin by Farm Sizes



Data on per capita income in the migrants' households by size of landholdings are given in Figure 3. On an average, the per capita income of the respondents' households from all sources was Rs.6,859 during the financial year 2006-07. Apparently, the landless and marginal farm households derive a higher proportion of per capita income through remittance money compared to other sources. The situation is opposite in case of small and medium size landholders.

5.2 Remittances vs. Indebtedness

Of the 100 samples, 62 per cent of migrants' families had borrowed money from formal as well as informal sources. However, 57 per cent and 20 per cent of the households had loans outstanding from informal and formal sources during the reference year.²⁰ It shows that the

average size of outstanding debt per family was Rs.18,280 during the financial year 2006-07, with the share of formal and informal sources being 20.1 and 79.9 per cent respectively (Table 9). The average amount of outstanding debts from all sources is found to increase with respect to size of remittance except in case of households receiving more than Rs.30,000 as remittances. However, the amounts of debt from informal sources increase with regard to the size of remittances.

Table 9: Extent of indebtedness (average amount of outstanding loans) of migrants' households at Origin by sources of loans and sizes of remittances: 2006-07

| Sources of loan | Sizes of Remittances (in Rs.) | | | | |
|-------------------|-------------------------------|-------------------|-------------------|-----------------|-----------------|
| | 0- 10,000 | 10,001- 20,000 | 20,000- 30,000 | Above 30,000 | All |
| Formal (in Rs.) | 938 (10.1) | 4282 (24.9) | 6439 (26.9) | 2083 (9.9) | 3672 (20.1) |
| Informal (in Rs.) | 8344 (89.9) | 12931 (75.1) | 17524 (73.1) | 18958 (90.1) | 14608 (79.9) |
| Total (in Rs.) | 9282 (100) | 17213 (100) | 23963 (100) | 21041 (100) | 18280 (100) |

Note : Figures in brackets denote the percentage share of respective sources from the total outstanding credit.

The data on the use pattern of loans raised by migrants' families from informal sources suggests that around 57.9 per cent of such loans have been used for meeting expenses on marriages particularly towards payments of dowry. Some of the migrants are of the view that the amount of dowry offered and the social status of a family in the village are positively associated. On an average, 13.3 per cent of the total informal loan has been utilised towards house repairing and construction. Similarly, of the total loans raised from informal sources around 7.8, 7.7 and 7.4 per cent were utilised to meet needs on consumption, medical exigencies and responding to other social functions in that order. Significantly, large parts of these loans have gone into 'unproductive' uses. This seems to have led the families into debt traps.

Interest rate on informal loans (with or without collateral) varies between 4 and 10 per cent per month. Calculated even at the minimum of 4 per cent, on an average, a family needs 584 rupees per month to meet only the interest payment. In fact, this comes to around 41 per cent of the monthly remittances received. Given other pressing needs, most of these families often find it difficult even to clear the interest payment. This, in turn, consolidates the debt burden and compelling them to get entrapped in a vicious circle of indebtedness. Migrants are of the view that remittances work as collaterals/guarantors and increase the access of their families to loans to be raised from informal credit markets. In other words, remittances enhance as well as induce the borrowing capacity of migrants' families to meet their various financial needs.

5.3 Use of Remittance

Migration is often thought to be a joint decision of the migrant and other members in a household. Hence, a migrant is expected to play a role in the decision making process in the household, and particularly on the money remitted by him. However, in most of the cases, it is the ‘non-migrant’ family members – especially father and/or elder brothers who decide on the utilisation pattern of money received through remittances. Most remitters feel constrained and shy away from asking about the manner and purposes on which money sent by them gets utilized. In most cases their role ends with having sent the money, for the manners and modalities of its use get decided by elders staying back at the origin. Even in few cases when decisions are taken jointly, sudden and contingent needs of the families back home tend to dilute or even erode the plans altogether. This suggests that remitters hardly have any control over the use of the money sent except in cases where wives of migrants take decisions on their utilization.

Table 10: Purpose-wise utilisation of remittances by migrants' households at the origin

| Purpose | Extent of utilization (%) | Rank |
|----------------------------------|---------------------------|------|
| Consumption | 28.6 | 1 |
| Marriage | 18.0 | 2 |
| Repayment of old debts | 16.8 | 3 |
| House repairs/Construction | 16.6 | 4 |
| Purchase of land | 6.4 | 5 |
| Other social functions | 5.6 | 6 |
| Medical exigencies | 4.1 | 7 |
| Non-farm activities | 1.7 | 8 |
| Education | 1.1 | 9 |
| Savings | 0.6 | 10 |
| Acquiring assets other than land | 0.4 | 11 |
| Farm activities | 0.1 | 12 |
| Total | 100 | |
| (Total remittance amount (Rs.) | (24,48,200) | |

Notes : (1) Ranks assigned on the basis of descending order of magnitude. (2) Other social functions include rituals associated with funerals, thread ceremony, child birth, reaching of puberty by a daughter etc. (3) Assets other than land include acquisition of livestock, poultry etc.

There is however a general agreement among our respondents that remittances sent by them are used in financing a range of expenses on food, health, weddings, funerals, schooling, repayment of old debts, etc. Table 10 gives purpose-wise use of remittances by 100 families of the migrants residing at the Orissa end. The data show that 28.6 per cent of the remittance was used for consumption. Another large part was used for marriages, especially towards

the payment of dowry. Remitters are of the view that the amount of dowry and remittances vary in the same direction. Repayment of old debts accounted for 16.8 per cent of the remittances. Construction of homes and repairs also consumed a large proportion of remittances accounting for 16.6 per cent of the total remittances sent. Ironically, investment on human capital formation received a rather low priority among these households. Of the total remittances received by them only 1.1 per cent has been invested under the head of education and another 1.7 per cent in non-farm activities. In overall terms, only 10.3 per cent of the remittances has been invested in productive purposes including purchase of land, in business, education, savings, acquiring assets other than land and in farm activities. Based on the above set of data, it appears that remittances have had only a limited impact on the families at origin. And even such restricted impacts have particularly been on the segment of consumption rather than on spheres of production.

6. Conclusions

The paper examined the labour market mechanisms and earnings of Oriya migrant workers in the city of Surat and also explored the impact of remittances on households' income at the origin. The analysis suggests that irrespective of staying as single migrants or parts of families, or working on daily or piece rate basis, they earn poorly and live miserably. They often earn through jobs characterized by lower wages, irregular income and employment, frequent retrenchments and a pronounced absence of any social security. And trapped between the two worlds of a difficult earning and living environment in cities; and responding to the financial needs of families back home, they continue to negotiate with uncertain terrains of urban labour markets and uncared living spaces in slums and shanties. In order to deal with their dual responsibilities of surviving at Surat and supporting their families at native villages, most among them economize on their living and continue to remit money to their families back home.

The hard work put and running between jobs by these workers do not seem to add much value to the well being of their families back in the villages. Prevalence of landlessness and owning of only marginal land holdings frequently appear as constraints for most households at their natives to reach the essential critical point for any value addition to the life systems through the use of money received from sons, brothers and husbands from Surat. And the little that such remittances add to their family earnings is at the cost of the migrants' prolonged displacements from families leading to a wide range of deprivation and an insecure as well as uncertain future. The most it does is to create further ground for their other siblings and younger members in the families to march towards the growing pool of labour force in cities like Surat. And thus generations of such migrant workers keep getting sucked and entrapped in the rigmarole of 'unprotected' labour markets, poor and irregular earnings and inhuman living conditions.

Notes :

- ¹ Since they cannot afford to pay more rent, 6 to 8 workers often share a room of size 8×10 or 10×10 square feet on shift basis. Such 'shift-sleeping' further burdens the inmates and disturbs the arrangement when a worker takes ill and cannot vacate the space for his 'counterpart'.
- ² It is reported that there were 8.7 lakhs Oriya workers in Surat in 1991, working mostly in the power looms, dying and printing industry (Sarangi, 2001). Some Oriya migrants settled permanently at Surat say that many went back to Orissa after the 1992 Gujarat Riots. Outbreak of 'plague' in 1994 too created a scare compelling many migrant workers to leave Surat.
- ³ Of the 100 samples picked for the study, 22 migrants are from landless families, 58 from marginal farm (0.01-2.50 acres) households, 15 from small farm (2.51-5.00 acres) households and 5 from medium sized farm (5.01-10.00 acres) households with the average size of landholding per family being 1.59 acres.
- ⁴ Of the total sample, 62 per cent of the families had outstanding loans, the average size of which per family was Rs. 18,280 (Rs. 14,608 from informal and Rs. 3,672 from formal sources). The rates of interest on informal loan amounts vary from 4 to 10 per cent per month in the study area.
- ⁵ Such factors seem to be more prominent among (i) the educated youth, who have either joined or completed college education and (ii) those belonging to higher castes like Brahmin, Karan (Patanaik, Mohanty) and Kshatriya. Such higher caste-groups often find it difficult to opt for 'lower level' jobs which tend to denigrate their social status at the native locations. By migrating out to cities however, they are able to conceal their job status at their native even while working as wage labourers or jobs that do not 'match' their social positions. It is important to note here that 34 per cent of migrants from our sample, belongs to the 'general' category, 56 per cent to the 'other backward castes' (OBCs), 9 per cent to the 'scheduled castes' (SCs) and only 1 per cent to the category of 'scheduled tribes' (STs). Lower levels of aspirations and some availability of 'low paid unskilled jobs' in the native itself may perhaps be attributed to lower rate of migration from the SC community. This finding gets corroborated by a study done by Ghate (2005). A critical point however can also be the extent and intensity of poverty which is likely to be more overwhelming among the SCs compared to the caste groups in the categories of 'general' and the 'OBCs'. The vulnerable poor are often unable to migrate out to farther locations, often due to their inability to afford costs associated with the same as well as lack of community support especially at the destination points where individuals only from a marginally better position among them may have migrated out, though remaining more vulnerable for longer times. Such sets of vulnerability that are often different in qualitative terms across various migrant groups are frequently caused by the lack or absence of consolidated forms of 'social capital' which tend to work as a community induced security net till a migrant is able to put a 'firm' foot in the city labour market. In case of the rather thinly distributed tribal population in the coastal region of the State, such out-migration however is hardly prominent, for they generally prefer not to leave their native locations, land and the community behind.
- ⁶ Such family members could be parents or brother(s) who may have migrated earlier.
- ⁷ A migrant visiting his native village shares his experiences of city life with his relatives and peer groups. At times such narratives may be exaggerated in favour of the city life. In order to assert and exhibit a newly acquired position and 'identity', younger migrants often tend to 'show off' through better dressing styles, by giving gifts to relatives and family members and also by flashing currency of higher denominations at community sites such as *pan* shops, tea and snacks joints, grocery shops, entertainment points and the like. Such image creates an asymmetry of information between migrant and non-migrants and stimulates the process of out-migration for some groups – especially the youth looking for 'higher money and a better life'.
- ⁸ Under this system, a worker is expected to receive a cash benefit equivalent to at least a day's wage income (daily wage or piece rate basis) for every month of work put. Since the benefit is given only once a year, the total amount should be equal to the wage income of 12 days. However, to qualify for such a benefit, a worker needs to work for a continuous period of six months with the same company and must still be working when *deepawali* approaches. In other words, those who have not worked for a continuous period of six months in the same unit prior to *deepawali*, do not get this *hakraj*. Significantly, even after working for six months if a worker leaves the job before *deepawali*, the chances of his getting the *hakraj* is rather low. Those who have worked for more than six but less than 12 months at the time of *deepawali*, may receive cash benefit equal to the per day wage income by the number of months worked in the company. In practice however, the *hakraj* amount for a wage labourer varies between Rs.25 to Rs.100 a month. Some of our respondents working in private sector jobs reported to have received the *hakraj* amount equal to their one month's salary. A diamond industry worker told us that the company remains closed for one month during *deepawali* and no one gets any salary during that month, though they receive a month's salary as cash benefit in form of *hakraj*. Ultimately, thus it does not appear to be any extra benefit to a worker.

- ⁹ The analysis excludes ten migrants belonging to the self-employed category, for they do not depend on wage income, and are not controlled by any employer.
- ¹⁰ As many as 15.6 per cent of the workers had to face a ‘no-work’ situation due to shortage of raw materials. Similarly, 22.2 per cent workers were affected by power cut. Four workers even lost their jobs due to closing down of units.
- ¹¹ We were told that occasionally a migrant entrepreneur leases in one or more units for specified periods and leave after shutting the factories once the lease gets over. Without any knowledge of such arrangements, workers in such units suddenly find themselves out of job. Even if such companies re-start after a while, possibility of being hired in them again for the same workers remains rather low.
- ¹² It is calculated from our data that those who migrate with wife and children lose, on an average, 11 working days to get a new job in case they want to leave their earlier job as against 7 working days for single migrants. In case of being thrown out by the employer, the former category of migrants lose 20 working days for locating a new job compared to 5 working days by the latter category of migrants.
- ¹³ Due to paucity of space, data on the mobility of workers across different jobs have not been presented here.
- ¹⁴ Our analysis here is based on the data provided by our respondents through recall method on their income. Since there is no evidence of earning by a migrant while visiting his native place, calculation of his average income per month is based only on his earnings at the destination.
- ¹⁵ Another study shows that the average monthly earnings of Oriya migrant workers at Gandhidham, Gujarat, was Rs. 3222 (Ghate, 2005).
- ¹⁶ Includes owners of fast food joints, photo studios, ‘sound’ system, tent houses as well as vegetable vendors, proprietors of STD (phone) booths, mess owners and those involved in other petty businesses and micro enterprises.
- ¹⁷ In all of Surat, there are only 13 primary level schools (1st to 7th standard) which impart education in Oriya language. Of these, six are private schools and the remaining run by the Surat Municipal Corporation. There is also a private high school.
- ¹⁸ The findings corroborate with Johnson and Whitelaw (1974), and Oberai and Singh (1983). However, a study of migrants from eight largest cities in Kenya by Rempel and Lobdell (1978) shows a positive correlation between amount of money earned and proportion of income remitted.
- ¹⁹ Defined as amount of land owned (in acres) by the migrant’s family at the time of interview. Banerjee (1981) too finds an insignificant correlation between the amount of money remitted and ownership of land.
- ²⁰ In most of the cases, these households had obtained loans through different financial schemes.

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