



Effect of Reverse Migration on Different Industries

Dr. Sanjay S. Tekade

Associate Professor

Department of Commerce

Jawaharlal Nehru Arts, Commerce and Science College,

Wadi, Nagpur - 440023

Abstract :

Migration is a multifaceted phenomenon influenced by economic, social, political, geographical and environmental factors. Migration is an important element of human history, where people have been moving from one place to another in search of livelihood. With the emergence of COVID-19 pandemic situation in India and entire world; the economy slows down with the decreasing growth rates of GDP and growing unemployment rates. Majority of workers migrated towards their home state of home town. Due to this reverse migration majority of industries faced numerous problems. This paper focuses on the effect of reverse migration on different industries.

Keywords :reverse migration, industries, economy, pandemic

Introduction :

The initiation of the lockdown generated widespread panic among migrants across India's major cities and states of destination, kicking off intensive attempts to return predominantly to rural hometowns in the states of origin. From the scale of the tried migration, it is evident that the government did not account for India's enormous magnitude of internal migrants, with the four-hour notice preceding the first lockdown taking migrant workers by surprise. The shutdown of commercial activities effectually cut off the primary source of income for many of these labour migrants, leaving them with little or no resources to ride out a twenty-one-day lockdown period which was likely to be the first among a number of successive nationwide lockdowns.

According to the 2011 Census, there were 450 million internal migrants in India by the 'Place of Last Residence' metric, thus accounting 37.7 per cent of the total population. Based on census trends, it is estimated about 600 million internal migrants in 2020. Among this, one-third are interstate and inter-district migrants which accounts to 200 million, and within this 200 million, two-thirds are projected to be migrant workers that roughly constitute 140 million.

In all, these numbers are enormous. If we have do micro analysis, we find that most internal migrants in India are short-distance intra-district migrants, with almost 62 per cent according to the 2011 Census.

Significant numbers of migrant workers are temporary or seasonal migrants, with 21 out of every 1000 migrants confidential as a temporary or seasonal migrants in 2007–08. They show that the bulk of these migrants also hail from marginalised sections of the country and from among the lower-income lower groups. A number of these migrants are also intricate in employment in the informal sector, making them some of the most vulnerable working groups, which more exclude them from social security benefits and even basic rights at the workplace.

Pandemic Situation

The coronavirus outbreak came to light on December 31, 2019 when China informed the World Health Organisation of a cluster of cases of pneumonia of an unknown cause in Wuhan City in Hubei Province. Subsequently the disease spread to more Provinces in China, and to the rest of the world. The WHO has now declared it a pandemic. The virus has been named SARS-CoV-2 and the disease is now called COVID-19.

More than 1.7 million people died. Around 80 million people are known to have contracted the virus, though the actual number is likely much higher. Children became orphans, grandparents were lost and partners bereaved as loved ones died alone in hospital, bedside visits considered too dangerous to risk.

This is a pandemic experience that's unique in the lifetime of every single person on Earth," says Sten Vermund, infectious disease epidemiologist and dean of Yale School of Public Health. "Hardly any of us haven't been touched by it."

Businesses closed. Schools and colleges shut. Live sport was cancelled. Commercial airline travel saw its most violent contraction in history. Shops, clubs, bars and restaurants closed. Spain's lockdown was so severe that children couldn't leave home. People were suddenly trapped, cheek by jowl in tiny apartments for weeks on end.

Those who could, worked from home. Zoom calls replaced meetings, business travel and parties. Those whose jobs were not transferrable were often sacked or forced to risk their health and work regardless.

Reverse Migration

The imposition of the lockdown as a measure to contain the exponential development of the COVID-19 pandemic has hit the unskilled and semi-skilled migratory labourers the most. In the last few weeks, we have all been witness to harrowing, nerve-wrenching and bone chilling images of the migration of these marginal and “invisible” drivers of the informal economy of urban India. Indian highways deflated of most vehicles were lined with bedraggled, poor pedestrians, many carrying all their worldly belongings in bundles on top of their heads walking to their home villages, hundreds or thousands of miles away across states.

Migrant workers returning to native places in COVID-19 times were the host for urban to rural show of cases as the migrant-receiving states witnessed over five times increase in the number of districts having a more noteworthy concentration of COVID-19 cases from 1 May to 31 May 2020. There is an urgent need for the skill mapping of the migrant workforce and making social security schemes to protect them under any socio-economic or health emergency.

Impact of Reverse Migration on the Different Industries

An unparalleled large-scale reverse migration of labour triggered by the nationwide lockdown, that saw millions of workers travel across state borders, has put some of the Indian economy’s major sectors at risk. Manufacturing, mining, retail and wholesale trade and friendliness have some of the highest dependence on migrant workers from other states, according to an analysis by India Ratings & Research. The impact will be further aggravated for medium and small enterprises that rely more on migrant workers than large corporates.

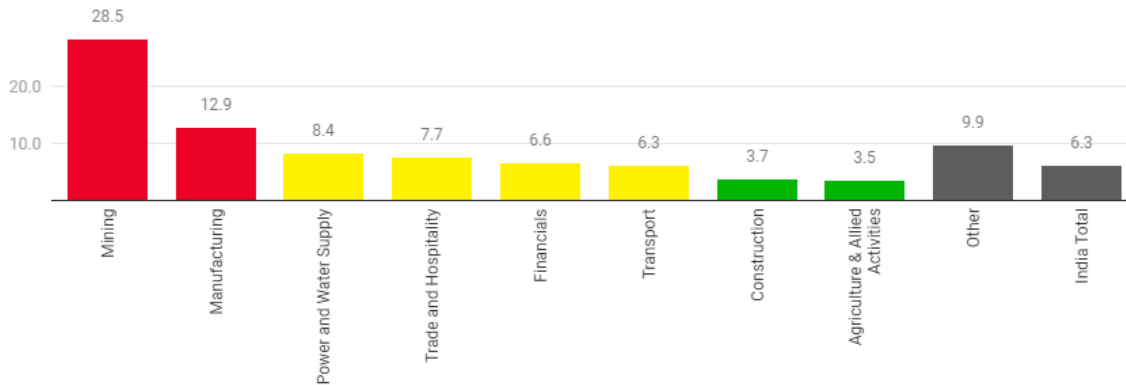
India imposed an sudden nationwide lockdown to curb the spread of Covid-19 that brought economic activities to a grinding halt. The lockdown, which was then extended twice, hit number of daily wage earners and migrant labourers who were left without jobs and income. Penniless and stranded, workers left cities for their villages on foot or bicycles, cramped in trucks and later by trains.

The result: a labour crisis which might hit capacity utilisation for several firms, India Ratings said. Manufacturing is the clear victim with its high reliance on migrants. The industry employs over 60 lakh migrant workers from other states more than any other

sector, India Ratings said. Also, almost half of the manufacturing sector's output comes from MSMEs and contributes 8% to the country to the country's GDP.

“The sector might keep opposite labour shortage in the near term if labourers do not return to their workplace by Q2 FY21,” India Ratings said. “This will lead to an increase in labour wages in the near term, which may erode MSMEs’ profits.”

Sectors where migrant workers from other states form most of the labour force.



Another sector impacted harshly due to reverse migration, according to India Ratings, is logistics. The scarcity of trucks and workers for warehouses has led to lower capacity utilisation of ports affecting India’s external trade, it said.

Construction sector widely expected to be impacted severely from reverse migration. And while, construction activity has been hit due to local limitations, India Ratings said the sector’s dependency on workers from other states is relatively lower. The sector depend on more on intra-state migrants.

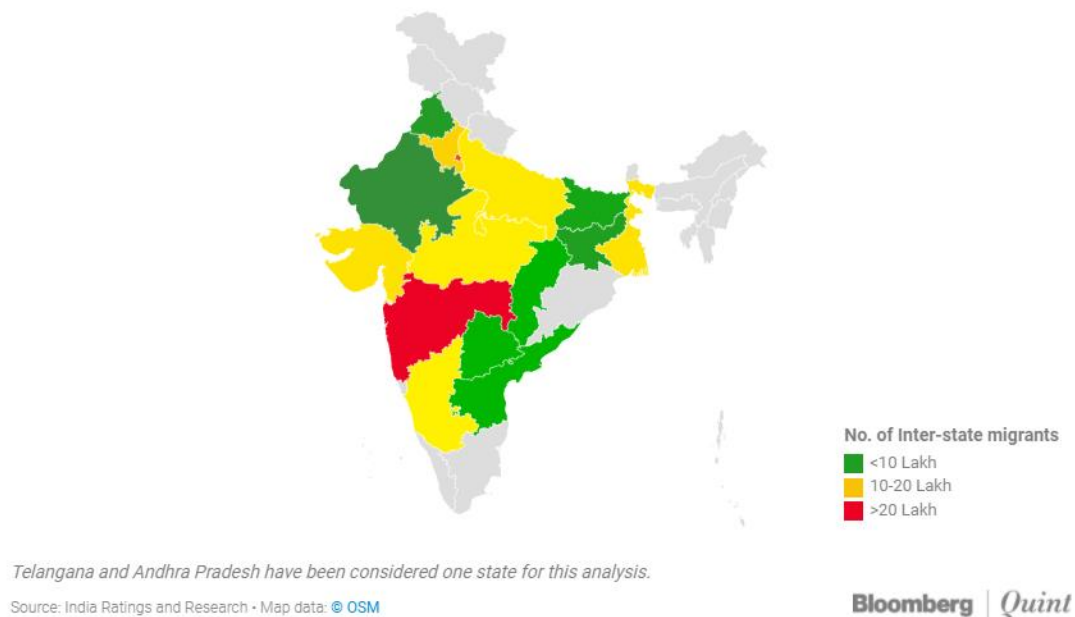
Most Impacted States

Maharashtra, Delhi and Gujarat has receive the largest number of migrant workers in India—most of them from Uttar Pradesh and Bihar. Companies in these regions are probably suffer more than the likes of Andhra Pradesh or Chhattisgarh where only a small portion of the work force is from outside the state, India Ratings estimated.

The impact of reverse migration is more pronounced in Maharashtra and Gujarat due to the huge presence of heavy labour-dependent sectors such as manufacturing and construction.

A quarter of Maharashtra’s uncultured value-added product comes from manufacturing. The figure is much higher at over 48% for Gujarat. Manufacturing units in these states employment a total of over 22 lakh migrant workers, highlighting the challenge firms face due to reverse migration.

States with Biggest Invasion of Migrant Workers



Impact on Corporates India Ratings has estimated that in the near term, corporates with manufacturing facilities concentrated in states with a high-migrant dependency will face higher costs and face pressure on its operating margins. Employers may also choose to offer incentives beyond just wages to woo labour back, leading to further costs.

Companies that have manufacturing facilities in multiple states are better hedged against the labour scarcity, India Ratings said. The impact on such companies will be limited to the share of revenue they get from facilities in states that depend more on migrant labour.

Conclusion

The present migrant crisis due to COVID-19 pandemic, requires accurate data on internal migrants which would render visibility to the invisible yet pervasive categories of labourers. Many migrants remain omitted from various governmental schemes due to their 'neither here, nor there' status. This should be done in arrangement to the intent-impact gap analysis of such schemes. At this juncture, it is grave to revisit NCEUS recommendations and effectively implement them without diluting the specificities. It is also essential to form a migrant collective for better voice and political agency of migrants. The recent surge in COVID-19 positive cases and subsequent lockdown imposed by numerous states are preventing the return of migrant labourers to their workplace, though such measures are necessary to control the outbreak. Moreover, a protracted

disruption will even dampen migrant labourers' sentiments. The manufacturing sector will be at the forefront of the disruption particularly micro, small & medium enterprises in Maharashtra and Delhi.

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