



# IJMRRS

**International Journal for Multidisciplinary  
Research, Review and Studies**

**ISSN: 3049-124X**

**Volume 1 - Issue 2**

2024

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# **Interstate Labour Migration in India: Economic Impact & Policy Challenges**

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## **I. Abstract**

Interstate migration in India refers to the movement of individuals from one state to another, migrants are characterised by residing outside their usual state of residence for a period exceeding six months. There are 4,14,22,917 numbers of interstate migrants in India, as per Census 2011. The aim of this paper is to analyse various aspects of interstate labour migration taking place in India. The paper begins with discussing the trends in interstate labour migration- historical trends of migration and current pattern of interstate migration. The paper analyses the key drivers of interstate migration which are work, marriage & migration of earning members of the family. The paper also presents an overview of two important migration corridors namely, migration from Bihar and Uttar Pradesh to Maharashtra & migration from Odisha to Gujarat. In this paper, the economic impact of interstate labour migration is analysed. One of the key takeaways is that the contribution of interstate migrants to India Economy is roughly 10% of GDP. The paper also analyses the significant role of migration in urbanisation, infrastructure development and economic upliftment of migrant communities through the flow of remittances. The paper discusses the policy framework governing the interstate labour migration focussing on the role of central and state governments. Lastly, the paper analyses major challenges faced by migrant workers & recommends measures to overcome them. Challenges include the informal nature of work, housing problems, limited access to healthcare services & unsafe working conditions. The paper also recommends measures to tackle the challenges faced by migrant workers. These measures are formulation of state migration policy, greater coordination between states, data mapping and registration of migrant workers, social security measures & effective implementation of existing laws.

## **II. Introduction**

India is a country with significant economic disparities across its regions. These disparities have typically widened and continuously grown after much needed economic reforms of 1991. The states in West and South are much more prosperous compared to states in the East, North-East and some of the states of North. This has resulted in lack of job opportunities, poor infrastructure and governance in these economically backward states which has prompted migration from these states towards states having more economic opportunities. The share of interstate migration in total migration has increased from 12% to 31.4% in the last decade which is testimony to the fact that economic disparities have grown over the years <sup>1</sup>.

Although, the states where labour is migrating are more prosperous the job opportunities migrants get are typically in the informal sector. This informal nature of work brings in new challenges which migrants face. These challenges are poor working and living conditions, lack of social security and economic stability. There are laws in place to address these challenges however they are not implemented properly.

In this context, it is critical to analyse the economic impact of the interstate migration and policy framework governing it. And more crucial is to present a roadmap to tackle the challenges faced by migrants.

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<sup>1</sup> [Migration in India, MoSPI](#)

### **III. Trends in Interstate Labour Migration**

#### **A. Historical Trends**

India has a long tradition of interstate migration. In the pre-independence period the inter-regional migration was shaped by British Economic Policies. In the early colonial period labourers migrated for the plantation of agricultural goods like tea jute, rubber, cotton and indigo. The development of the railway network led to the rise of trade in the port cities of Bombay and Calcutta. In Bengal, migration was predominantly concentrated from a few specific regions, particularly Bihar and Uttar Pradesh. In contrast, Bombay attracted a significant number of migrants from various parts of the country.

In the post-independence period, the success of the Green Revolution led to increased demand for labour in agriculturally prosperous regions like Punjab, Haryana, and Western Uttar Pradesh. This led to rural-rural migration, with labourers from poorer states like Bihar and Uttar Pradesh migrating to these regions for agricultural work in the 1970s-1980s. The liberalisation of the Indian economy in the 1990s further accelerated urbanisation and migration. There was significant migration towards industrial hubs and service sector cities (e.g., Bengaluru, Pune, Hyderabad). Economic reforms also widened regional disparities, with developed states like Maharashtra, Gujarat, and Tamil Nadu attracting more migrants, while poorer states like Bihar, Odisha, and Uttar Pradesh became net sources of labour migration.

#### **B. Current Pattern of Migration**

The pattern of migration in India is predominantly intra-state. According to the 2011 Census, the share of intra-state migration in the total migration was 88% whereas the share of interstate migration in the total migration was about 12%. In the last decade, the share of interstate migration in the total migration has increased to 31.4%<sup>2</sup>. The share of temporary interstate migration in the total temporary migration is relatively higher, it is close to 46.7%.

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<sup>2</sup> Migration in India, MoSPI

The major source of inter-state out-migration is rural population with 58% of share. The destination of migrants typically are urban areas. At the inter-state level, urban areas account for 72% of the in-migrant population (Kumar, n.d.). The gap between agricultural and non-agricultural sectors has widened, with economic opportunities becoming concentrated in a few regions and states. Improvements in education, transportation, and communication, along with the shift in the workforce from agriculture to the service sector, have contributed to increased rural-to-urban migration.

The pattern of interstate migration in India has been shaped by unequal economic opportunities across states. Economic inequalities across states have resulted in varying levels of interstate migration. According to the 2011 Census, there were 5.4 crore interstate migrants, with Uttar Pradesh and Bihar emerging as the largest sources of migration due to limited economic opportunities. In contrast, economically developed states like Maharashtra and Delhi attracted the highest number of migrants. By 2011, around 83 lakh residents of Uttar Pradesh and 63 lakh residents of Bihar had migrated, either temporarily or permanently, to other states. Meanwhile, Maharashtra had received approximately 60 lakh migrants from various parts of India, reflecting the state's stronger economic prospects<sup>3</sup>.

### **C. Key Drivers of Migration**

The key drivers of migration in India are work, marriage & migration of earning members of the family. Although, there exists significant gender disparity in the reasons for migration. The largest proportion of male migrants move primarily for work-related reasons, with close to 50% of male migrants citing this as their main reason for migration. In contrast, a very small percentage of females migrate for work, indicating a gender disparity in employment-related migration.

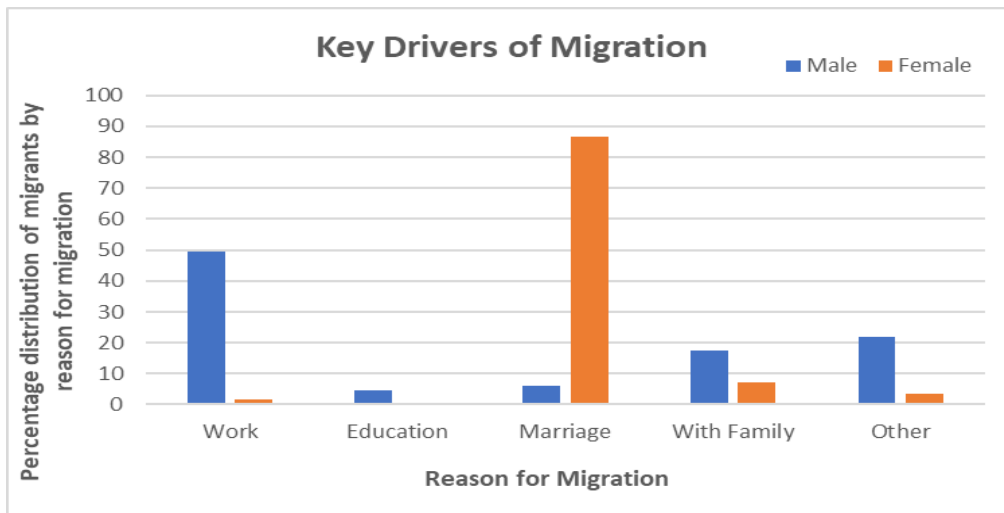
A significant proportion (approximately 90%) of female migrants move due to marriage, far surpassing any other reason. The proportion of males migrating due to marriage is only 6.2%. About 20% of male migrants move with family (due to migration of earning members), while a much smaller percentage of females cite this as a reason for migration.

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<sup>3</sup> [PRS India](#)



[Chart 1]



Source: PLFS Report 2020-21

Considering macro-level variables reveal several interesting facts about drivers of migration. The study on interstate migration in India (Kumar, n.d.), using linear regression analysis, reveals several important findings. In terms of in-migration, it shows that states with higher Net State Domestic Product (NSDP) per capita tend to attract more migrants, as people seek better income opportunities. Similarly, higher industrial wage rates positively impact migration, with better-paying jobs drawing individuals to these states. The service sector also plays a key role, as states with a larger share of tertiary sector activities, like financial services, are able to generate employment opportunities that attract migrants from other regions. The availability of financial infrastructure, such as a higher number of bank branches, further supports in-migration, suggesting that economic opportunities linked to a developed financial sector act as a significant pull factor.

On the other hand, factors affecting out-migration indicate that states with higher incomes (NSDP per capita) experience less out-migration, as people are less likely to leave prosperous regions. The service sector's expansion within a state also reduces out-migration by providing adequate livelihood opportunities. However, states with a higher share of educated populations tend to witness increased out-migration, as skilled individuals often seek better opportunities in other states. Additionally, increased social expenditure in a state improves welfare conditions, enabling younger generations to

migrate for better prospects elsewhere. Furthermore, improved agricultural productivity, driven by better irrigation, generates income that families invest in education and health, which, in turn, contributes to a rise in out-migration. The findings highlight that both economic development and the availability of services play crucial roles in shaping migration patterns across states in India.

## **IV. Case Study of Interstate of Migration**

### **A. Migration from Uttar Pradesh to Maharashtra**

Uttar Pradesh, with its vast population and high levels of poverty and unemployment, has historically experienced significant migration flows, both within and beyond India. In recent decades, migration within India has become more prominent. Census 2011 data reveal that Uttar Pradesh has around 12.32 million inter-state migrants, making it the highest contributor to India's migrant population. The primary reason for migration from the state is economic, particularly among male migrants, with over 56% citing employment as the primary cause, more than double the national average (Sarkar, 2020). Male migrants from Uttar Pradesh tend to move to states with higher industrialization and urbanisation, such as Maharashtra, Gujarat, Delhi, and Haryana. Maharashtra, in particular, is a key destination, attracting over 28% of male migrants from Uttar Pradesh, with districts like Mumbai and Thane having the highest concentrations of these migrants due to their strong industrial bases and employment opportunities. Many of these migrants work in sectors such as construction, manufacturing, and services, often filling low-wage jobs that provide better economic opportunities than what is available in Uttar Pradesh. The economic pull of destinations like Maharashtra is especially pronounced, where industrialization and urbanisation offer a stark contrast to the limited prospects in Uttar Pradesh (Sarkar, 2020).

For female migrants, while marriage remains a significant reason for migration, Uttar Pradesh sees a higher-than-average rate of women migrating for work compared to the national trend, reflecting a growing reliance on migration for economic survival across genders. The paper concludes by emphasising the implications of this large-scale migration: while it relieves unemployment pressure in Uttar Pradesh and brings in remittances, it also results in a loss of human capital that could be crucial for the state's own development.

## **B. Migration from Bihar to Maharashtra**

Bihar's economic backwardness, characterised by low agricultural productivity, widespread landlessness, lack of industrialization, and poor public infrastructure, has led to a high rate of out-migration, especially among low-skilled labour. This phenomenon is rooted in historical migration patterns, dating back to the colonial era when Bihari labourers sought work in agriculturally prosperous regions and has persisted into modern times with migration towards urban industrial centres. Migration from Bihar, as revealed by the 2011 Census, is predominantly driven by economic factors, with around 55% of male migrants leaving for work or employment, more than double the national average. Maharashtra is one of the top destinations for male Bihari migrants, attracting around 13.18% of them, who are drawn to its industrial sectors, particularly in districts such as Thane, Mumbai Suburban, and Pune (Sarkar, 2019). These districts, with their high concentration of industries in sectors like manufacturing, construction, and services, offer better employment opportunities than those available in Bihar, making Maharashtra a preferred destination.

The gender dynamics of migration also play a significant role. Although male migration from Bihar is overwhelmingly driven by employment, female migration patterns show a more diverse set of motivations. Nationally, the primary reason for female migration is marriage, and this trend is also observed in Bihar, although to a slightly lesser extent compared to the national average. Nevertheless, female migration for economic reasons is on the rise in Bihar. Around 4% of female migrants from the state leave for work or employment, which is more than double the national average of 2%. This reflects the growing economic reliance on migration for both men and women in Bihar, as many women are increasingly migrating to contribute to household incomes or seek independent economic opportunities (Sarkar, 2019).

Migration from Bihar, whether by men or women, is more permanent in nature today compared to the past, when it was primarily seasonal or circular. Migrants from rural areas, especially men, tend to take up less skill-intensive jobs in Maharashtra's informal sectors, while urban-origin migrants from Bihar are more likely to find work in the formal sector or pursue higher education and business opportunities (Sarkar, 2019).

### **C. Migration from Uttar Pradesh and Bihar to Punjab and Haryana**

Small farmers from Bihar and Uttar Pradesh often migrate to Punjab and Haryana, despite owning land in their home states, due to unprofitable farming conditions and poor crop prices back home. Many end up working as labourers in these agriculturally prosperous states, while some even take to cultivating leased land in search of better returns. This migration trend has historical roots tied to the Green Revolution, which transformed Punjab and Haryana into India's agricultural prosperous states by introducing high-yield crop varieties, modern irrigation, and advanced farming techniques. While these changes led to significant prosperity and better crop prices in these states, farmers in Bihar and Uttar Pradesh were largely left out of this agricultural transformation, leading to disparities in farm profitability and pushing small farmers to seek opportunities elsewhere.

### **D. Migration from Odisha to Gujarat**

Odisha, primarily an agrarian state with limited industrialization, faces challenges like poverty, lack of employment, and natural calamities. These push factors prompt many Odia workers, especially from rural areas, to seek better prospects in more industrialised states like Gujarat. According to the 2011 Census, approximately 1.3 million people from Odisha migrated to various parts of the country for different reasons. Among these, Gujarat accounts for the second-highest share of Odia migrants, representing 13.6 percent of the total. Of those migrating to Gujarat, 45 percent have relocated for work, employment, or business opportunities. Additionally, around 30 percent of these migrants are classified as short-term, staying in Gujarat for less than four years<sup>4</sup>.

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<sup>4</sup> [Down to Earth](#)

## **V. Economic Impact of Interstate Labour Migration**

### **A. Contribution of Migrants to the Economy**

Overall, the contribution of migrants to the India economy is 10% of GDP<sup>5</sup>. Migrant labour plays a crucial role in driving India's economy by contributing significantly to various industries and services. They are the backbone of labour-intensive sectors such as textiles, construction, and stone quarries, as well as mining operations and brick kilns. Migrants are vital to small-scale industries like diamond cutting and leather accessories, while also supporting agricultural activities such as crop transplanting and sugarcane cutting.

Interstate migrants significantly contribute to the economies of the states receiving them by increasing labour supply and boosting consumption growth. Migrants fill crucial gaps in sectors with labour shortages, particularly in labour-intensive industries such as construction, agriculture, and manufacturing. States like Maharashtra, Gujarat, Karnataka, and Tamil Nadu, which are industrial hubs, rely heavily on migrant labour. Migrants often take on jobs that local workers may not be willing to do, especially in low-wage and seasonal work, ensuring the continuity of production and services in the economy.

Migrants spend on housing, food, transportation, and other essentials, driving local consumption and creating new demand in the economy. This boosts the revenues of small businesses, local vendors, and service providers. The increased demand for goods and services creates a multiplier effect in the local economy, leading to job creation and income generation for both migrants and local residents. Post-pandemic, the return of migrants to urban centres has helped in the revival of local economies by restoring labour supply to critical sectors like construction, retail, and transportation.

### **B. Impact on Labour Markets**

Migration plays a critical role in labour markets, particularly in filling labour gaps in both formal and informal sectors. Migrants are heavily engaged in informal work in

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<sup>5</sup> [Live Mint](#)

rural areas, while in urban centres, they contribute significantly to the formal workforce. A large proportion of male migrants in rural areas are engaged in casual wage labour (29%) and self-employment (33%). Migrants in urban areas are more likely to be employed in regular salaried or wage jobs (57%). For females, migration impacts the shift from unpaid family work in rural areas (32-40% of migrants) to regular salaried employment in urban areas (50%) (Chandrashekhar & Sharma, 2022). This shift indicates that migration provides better employment opportunities for women, reducing dependence on unpaid family labour.

However, migrant workers often face insecure employment conditions, lack formal contracts, and are less likely to have access to benefits like paid leave, reflecting the need for policies to improve the working conditions of migrant labour. A high percentage of migrants, both rural (74%) and urban (65%), work without written job contracts, reflecting the precarious and informal nature of employment for migrant labour. This suggests that despite their contribution to the economy, migrants often lack job security and formal employment rights. Only 23% of rural migrants and 43% of urban migrants are eligible for paid leave, compared to non-migrants, indicating poorer working conditions for migrant labour<sup>6</sup>.

### **C. Role in Urbanisation & Infrastructure Development**

Migration plays a significant role in urbanisation and urban development, serving as one of the key factors driving demographic growth in cities. While natural population increase has been the largest contributor to urbanisation in India—accounting for just over half of urban growth—migration, both internal and international, has also made notable contributions, representing about one-fifth of urban additions<sup>7</sup>. In India, the primary drivers of internal migration include the search for employment and marriage. Although international migration has been relatively minimal, with a net outflow of 7.6 million people from 1950 to 2020, internal migration continues to shape urban landscapes as people move from rural areas to cities in pursuit of better opportunities. This movement fosters urbanisation, contributing to economic development and

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<sup>6</sup> [Patterns in Internal Migration and Labour Market Transitions in India](#)

<sup>7</sup> [ORE](#)

diversifying urban populations. As fertility rates decline, the role of migration becomes even more crucial. If effectively incentivized, it has the potential to accelerate urbanisation and further enhance the urban economic growth.

Migrant labour plays a pivotal role in infrastructure development, as highlighted in the study (Shirin et al., 2021) on Kochi, Kerala. Migrant workers, particularly from states like Bihar, West Bengal, and Tamil Nadu, significantly contribute to construction, roadworks, and other sectors crucial for urban development. A large portion of migrant labourers in Kochi are engaged in construction work, indicating their direct involvement in the infrastructural growth of the city. Their roles range from casual workers to more skilled tasks, contributing to building essential facilities such as roads, buildings, and services.

#### **D. Remittances and Economic Upliftment**

One of the important aspects of interstate migration is the domestic remittance flow that it creates. Domestic remittance flows play a critical role in the economic upliftment of households, particularly in rural India. The domestic remittance market, estimated by (Tumbe, 2011) at \$10 billion in 2007-08, significantly finances household consumption, with over 30% of the expenditure in remittance-receiving households depending on these transfers. This support is especially crucial in states like Bihar, Uttar Pradesh, and Rajasthan, where remittance dependency has grown since the 1990s. These transfers not only alleviate poverty but also help families invest in education, healthcare, and other essentials. However, the unequal distribution of remittances, with the top 25% of households receiving around 50%, suggests a potential to widen economic disparities in source regions (Tumbe, 2011). Additionally, the reliance on informal channels for remittance transfers presents a substantial opportunity for financial institutions to enhance financial inclusion among migrant workers, thereby boosting economic growth.

#### **VI. Sectoral Analysis of Migrant Labour**

Migrant labour plays a pivotal role across key sectors—especially agriculture, construction, and services—and their importance in both rural and urban economies. Migrants often transition towards more stable sectors like manufacturing and services,



indicating a shift from traditional rural employment patterns to more industrial and service-oriented jobs in urban areas. The paper presents a sector-wise analysis of migrant labour.

#### **A. Agriculture Sector**

In rural areas, a significant proportion of both male and female migrant workers are engaged in the primary sector. For males, 33% of rural migrants work in the primary sector, while the figure is much higher for females, with 75% of rural migrant women employed in agriculture. Migrants leaving the primary sector often transition into secondary sectors (13%), trade (15%), and transport (11%). This suggests that many migrant workers leave agriculture in search of better opportunities in more urbanised and industrial sectors. The same study also highlights that migrants leaving the primary sector often transition into secondary sectors (13%), trade (15%), and transport (11%) (Chandrashekhar & Sharma, 2022). This suggests that many migrant workers leave agriculture in search of better opportunities in more urbanised and industrial sectors.

#### **B. Manufacturing Sector**

The above-mentioned study based on PLFS 2020-21 data highlights that migrant male workers in rural areas are moderately engaged in the secondary sector (14%), whereas their urban counterparts have a significantly higher representation (25%). For migrant females, the share is smaller, with 7% in rural areas and 9% in urban areas. The majority of migrant workers in the secondary sector remain in the same field (72%), with minimal transition to other sectors. This indicates that manufacturing jobs for migrants tend to be relatively stable.

#### **C. Service Sector**

In urban areas, services (trade, transport, accommodation, and other services) dominate migrant labour for both males and females. For males, 25% of urban migrants are engaged in trade, and 9% in transport, reflecting the importance of these sectors in cities. Of females, 13% are employed in trade, and 46% in other services, indicating the significant presence of migrant women in urban service jobs. Migrants in the transport sector show the highest sectoral retention (71%), while accommodation and food services attract relatively fewer migrants but retain them well (66%) (Chandrashekhar

& Sharma, 2022). This highlights the service sector's ability to absorb and stabilise the workforce, especially in urban areas.

#### **D. Construction**

Construction is a major sector for male migrants, especially in urban areas, where 14% are employed, while in rural areas, 23% of migrant males work in construction. For female migrants, the construction sector remains small, with just 5% of rural and urban migrant women employed in this industry. Workers in the construction sector show high retention, with 65% of those in the sector continuing to work in construction after migrating (Chandrashekhar & Sharma, 2022). This suggests that many migrants are drawn to the sector for stable, often physically intensive jobs.

## **VII. Policy Framework Governing Interstate Labour Migration**

### **A. Constitutional Provisions and Labour Laws: Interstate Migrant Workmen Act, 1979**

The legal framework for interstate migrant labour is provided by the Interstate Migrant Workmen Act, of 1979. The Act aims to regulate the employment and working conditions of interstate migrant workers. It applies to any establishment that employs five or more migrant workers from other states or has done so on any day in the past 12 months. It also extends to contractors hiring a similar number of inter-State workers. The Act mandates a registration system for such establishments, prohibiting employers from hiring inter-State workers without obtaining a registration certificate from the designated authority. Additionally, contractors recruiting workers from one state for employment in another are required to obtain a licence for the same.

The Act has been subsumed into four broader labour codes-

1. Code on Wages Act, 2019: The Act aims to modernise outdated labour laws, making them more accountable and transparent, while introducing minimum wages and labour reforms. It streamlines wage definitions to reduce litigation and compliance costs. The Act regulates wages and bonuses in all sectors, links minimum wages to employee skills and location, and simplifies the process of determining minimum wages by eliminating job type distinctions. It ensures timely wage payments and strengthens legislative protection of minimum wages.
2. The Industrial Relations Code, 2020: The new provision raises the threshold for requiring standing orders from 100 to over 300 workers, meaning industrial establishments with up to 300 workers are no longer required to furnish standing orders. This change makes hiring and firing more flexible, potentially boosting employment. The Industrial Employment (Standing Orders) Act, of 1946 mandated standing orders for establishments with 100+ workers, but the updated threshold applies to establishments with 300+ workers.
3. Social Security Code Bill, 2020: It proposes to introduce a National Social Security Board to advise the central government on suitable schemes for unorganised workers, including gig and platform workers. Aggregators

employing gig workers are required to contribute 1-2% of their annual turnover towards social security, with the contribution capped at 5% of the total amount paid to gig and platform workers.

4. Occupational Safety, Health and Working Conditions Code Bill, 2020: It proposes a new definition of interstate migrant worker. The new definition of interstate migrant workers includes those who independently move from one state to another for employment, earning up to ₹18,000 per month. This differs from the previous focus on only contractual employment. The provision for temporary accommodation near worksites has been removed, replaced by a journey allowance—a lump sum paid by the employer for the worker's travel to and from their native place.

## **B. Role of State Governments**

Although inter-state migration falls under the Union Government's jurisdiction, as outlined in the Union List (Entry 81, Article 246) of the Indian Constitution, state governments play a crucial role. The state government is responsible for enforcing the Inter-State Migrant Workmen Act in establishments that fall under its sphere. The state government is also responsible for registering establishments that employ interstate migrant workers and licensing contractors who employ them. State governments play a crucial role in providing relief to migrant workers by proper implementation of various welfare schemes. Each state should advocate for the central government's active involvement, as coordination between the centre and states is essential for implementation of labour laws and ensuring social security for migrant workers.

### **C. Impact of Recent Policy Changes**

1. **Expanded Social Security:** The Social Security Code extends social security coverage to gig workers, platform workers, and unorganised sector workers, which includes many interstate migrant workers. It mandates employer contributions towards the social security of gig workers and creates provisions for setting up welfare boards to address the needs of migrants, offering improved access to health and insurance benefits.
2. **Improved Wage Protection:** The Code on Wages links minimum wages to skills and geographical location, ensuring that migrant workers are entitled to fair wages based on their employment region and skill level, reducing wage exploitation. It also introduces uniformity in wage definitions, which simplifies wage calculation and reduces disputes and litigation.
3. **Access to Welfare Schemes:** Several welfare schemes, such as the One Nation, One Ration Card (ONORC) initiative, improve portability of social benefits for interstate migrants, enabling them to access food security entitlements regardless of their location. Migrant workers are also included in affordable housing schemes (e.g., Pradhan Mantri Awas Yojana), and skill development initiatives are aimed at improving their employability across regions.
4. **Reskilling and Welfare Funds:** Industrial Relations Code include provisions for re-skilling funds for workers who are retrenched, with employers contributing to this fund. This helps migrant workers gain new skills and improves their employment prospects in other sectors or regions.

#### **D. Concerns about New Labour Codes**

The introduction of new Indian labour codes, comprising the Code on Wages (2019), Code on Social Security (2020), Code on Occupational Safety, Health, and Working Conditions (2020), and the Code on Industrial Relations (2020), aimed to modernise and streamline the existing framework of labour laws. The Code on Wages, which consolidated four previous laws, sought to create a uniform structure for wage regulation and ensure equitable remuneration. However, it has attracted criticism for its "floor wage" provision, which some argue lacks flexibility and fails to address regional disparities effectively. Additionally, concerns have been raised regarding dispute resolution mechanisms, as disputes are to be adjudicated by executive officers rather than legal experts, raising questions about impartiality and competence in handling complex legal matters.

The Social Security Code, aimed at broadening coverage to include unorganised sector workers, gig workers, and platform workers, has been lauded as a step toward inclusive welfare. However, it has been critiqued for its exclusionary nature, as it covers only workers in establishments meeting certain minimum employee thresholds, leaving a large section of informal and self-employed workers outside the safety net. Furthermore, key social security benefits such as pensions and medical insurance are only accessible to employees earning above a specified threshold, potentially excluding low-wage earners who need such benefits the most. The code has also been criticised for relying on existing delivery mechanisms without sufficient upgrades, thereby perpetuating inefficiencies in the provision of benefits.

The Code on Occupational Safety, Health, and Working Conditions, which replaces 13 prior laws, focuses on improving workplace safety and health standards but has been called out for offering differential treatment to certain professions, leading to perceptions of inequality. Finally, the Industrial Relations Code, which aims to regulate trade unions, employment conditions, and dispute settlement, has introduced stringent conditions on strikes and lockouts, requiring prior notice and prohibiting such actions during certain periods, potentially curbing workers' collective bargaining power.

## **VIII. Challenges Facing Interstate Migrant Workers**

### **A. Informal Nature of Work**

According to PLFS 2020-21 data, migrant workers, especially in rural areas, are predominantly engaged in informal sectors without job security, formal contracts, or benefits such as paid leave. Even in urban areas where more migrants have regular salaried jobs, the absence of written contracts and eligibility for paid leave indicates continued informality. The vast majority of migrant workers across both rural (84%) and urban (72%) areas do not have a written job contract. A large proportion of migrant workers are not eligible for paid leave (77% in rural areas and 59% in urban areas), which is a strong indicator of informal employment.

### **B. Housing Problems**

Most inter-state migrants end up living in overcrowded slums or informal settlements because of the lack of affordable housing options. Migrants, especially semi-permanent workers, are forced to reside in these areas because city infrastructure does not cater to their needs. These slums often lack basic services like sanitation, potable water, and healthcare, which contributes to their vulnerability. Seasonal or circular migrants who move from place to place in search of temporary jobs face additional housing challenges. Since they only stay for short periods, they find it difficult to secure even low-income rental housing. They often have to resort to living in makeshift shelters, open spaces, or under bridges, where conditions are even more unsafe and unsanitary (Natu, 2022).

### **C. Limited Access to Healthcare Services**

Migrant workers have inadequate access to healthcare services, primarily due to their mobile lifestyle, lack of awareness, language barriers, and poor working and living conditions. They often live in overcrowded, unsanitary labour camps, which expose them to health risks like communicable diseases, respiratory issues, and malnutrition. Women migrant workers are particularly vulnerable due to lack of maternal health services, sanitation facilities, and gender-specific healthcare. In many cases, workers do not seek medical help because of fear of losing wages or being dismissed, further exacerbating their health problems (John et al., 2020).

#### **D. Occupational Hazards and Unsafe Working Conditions**

Migrant workers are primarily engaged in hazardous jobs in sectors like construction, mining, and manufacturing. These are known as “3D jobs” (dirty, dangerous, and difficult), where the risks of occupational injuries and illnesses are high. There is a lack of adequate safeguards like personal protective equipment (PPE), proper training, and access to healthcare facilities in the event of injuries. Additionally, workplace safety regulations are often poorly enforced. Accidents on construction sites, especially fatal ones, are reported frequently, yet many such incidents go unreported, leaving workers’ families without compensation (John et al., 2020).

#### **E. Barriers to Registration and Documentation**

A significant challenge faced by interstate migrant workers is the lack of proper registration with labour departments and ineligibility for welfare schemes. Many workers do not possess identity cards, ration cards, or health insurance documentation, which are required to access government benefits. This issue is compounded by their transient nature, making it difficult for government agencies to track and provide continuous support. Additionally, many migrant workers are unaware of their rights or the processes to register for social welfare schemes, leaving them further marginalised .



## **F.Social and Cultural Barriers**

Indian society faces interstate migration barriers that are uncommon in many other countries, particularly language barriers due to its internal diversity and multilingualism. With more than twenty regional languages serving as official languages across different states. This poses challenges for many Indians, restricting their mobility in terms of residence and hindering their educational and career pursuits. Migrants mostly only know their mother tongue and they are unable to converse in other regional languages with proficiency. This makes communication with the locals difficult and often creates a social stigma of being an “outsider” which leads to discrimination in accessing basic facilities. The anti-lungiwalas movement of the 1960s, the anti-bhaiya movement of the 1980s in Maharashtra, the “sons of the soil” movement in Assam, and similar anti-migrant agitations and attacks in Gujarat, Karnataka are prominent examples of linguistic stigma turning into xenophobia.

These linguistic barriers often restrict the children of migrant workers from accessing education facilities in the local schools. An NGO, Rights Education and Development Centre (READ) identified around 4500 children of migrant workers who are out of school in Erode district of Tamil Nadu. The medium of instruction in most of the schools is Tamil or English which creates barrier for children of migrant workers<sup>8</sup>.

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<sup>8</sup> [The Hindu](#)

## **IX. Recommendations**

### **A. Formulation of State Migration Policy**

Each state, whether it is a source or a destination, must create a dedicated State Migration Policy to set clear objectives for managing migration. The policy should include-

1. **Specific Goals and Targets:** States should define annual targets related to migration management, such as improving the portability of welfare benefits and enhancing access to services for both incoming and outgoing migrants.
2. **Worker Rights:** The policy should prioritise worker welfare by safeguarding labour rights such as minimum wages, safety standards, and access to health and social services.
3. **Proactive Planning:** Include disaster or crisis management strategies to ensure that migrants receive timely support during events like pandemics, economic downturns, or natural disasters. Employers and contractors must be held accountable for providing basic protections like healthcare and wage security, particularly during crises when migrants are most vulnerable. Government should create a special emergency fund for the vulnerable migrant communities.
4. **Strict Accountability:** The policy should establish mechanisms for monitoring progress toward these goals, ensuring accountability among local governments, employers, and contractors. Local governments, employers, and contractors should be required to comply with clearly defined standards for migrant welfare, including regular audits and reporting on working conditions, access to essential services, and adherence to safety regulations. Penalties for non-compliance should be enforced to ensure that migrants are not exploited or left without support during times of crisis.

## **B. Greater Coordination between States**

Interstate coordination is essential to managing migration flows effectively. The paper recommends following strategies-

1. **Unified Migration Corridors:** For regions with high migration flows, states should form migration corridors to facilitate safe and cost-effective movement between states.
2. **Interstate Migration Agreements:** States should emulate models like the Orissa-Andhra Pradesh Memorandum of Understanding (MoU) of 2012 or the Jharkhand-BRO Agreement. The 2012 Orissa-Andhra Pradesh MOU ensures access to essential services like healthcare, education, housing, and safe working conditions for migrant workers.

## **C. Data Availability and Mapping**

A robust data infrastructure is crucial for tracking migrant movements, identifying their needs, and allocating resources effectively. The paper recommends following measures-

1. **Macro-level Data Mapping:** States should conduct macro-level data collection on migration cycles, identifying both long-term and seasonal migration trends. This data should include: the number of migrants in transit, demographics, such as age, gender, and family size, employment patterns, sectors, and skills.
2. **Segregated Data:** Special focus should be given to vulnerable groups such as women, children, and differently-abled workers. Segregated data can help design specific policies, such as healthcare programs for pregnant women or childcare for families.

## **D. Registration of Migrant Workers**

Ensuring that all migrant workers are registered is crucial for providing them with legal protection and access to services. E-Shram portal is a step in the right direction but there is need for more efforts at the state-level. The paper proposes following strategies-

1. States should appoint nodal officers in high-migration districts. These officers would be responsible for identifying unregistered workers, facilitating their enrollment in welfare schemes, and monitoring unlicensed contractors.
2. The registration process should be simplified, eliminating unnecessary documentation that creates barriers for workers. Self-attestation should be

accepted to make registration more accessible to those who lack formal identification papers.

3. Contractors should be required to digitally report their workforce and ensure that all hired migrant workers are properly registered. Compliance checks should be made to avoid delays and ensure that all contractors meet legal requirements.

#### **E. Social Security Measures**

1. States should ensure that benefits, such as those provided under the Building and Other Construction Workers (BOCW) Act, 1996, are portable across state lines. Workers should be able to access their entitlements regardless of their location.
2. Every worker must be registered under the relevant welfare boards, such as the Welfare Board for Construction Workers. These boards should ensure that registered workers receive pensions, healthcare, housing support, and education subsidies for their children, as mandated by law.
3. Workers should be encouraged to open bank accounts, and contractors must deposit wages directly into these accounts. The Jan Dhan Yojana initiative should be expanded to include two debit cards, one for the migrant in the city and one for their family back home, facilitating smooth remittance flows.

#### **F. Proper Implementation of Existing Laws**

Many of the protections offered to migrant workers are already there in law but are often poorly enforced. Following steps should be taken to ensure effective implementation of existing laws-

1. **Effective Enforcement of the Inter-State Migrant Workmen Act, 1979:** This law requires employers and contractors to register their interstate workforce and ensure certain rights, such as: Payment of displacement and journey allowances, return travel arrangements at the end of the worker's term of employment, medical facilities and insurance for workers and their families during the period of employment, Provision of creche facilities at work sites where more than 20 workers are employed.
2. **Regular Audits and Inspections:** State governments must regularly inspect workplaces and ensure compliance with safety and labour standards. Surprise

audits of work sites should be carried out to ensure that employers are meeting legal obligations concerning wages, safety, and worker well-being.

3. **Welfare Board Accountability:** Welfare boards responsible for overseeing the implementation of the BOCW Act, 1996 and other worker protection laws should be held accountable for ensuring that workers receive their benefits. There must be clear guidelines for welfare boards to follow, with systems for monitoring compliance and issuing corrective actions when needed.

### **G. Solution to Housing Problem**

Dormitory accommodation, which refers to shared living spaces typically designed for workers, has been recommended by a NITI Aayog working group studying internal labour as a potential solution. By expanding public sector rental housing through dormitory-style accommodations, the state can make housing more affordable and help alleviate the conflict between landlords and tenants, particularly in metropolitan cities where affordable housing is a growing challenge.

### **H. Formalization of Economy**

In recent years, the Government of India has taken several steps to formalise the economy, aiming to bring informal workers and enterprises into the formal fold. Initiatives such as the Goods and Services Tax (GST), digital payments, and schemes like the Pradhan Mantri Shram Yogi Maandhan (PM-SYM) for unorganised workers reflect efforts to create a more structured and formal economic environment. However, despite these measures, a large section of the workforce, especially migrants, remains in the informal sector. To address this, certain key recommendations can be made:

1. **Comprehensive Data on the Informal Sector:** Building a robust statistical base on the informal economy should be an integral part of the National Statistical System. A comprehensive dataset capturing various dimensions of informal employment will enable policymakers to make data-driven decisions, tailoring policies to the needs of informal workers, including migrants. To enhance labour market insights, the use of GIS and mobile technology for localised data collection is essential. Expanding the scope and frequency of surveys like the Periodic Labour Force Survey (PLFS) can incorporate informal sector data into national statistical exercises. Additionally, labour force surveys should include

metrics for the gig economy, with a mandate for data sharing from major platforms such as Zomato, Ola, and Swiggy.

2. **Vending Rights:** Granting vending rights to street vendors will give them a sense of ownership over their space and surrounding environment. Licences, which specify the time and space of operations in exchange for a fee, can increase accountability while also boosting the revenue of local authorities. A portion of this revenue could be used to provide essential services like drinking water, toilets, and waste collection at public spaces.
3. **Role of Self-Help Groups (SHGs):** SHG initiatives that organise informal workers can contribute significantly by fostering self-reliance among these workers. By organising under SHGs, informal workers can address issues related to their working conditions and secure better opportunities, including access to credit and training.

## **X. Conclusion**

Labour is an important factor of production and interstate labour migration is a way to transfer labour from regions where it is in surplus to regions where it is needed and valued more. India is experiencing a period of demographic dividend & it will continue to experience it till 2055. Labour mobility is crucial for India to effectively reap its demographic dividend because it ensures that the growing working-age population is matched with opportunities in regions and sectors that have higher demand for labour.

To ensure free labour mobility, it is crucial to address the challenges migrant labour face and policies that are designed to address these challenges. In this paper, economic impact and challenges of interstate labour migration are analysed & recommendations are made to overcome these challenges. The recommendations have focussed to address both social security problems migrants face and policy challenges of interstate labour migration.

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