

DECENTRALISE DEVELOPMENT

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By Aastha Sharma

India's experience with migration pre-dates documented history. From the movement of traders from Gujarat to West Asia in the ancient times, to the large-scale movement of Indian migrants to Africa and the Caribbean over a hundred years ago, the Indian subcontinent has been in a state of migrational flux.

The Economic Survey 2016-17, which extensively captured the scope of internal migration in India, pegged the number of migrant workers at 100 million in India, which is one of the largest numbers of internal migrants in the world. Majority of the migrants are seasonal labourers.

The large-scale reverse migration, witnessed recently, has brought the issue of internal migration to the policy forefront. It has become imperative to understand the root causes of this enormous migration flow, and address them through a change in policy, which is both structural in nature and long-term oriented. These causes mainly lie in the wide economic regional disparity among the Indian states.

Migration, as a process, is set in motion through push and pull factors. The push factors, which exist in places of origin and propel people to move out, are mainly lack of employment opportunities in the villages, limited scope for upward economic and social mobility, poverty, conflict, and low agricultural productivity. The pull factors, which attract migrants to an urban area are higher wages, better educational and medical facilities, and higher number of economic opportunities in urban areas.

Within cities, the challenges that a migrant labourer faces are multifarious and well documented. Only 7 per cent of labourers are formally employed in cities, while the remaining must face the uncertainties of informal employment. Since India is a labour surplus country, employers continue to have higher bargaining powers, particularly where unskilled labourers are involved, and hence a large majority of migrants finds only low paying and hazardous jobs in urban areas.

Migrant labourers are also living away from their cultural roots, which also depletes social capital, for an already marginalised community. The challenge is also profound from the perspective of overburdened cities, which undergo demographic explosion, and hence are rendered resource-wise unsustainable and non-inclusive.

The government of India has taken several steps to resolve the challenges faced by migrants. Most notably are the recently announced One Nation, One Ration Card programme, higher outlays for [Mahatma Gandhi](#) National Rural Employment Guarantee Scheme (MNREGA), and the Garib Kalyan Rojgar Abhiyan (GKRA), which will employ returnee migrant workers in rural infrastructure construction projects. The above mentioned steps would be instrumental in alleviating the plight of countless migrant labourers.

While addressing these functional challenges, it is also important to understand and resolve the structural causes of migration. Upon closer inspection of data on migrant movement, a clear regional pattern becomes apparent. Rich states such as Delhi, Tamil Nadu, Goa, Kerala, Gujarat, Karnataka and Maharashtra attract the highest number of migrants (in that order). States such as Uttar Pradesh, Bihar, Himachal Pradesh, Rajasthan, Madhya Pradesh, and

Odisha see considerable out-migration. This flow of migrants clearly highlights a well-understood fact that India's development pattern has been highly regionally imbalanced.

The states of Gujarat, Tamil Nadu, Maharashtra, and Karnataka have gained immensely from the 1991 reforms, whilst the poorer states of Bihar, Madhya Pradesh, and Uttar Pradesh largely remained uninfluenced, exacerbating existing regional inequalities between the two state categories.

Second, it is also a well-known fact that economic policy, the world over, has suffered from an urban bias — a thesis first propounded by Michael Lipton in 1977 — which has since been widely acknowledged, especially in the post-liberalisation era. Coupled together, these two occurrences have led to the creation of urban clusters of high economic activity in the rich states.

For instance, Maharashtra has a total of 58 SME clusters, across 24 districts and six sectors, whereas Bihar only has three MSME clusters across three districts and two sectors. In order to tackle the problem of large-scale migration from poor to rich states, and to reduce the demographic burden in popular cities, it is necessary for economic policy to undergo a paradigm shift, wherein economic development becomes focused on decentralisation. Since economic growth is not divorced from urbanisation, the decentralisation exercise also must take place in the fold of urbanisation.

There are a few ways to develop and facilitate clusters of economic growth in poor states. Several traditionally industrial cities such as Kanpur, Moradabad, Firozabad, Pithampur, and Cuttack need to be economically revived and made vibrant. A gradual introduction of policies that contribute to agglomeration effects must then be introduced to make these industrial cities attractive, and to enable growth in the surrounding regions.

Marshall in 1890 and later Paul Krugman's work on new economic geography have outlined three factors that lead to the growth of agglomeration economies namely —labour market interactions, local supplier linkages, and local knowledge spillovers. Government policy must try to assist such agglomeration by focusing on incentives to attract skilled labour, developing infrastructure and assisting linkages between local research in universities and industry. This can help transform the traditional cities into engines of employment and economic growth, while simultaneously capitalising on their existing advantages of path dependency.

Second, the clusters may be strategically linked to existing industrial corridors to facilitate production and trade. At present, there are five approved industrial corridors in India, overseen by the National Industrial Corridor Development and Implementation Trust. Additionally, the Bharatmala Pariyojna Scheme, aims to build several economic corridors and inter corridor routes, while also connecting them to feeder routes.

A focused approach on linking the new manufacturing clusters to corridors planned under the programmes can provide a significant fillip to the industry and to employment generation. Inter-district economic contiguity between economic clusters is known to function in India, and linkages with economic corridors would further generate spillover effects, and also make the employment distribution less skewed in these regions. This will also easily work in tandem with the MSME ministry's cluster development programme, where closely situated industries, producing similar goods or services are supported.

In order to effect these changes, empowering local governments and facilitating a co-ordinated action plan between various local heads will be necessary. Further, to make the governance in the manufacturing cluster regions more effective, assistance of non-government organisations

and civil society, at the outset itself, would help in ensuring that all industrialisation and urbanisation processes are environmentally sustainable from the beginning.

Urban areas contributed more than 50 per cent of national output in 2011-12 in India, despite a lower share in the population. Several reports have estimated that cities alone will contribute 70 per cent of India's GDP by 2030. Hence, it is widely acceptable that economic growth will be centred on urban development. Development of urban growth hubs in poor states will not only benefit the migrants from these regions, who would face less uncertainty by not having to move to urban areas which are far away, but would also help generate revenue for poor states. It would also reduce the high resource pressure that Tier 1 and Tier 2 cities currently face in India and lead to a much needed regionally balanced economic growth in the country.

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