

## MIGRATION IN THE INFORMAL SECTOR: ECONOMIC AND SOCIAL IMPACT

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### ABSTRACT

*This paper examines the role of migrants in the informal sector and analyzes its economic and social impact. India is a country where the unemployment rate is very high, so the people in our country regardless of social and economical insecurities migrate to the informal sector. This study highlights how these workers contribute to economies while facing challenges such as exploitation, restricted access to social services, and marginalization. It also addresses the social effects of informal employment, including limited social mobility and interactions. By blending economic and sociological insights, this research emphasizes the essential yet often overlooked role of migrant labor in shaping the present day informal labor markets.*

**Keywords:** Migrants, Labor market, Social insecurities, Informal sector, Unemployment, Marginalization

## INTRODUCTION

India's informal sector employs a vast number of individuals, many of whom are rural migrants. Key factors of migration include poverty, lack of rural employment opportunities, and aspirations for better standard of living. Migrants mostly gets employed in construction, domestic work, street vending, and transportation services. But these sectors are characterized by low wages, lacks social security, and bad working conditions.

Even though they have a major role in economic growth, migrant workers in the informal sector frequently experience exploitation, discrimination, and marginalization. Migration helps them to earn a living and contribute to urban economic growth but also worsen social division and inequality. The absence of social security further increases their vulnerability to economic changes and marginalization.

This paper explores the economic and social dimensions of migration in India's informal sector, utilizing secondary data sources to explore trends, challenges, and outcomes. By examining the causes of migration, labor conditions, and social consequences, this study provides a whole understanding of how migration shapes India's urban economy and social structure.

## REVIEW OF LITERATURE

**Deshingkar and Akter (2009)** highlights the significant contributions of the migrants and emphasize their role in industries, even as their work is undervalued and underpaid. Migrants often miss out formal employment benefits like job security, healthcare, and retirement plans.

**Chandran and Singh (2021)** analyses the various social challenges, including inadequate living conditions, social exclusion, and discrimination through their research. Urban migrants often reside in crowded settlements which lacks essential facilities such as sanitation, drinking water, and healthcare.

**Patel (2013)** had a view that discrimination based on caste, language, and ethnicity marginalizes migrant workers, particularly those from disadvantaged communities. This make the migrant laborers financially and mentally more unstable.

**Sen (2022)** has made a social analysis of the various issues faced by the female migrants. Family separation is a major issue faced by them which makes the laborers mentally ill. Women migrants often face gender-based exploitation, unequal wages, and unsafe working conditions.

**Sasikumar & ILO (2009)** critically analyzed the existing policies like MGNREGA which focuses on rural employment but the policy has failed to address the basic needs of the migrant laborers in the informal sector.

## RESEARCH METHODOLOGY

This study relies on secondary data, including government reports, academic publications, and NGO studies, to analyze the economic and social impacts of migration in India's informal sector.

### 3.1 Data Sources

- National Sample Survey Organization (NSSO) Reports: Data on migration patterns and employment statistics.
- Government of India Reports: Insights into policies affecting migrant workers.
- NGO Reports: Research on wages, working conditions, and social protections.
- Academic Journals: Studies on labor markets and informal sector employment.

## DATA INTERPRETATION AND ANALYSIS

### 4.1 Economic Impact

Migrant workers contribute a major portion to urban economies, particularly in sectors like industries, construction and street vending. However, they face challenges such as low wages, seasonal unemployment, and social security. Rural poverty can be reduced by using remittances but they are often insufficient to overcome the instability of informal employment.

**Table 4.11 Wage Disparities Between Migrants and Local Workers in the Informal Sector**

The table 4.11 illustrates the wage gap between migrant workers and local workers within the same industries.

Sector	Migrant Workers' Wages (₹)	Local Workers' Wages (₹)	Wage Gap (%)
Construction	₹10,000	₹12,000	16.7%
Domestic Work	₹8,000	₹9,500	15.8%
Street Vending	₹7,500	₹8,500	13.3%

**Source:** International Labour Organization (ILO) Working Paper, "Wage Inequality in India's Informal Sector," 2023

**Table 4.12 Migrant Work force in the Informal Sector by Industry**

The table 4.12 highlights the economic contribution of migrant workers to different industries within the informal sector.

Industry	Percentage of Migrant Workers	Average Monthly Income (INR)	Gender Distribution (Male:Female)
Construction	30%	₹10,000	90:10
Domestic Work	20%	₹8,000	10:90
Manufacturing	25%	₹9,000	70:30
Street Vending	15%	₹7,500	60:40
Other Informal Activities	10%	₹8,500	75:25

**Source:** National Sample Survey Office (NSSO) Report on Employment and Unemployment, Government of India, 2022

**Table 4.13 Reasons for Migration Among Informal Sector Workers**

The table 4.13 identifies economic factors such as unemployment and the pursuit of better wages as the primary reasons for migration.

Reason for Migration	Percentage of Respondents
Lack of Employment in Origin Area	50%
Better Wages in Urban Areas	30%
Family Relocation	10%
Natural Disasters	5%
Conflict/Political Instability	5%

Source: Economic Survey of India, Ministry of Finance, 2022-23

## 4.2 Social Impact

In a society the migrants experience poor living conditions, discrimination, and exploitation. Women are particularly vulnerable to workplace abuse and unequal pay. Family separation continues to strain emotional and social well-being.

**Table 4.21 Social Impact of Migration in the Informal Sector**

The table 4.21 examines the positive social changes that migration can bring, such as better access to education and healthcare.

Indicator	Pre-Migration Status (%)	Post-Migration Status (%)	Change (%)
Access to Education	40%	60%	+20%
Access to Healthcare	50%	65%	+15%
Housing Conditions (Kuccha:Pakka)	70:30	50:50	-20% Kuccha
Social Security Coverage	10%	25%	+15%

**Source:** "Migration, Urbanization, and Social Development," Springer Open Journal, 2023

**Table 4.22 Challenges Faced by Migrant Workers During COVID-19 Pandemic**

The table 4.22 focuses on the negative social impacts of migration, particularly during crises like the COVID-19 pandemic.

Challenge	Percentage of Migrants Affected
Loss of Employment	80%
Lack of Food and Shelter	60%
Inability to Return Home	50%
Health Risks	70%
Lack of Social Security	65%

Source: Report by Stranded Workers Action Network (SWAN), 2021; and the World Bank Report on "COVID-19 and Migrants in India," 2022

## CONCLUSION AND SUGGESTIONS

Migration to India's informal sector is a necessity as well as a challenge for many workers. While their contributions are important to urban economies, they often remain undervalued and face challenges. Policymakers must give importance to labor protections, social security, and gender equality to improve the conditions of migrant workers. Investments in skill development and urban infrastructure can further enhance their economic and social integration.

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