

After migrants left

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Consequent to the lockdown the migrant labour in different states, mainly in Western and Southern India, had to go through a very difficult time – unemployment, hunger, fear and actual cases of increasing infection. In the recent times probably there is no parallel except in times of war in any country that forced a large section of its own citizens to the level of distress that Indian migrant workers had faced. The distress forced them to leave the place of their livelihood until very recently, often thousands of kilometers on foot. This has been discussed and debated in media and other mediums. The purpose of this write up, however, is not to add another piece on the miseries of the migrant labour during the lockdown period, rather what will happen when lockdown is lifted and economic activities start taking place. The objective of this short write up aims to highlight the important role that the migrant labour plays in the industrial sector of the states with high concentration of industry.

Table 1. Share of Important Parameters of Industrially Advanced States as in 2017-18 (%)

State	NVA	Total Output	Total Workers	Persons employed	Wages	Total Emoluments
Maharashtra	18.19	14.86	11.57	12.86	14.71	18.01
Gujarat	14.89	16.85	11.48	11.70	11.62	12.15
Tamil Nadu	11.14	10.70	17.14	16.16	15.08	13.75
Karnataka	7.09	6.55	6.78	6.82	8.16	7.95
Uttar Pradesh	5.92	6.38	6.86	6.86	5.96	6.35
Haryana	4.89	6.24	5.52	5.50	5.48	6.02
Cumulative sum	62.12	61.57	61.57	59.35	61.01	64.23

Source: Calculated from Annual Survey of Industries (Factory Sector), 2017-18.

Gujarat, Maharashtra, Tamil Nadu is the group of states that have highest shares in terms of net value added (NVA), total output, employment in the industrial sector of the country. Once Karnataka, Uttar Pradesh and Haryana are included to this group, then the total share of industry output in the registered manufacturing sector in the country is over 60%. The above estimates are for the registered manufacturing sector based on the latest available Annual Survey of Industries (Factory Sector) of 2017-18. The informal sector of the manufacturing activities (Non Directory Manufacturing Enterprises as is called in NSSO survey) are also very high in these states, thus putting the share of these states in the total manufacturing sector in the country higher than the group of all other states. In this piece I will consider only the registered sector. Table 1 shows the share of these six states for some of the important parameters of industrial activity. The states have

been ranked in terms of NVA whence Gujarat tops the list, but Tamil Nadu has the highest share in terms of total output, employment of workers and total persons as well as wage share of wages.

As is clear from the above that an analysis of these six states will give us a fair understanding the performance of the manufacturing sector in the country in terms of total production and the situation of labour. For our convenience of referring the set I call it *High Industry States*. Table 2 provides the share of working population (defined as the population in the age group of 15-59 years), main workers, marginal workers and migrant workers in the set of the six states in all India total. It may be noted that migrant labour is defined as those who have specifically migrated to their current residence for the purpose of work. They may be from within the state or outside the state, and belong to both the categories of main workers and the marginal workers. It is evident from Table 2 that by all indicators these six states have more than 50% share for the urban migrant labour

Table 2. Population, Workers and Migrants in High Industry States in All India Total (%)

Share in All India	Enumeration – Total	Enumeration – Urban
Working Population	44.21	50.15
Main workers	45.60	51.64
Marginal Workers (3 & 6 months)	35.31	46.88
Migrant from Outside State	55.76	57.69
Migrant from Within & Outside State	56.29	58.85

Note: (1) Calculated from Tables B-1 & D-7, Census 2011, Govt. of India.
(2) All shares are calculated for age group of 15-59 years.

Table 3. Population, Workers and Migrant Labour Across High Industry States (%)

State	Enumeration – Total				Enumeration – Urban			
	Main Worker/ Working Population	All migrant/ Working Population	All migrant/ Main workers	Outside migrant/ Main Workers	Main Worker/ Working Population	All migrant/ Working Population	All migrant/ Main workers	Outside migrant/ Main Workers
Gujarat	47.75	3.59	7.51	3.52	46.40	6.06	13.06	6.58
Maharashtra	55.09	4.70	8.53	3.29	47.55	7.27	15.29	6.86
Karnataka	53.91	3.63	6.74	2.11	49.15	6.83	13.90	4.74
Tamil Nadu	52.66	2.94	5.59	0.52	49.22	4.64	9.42	0.88
UP	34.20	0.96	2.82	0.63	35.96	2.83	7.87	1.73
Haryana	41.19	3.62	8.79	6.13	41.94	7.07	16.86	11.51
India	44.44	2.67	6.00	1.73	43.77	4.73	10.80	4.09

Source: Calculated from Tables B-1 and D-7, Census of India, 2011.

Note: (1) Working population means population in the age group 15-59.

(2) All migrant means both from within and outside state and outside migrant means migrants from other states.

(3) All shares are calculated for the age group of 15-59 years.

population of the states. The industrial area is generally concentrated in the areas classified as urban, so the migrants are mainly for industrial sector. The migrant pool from outside the states also have very high share.

Table 3 provides a comprehensive picture of the share of migrant labour vis-à-vis working population and main workers in each of these high industry states. I did not provide the shares for marginal workers because they are not as important as the main workers. The share of migrant labour from within the state and outside constitutes around 3% of the main workers in the working age population of the rural and urban areas taken together. But the share for urban area is little over 10%, except for Tamil Nadu and Uttar Pradesh where it slightly lower. So by and large a little over 10% of the main workers of the high industry states are migrant labour which add up to around 40% for the six states considered here.

Lockdown is now being phased out and industrial activities have started in a phased manner. In this situation the demand for labour will start picking up. Return of the migrant labour to their own states has already resulted into lower unemployment in these high share industry states while the states to which the migrant labour returned are found to report high unemployment. This is the beginning of the structural imbalance in the labour market of the country. This is expected to escalate further resulting into labour shortage in the industry as well as agriculture of the high share industry states. This will lead to a rise in the wage rate and thus wage cost in these states. The aggregate supply of output in the specific industry groups as well as the manufacturing sector of the high industry share states will fall. As the six states considered here cover over 60% industrial. This will delay the recovery of the industry and as a whole the economy.

The increase in the wage cost will depend upon the elasticity of supply of labour in the respective states and on the elasticity of demand for the industrial goods, because demand for labour is a derived demand for the goods. This will happen in the short to medium run. Once wage rate starts rising in these states, labour will again migrate from other places within the states as well from outside the state, possibly from the same places. However, a part of the labour may not return permanently so that the adjustment of the labour market may not fully materialize (please refer to a survey conducted by S. Irudaya Rajan of Centre of Development Studies, Tirvanthapuram). The effect of the labour market imbalance on the product market will depend upon the share of manufacturing industries in these states and the share of these industries in total employment and wage share in the state. These are issues that need careful research. Majority share of the industry

groups at 2-digit level for the relevant parameters are reported in Tables 4 through 9 for each of these high industry states. The relevant parameters are the column items in Tables 4 through 9.

The industries have first been ranked by total output and then chosen so that any of the parameters for the industry is at least 6% in the aggregate manufacturing sector of the state (choice of cut of share is arbitrary). The cumulative sum for the respective item heads refers to the industries with share 6% in the state total of that item head. An empty cell implies that the share of the item head for the respective industry to be less than 6%. Comparing across Tables 4 through 9 reveal that there are some industries that are common to these six states, viz. Food Products, Coke and refined Petroleum Products, Basic Metals, Motor Vehicles and Trailers, Chemical and Chemical Products. The list includes basic and heavy industries as well as consumer goods.

Table 4. Indicators of High Share Industries in State Industrial Sector – Gujarat (%)

Industry Name	Total output	NVA	Workers	Persons employed	Wages	Total Emoluments
Coke&Refined Petro	26.14	29.48				
Chemical & Chem Products	16.22	20.07	11.29	11.71	16.11	12.40
Food Products	9.35		6.34	6.52		6.41
Basic Metals	8.69		6.36	6.16		6.15
Textiles	7.13	7.56	21.00	19.31	13.83	19.19
Other Mfg			8.00	7.51	6.38	7.20
Machinery & Equipments nec			7.60	8.19	8.75	8.00
Other non-metal. Mineral products			7.88	7.75	6.30	7.59
Basic Pharma. Products		6.37		6.30	10.07	6.59
Cumulative sum	67.52	63.48	68.47	73.46	61.45	73.55

Source: Annual Survey of Industries (Factory Sector), 2017-18.

Comparing the industry level parameters across a number of interesting features emerge. For example, an industry with very high share in total output in the state may not necessarily have high employment or wage share, such as Coke and Refined Petroleum Products industry in all the six states. It is not because that the industry belongs to the group of heavy industry group, as Motor Vehicles and Trailers, Chemical and Chemical Products have high share in employment and wages. Textiles industry has very high share in employment as well as wages in all the states, in fact much higher than its share in total output. Though there are variations across these six states in terms of

Table 5. Indicators of High Share Industries in State Industrial Sector – Maharashtra (%)

Industry Name	Total output	NVA	Workers	Persons employed	Wages	Total Emoluments
Food Products	12.56	7.10	11.15	9.59	9.30	7.61
Coke&Refined Petro	11.12	21.19				
Motor vehicles, trailers	10.22	6.48	11.54	9.24	13.76	12.00
Basic Metals	9.66		6.45		6.83	
Chemical & Chem Products	8.99	9.33			7.77	8.97
Machinery & Equipment nec	8.05	10.09	8.50	7.91	10.58	13.36
Fabricated Metal Products Except Machinery & Equipment			7.75	6.64	6.65	6.69
Basic Pharma. Products		6.57				8.51
Textiles			8.91	6.59	7.08	
Other Mfg						
Paper & Paper Products				14.42		
Cumulative share	60.60	60.77	54.30	54.39	61.97	57.14

Source: *Ibid.*

Table 6. Indicators of High Share Industries in State Industrial Sector – Tamil Nadu (%)

Industry Name	Total output	NVA	Workers	Persons employed	Wages	Total Emoluments
Motor vehicles, trailers	18.91	13.99	8.99	9.58	9.10	19.10
Food Products	11.12	7.73	8.47	8.51		7.36
Textiles	10.70	8.84	16.89	16.02	8.75	12.04
Machinery & Equipment nec	8.29	11.79		6.07		11.15
Coke&Refined Petro	6.09					
Wearing apparel		6.82	17.19	16.26	9.35	12.44
Chemical & Chem Products		6.42				
Fabricated Metal Products Except Mach. & Equipment					38.79	
Cumulative sum	55.11	55.59	51.54	56.43	65.99	62.10

Source: *Ibid.*

Table 7. Indicators of High Share Industries in State Industrial Sector – Karnataka (%)

Industry Name	Total output	NVA	Workers	Persons employed	Wages	Total Emoluments
Food Products	16.75	9.61	11.05	11.68	8.79	8.61
Basic Metals	13.33	8.32			8.91	6.22
Coke&Refined Petro	11.75					
Motor vehicles, trailers	9.04	8.36	8.31	8.29	12.91	12.02
Machinery & Equipment nec		9.07		6.34	7.11	10.30
Electrical Equipment						6.28
Wearing apparel		8.51	31.27	26.92	21.50	14.45
Other Transport Equipment		6.29				
Basic Pharma. Products						7.38
Cumulative sum	50.87	50.16	50.63	53.23	59.22	65.25

Source: Ibid.

Table 8. Indicators of High Share Industries in State Industrial Sector – Uttar Pradesh (%)

Industry Name	Total output	NVA	Workers	Persons employed	Wages	Total Emoluments
Food Products	23.38	13.30	14.29	14.58	14.62	13.32
Computer, Electronics & Optical	12.15	10.55				9.13
Chemical & Chem Products	7.41	8.59				6.75
Basic Metals	7.14				6.06	
Motor vehicles, trailers						6.20
Others		6.91				
Wearing apparel			10.92	10.53	9.51	8.30
Leather & Related Products			8.02	7.43	6.99	13.32
Fabricated Metal Products Except Mach. & Equipment			6.93	6.32		9.13
Textiles			6.87	6.36		6.75
Cumulative sum	50.08	39.35	47.04	45.22	37.18	43.71

Source: Ibid.

Table 9. Indicators of High Share Industries in State Industrial Sector – Haryana (%)

Industry Name	Total output	NVA	Workers	Persons employed	Wages	Total Emoluments
Motor vehicles, trailers	27.21	37.34	19.79	20.33	22.35	28.44
Basic Metals	12.43					
Coke&Refined Petro	10.45					
Food Products	10.06		6.51	7.07		
Other Transport Equipment	6.96		7.02	6.56	9.97	9.06
Mach. & Equipment nec		8.51		6.03	7.50	7.98
Textiles			8.02	7.93	6.93	
Wearing apparel			13.93	12.78	11.71	8.60
Other non-metallic mineral			6.20			
Cumulative sum	67.11	45.85	61.47	60.70	58.46	54.09

Source: *Ibid.*

relative importance of industry groups in total output, employment, wage share there are many common issues that will be relevant in respect of labour market imbalance and hence determination of availability of labour. Though we undertook this analysis for the registered manufacturing sector in the country, the same scenario will prevail for the informal segment of the industry and the informal labour market too. The policy of paying the workers a basic subsistence would have been a more meaningful on the part of the employers in these states than allowing them to leave. It would have cost them less in the future. Individual employers not paying a basic subsistence to the workers had the state did, then it would have been welfare improving considering the future imbalance in the economy wide labour market. I would like to finish with a news from today's (June 02, 2020) online edition of Times of India that Chennai restaurants have started facing staff shortage because their majority staff were from outside the state.