Effects of Domestic Migration in India

Prelims *– Economic and Social Development.*

Mains *– GS III| Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment | Inclusive growth and issues arising from it.*

Why in news?

A research report recently released by the State Bank of India (SBI) highlighted that Migration of labor from low-income states resulting in inflation in high income States in the South such as Kerala and Tamil Nadu.

- **Labor Migration and Inflation** – Labor migration from low-income to high-income states is *contributing to higher inflation* in southern states like Kerala and Tamil Nadu.
- This *migration is linked to employment opportunities and increased purchasing power*.

> ***Purchasing power*** *refers to the value of a currency or income in terms of the goods and services that can be purchased with it, meaning the ability to buy goods and services.*

- **Regional Inflation Variations** – Southern and Eastern regions show higher inflation trends.
- Northeast and Western regions have the lowest inflation rates.
- Post-pandemic (FY21 to FY25), inflation indicates the following:
  - **Northeast** – 3.4% decline.
  - **Southern region** – Only 2.6% decline.
- **Labor Migration and Economic Dynamics** – Workers moving from low-income to high-income states create unique economic ripple effects including:
  - Enhanced purchasing power in destination states.
  - Increased demand for goods and services.
  - Potential upward pressure on local prices.
- **Rural-Urban Inflation Divide** – Rural inflation is higher than urban inflation and the reasons for it include:
  - Higher food prices.
  - Rural food basket weight is 54.2% (compared to 36.3% in urban areas).
- **Fiscal Policy and Inflation** – The report suggests that *higher taxes levied by Southern states* on items like petrol/diesel, liquor, and property registration *contribute to inflationary pressures*.
- The high sales tax collection in southern states, indicates that state level fiscal policy has a large impact on regional inflation.

Initiatives for India's Migrant Workforce
eShram Portal – One Stop Solution • **Aim** – To create a National Database of Unorganized Workers (NDUW), verified with Aadhaar. • **Launched by** – Ministry of Labor and Employment on August 2021.
PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) • **Launched on** – June 1, 2020. • **Aim** – To provide collateral-free working capital loans to street vendors.
Pradhan Mantri Shram Yogi Maan-Dhan Yojana (PMSYM) • **Launched by** – The Ministry of Labor and Employment on February 2019. • **Aim** – To provide a minimum assured pension to workers in the unorganized sector, including migrant workers, upon reaching the age of 60. • **Beneficiaries** – Workers earning less than Rs 15,000 per month and offers a monthly pension of Rs 3,000 after they turn 60, ensuring financial security for their future.
Ayushman Bharat Pradhan Mantri Jan Arogya • **Launched on** – September 2018 by Prime Minister Narendra Modi. • **Aim** – To achieve Universal Health Coverage (UHC) by providing health coverage to India's most vulnerable. • **Coverage** – Over 12 crore families (nearly 55 crore individuals). • **Amount** – Provides Rs.5 lakh health coverage for secondary and tertiary health benefits to those migrant workers who are covered as eligible beneficiaries as per deprivation and occupation criteria. • **Geographical Treatment coverage** – The scheme's portability feature allows beneficiaries to avail treatment at any empaneled hospital across India, regardless of their home state.
Pradhan Mantri Garib Kalyan Yojana (PMGKY) • **Aim** – To Provide free food grains and direct cash transfers to families below the poverty line, including migrant workers.

Reference

1. The Hindu | Migration of Labor
2. PIB | Empowering India's Migrant Workforce

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