

# A Model on Urban Migration of Informal Sector Workers: with Reference to India

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**Abstract:** The informal economies in different countries have shown rapid growth since globalization[1] in 1990s[2]. A group of countries in Asia-Pacific, Latin America and Sub-Saharan Africa [3] have experienced growth in informal economy with a majority of non-agricultural work force. In India, while the rural sector is vulnerable (Srivastava & Vhatia, 2020) to seasonal fluctuations, the urban sector is better off. Thus, urban sector now-a-days comprises two sectors: i) formal and ii) informal for two separate categories of job-seekers. Formal sectors comprise I.T, manufacturing or Government jobs while informal sector consists of vast servicing activities (trade and commerce of low investment, hawking, gig works, domestic assistants and the like). However, the contribution of the informal sector to GDP in India has been 45% in FY 2022-23 as found from the report of the Ministry of Statistics and Programme Implementation (MOSPI, 2026). But the informal employment is very high, 80% to 90% of whole work force in this country. The net rural-to-urban migration numbers have been rising during Census decades, from 14.2 million in 1991-2001 to 18.7 million in the subsequent decade 2001-2011 (MOSPI). Based on the recent trends in migration in Indian urban sector [4], the present model is empirically an attempt to find the major pull and push forces for informal sector workers leaving the rural sector.

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## I. INTRODUCTION

### ➤ The Aim of the Model:

Based on the contemporary trends the model is an attempt to show the trajectory of urban migration towards informal sector employment in India.

## II. METHODOLOGY

The model is based on the secondary data, earlier studies and models in regard to urban migration. These have been helpful to deal with the changes in the matrix of urban migration. An equation is framed to show the major pull and push forces for migration of informal sector employees from rural to urban areas in the context of India.

### ➤ Hypothesis:

The model is primarily related to the urban migrants seeking employment in the informal sectors there. The assumptions are: i) Such persons face the challenges of regular employment in the rural sector and ii) they are inclined to live in low cost of living (usually in slums) in urban areas so as to maximise income at hand and also savings from the earnings.

### ➤ Drawback:

There are so many factors behind the pull and push forces for urban migration. Here, only two major factors [as above (i)&(ii)], which imply basically probable incomes of rural and urban sectors in the context of scope for self-

employment or gig works in the urban sector, are taken.

### ➤ Importance:

In the context of existing urban dynamics, the growth of informal sector may create interest for policy decisions particularly in the context of increasing gap in sectoral development - rural and urban, in the majority of developing countries in the world.

Economic history shows how urban migration has evolved over the centuries, from the Industrial Revolution in Europe to the present day. During this period, the transition from formal to informal sectors has been vital for creating employment in urban areas. Thus, the GDP share of the informal urban economy has become an important consideration in developing countries.[5] However, as the rural sector in many countries like India face challenges, the rural sector in such countries has created direct and indirect push forces driving urban migration.

## III. DISCUSSION

Migration of workers from rural areas increased during the Industrial Revolution (1760-1840) in Britain and some other parts of Europe. [6] [7] Both skilled and semi-skilled workers were brought for production of cloth and also operation and maintenance of machines, Then Coal and mining industries also came in existence. So, both skilled and unskilled labourers gathered in these industrial sites. The entrepreneurs also inclined to reduce costs of production with

cheap labour force. [8] [9]

Based on the contemporary labour migration and also the English Census an empirical model in this field was forwarded (a seminal paper) by Ernst George Ravenstein in London in 1885. It was shown that some difference in opportunities as measured by 'greater promise for remunerative labour in one part of a country related to another.' [10] [11] This created the pull force from the organised industrial sector at that time. This trend of urban migration, however, continued during the Industrial Revolution in Europe. Then the skilled workers operated machine while the semi-skilled maintained production. [12]

Pertinently, the concept of informal sector came much later, in September 1971, by the British Anthropologist Mr. Keith Hart. And this was on the basis of his studies on economic activities among rural to urban migrants [13]. However, after the World War Two, there arose reconstruction and development via rapid industrialisation [14] in the affected countries in the world as the new socio-economic matrix became important. Industrial areas got the status of urban sector while the rural sector was agriculture dominated.

At this juncture urban areas grew faster as the centres of socio-economic development [15], monetary vis-a-vis urban

living became attractive for its better civic facilities. This fact was shown by John R Harris and Michel Todaro in their model of Urban Migration in 1970. [16]. Based on their field research in East Africa (Specially Kenya) in 1964, they were inspired to formalise the model of rural-to-urban migration [17]. The main contention of this model was the 'expected income' of the migrants, rather than simple wage differential between rural and urban Sectors.[18] This means 'the income times the probability to find an urban job' in a situation even when urban unemployment is high and cities are overcrowded. [19] However, this analysis is related to formal urban job. [20] That is to say, employment is sought in the legally regulated organised sectors in urban areas (under written contracts, fixed working time including statutory benefits and social security). Thus, the growth of informal sector employment because of migration was basically beyond the scope of the Harris - Todaro model of migration.

In India, urban informal sector became the pull force of migration in recent decades, cheap labour supply in services like street venders, domestic workers (both male and female) waste pickers, delivery and gig workers comprise 90% (approx) in urban employment.[21] During 2011-12 to 2019-20 the increase in percentage of informal workers in the rural sector was (94.21% less 88.70%)=5.51%, while this was (85.53% less 78.68%)= 6.85%. for urban sector in 2019-20.

Table 1 Shows the Fluctuation in Percentages of Informal Workers in India 2011-12 to 2019-20 (Percentage)

|       | 2011-12 | 2018-19 | 2019-20 |
|-------|---------|---------|---------|
| Rural | 88.7    | 93.14   | 94.21   |
| Urban | 78.68   | 85.07   | 85.53   |

Source: Authors' Calculation [22] APTI.

Table-1 above shows that the employees in informal sector from 2011-12 in both urban and rural sectors have increased somehow rapidly but it fell in 2019-20 because of the effect of Covid-19. The trends have been shown in the Figure (below).

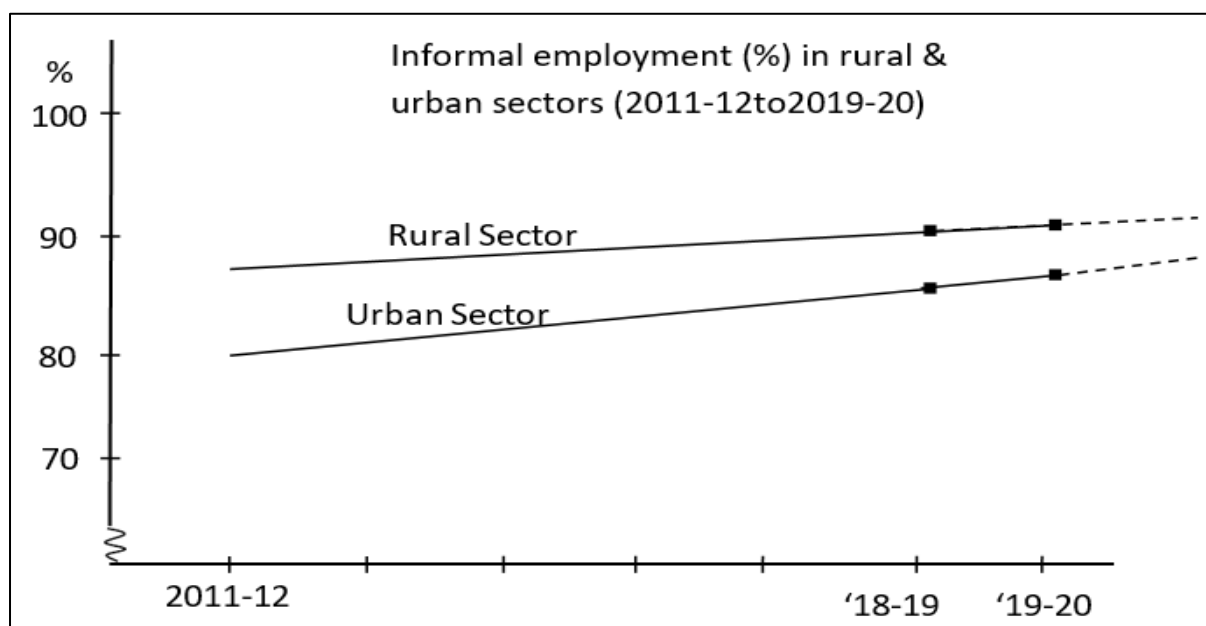


Fig 1 Shows that the Rate of Growth is Higher in Urban Sector, than that in the Rural Counterpart (2011-12 to 2019-20). The Dotted Parts of the Lines Show the Projected Period when the Urban Sector May Possibly Surpass the Percentage Composition of Informal Workers in Rural Sectors.

Notably, total fertility rate in urban India has shown 1.5 which is below the national replacement level of 2.1. [23] However, Bihar, UP, MP and Rajasthan TFR (Total Fertility Rate) is still above replacement level. [24] But the rural TFR is 2.1[25], i.e. the rate exactly equal to the national replacement rate (2.1). This is an important consideration for rising urban migration in the country. Still the major aspects in this context are as following:

- Underemployment: Socio-economic dynamics show that rural informal sector (agriculture, livestock and handicrafts) is highly cyclical and seasonal causing months of underemployment, [26] while jobs in urban informal sector (manufacturing, petty trade ,domestic services and transport) are mostly year round though often face intense competition and erratic hours of work. [27]

However, Periodic Labour Force Survey (PLFS) report shows, average monthly income of agricultural households and casual workers range between Rs 10,000/- to Rs 13,000/- in 2019 and rural daily wage of casual workers in India is Rs. 433/- while this is Rs. 537/- for males and Rs. 364/- for women in urban Sector (PLFS, July 2023). The difference in monthly income and in daily wage rates may not be very high as between the workers in rural and urban sectors. But challenges for regular employment are many in rural areas. These create the push forces for migration to urban informal sector. (Mehak Mazeed & Zahid Gulzer 2025).

- Cost of living consideration: In India Average monthly income in (regular salaried) formal sectors in major metros is often closer to Rs. 21,000 (2024) while for the informal sector workers there it ranges between Rs. 9,000 and Rs. 13,200 (2024) [28] This reflects The incidence of low cost of living for informal workers residing in urban areas (preferably in slums), this is adopted by informal workers to take-home money [29] and also for savings.

Besides, mandays of work widely vary as between the rural and urban Sectors. In rural areas this is 150-180 days in (including those under Govt. schemes) a year while this is 250 to 300 (2026) days in unorganised urban sector. [30][31] Thus higher mandays with higher income may become important pull force for the migrant workers. The opportunity cost (i.e. the value of next best alternative that is given up when making a choice) becomes low if migration in such case is opted. [32]

The above discussion shows that migration of the informal workers does not depend on the expected income as in the formal sector. But it is to find better opportunities of employment while there are challenges in the rural sector as in India.

Based on the above aspects, the model for urban migration of informal workers can be shown as following equation:

$$\{(U_w \times M_u)^{\frac{1}{x}}\} - \{(R_w \times M_r)^{\frac{1}{y}}\} > 0$$

$U_w$  = urban wage-income in informal sector  $M_u$ =Mandays of informal jobs in urban Sector  $R_w$ = Rural wage-income

$M_r$ = Mandays of informal jobs in rural Sector;  $x$  and  $y$  are variables and inversely related to income in urban and rural sectors respectively.

(In the equation  $x$  stands for the average cost of living for the urban informal workers and  $y$  is the rate of underemployment of rural workers willing to migrate.)

It implies when  $x$  is low, it will increase informal workers' income; and when  $x$  is high, income will fall. Again when  $y$  is high, it will reduce income in the rural sector and when  $y$  is low, it will increase workers' income. This means better informal sector income in urban areas is compared with low average income in rural areas. This is the situation when urban migration will increase ( $>0$ ).

When the result is  $<0$ , it means counter migration (urban to rural areas) and when it is  $= 0$  it means equilibrium condition.

Urban informal sector is growing fast. The Government India has provided various measures such as PM SVANidhi, PM-SYM, PMJJBY, PMSBY including legal Protections (The Street Vendors Act, 2014) and National Food Security Act (NFSA). [33] These measures show the growing importance of urban informal sector in Indian economic growth.

#### IV. CONCLUSION

This model is on the rural-to-urban migration of informal workers. Here data reveal that both average mandays and wage income are low in the rural sector compared to those in the urban Sector. The challenges in the rural sector generated the push force for the rural job seekers. And the varieties of jobs along with higher number of mandays in urban sector create the pull force for rural job seekers who are willing to join the urban informal employment. Even these workers sometimes are living with hardship in slums so as to reduce the cost of living in the urban conditions. Anyway, here the model shows that these major push and pull forces have brought about growth in rural-to-urban migration vis-a-vis informal sector employment in India in recent decades.

➤ Words Used:

|                 |                 |                  |
|-----------------|-----------------|------------------|
| Urban migration | Dynamics        | Urban Sector     |
| Underemployment | Matrix          | Challenges       |
| Cost of Living  | Formal Sector   | Gig worker       |
| Trajectory      | Informal Sector | Opportunity cost |
| Adversity       | Rural Sector    | Empirically      |

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