

Support for lives on the move

A national policy for internal migration is needed to improve earnings and enable an exit from poverty



G. ARUN KUMAR & M. SURESH BABU

Though migration is expected to enhance consumption and lift families out of absolute poverty at the origin, it is not free from distress – distress due to unemployment or underemployment in agriculture, natural calamities, and input/output market imperfections. Internal migration can be driven by push and/or pull factors. In India, over the recent decades, agrarian distress (a push factor) and an increase in better-paying jobs in urban areas (a pull factor) have been drivers of internal migration. Data show that employment-seeking is the principal reason for migration in regions without conflict.

The costs of migration

However, at the destination, a migrant's lack of skills presents a major hindrance in entering the labour market. Further, the modern formal urban sector has often not been able to absorb the large number of rural workers entering the urban labour market. This has led to the growth of the 'urban informal' economy, which is marked by high poverty and vulnerabilities. The 'urban informal' economy is wrongly understood in countries such as India as a transient phenomenon. It has, in fact, expanded over the years and accounts for the bulk of urban employment.

Most jobs in the urban informal sector pay poorly and involve self-employed workers who turn to petty production because of their inability to find wage labour. Then there are various forms of discrimination which do not allow migrants to graduate to better-paying jobs. Migrant workers earn only two-thirds of what is earned by non-migrant workers, according to 2014 data. Further, they have to incur a large cost of migration which includes the 'search cost' and the hazard of being cheated. Often these costs escalate as they are outside the state-provided health care and education system; this forces them to borrow from employers in order to meet these expenses. And frequent borrowing forces them to



"Data show that employment-seeking is the principal reason for migration in regions without conflict." Migrant workers in New Delhi. ■ AP

sell assets towards repayment of their loans. Employment opportunities, the levels of income earned, and the working conditions in destination areas are determined by the migrant's household's social location in his or her village. The division of the labour market by occupation, geography or industry (labour market segmentation), even within the urban informal labour market, confines migrants to the lower end. Often, such segmentation reinforces differences in social identity, and new forms of discrimination emerge in these sites.

The benefits of migration

Despite these issues, internal migration has resulted in the increased well being of households, especially for people with higher skills, social connections and assets. Migrants belonging to lower castes and tribes have also brought in enough income to improve the economic condition of their households in rural areas and lift them out of poverty. Data show that a circular migrant's earnings account for a higher proportion of household income among the lower castes and tribes. This has helped to improve the creditworthiness of the family members left behind – they can now obtain loans more easily. Thus, there exists a need to scale-up interventions aimed at enhancing these benefits from circular or temporary migration. Interventions targeting short-term migrants also need

to recognise the fact that short-term migration to urban areas and its role in improving rural livelihoods is an ongoing part of a long-term economic strategy of the households. Local interventions by NGOs and private entrepreneurs also need to consider cultural dimensions reinforced by caste hierarchies and social consequences while targeting migrants.

Why a national policy?

The need for a national policy towards internal migration is underscored by the fact that less than 20% of urban migrants had prearranged jobs and nearly two-thirds managed to find jobs within a week of their entry into the city, as a study in the early '90s showed and that we verified through field work in Tamil Nadu in 2015. The probability of moving to an urban area with a prearranged job increases with an increase in education levels. Access to information on employment availability before migrating along with social networks tend to reduce the period of unemployment significantly. Social networks in the source region not only provide migrants with information on employment opportunities, but are also critical as social capital in that they provide a degree of trust. While migrants interact with each other based on ethnic ties, such ties dissipate when they interact with urban elites to secure employment.

In India, the bulk of policy interventions, which the migrants could

also benefit from, are directed towards enhancing human development; some are aimed at providing financial services. As government interventions are directed towards poverty reduction, there is a dearth of direct interventions targeted and focussed on regions. Policies on this could be twofold. The first kind could aim at reducing distress-induced migration and the second in addressing conditions of work, terms of employment and access to basic necessities.

Narrowly defined migrant-focussed interventions will not enhance the capabilities of migrants that could lead to increased earnings and an eventual exit from poverty. There is also a need to distinguish between policy interventions aimed at 'migrants for survival' and 'migrants for employment'. Continued dynamic interventions over long periods of time would yield better results compared to single-point static interventions, especially in the context of seasonal migrants. Local bodies and NGOs which bring about structural changes in local regions need to be provided more space.

There is a lack of focussed intervention aimed at migrants. Interventions aimed at enhanced skill development would enable easier entry into the labour market. We also need independent interventions aimed specifically at addressing the needs of individual and household migrants because household migration necessitates access to infrastructure such as housing, sanitation and health care more than individual migration does. Various interventions must complement each other. For instance, government interventions related to employment can be supported by market-led interventions such as microfinance initiatives, which help in tackling seasonality of incomes. Policy interventions have to consider the push factors, which vary across regions, and understand the heterogeneity of migrants. As remittances from migrants are increasingly becoming the lifeline of rural households, improved financial infrastructure to enable the smooth flow of remittances and their effective use require more attention from India's growing financial sector.

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Strategies for autonomy

With Trump, will India be able to maintain its choices?



VARGHESE K. GEORGE

The scope of Open Embrace, writes Varghese K. George, Associate Editor of The Hindu, in the introduction, is to explore how U.S. President Donald Trump and Prime Minister Narendra Modi, both driven by notions of nationalism, are reshaping the U.S. and India, respectively, and the impact of that process on their external ties. An extract:

While Indian foreign policy has evolved over the decades, what has not changed is the concept of strategic autonomy, which is that India would not join any military alliance, would always keep its choices open and would choose what is good for it depending on the situation at a particular moment. Some commentators have derided strategic autonomy as a rigid ideological position that has prevented India from achieving more in the international arena. Some have said that India should have become an ally of the U.S. several decades ago, and by not doing so, it had limited its potential.

Ties that bind

Strategic autonomy has recently been at the forefront of discussions largely due to India's ever-tightening embrace with the U.S. As the two countries inch closer to one another, will India be able to maintain its autonomy of choice and independence? Will it become a satellite of the U.S., dragged by it into alliances and wars of its choosing?

Undoubtedly, the U.S. is crucial to India's progress as a key source of technology and capital and as the foremost destination for its students and jobseekers in various sectors. Many advocates of continuing expansion of India-U.S. ties say that strategic autonomy is useless and counterproductive. Why not join the U.S. wholeheartedly and derive full benefits of being an ally of the most powerful military force and home to the best technology in the world?

The U.S. shares its most advanced technologies and intelligence only with its closest allies. The NATO allies and Israel are top-most in this pecking order. For instance, only they have been given F-35 fighter planes, the most advanced of America's fighter planes yet. The Guardian-series Unmanned Aerial Vehicles have been sold only to NATO allies till date, and now India has been offered them as a special gesture. India's re-

quests for advanced technologies routinely get entangled in the foundational question – has any other country that is not a military ally been given this particular technology? Whenever the answer is 'no', its request could be denied. For instance, a new plane for the travel of India's Prime Minister, being negotiated between India and American manufacturer Boeing, will come without a lot of advanced communication equipment unless both countries manage to conclude a treaty that governs its use. Hence one can argue that there are benefits of signing up as a military ally of the U.S.

The counter to this argument is that given the drastic changes in U.S. position across several crucial issues, India might have done well by never aligning with it as an ally. The U.S. had been pushing India to open its markets more to global trade, but has now suddenly turned against the same, under Mr. Trump. The U.S. under Barack Obama put tremendous pressure on India to ratify the Paris Agreement. But his successor has announced a withdrawal from the pact and ordered an end to all measures for its implementation.

■ Open Embrace: India-U.S. Ties in the Age of Modi and Trump
Varghese K. George
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Several U-turns

Even before Mr. Trump, if one considers the last two decades of accelerated engagement between the two countries, the U.S. has

made abrupt U-turns on many foreign policy issues, much to India's discomfort. It has alternated between trying to befriend and confront China – something that continues under Mr. Trump; it has sought to ignore Pakistan, punish it and then woo it with money and weapons; it has tried to contain Iran and then open up to it and, now, contain it again; and it has given conflicting signals on Afghanistan. President Obama wanted India to take a tougher stand against the military junta in Myanmar, and then went ahead for a rapprochement with them himself. Strategic autonomy has allowed India to have its own policies towards these countries to a great extent, in the midst of the flux that the U.S. often contributes to.

Mr. Modi and his key adviser in the initial years, S. Jaishankar, did not use the phrase strategic autonomy in the beginning. But in his speech at the Shangri-La Dialogue in June 2018, Mr. Modi said: "It is a measure of our strategic autonomy that India's Strategic Partnership, with Russia, has matured to be special and privileged." The speech itself was an elucidation of the age-old policy of India's strategic autonomy.

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SINGLE FILE

A clear purpose

The basic purpose of journalism is the accurate reporting and analysis of facts

BILL KIRKMAN



When I became a journalist (more than 60 years ago) I was always conscious of what my readers expected. Essentially, they were not particularly interested in my opinions, but rather in my interpretation of the facts which I was bringing to their attention. Of course, there

were, and still are, columnists whose role is specifically to provide opinions.

Thinking recently about what the purpose of basic journalism should be, I constantly return to this principle – the interpretation of facts. For this, journalists need to be well informed and up to date with information.

This requires continuous attention to the facts. Political situations change, and the journalist's job is to keep up to date with the changes. Covering national politics provides a good example of this. In the U.K., for example, great arguments are going on about how Brexit will evolve, and how Britain will amend its relationship with the EU. The arguments are complex, and they are closely linked to the role of the Prime Minister, her relations with fellow Ministers, and public reactions to these issues.

There is no simple way through all this, but it is surely the case that the public, the readers of the newspapers, expect the journalists to keep up to date with changing information and present it analytically, in a way that leads to greater understanding.

This, of course, applies to news coverage in other countries as well. In India, to take one example, changes are taking place over sexual harassment laws, which the Indian government is considering tightening. This follows many recent complaints of abuse lodged by women. The issue has been brought to the forefront of politics. The question of the role of women in India is important, and it requires balanced reporting and analysis.

In the EU, the likely effects of Britain's planned departure are the subject of continuing discussion. The issues raised include not simply the changing relationship between Britain and the EU, but also the changes that are occurring within the EU, and the effects which they are having on individual EU countries, and their relationship with each other. The EU will not remain the same – and accurate and balanced coverage of the changes is important and needs careful analysis.

Another important area where changes are taking place is the U.S. The role and behaviour of President Donald Trump is very clearly highly controversial. He is, to put it mildly, an eccentric President. His actions are always newsworthy. But in covering them it is important both to assess the facts, and to consider carefully their implications – not just for the U.S. but also for the rest of the world.

What this underlines is the basic purpose of journalism – the accurate reporting and analysis of facts.

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FAQ

Tussle for power

The RBI-government row throws up questions about the central bank's autonomy

K. BHARAT KUMAR

What is the RBI aggrieved about?

One, the Reserve Bank of India wants more powers over regulating public sector banks (PSBs). Two, it feels that the government should not dictate the quantum of its surplus that can be paid as annual dividend. And three, it is miffed that the Centre has suggested a separate payments regulator.

Does it have a point?

Slammed for poor regulation following the fraud at Punjab National Bank, RBI Governor Urjit Patel told a parliamentary panel in June that it does not have enough powers over PSBs. But the RBI does have nominee directors on bank boards. It leads physical inspection at banks and financial audits. It has also orchestrated mergers between banks whenever a bank has been on the verge of collapse (for

instance, Global Trust Bank merged with Oriental Bank of Commerce). So, the RBI does have adequate control over PSBs but may not be exercising it fully.

The RBI earns income from lending to commercial banks and from purchase and sale of government securities. It also has a surplus seigniorage (the difference between the value of notes that it prints and the cost of printing and distributing them). After setting aside an amount for contingency and asset development, the RBI transfers the surplus to the government. In 2016, that amount was ₹65,876 crore; this dropped to ₹30,659 crore in 2017. This year, it paid ₹50,000 crore to the government. One view is that if the RBI dips further into its reserves to pay the Centre, this would weaken its balance sheet. On the other hand, the RBI is accountable to the government. Plus, globally, central banks do transfer

surplus reserves to their governments.

As payment systems fall under monetary policy, a separate payments regulator is unwarranted.

Why is the government miffed?

The RBI's circular on February 12 stressed assets recognition as a sore point. The regulator scrapped all the past restructuring mechanisms and said that if a borrower delayed payment for even one day, he should be dragged to an insolvency court and the asset classified as a non-performing asset (NPA).

The Centre sees the prompt corrective action (PCA) framework by the RBI, which restricts weak banks from lending, as contributing to the liquidity crisis. It also wanted special dispensation by the RBI to help non-banking finance companies (NBFCs) apart from relaxed norms for lending to micro, small and

medium enterprises.

Are these arguments valid?

Mr. Patel calls the circular as "Samudra Manthan" (when you churn the ocean, it is unavoidable that some poison will precede the nectar). Bankers, industry and the government view the circular as harsh and are unhappy with its timing.

The RBI is right in placing weak banks under the PCA. If anything, the RBI says, it has helped control the problem of bad loans. The government wants the PCA diluted so that bank lending rises, thereby easing the liquidity crisis. The RBI could have heeded the Centre's signals on easing liquidity through extraordinary measures in addition to routine open market operations. It is a fact that NBFCs, housing finance companies and microfinance institutions are in a spot of bother due to the squeeze on liquidity.

FROM The Hindu. ARCHIVES

A HUNDRED YEARS AGO NOVEMBER 1, 1918.

Turkey Surrenders.

In London on October 31, at 4 P.M., Reuter is informed that Britain has officially received definite peace proposals from Turkey which are regarded as tantamount to an unconditional surrender. At 4 P.M., Turkey agreed to an armistice. At 5.20 P.M., it is understood that Turkey has offered to lay down arms in all theaters and release all British prisoners. The news is momentarily expected of the opening of the Dardanelles and the occupation of Constantinople by British Naval forces. At 5.50 P.M., in the [House of] Commons Sir George Cave announced that an armistice between the Allies and Turkey was signed last night and came into operation at noon to-day. It was not yet possible to give the full terms, but they included free passage of the fleet through Bosphorus to Black Sea. Occupation of the forts of Dardanelles and Bosphorus necessary to secure passage and immediate repatriation of British prisoners. (Loud and prolonged cheers). The Turkish press is disposed to credit the current report that Turkey is negotiating with the Entente.

A Full-time Coroner for Bombay.

In reply to a memorial to H.E. the Governor submitted by Sir Jamsetjee Jijiboy, President of the Parsi Panchayat, on behalf of some of the inhabitants of Bombay of various communities for the appointment of a lifetime Coroner for the city of Bombay, the Secretary to the Government states that "on a careful examination of cases in which inquests were held during the last three years the Government find no evidence of any considerable delay in the completion of inquests to the point at which orders releasing the body were passed. They therefore regret that they cannot accede to the request for the appointment of a full-time Coroner, which would involve considerable expense.

CONCEPTUAL

Crowding out effect

ECONOMICS

This refers to a phenomenon where increased borrowing by the government to meet its spending needs causes a decrease in the quantity of funds that is available to meet the investment needs of the private sector. Some have argued that the diversion of investment funds away from the private sector adversely affects economic growth. Others, however, believe that government spending does not always lead to a crowding out of private investment in the economy. They instead argue that government demand for funds can compensate for the lack of private demand for funds during economic depressions, thus helping to prop up aggregate demand.

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