



Economic Importance of Migrant Labor in Kerala

Amal Sivadasan¹, Ananthu¹, Anoop Jayan¹, Namitha Rani Behera² and V. Ramalakshmi^{1*}

¹Krupanidhi College of Management, Bengaluru - 560035, Karnataka, India; mba.kric@krupanidhi.edu.in

²Department of Management, Krupanidhi Degree College, Bengaluru - 560035, Karnataka, India

Abstract

Migration substantially results in economic benefits. The agricultural, manufacturing, and service sectors are increasingly reliant on low-wage migrant labour; according to both substantial studies and smaller-scale, on-the-ground assessments. Employers can more easily “hire and fire” migrants since they are the most adaptable labour category. As a result, many people travel to Kerala each year to work as seasonal labourers. They play a significant part in the growth and survival of Kerala’s economy. Changes in the labour market, increased tax income for the government, and overall economic expansion are connected with worker movement. To examine the current pattern of worker migration and the availability of local workers in rural economies. The researcher selected a descriptive research technique that relied heavily on secondary sources to gain a deeper understanding of this phenomenon. Publications such as books, newspapers, journals, articles, and internet platforms such as blogs and wikis are examples of secondary sources. This article examines the frequency and relevance of migrant workers in the state’s current labour market and the availability of local labour in Kerala’s informal rural labour market. By segmenting the labour market in Kerala by industry, this study will assist in determining the extent to which migrants have affected the state’s economy. The rural Indian labour market has shifted from agriculture to service and industrial industries. The number of persons employed in manufacturing and services is growing yearly, while employment in agriculture is deteriorating. The government is in trouble because poor people are willing to perform physical labour. There was a need for low-cost physical labour in Kerala; therefore, migrant workers from other countries arrived to fill the need. Without the assistance migrant workers give in areas with a severe shortage of local staff, firms would fail.

Keywords: Employment, Economic Development, Migrant Labor

1. Introduction

Agriculture no longer holds the position of Kerala’s primary economic driver as tourism and other service sectors have increasingly taken on that role¹. The influx of foreign investment has contributed to the growing demand for public and private services². Kerala’s real estate, banking, and professional services sectors-including IT- grew significantly in the 2010s. This industry has grown more than 9% annually between 2012-13 and 2018-19. Currently, it is the second-largest contributor to GSDP (Gross State Domestic Product) in Kerala, with its share rising from 16.8% in 2011–12 to 21.6% in 2018-19. While industrial investments have declined, the absence of labour regulations has benefited Kerala’s service industry.

Consequently, a notable disparity exists between the demand for specific occupations and the availability of skilled individuals in the labour market. Kerala boasts a high literacy rate of 96.11%, resulting in more educated residents seeking opportunities and higher wages abroad, leading to a shortage of skilled and professional employment opportunities³. This tendency has reduced job applications in Kerala, particularly for low-skilled jobs, necessitating contract workers^{4,5}. The environment can either attract or compel individuals to relocate. People move for various reasons, such as to improve their financial situation, quality of life, healthcare, and education⁶. Poverty, unemployment, population density, agricultural challenges, pull factors like better parenting, lack of community engagement in suburban areas, natural

*Author for correspondence

disasters, and inside conflicts based on creed, caste, and race contribute to migration⁷. Layoffs due to social and economic instability have forced many to look for work elsewhere. These conditions have brought many temporary labourers from neighboring Indian states to Kerala.

2. Literature Review

Labour migration is when people relocate for work. Migration and remittances boost income, poverty, health, education, and economic growth in receiving regions. These gains may come at a cost to migrant-settled communities. It studies the evolution of remittances transferred from West Bengal to Kerala by migrant construction workers but is no longer relevant due to the spread of COVID-19⁸. By analyzing a Sunday market in Perumbavoor, Kochi, Kerala, that serves migrants, researchers analyze the concept of social security⁹. It investigates the financial problems and personal lives of West Bengali expatriates who have migrated to several southern Indian states and are engaged in various occupations¹⁰. This article discusses the widespread wage disparities produced by Kerala's large domestic worker population and proposes changing the state's wage policy and labour regulations¹¹. The challenges experienced by migrant workers in Kerala, India, despite the issues affecting the whole area¹². This study produces a data series from 1972 to 2000 to analyze the amount of foreign capital flowing into the economy of Kerala¹³. Kerala provides appealing employment opportunities to individuals from other parts of India due to higher income, larger-than-usual jobs, and a shortage of local labour¹⁴. According to a study titled "Tamil migrant income generation," these employees earn much more than their Tamil Nadu colleagues. Due to the city's high cost of living, Kochians typically work longer hours for the same or a lower wage than in other cities¹⁵. The purpose of this research was to integrate data from secondary sources to investigate the government's reaction to a worker's suffering during the COVID-19 epidemic, efforts to increase the social security of employees, and worker migration in Kerala¹⁶. This research investigates the phenomenon of labour migration, concentrating on the plight of migrant workers who lack the opportunity to form intimate ties with natives and, as a result, are unaware of local norms surrounding pay, worker protections, and working conditions.

3. Research Gap

Numerous scientists and government officials have researched the causes of internal migration, the social and economic consequences, and the incomes of those undertaking the journey. However, no research has evaluated the extent to which migrant labour has affected the economy of Kerala. Therefore, the goal of this study is to highlight the economic contributions of migrant labour to Kerala.

4. Research Plan

- How often do local labourers in rural Kerala work in the fields, and how much do they earn?
- The current economic dominance of temporary labour

5. The Objective of the Study

- To establish the skill levels of the local population in Kerala.
- To know how prevalent temporary workers are in the current economy.

6. Research Problem

Kerala's population is expected to rise from 3 million to 5-5.5 million by 2020 due to migration from surrounding states. According to State Planning Board figures for 2021, over 40 lakh Keralites work outside India, while 13,73 lakh are employed within India. According to these findings¹, there appears to be a disparity between the demand and supply of labour in Kerala.

The fact that educated young people in Kerala are adaptable and prepared to leave the country for higher income¹⁷ is a fifth important factor. By selecting professional employment, they are decreasing the number of manual labourers in the state. Many migrant workers are drawn to Kerala by its high wages, rapid urbanization, and severe labour shortage. Employing foreigners is required since insufficient qualified native workers are accessible¹⁸. It is uncommon for corporations to search for individuals in neighboring states to take advantage of their lower pay rates. The dynamic character of the informal labour market in Kerala is examined¹⁹.

7. Significance of the Study

This study employed descriptive research methods and relied on secondary sources, including books, periodicals, newspapers, and online resources such as government databases. To conduct this investigation, the researcher conducted searches on Google Scholar and Sci-Hub using keywords like “economic development,” “migrant workers,” “manual labourers,” and “rural labour market.” The relevant articles were identified through a comprehensive web search complemented by human curation. This study examines Kerala’s labour market and temporary workers to determine how migrant workers affect the economy.

8. Workforce in Kerala

As more people relocate to urban parts of Kerala in search of higher-paying jobs in other industries, the number of individuals available to work in agriculture is declining, threatening the way of life of a substantial portion of rural India and Kerala. The number of agricultural occupations as a source of income for rural populations has dropped. In contrast, manufacturing, construction, and services now account for a more significant share of the gross domestic product. This positive trend must continue for rural communities to enjoy a more stable economy and higher living. The construction industry significantly contributes to this shift in the workforce demographics²⁰.

9. Factors Contributing to Employment Decline

As a result of changes in the state’s population, Kerala is no longer in a good position to profit from the demographic dividend. The falling birthrate has expedited demographic change in Kerala. During the same period, Kerala’s employment rate climbed by only 0.5%, compared to a national rise of 3.3%. Only a few North and East India states are anticipated to experience considerable growth in their working-age populations. Meanwhile, the population of Kerala is rapidly aging. From 2001 to 2011²¹, the number of those aged 60 and over in Kerala increased by 1.1 million, roughly in line with the rise of the working-age population.

Based on data from the 2017-18 Labour Survey and the 2011-12 Census of India, it was estimated that as of

January 1, 2018, 127 million people were employed in Kerala. Compared to the 93.7 million men who were working, just 33.4 million women were employed²². In Kerala, men constituted 50.5% of the workforce, while women accounted for only 16.4%. These rates came within a hair of the national medians²³. In 2017-18, Kerala’s female labour force participation rate was higher than the national average of 17.5%. Kerala has a far greater rate of unemployed women than the rest of the country²⁴.

In 2014, 21.3% of Kerala’s labour force was involved in agriculture and related industries. This represented 16.7 percent of all state workers. Kerala employs a far smaller proportion of its population in agriculture and associated industries than the rest of India. Creating quality jobs in Kerala’s secondary and tertiary sectors is increasingly challenging as many individuals leave the agricultural industry for other businesses²⁵.

Construction employed around 24 million people in the state while manufacturing employed another 15 million. In Kerala, 65.5% of the labour force was engaged in providing services to others. 19.7 million women make up Kerala’s labour force of 33.4 million. 2014 more than eight million women were employed in Kerala’s health and education sectors. The tertiary sectors of Kerala’s economy, which include information technology, healthcare, real estate, finance, the public sector, professional services, and higher education, employ most of the state’s labour force. Most of the state’s 25.9 million employed citizens, or 13.3 million, were employed in these industries. Applicants for these positions are frequently required to have extensive education and extensive professional experience. 4.6% of all jobs in Kerala are located in this industry. In Kerala, India, 8.3% of working women are employed in these occupations. Both internal movement inside a state and exterior movement to another state are viable options²⁶.

10. Kerala’s Seasonal Worker Economy

The arrival of foreign immigrants in Kerala has provided a cost-effective workforce and fulfilled the state’s need for manual labourers. Migrant employees exhibit similar behaviors to their native-born counterparts²⁷ and contribute significantly to the state’s economic growth by performing various tasks on farms. Due to workforce shortages, they facilitate numerous economic processes²⁸.

Despite their importance as a future workforce, guest workers are often underappreciated and rarely studied by scholars, leaving their lives and impact largely unexplored²⁹. Therefore, this study considers several factors, including the migrants' socioeconomic status, the circumstances surrounding their recruitment, their employment and remittance patterns, their living and working conditions in the state, their contacts with the local workforce and the public, and how their migration impacts labour and economic markets.

The present change in Kerala's informal labor market suggests a substantial influx of migrant laborers from different states.

Migrant workers grew from 2,85,821 to 3,93,281 on July 31, 2019. West Bengali migrants constitute the majority of Kerala's population. Figure 1 depicts the distribution of temporary employees per state. The majority of temporary workers in Kerala reside and work in Ernakulam. Figure 2 displays migrant labourers from other states who have settled in the districts of Kerala.

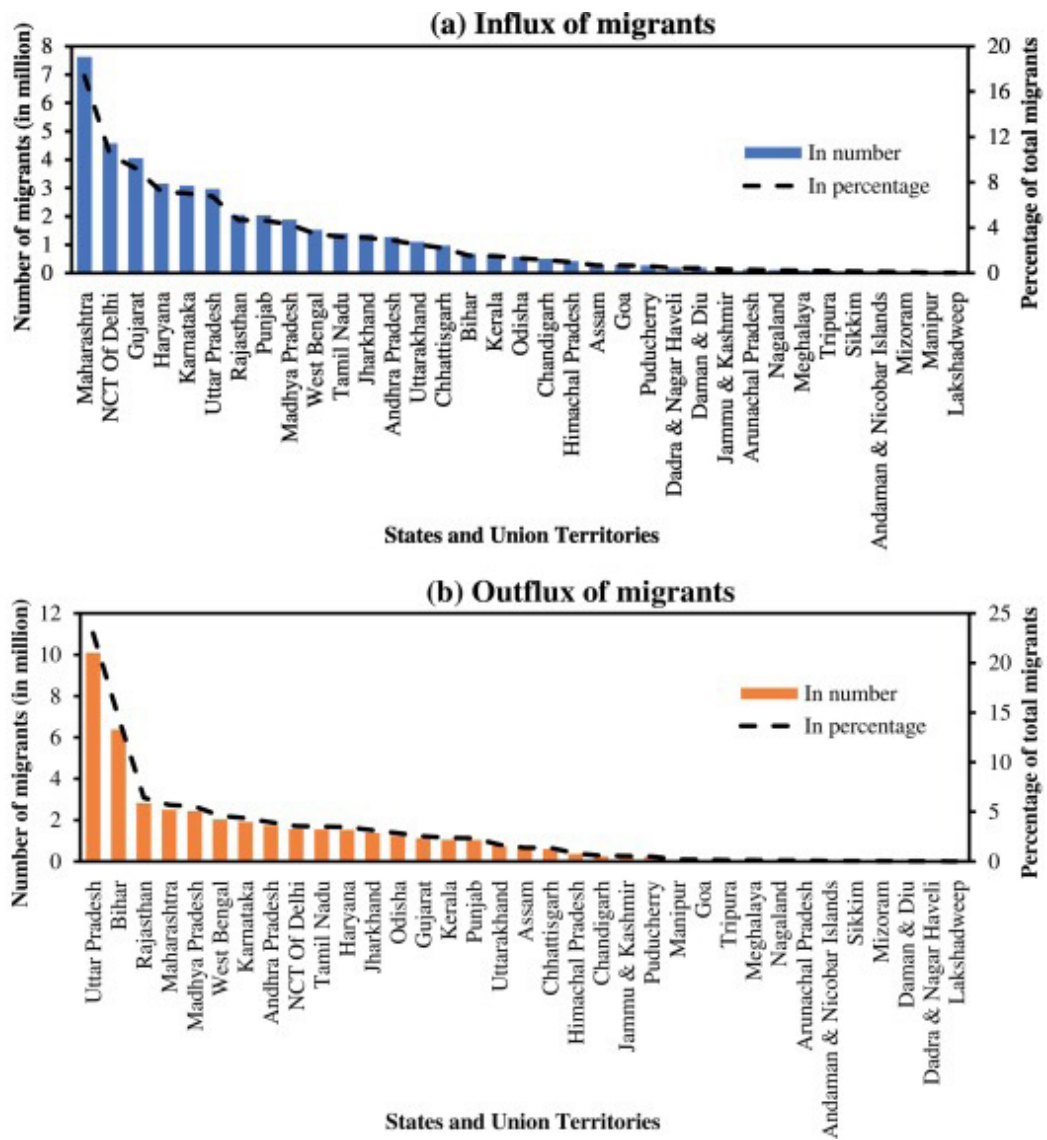


Figure 1. Different states have migrant workers³⁰.

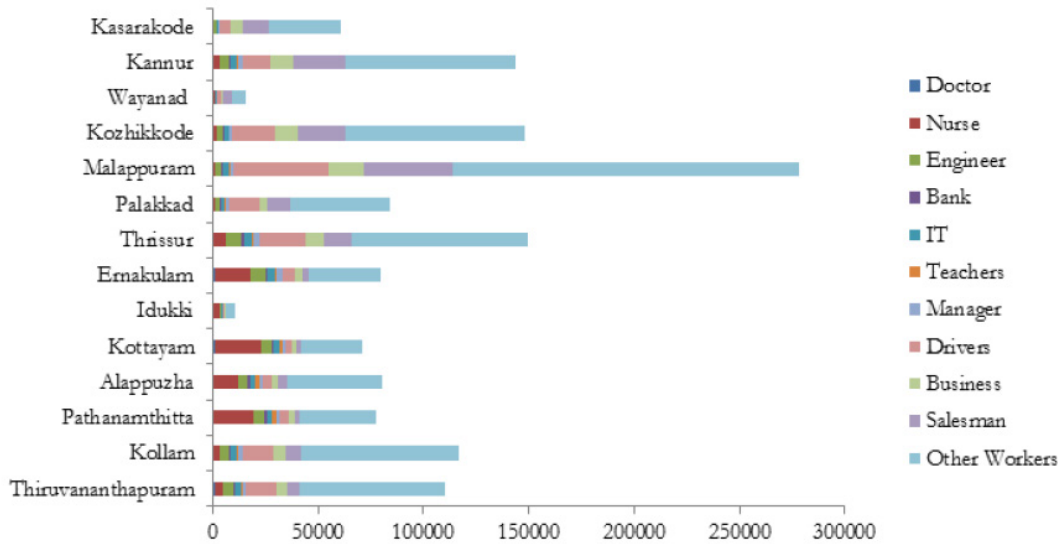


Figure 2. Kerala's district-level inside people³¹.

11. Suggestion

Companies and brokers regularly exploit foreign labourers. Those responsible must work to stop or substantially reduce exploitation.

Earnings may drop if many low-paid workers enter the labour market. The government should apply stringent limits to balance the supply and demand for labour.

12. Conclusion

Farmers in rural Kerala are losing labourers to service and industrial businesses. The administration acknowledges that there is an urgent demand for physical work. The flood of migrant labourers helped alleviate Kerala's lack of physical labour and brought lower wages. Due to a persistent labour shortage, migrant labourers have become vital to Kerala's economic progress.

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