

Migration and Informalization of Kerala's Labour Market

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Abstract—The nature and characteristic of labour market is decisive in employment policy. Migration is a crucial determinant of labour market. This paper seeks to compare the trend of in-migration and out-migration and analyses its impact on Kerala's labour market. The paper shows that in-migration has accelerated the pace of informalization of secondary and tertiary sectors of Kerala, leaving the primary sector stagnant. The paper also looks into the distribution of gender wise data on migration. The paper also tests whether there is equalization of wages over the long run and the resultant change in labour absorption in the context of Kerala economy.

Index Terms—Labour market, Labour absorption, Informalization

I. INTRODUCTION

The origin of the concept of informal sector is in the models¹ of dualism. It shows the dichotomy of a labour market. It is the remaining part of the labour market when the organized sector is deducted from the total size of the labour market. The informal sector plays a pivotal role in Indian economy as its size of employment has been more than 90 percent since independence as per previous Census of India. Migration as an equilibrating force that cleared the labour market, given the wage difference between rural and urban areas, was identified in Harris – Todaro model² of rural –urban migration. During the course of economic development, Kerala has been a

major destination of both in-migration and out-migration. In this context, this paper seeks to compare the trend of in-migration and out-migration and analyses its impact on Kerala's labour market. The paper also examines whether there is equalization of wages and absorption of more labour in the formal sector of the economy in the long run.

1. J.H. Boeke, "Economics and Economic Policy of Dual Societies ", New York, 1953, pp 3-5 and B. Higgins, "Economic Development ", New York, 1968, pp 17-20
2. J.R.Harris and M.P.Todaro , "Migration, Unemployment and Development: A Two-sector Analysis ", American Economic Review, March 1970, pp 126-142

The major sources of data include the Census of India, 2011, Economic Review 2025 of State Planning Board, Kerala, Department of Economics and Statistics, National Accounts Statistics, Periodic Labour Force Survey of Central Statistical Organization and National Sample Survey Organization. The Census of India provides the number of migrants by sector, by age groups, by gender social groups and the reasons for migration. In order to supplement the secondary data, a field study using a structured interview schedule was also conducted.

Table I
Shares in GSVA and shares in employment

Sector	GSVA (Kerala)	GVA (India)	Shares in employment (Kerala)	Shares in Employment (India)
Primary	8.06	16.38	27.30	46.30
Secondary	28.49	28.69	24.17	23.96
Tertiary	63.45	54.93	48.53	29.73
Total	100	100	100	100

Note: Share in employment data are from Periodic Labour Force Survey, 2023-2024.

Source: Department of Economics & Statistics for GSVA, National Accounts Statistics for GVA,

II. CSO FOR SHARE IN EMPLOYMENT

Table 1 provides the data on shares in Gross State Value Added and shares in employment. The sectoral distribution of Gross State Value Added (GSVA) shows that the service sector dominates the economy with 63.45 per cent share in GSVA during 2024 – 2025. There is a slight increase in the share of the secondary sector in GSVA. In the secondary section, construction continues to have the highest share (14.09 per cent) in 2024 – 2025, followed by manufacturing (13.08 per cent). Both the tertiary and secondary sectors of Kerala economy are the significant absorbers of migrants, compared to the primary sector. The data on migration are analysed in the following section.

As per the Census data, total number of internal migrants in Kerala increased from 9.2 million to about 18 million during the year 2001 and 2011. While the number of male migrants increased from 3.4 million to

7.3 million, the number of female migrants increased from 5.8 million to 10.5 million during the same period. Although the number of female migrations is much higher than that of male migration in Kerala in terms of absolute numbers, the growth of male migration is higher than that of their female counterparts. During this period while male migration grew at 11.6 percent per annum, the annual growth rate of female migration was only about 8. percent during 2001 and 2011. Out of these internal migrants, a large share of them were found migrated within Kerala. During 2001, about 94.5 percent of the total internal migrants in Kerala were belonging to Kerala only.

The share of other state migrants in Kerala is only about 5 percent of the total internal migration in Kerala. It increased from 4.5 lakh to about 6.5 during the period 2001 and 2011. The annual growth rate of other state domestic migrants in Kerala was only 4.4 percent.

Table 2
Size of migrants in Kerala (2001-2011)

By Migration Distance	Number of migrants (lakhs)					
	2001			2011		
	Persons	Males	Females	Persons	Males	Females
Within the District	63.4	22.0	41.5	139.3	56.5	82.8
Inter-Districts	23.4	9.2	14.2	31.2	12.2	19.0
Within Kerala (sub-total)	86.8	31.2	55.7	170.5	68.8	101.8
Other states of India	4.5	2.3	2.2	6.5	3.4	3.1
Other Countries	0.5	0.3	0.2	1.6	0.9	0.6
Total Migrants	91.9	33.8	58.1	178.6	73.1	105.5
Percentage Shares						
Within the District	69.0	65.1	71.4	78.0	77.3	78.5
Inter-Districts	25.5	27.2	24.4	17.5	16.7	18.0
Within Kerala (sub-total)	94.5	92.3	95.9	95.5	94.1	96.5
Other states of India	4.9	6.8	3.8	3.6	4.7	2.9
Other Countries	0.5	0.9	0.3	0.9	1.2	0.6
Total Migrants	100	100	100	100	100	100

Source: Census of India, Migration Tables (D-series 2001 and 2011).

It is noted that the neighbouring states like Tamil Nadu, Karnataka, and Maharashtra were the major migrant sending states to Kerala during 2001. But during 2011, this trend changed. The states which have major contribution to the rising migration trends in Kerala in recent years include: West Bengal, Assam, Odisha and Bihar. In order to examine the reason for this trend, a field study was conducted. It revealed that

there is now higher wage rates in neighbouring states compared to northern states. Thus, it was inferred that interstate wage differences stimulate migration and in the long run migration raises the wage rates of the migrant sending states. The growth rate of female migration from other states of India was 4.3 percent, while the growth rate of male migration was 4.6 percent during 2001 and 2011.

Table 3
Other state migrants in Kerala (2001-2011)

Name of the Origin States	Number of Migrants from other states of India(in, 000)						Annual Growth rate(%)		
	2001			2011					
	Person	Male	Female	Person	Male	Female	Person	Male	Female
Jammu & Kashmir	1.1	0.7	0.4	4.3	2.7	1.6	28.0	28.1	27.9
Himachal Pradesh	0.4	0.2	0.2	0.7	0.4	0.3	8.1	8.5	7.7
Punjab	2.0	1.1	1.0	3.4	1.9	1.5	6.9	8.3	5.3
Uttaranchal	0.5	0.3	0.2	0.8	0.4	0.4	5.6	5.5	5.8
Haryana	1.4	0.7	0.7	2.2	1.2	1.0	5.7	6.6	4.8
Delhi	6.8	3.4	3.4	15.3	7.6	7.7	12.7	12.7	12.6
Rajasthan	4.2	2.4	1.7	8.9	5.2	3.7	11.4	11.3	11.5
Uttar Pradesh	6.1	3.6	2.6	12.2	7.9	4.3	9.9	12.1	6.7
Bihar	3.3	2.0	1.2	9.9	7.5	2.4	20.3	26.8	9.5
Sikkim	0.1	0.1	0.1	0.2	0.1	0.1	5.6	4.7	6.8
Arunachal Pradesh	0.4	0.2	0.2	0.7	0.4	0.4	10.3	8.5	12.7
Nagaland	0.6	0.3	0.2	1.1	0.6	0.5	9.7	9.9	9.5
Manipur	0.3	0.2	0.1	0.6	0.4	0.2	11.8	14.4	8.6
Mizoram	0.1	0.1	0.1	0.2	0.1	0.1	0.8	-0.2	2.3
Tripura	0.1	0.1	0.0	0.2	0.2	0.1	9.8	10.3	9.1
Meghalaya	0.3	0.2	0.2	0.4	0.2	0.2	2.7	3.0	2.4
Assam	1.8	1.0	0.7	8.5	7.0	1.4	37.8	57.4	9.8
West Bengal	5.3	3.3	2.0	30.5	26.2	4.3	47.4	69.7	11.3
Jharkhand	1.5	0.9	0.7	3.1	2.1	1.0	10.2	14.8	4.5
Odisha	4.0	2.6	1.4	12.2	9.3	2.9	20.5	25.3	11.2
Chhattisgarh	1.9	0.9	0.9	2.6	1.3	1.3	3.8	4.1	3.6
Madhya Pradesh	4.1	2.1	2.0	8.3	4.2	4.2	10.2	9.9	10.5
Gujarat	6.5	3.4	3.1	10.4	5.4	5.1	6.0	5.8	6.3
Maharashtra	30.2	15.7	14.5	47.5	24.1	23.4	5.7	5.4	6.1
Andhra Pradesh	12.7	6.6	6.1	19.2	9.6	9.6	5.2	4.7	5.7
Karnataka	63.6	26.9	36.7	110.8	48.7	62.1	7.4	8.1	6.9
Goa	1.6	0.7	0.9	2.6	1.2	1.4	6.0	7.3	5.1
Tamil Nadu	282.2	149.7	132.5	311.3	153.2	158.1	1.0	0.2	1.9
UTs	11.2	5.0	6.3	28.1	13.1	15.0	15.0	16.5	13.8
Total Migrant (lakh)	4.5	2.3	2.2	6.5	3.4	3.1	4.4	4.6	4.3

Source: Census of India, Migration Tables (D-series 2001 and 2011).

The reason for migration reveals that about 24 percent of the total other state migrants have moved for employment purposes during 2011. While comparing male and female migrants, it is noted that 38 percent of the male migrants and about 8 percent of the female migrants have reported employment as their reason for migration to Kerala.

The share of migrants moving along with the earning member of the family increased in the case of both

male and female migrants. The share of migrants who reported movement with family in Kerala increased from 27.8 percent to 29.5 percent during 2001 and 2011. While in terms of absolute number, it increased massively from 1.26 lakh to 1.92 lakh during 10 years. While the migration of males increased by 30 thousand during 2001 and 2011, the migration of females increased about 33 thousand during the same period.

Table 4
Causes for migration to Kerala (2001-2011)

Causes for Migration	Migrants from other states of India (in, 000)					
	2001			2011		
	Persons	Males	Females	Persons	Males	Females
Work/employment	124.3	99.2	25.1	154.7	129.9	24.9
Business	8.6	7.4	1.2	8.2	7.0	1.2
Education	5.8	3.9	1.9	10.0	6.8	3.2
Marriage	88.4	11.9	76.5	122.0	19.7	102.3
Moved after birth	23.4	12.6	10.8	59.0	32.7	26.3
Moved with household	126.2	53.5	72.7	192.8	83.6	109.2
Others	77.6	45.6	32.0	107.8	61.7	46.0
Total Migrants	454.3	234.2	220.1	654.4	341.3	313.1
Percentage Shares						
Work/employment	27.4	42.4	11.4	23.6	38.0	7.9
Business	1.9	3.2	0.5	1.3	2.0	0.4
Education	1.3	1.7	0.9	1.5	2.0	1.0
Marriage	19.5	5.1	34.7	18.6	5.8	32.7
Moved after birth	5.1	5.4	4.9	9.0	9.6	8.4
Moved with household	27.8	22.9	33.0	29.5	24.5	34.9
Others	17.1	19.5	14.5	16.5	18.1	14.7
Total	100	100	100	100	100	100

Source: Census of India, Migration Tables (D-series 2001 and 2011).

Moreover, as per the Census (2011) data, total number of migrant workers were only 1.6 lakh of which about 1.3 lakh were males. The share of migrant workers to total workers in Kerala is only 1.4 percent. The

gender-wise distribution reveals that only about 16 percent of the total migrant workers in Kerala were females, whereas about 84 percent were males.

Table 5
Share of migrant workers in total workforce in Kerala, 2011

Name of the Districts	Total worker(in lakhs)			Migrant worker(in, 000)			Migrant's share in workforce (%)		
	Person	Male	Female	Person	Male	Female	Person	Male	Female
Kasaragod	4.6	3.3	1.4	6.4	5.5	1.0	1.4	1.7	0.7
Kannur	8.2	6.1	2.1	12.1	10.5	1.6	1.5	1.7	0.7
Wayanad	3.4	2.3	1.1	4.0	3.2	0.7	1.2	1.4	0.7
Kozhikode	9.5	7.5	2.0	11.6	10.3	1.3	1.2	1.4	0.7
Malappuram	10.6	9.0	1.6	12.6	11.2	1.4	1.2	1.2	0.9
Palakkad	10.4	7.5	3.0	12.8	10.6	2.2	1.2	1.4	0.8
Thrissur	11.0	7.9	3.1	14.4	12.4	1.9	1.3	1.6	0.6
Ernakulam	12.5	9.1	3.4	29.9	25.4	4.5	2.4	2.8	1.3
Idukki	5.2	3.3	1.8	14.9	10.3	4.7	2.9	3.1	2.5
Kottayam	7.4	5.3	2.1	10.8	9.2	1.6	1.5	1.7	0.8
Alappuzha	8.0	5.4	2.7	6.2	5.3	0.9	0.8	1.0	0.3
Pathanamthitta	3.9	2.8	1.1	6.4	5.3	1.1	1.6	1.9	1.0
Kollam	9.1	6.4	2.7	7.7	6.8	1.0	0.8	1.0	0.4
Thiruvananthapuram	12.3	8.6	3.7	13.1	10.9	2.1	1.1	1.3	0.6
Kerala Total	116.2	84.5	31.7	162.9	136.8	26.1	1.4	1.6	0.8

Source: Census of India, PCA and Migration Tables, 2011

Note: Total worker consists of both Main and Marginal workers.

Total employment in agriculture and allied sectors declined from about 49 lakhs to about 34 lakhs during 2004-05 and 2011-12. Moreover, it declined by 10 lakhs during 2011-12 and 2017-18. The districts which hold a relatively larger share in the total non-farm employment in Kerala include: Thiruvananthapuram, Kozhikode, Ernakulum, Kollam, Malappuram, and Kottayam etc. The sectors in which other state migrants are normally employed shows increasing trends include: construction, labour intensive manufacturing sectors, and low paid service sectors like hotel and retail trade sectors etc.

To conclude, two notable trends of migration in Kerala's labour market are: 1. Compared to southern states, migrants are currently from northern states of India. This trend is due to the fact that economic development and the resultant rise in wages were more in southern states. Thus, wage difference between states stimulates migration and in the long run migration leads to the clearing of the labour markets and raises wages. This is in conformity with factor price equalization theorem. 2. The migrants are absorbed in the unorganized sector and thus leads to informalization of Kerala's labour market. This contradicts the labour absorption theory which holds that in the long run labour will be absorbed in the formal sector and the size of the informal sector will shrink.

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