rural–urban migration and development

Rural to urban migration has become a key issue in the study of economic development, but whether it should be promoted or discouraged is a debatable topic. As discussed in the preceding chapters, rural-urban migration has both positive and negative effects on the migrants, the place of origin and the place of destination. *World Development Report 2009*\(^{56}\) : *Reshaping Economic Geography* considers growing cities, ever more mobile people, and increasingly specialized products essential for the economic development. Migration is a selective process affecting individuals or families with certain economic, social, educational and demographic characteristics. It occurs as a response to economic development as well as social, cultural, environmental and political factors. The socio-economic and demographic implication of rural-urban migration does have significant impact on both rural and urban areas (Lipton\(^{57}\), 1980). It is widely recognized that the risky nature of agricultural activities and the difficulties of self-insurance in low income rural settings encourage out-migration as a risk diversification strategy (Stark and Levhari\(^{58}\), 1982; Katz and Stark\(^{59}\), 1986). Moreover, remittances received from

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the migrants by the family members residing in the rural areas represent a potential means to overcome credit constraints for source households (Stark, 1991; Lucas, 1997). It is also argued that the rural-urban migration has potential effect on agricultural development as it may encourage the farmers to adopt modern farm practices. However, rural out-migration may also have adverse impact on the place of origin in terms of loss of human capital resources required for the farm and non-farm activities. During the last two decades of economic reforms, the urban sector grew much faster than the rural one and consequently, there has been a huge outflow of rural workforce to urban areas. As a results, the problems of unemployment and poverty have begun to emerge in towns and cities, along with other problems, such as, overloading of housing and social services, increased crime, pollution, and congestion. Keeping in view the positive and negative effects of rural-urban migration on both rural and urban economies, this chapter attempts to critically examine the relationship between rural-urban migration and economic development.

The chapter is divided into four key sections. The first section deals with the theoretical underpinnings in context of the relationship between the migration and development. The second section discusses the issues related to rural-urban migration and inequality, third section examines the impact of the migration on rural development and finally the relationship between the migration and urban development is analyzed in the last section.

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7.1 MIGRATION AND DEVELOPMENT: THEORETICAL UNDERPINNINGS

The theoretical underpinning on the relationship between rural-urban migration and development has its historical roots in the Lewis Model of economic development (Lewis\textsuperscript{61}, 1954). This model conceptualized the agricultural sector as being ‘traditional’ and characterized by a fixed supply of land, little capital, and a large pre-existing supply of labour. The industrial sector was taken to be ‘modern’ where land was not required as an input and where capital could be accumulated and labour absorbed as needed. The process of economic development was seen as an increase in industrial activity relative to that of agriculture, as with high rates of capital accumulation in the industrial sector, the surplus labour in agriculture is slowly absorbed in industry. Thus, a key prediction of the Lewis model was that rural-urban migration would be primarily driven by the existence of surplus labour in rural areas along with the expanding opportunities of employment for such labour in urban areas. (Dubey\textsuperscript{62}, Jones and Sen).

Lewis argues that agriculture supplies an unlimited labor force to manufacturing, and the transfer of labor between the two sectors takes place through rural-urban migration. This migration continues until the disguised unemployment of workers in rural areas is absorbed into urban industrial sector. In this dualistic model, rural-urban migration of workers was viewed as

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\textsuperscript{62} Dubey, A., R. Palmar Jones and K. Sen(), Surplus Labour, Social Structure and Rural to Urban Migration : Evidence from Indian Data.
the key factor to industrialization and modernization of the economy. According to this theory, rural-urban migration is caused by geographic differences in the supply and demand for labour. The migration is possible due to assumptions of wage differentials between rural and urban areas, a reserve army of ‘underemployed’ labour in agriculture, full unemployment, zero transfer costs and reinvestment of urban enterprise profits into production. The Lewis model assumes a homogenous labour force in the rural sector. The purpose was to create a stylised model of the dual economy and to use it to present a theory of economic development that was a significant departure from existing models of economic growth that abstracted from agriculture industry interactions (Dubey\textsuperscript{63}, Jones and Sen).

According to Simon Kuznets, as urbanization increases, economic inequality between rural and urban areas rises initially and then declines because fewer are left in agrarian destitution. Kuznets summarized the structural changes that accompany economic growth, emphasizing “the shift away from agriculture to nonagricultural pursuits and, recently, away from industry to services (WDR\textsuperscript{64}, 2009). Although difficult to rationalize within a utility maximizing framework, these early frameworks presumed the existence of a surplus pool of labor in the villages and the removal of labor to town consequently left agricultural production unaffected.

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Traditionally much of the economic literature on migration has followed the neoclassical framework of the Todaro\textsuperscript{65} model (1969). According to this model, each potential risk-neutral migrant decides whether or not to move from rural to urban areas, on the basis of the expected income maximization objective and, thereby, of wage differentials between origin and destination areas. Migration decisions are made by rational self-interested individuals looking for higher paid work in urban areas and migration occurs if the economic benefits in terms of expected wages at urban destination – accounting for risk of initial spell of unemployment – exceed economic costs of moving and of foregone wages at rural origin (Lucas\textsuperscript{66}, 1997). The Todaro Paradox provided a basis for strong disincentives and even outright restrictions on the movement of rural workforce to urban areas. The Todaro model suggests that prohibiting internal migration over and above what is required for full employment in manufacturing could increase national welfare because output in both agriculture and manufacturing can be maintained at optimal levels (WDR\textsuperscript{67}, 2009).

Thus, in the Todaro model, the decision to migrate is largely determined by the individual’s expectation of earning a higher income, with expected income being defined as actual urban income multiplied by the probability of obtaining employment. The decision whether to migrate or not was modeled at the discretion of the individual, potential migrant. Moreover, migrations were

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treated as permanent moves; a life-changing, discrete choice, usually taken early in life in order to reap the benefits over a longer time horizon.

Economic theory and empirical research shows that the foundation of rural-urban migration is the excess of the urban wage over the rural wage. Moreover, the migration determinants, such as, distance, age and contacts only reflect the fact that wage and productivity disparities exist. The rural-urban migration produces inflows of remittances and offers an outlet for frustrated rural unemployed workers who might otherwise present serious domestic problems. These theoretical migration models indicate that rural-urban migration does have significant relationship with economic development. The surplus labour withdrawn from the subsistence agricultural sector to get absorbed in the modern urban sector (industries and services) increases the level of economic development in both the places: the place of origin and place of destination. The release of surplus labour from the agriculture improves the marginal productivity of agricultural workers, encourages the modern agricultural practices, including new farm technology and the remittances received by the families of migrants at the place of origin help them to spend money on consumption, health and education of children and investment in productive assets. Thus, inflow of money in the rural areas would generate more demand and has a multiplier effect in the accelerating the pace of rural development. On the other hand, rural-urban migration also benefits the urban areas by supply the cheap workers to the industries and services.
However, despite their significant contribution to understanding rural-urban migration, these theoretical models could not tackle some of the issues related to the migration. For example, they did not account for the risky nature of migration. The empirical evidence shows that people movement does not equilibrate expected incomes across regions (Katz, and Stark, 1986; Rosenzweig\textsuperscript{68}, 1988). Indeed, the main limitation of these models is that they do not include any other influences, besides expected income, that shape potential migrants’ decision and also potential impacts on source economies. Further, circular and temporary rural to urban migration are not explained by these models. The substantial flows of remittances come through temporary and circular migration to the place of origin (Taylor and Martin\textsuperscript{69}, 2001). Therefore, economists began to question the classical models, pointing out the weaknesses of the Todaro framework, which failed to capture the dynamic nature of labor movements. It does not account for differences in education attainment and how these differences can influence job searches. It ignores pertinent motivations and household characteristics that could influence a family’s choice of who will migrate. Therefore, some economists in the mid-1980s began to think differently about economic growth, mainly by reformulating the way classical growth models treated technical progress. Human capital and ideas were different from other factors of production— they exhibited increasing returns to scale. And because the generation of ideas and


human capital are in essence social activities—clustering people in a way that has no comparison in the process of accumulating physical capital—these models could explain why cities are important. They also could explain why human and financial capital do not move from where they are already abundant to where they seems to be scarce (WDR, 2009).

The classical theories modeled each additional migrant as lowering the probability of employment, contributing to urban unemployment, and raising congestion costs, while the new growth theorists, inspired by Lucas’s contention that there are positive external spillovers from clustering human capital, internalized growth in models that allowed for increasing returns to scale. The new growth theorists and later the proponents of urban agglomeration economies could imagine in that migrant an additional source of human capital to drive the agglomeration engine of growth. (Lucas, 2005) posited a transfer of labor from a traditional sector, employing a land-intensive technology, to a modern human capital-intensive sector, with an unending potential for economic growth. In Lucas’s model, cities are places where new migrants can accumulate skills required by modern production technologies. The new insight from theories that acknowledged spillovers from clustering human capital is that, while the returns to scale in agriculture are constant, the returns to scale in manufacturing and services are increasing. The policy implications of adopting one view or the other are profoundly different. A

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policy maker persuaded by the classical view would restrict the movement of labor, particularly flows of migrants from villages to towns and cities. In contrast, a policy maker who recognizes the external benefits of human capital would do exactly the opposite.

7.2 MIGRATION AND RURAL DEVELOPMENT

As discussed earlier, rural-urban migration has both positive and negative impacts on the development of rural areas. The recent literature on migration provides new insights into the potentially positive link between rural-urban migration and rural development, emphasizing the role of money inflows in the rural areas due to remittances. The classical and neo-classical theories of migration consider the migration as an individual choice of potential migrant. Further, the migration is viewed as permanent moves from rural to urban areas, usually taken early in life in order to reap the benefits over a longer time horizon. However, the recent studies focus on rural to urban migration as a family strategy to diversify the risks associated with family earnings, as income diversification opportunities in rural areas are scarce (Stark and Levhari, 1982). The migration of a family member can result due to the support of the family in the expectation that the migrant would financially support the family after getting employment in the urban area. The migrant is insured by his family while looking for a job. Later on, the family can engage in the adoption

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of a new agricultural technology knowing that the migrant will be able to compensate adverse shocks.

Rural-urban migration affects the rural development in several ways. Migration may offer a route out of poverty for the migrants themselves. This is the more traditional set of mechanisms emphasized. Migrants’ departure may serve, directly or indirectly, to enhance or possibly worsen the consumption, incomes and well-being of those who remain in the rural areas. It should be emphasized that both sets of mechanisms affect rural development, provided that our reference group is those initially in the rural area. The migration removes the migrant’s labor, income and expenditures from his place of origin to the place of destination and impacts the lives of those who left behind. The outflow of workforce eases population pressure on land and other natural resources in the villages, which may lead to increase per worker productivity and income in agriculture. Technological advancement in the agriculture can also occur due to scarcity of workers. Another key impact of rural to urban migration is flow of money to the family members of the migrants due to remittances. The effects of remittances can be assessed at the individual family level as well as at the community level. Individual family level impact of remittances can be examined in terms of overall improvement in the living conditions of the family members, including enhanced access to education and health facilities. Thus, the major impacts of rural-urban migration on rural areas occur directly through changes in the patterns of expenditure and investments of households having migrant members, and indirectly through
multiplier effects and changes in the labour market (Mendola, 2006). The migration may also influence rural production and expenditures by altering the prices of local goods and factors (Lucas, 2005).

Empirical evidence shows that the remittances are used by the family in building new houses, procurement of farm machinery and investing money in creating non-farm activities. Increased in the overall development of village community can be assessed through the multiplier effect. When remittances are spent/invested in the village economy, several new jobs are also created for the rural workers due to multiplier effects. However, the impact of the migration on the rural economy may vary from region to region. What matter most in regard of maximizing the benefits of the migration for rural development is adoption of various interventions and programs, such as helping migrants send remittances home, guiding the recipients to allocate funds in most productive investments, and even interventions that enable migrants to keep social links with their areas of origin and transfer other resources such as information. Evidence of other productive farm or non-farm investments is generally scarce, but a number of studies do report such investment by a small percentage of migrants and return migrant households (Oberai and Singh, 1983). It has been argued that rural circular migration has strong ‘safety valve’ features, helping to preserve existing relations in agriculture. Greater mobility of rural labour households can also lead to a less isolated and more generalized agricultural

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labour market and exert upward pressure on wages. Moreover, temporary migration may act as compensation mechanisms against income fluctuations.

Thus, on the one hand, rural-urban migration may relieve a strained labor market and provide rural households with remittances from their migrant relatives. On the other hand, it may have a negative impact on rural economy by removing the workforce from productive rural activities or by several negative externalities, such as the deterioration of family or community structures, leaving individuals, especially women, with little development prospects in the rural areas. Outflow of rural workforce also depletes the stock of human capital in the rural areas, as the probability of moving out is more for the educated, skilled and resourceful persons as compared to illiterate and poor ones. The declining stock of capital in the rural areas negatively affects the rural development. However, the bright side of the migration is that it can stimulate investment in the acquisition of human capital by potential migrants. Once a person is migrated to the urban area, he gets some opportunities to further upgrade his education and skills which make possible for him to move from lower income occupation to the higher one. Thus, the process of migration also helps the rural migrants in their occupational mobility. Apart from this, the remittances sent by the migrants can also help in building the human capital base of the rural areas as the left behind members of the migrant’ family may be able to provide quality education to their children. But how many these potential educated youth will remain in the village and directly contribute to the rural economy is subject to further empirical research. As
education is one of the key determinants of rural-urban migration, once the children of extended migrant family get educated they would also tempt to move out of the village. Therefore, one of the positive aspects of migration is improvement in the economic status of the left behind families of the migrants. However, the outflow of labour from rural areas may also lead to outflow of capital. For instance, well off migrant families may start making investment in nearby towns in construction of house and starting of self-employment activities. This can also encourage the absentee landlords who lease-out their land to the tenant farmers. All these aspects are a matter of empirical investigation which is beyond the scope of the existing study.

If the migration and development relationship is examined in the conceptual framework of migration as a family strategy, not the individual decision-making, then the focus shifts to families straddling the urban-rural divide with intra-family transfers actively linking the geographically disparate unit. In the world of incomplete markets, typical of rural settings in developing regions, this migration-remittance nexus can provide channels for insurance and access to credit. In turn, these provisions enable greater risk-taking and investments, both of which can enhance rural incomes.

Another impact of rural-urban migration is on the distance villages from where the rural –urban migration may not take place due to distance factor. These distanced villages may also be benefited through chain of replacement migration. The workers of the distance villages may move to those rural areas
from which migrants are drawn into town. Non-migrants may also benefit indirectly from the investments through multiplier effect. Further, rural-urban migration also enhances the inter-generational socio-economic mobility through the route of human capital acquired by the next generation. Given the importance of network effects, children are more likely to migrate from families and communities with higher migration propensities. However, due to lack of young, educated and versatile people, rural development initiatives would be adversely affected. Higher salaries and pecuniary benefits, quicker promotions, easier access to bank loans with liberal terms, lower income tax rates, better housing, rural electrification, and good water supply are some of the possible inducements that can help build a high quality rural workforce.

It may be relevant to note in context of implications of rural-urban migration for rural development that (Lipton, 1977) blamed many governments for having an “urban bias” in their development policies. The urban dwellers, even the urban poor, were in a much better position vis-à-vis the rural dwellers to make their demands known to the policy makers. City dwellers were visible and had influence because of their numbers, their ability to organize and their proximity to the seats of government. The bulk of the investments by the public and the private sector ended up in the urban areas. Through price controls on staple foods, the cost of living of the urban population was kept low, while the income of the farmers was reduced. Because public funds were scarce, investments in physical infrastructure, education and healthcare were made first in the urban areas, perhaps because the elite lived there, but also because of
economies of scale. Lipton suggested that scarce capital should instead be invested in agriculture and in supporting small farmers so as to increase their productivity.

7.3 RURAL- URBAN MIGRATION AND ECONOMIC INEQUALITY

Rural to urban migration also have some impact on the inter-regional and inter-household inequality. As discussed earlier, workers migrate from rural and urban areas of backward regions to the rural and urban areas of developed regions. The influx of migrants towards big cities like Delhi, Bangalore, Mumbai, Hyderabad, Chennai indicate that economic reforms have still not been able to provide employment opportunities in smaller and middle towns as well as in rural areas. In fact, during the last two decades of post-reform period, disparity across regions has increased. Some states, especially located in the coastal areas grew faster than the others. Physical, financial and human capital are moving towards the fast growing states, to a greater extent, creating virtuous cycle in these states, while outflow of capital and labour from the backward states create a vicious cycle that leads to widening the gap in the income and employment opportunities between developed and backward regions. As a consequence of the neo-liberal policies, there are serious income disparities, agrarian distress, inadequate employment generation, vast growth of informal economy and the resultant migration from rural areas to urban, urban to urban and backward to comparatively advanced regions in the most
appalling conditions. The new theory of economic development indicates that both capital and skilled labour move towards the abundance regions, not towards the scarce regions, as stated by the classical theory of development. Therefore, the concentration of both capital and labour in big cities not only increases the rural-urban disparity but also increases urban unemployment and puts more pressure on the urban amenities and infrastructure.

Lipton\textsuperscript{74}, 1980 argues that wealthier households are more likely to benefit from migration since they are more able to educate their children and send them over longer distances in search of work, and their children are generally more willing or able to remit. Migration is a riskier strategy for poorer households who are more likely to suffer in the absence of productive household members. In consequence, the effect of rural-urban migration and urban to rural remittances are likely to increase economic inequality within the rural households and between the rural and urban areas. Human capital determines access to economic opportunities and is considered a key determinant of probability of people to move. This suggests that the better off rural households are likely to be represented disproportionately highly in migration streams. Further, middle and higher income groups show higher propensity to migrate in the urban areas than the rural ones. It is because poor households have relatively less access to resources, information and network which are necessary for long distance towns and cities. An important concern of the literature on migration is that the poorest are rarely found the major

\textsuperscript{74} Abid
beneficiaries of remittances. This is due to the inability to finance expensive moves or those requiring some degree of education that is required for spatial and occupational mobilities. Thus, the wealthier groups in any community send their household members to pursue their education and they are precisely those who will be among the first to move out. On the contrary, the poorest are likely to be among those left behind. The migration might thus be seen to exacerbate rather than to alleviate poverty in the rural sector by depriving the villages of their most energetic and best prepared members. This argument would be a strong case for initiation of rural employment and poverty alleviation schemes, such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

Lipton (1980) argues that rural-urban migration does not tend to equalize incomes either between or within regions because: (1) the selective nature of migration, providing higher returns to the better off and better educated persons prevents equalization within areas of origin; (2) there are costs and barriers associated with migration, including access to information about opportunities, which tend to steer the gains of migration towards the rich; (3) the absence of the most productive household members leads to a lowering of labour intensity; (4) the volume of net remittances is usually low; and (5) return migrants are likely to be the old, sick and unsuccessful, and skills brought back are unlikely to be of much help.

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The rural-urban disparities may increase in the earlier stages of development due to rapidly increasing concentration of economic mass in urban areas. The concentration of mass helps to ensure a better supply of basic infrastructure and public health facilities in urban areas. Along with diverging wages, this promotes divergence in more basic measures of welfare between urban and rural areas. But rural-urban disparities begin to narrow as the urbanization process slows, and governments become more capable to investment in rural economy. The outflow of rural workers to urban areas reduces surplus labor from the land in agriculture. Further, labor-saving technological progress releases labor for migration to urban areas and improves productivity. In time, investments and fiscal redistributions give rural residents better local access to basic amenities, including education and healthcare.

### 7.4 RURAL TO URBAN MIGRATION AND URBAN DEVELOPMENT

During the last two decades, urban population has shown a rapid growth. The new economic policies adopted by India have been successful in achieving significant growth of the urban economy, leading to heavy inflow of workforce from rural to urban areas and from small town to big cities and from backward states to the developed states. The changing growth trajectory brought about enormous disparities across and within states. Economic development and urbanization are closely linked. In India, urban economy contributes about 60% to the country’s GDP and urbanization has been recognized as an important component of economic growth.
Migrant workers contribute significantly to the urban economy by working in various sectors such as construction, textiles, small industries, brick-making, stone quarries, mines, fish and prawn processing, rickshaw pulling, and hospitality services. Nearly all urban centres are dotted with thousands of small, illegal restaurants, dhabas and tea shops and these mostly run by the migrant workers. Child labour is high in this sub-sector and is driven by poverty, typically employing children from extremely poor scheduled caste families. With the rise of the middle class in India, domestic work has emerged as an important new occupation for migrant women and girls.

As the urbanization grows and people begin to concentrate in urban areas, the negative aspects of concentration become apparent. The first problem of concentration is the inequality in income between more developed cities and less developed regions. The second problem is the growth of negative externalities, such as traffic congestion, housing shortages, and growth of slums, etc. As per the latest NSSO survey reports, there are over 80 million poor people living in the cities and towns of India. The Slum population is also increasing rapidly. The recent poverty estimates based on the NSS data indicate that the ratio of urban poverty in some of the larger states is higher than that of rural poverty leading to the phenomenon of ‘urbanisation of poverty’. Urban poverty poses the problems of housing and shelter, water, sanitation, health, education, social security and livelihoods along with special needs of vulnerable groups like women, children and aged people. Poor people live in slums which are overcrowded, often polluted and lack basic civic amenities.
like clean drinking water, sanitation and health facilities. As per 2001 census report, the slum population of India was 42.6 million, which constitute 15 per cent of the total urban population of the country. Maharashtra has the last population of slum dwellers, followed by Andhra Pradesh, Uttar Pradesh and West Bengal. Most of them are involved in informal sector activities.

As discussed earlier, rural to urban migration put more pressure on urban labour market which is already suffered with surplus labor. Another issue is: how does the resource cost of providing for a rapidly expanding urban population compare with the task of absorbing such additional numbers in rural areas? Five basic amenities, namely, housing, transport, sewerage, provision of fuel, and distribution of staple foods, which are expensive in urban areas, are quite cheap in rural areas. Whether the rural-urban migrant manages to pay for them, urban hosts provide them, or they are subsidized by public authorities, these costly amenities probably more than offset the savings that arise in the provision of other services or goods that come cheaper to urban population concentrations than to a dispersed rural population. The capacity of the cities and towns to assimilate the migrants by providing employment, access to land, basic amenities etc. are limited. The problems have acquired severity as migrants have shown high selectivity in choosing their destinations, leading to regionally unbalanced urbanization.

Though urbanization is generally associated with lower levels of poverty, certain aspects of economic development and changes associated
strongly with the process of urbanization in India have created a backwash effect for poor urban communities. This includes re-structuring and dismantling of larger industries in big cities (such as textile mills) due to higher land prices in cities leaving a large number of workforce jobless forcing them into informal sector activities. Similarly, slum demolition drive in some cities has made urban poor more deprived and stressed. Economically backward states keep losing people to developed states. A well-known feature of the Indian employment scene in the post-reform period is the domination of the unorganized sector with irregular and insecure jobs, low productivity and earnings and no social protection.

The World Development Report (2009) considers the mobility of workforce as one of the most critical indicators of development. The Report states that the recent researches in the areas of industrial organization, economic growth, international trade, and economic geography, provide the following new insight related to effects of scale economies in production: First, plants have to be big to exploit economies of scale, but places do not have to be big to generate them. Second, human capital moves to where it is abundant, not scant. Conventional economic analysis implies that people should move to where their skills are scant. But the opposite seems to happen: educated migrants seek places where many others have similar skills. Third, falling transport costs increase trade more with neighboring, not distant, countries. Recognizing scale economies and their interaction with the mobility of people and products implies changing long-held views about what is needed for
economic growth. The concern of policy makers is that production will concentrate in some places, people in others. Cities will have economic density, and the countryside most of the poor. Leading areas will have the economic mass, while the poor are massed in lagging area. The debate on how to promote healthy urbanization is polarized between those who emphasize villages, where a majority of the world’s poor still live, and those who believe the way out of poverty lies in cities, where much of the world’s wealth is generated (WDR, 2009).

### 7.5 SUMMING UP

This chapter examines the inter-relationship between rural-urban migration and economic development. The chapter is divided into four sections. The first section deals with the theoretical underpinnings of the relationship. Second section examines the relationship between the migration and rural development. It is followed by the third section which studies the impact of rural-urban migration on inter-households and rural-urban economic inequalities. The last section reviews the relationship between rural-urban migration and urban development. The chapter is based on the theoretical and empirical studies on the migration and development. The chapter critically reviews the classical and neo-classical theories of development and the recent approach to the relationship between migration and development.
It is argued that the rural–urban migration has both positive as well as negative impacts on the migrants, place of origin and the place of destination. On the one hand, it provides remittance to the place of origin, which may directly increase consumption and investment levels of the families whose members migrate to the urban areas and indirectly may boost the rural economy through multiplier effect. On the other hand, it may have adverse impact on the rural economy as it looses the human capital resource necessary for agricultural and non-agricultural activities in rural areas. Similarly, urban sector is also affected both positively and negatively due to the inflow of workforce. As the urbanization grows and people begin to concentrate in urban areas, the negative aspects of concentration become apparent. The high concentration of population creates the problem of negative externalities, such as traffic congestion, housing shortages, and growth of slums, etc. the positive aspect of the migration seems to be the benefit of economies of scale and greater opportunities to the migrant workers to upgrade their education skills. The inflow of physical, financial and human capital to the big cities accelerates the economic growth of urban areas and consequently the economic status of the urban people. The relatively high growth of urban economy can provide the scope of generation of more revenues to the government which can be invested for the rural development.

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