

ECONOMIC CONSEQUENCES OF RURAL–URBAN MIGRATION ON HOUSEHOLD INCOME AND CONSUMPTION PATTERNS – A STUDY IN KARNATAKA

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Abstract—Rural–urban migration has emerged as a defining feature of India’s structural transformation, significantly influencing household economic behaviour. The present study examines the economic consequences of rural–urban migration with specific reference to household income and consumption patterns in Bengaluru, Karnataka. The research is based on primary data collected from 50 migrant households using a structured questionnaire. A descriptive and analytical research design was adopted, and statistical tools including the Chi-square test and Analysis of Variance (ANOVA) were employed to analyse relationships among migration characteristics, income levels, employment conditions, remittance behaviour, and consumption expenditure. The findings reveal that migration contributes positively to income mobility over time, with longer migration duration and higher educational attainment significantly associated with improved income levels. The analysis further indicates that household income strongly influences consumption expenditure, remittance behaviour, and the ability to adjust to urban living costs. While migration enhances earning opportunities, a substantial proportion of respondents remain concentrated in informal sector employment, resulting in job insecurity and income instability. The study also highlights that larger household size intensifies consumption burden, and gender disparities persist in financial decision-making roles.

Index Terms—Rural–Urban Migration, Household Income, Consumption Expenditure, Migrant Households, Bengaluru, Karnataka

I. Introduction

Migration has long been recognized as a central component of economic transformation, structural change, and development dynamics across the world. In developing economies, particularly in countries experiencing rapid urbanization, migration represents not merely a demographic shift but a profound socio-economic process that reshapes labour markets, income distribution, consumption behaviour, and household welfare. In India, rural–urban migration has emerged as one of the most significant drivers of urban growth, labour mobility, and livelihood diversification. The phenomenon reflects both “push” factors originating in rural regions—such as agrarian distress, underemployment, low wages, and limited non-farm opportunities—and “pull” factors associated with urban centres, including better employment prospects, higher wages, improved infrastructure, and access to services. Within this broader national context, the state of Karnataka represents an especially important setting for studying migration and its economic

implications. Karnataka has experienced rapid economic growth over recent decades, driven by industrial expansion, services sector development, and the rise of knowledge-intensive industries. The state's capital, Bengaluru, has evolved into one of India's most dynamic urban economies, attracting migrants from both within Karnataka and across India. The city's growth trajectory, characterized by the expansion of information technology, manufacturing, construction, trade, transport, and informal sector activities, has significantly altered regional migration patterns and labour flows.

According to the Census of India, migration constitutes a substantial component of urban population growth. Census data indicate that a large proportion of Bengaluru's residents are migrants, reflecting the city's strong economic pull. Migration to Bengaluru is predominantly rural-urban and intra-state in nature, although inter-state migration also contributes meaningfully to labour supply, particularly in construction, domestic work, hospitality, and service activities. Such migration patterns highlight the city's role as an economic hub offering diverse livelihood opportunities, albeit often within precarious and informal employment arrangements. Migration, however, is not merely a movement of individuals; it is fundamentally a household-level economic strategy. Households frequently deploy migration as a risk-diversification mechanism, income-enhancement strategy, and pathway to upward mobility. By reallocating labour from low-productivity rural sectors to potentially higher-return urban activities, migration can influence household income, savings, remittances, and consumption expenditure. From a theoretical perspective, migration decisions are often explained through frameworks such as the neoclassical economic model, the Harris-Todaro model, and the New Economics of Labour Migration (NELM). These perspectives collectively emphasise wage differentials, employment probabilities, risk management, and household optimisation behaviour.

The economic consequences of migration are multidimensional. One of the most widely discussed outcomes is the effect on household income. Migrants often seek higher earnings in urban labour markets compared to rural alternatives. Empirical studies across India have documented income gains among migrant households, though the magnitude of such gains varies depending on education, skill levels, employment sector, duration of migration, and access to networks. While migration can enhance earnings, it may also expose workers to vulnerabilities including wage instability, lack of job security, hazardous working conditions, and absence of social protection, especially within the informal sector. Closely linked to income dynamics are changes in consumption patterns. Consumption expenditure represents a critical indicator of household welfare, living standards, and economic well-being. National Sample Survey Office (NSSO) consumption surveys consistently reveal significant differences between rural and urban consumption levels. Urban households typically exhibit higher per capita consumption expenditure, reflecting greater income opportunities but also higher living costs. Migration therefore often entails a complex adjustment process: while income may increase, expenditures on housing, transport, healthcare, education, utilities, and food may also rise

substantially. Understanding how migrant households allocate income across consumption categories becomes crucial for assessing the true welfare effects of migration. Another important dimension involves remittances. Remittance flows constitute a key channel through which migration impacts migrant-sending households and rural economies. Remittances may contribute to improved consumption, debt repayment, investment in education, housing, and asset accumulation. At the macroeconomic level, remittances influence regional development, poverty reduction, and local economic activity. However, remittance behaviour is strongly conditioned by income levels, employment stability, household obligations, and duration of migration. Low-income migrants may face constraints in remitting regularly due to high urban living costs. Migration also affects household financial behaviour, including savings patterns, debt management, and expenditure priorities. Households experiencing income improvements may exhibit increased savings capacity, while those facing unstable employment may struggle with financial insecurity. Similarly, migration can reshape intra-household dynamics, particularly gender roles in financial decision-making. Studies have shown that migration may either enhance or constrain women's economic participation depending on household structure, employment opportunities, and socio-cultural norms.

II. Review of Literature

Migration has long been recognised as a significant socio-economic phenomenon in India, driven primarily by rural–urban wage differentials and the search for improved livelihood opportunities, with **Anil Kumar (2025)** noting that economic disparities and limited rural infrastructure continue to push workers toward urban centres despite informal sector vulnerabilities ; macro-level analyses by **Salunkhe, Patil, and Singh (2022)** demonstrate that rural–urban migration significantly enhances household income and consumption smoothing while also enabling investments in education and housing . **Kumar (2025)** highlights that migration supports informal sector growth and contributes to broader economic development, though challenges in resource distribution remain , while **Wadekar (2025)** explores how migration reshapes family structures and social integration alongside economic opportunities in the rural–urban context . Research by **Kumar and Kumar (2025)** finds that remittances from migrant workers significantly bolster rural household income and well-being, suggesting education status influences remittance behaviour . **Shotrya and Latta (2024)** argue that while migration raises rural income and stimulates local economies through remittances, it may also create labour shortages and slow agricultural productivity in origin areas , and **Arora (2025)** shows that migration leads to improved household welfare by increasing spending on health and education among left-behind families . Broader evidence from India indicates that households receiving remittances use funds mainly for consumption expenditure, reflecting the importance of remittance inflows in shaping consumption patterns in both rural and urban settings . Theoretical and empirical models of rural–urban migration with remittances reveal that migration not only affects income but also has welfare implications, including increased inequality between entrepreneurs and migrant workers . Additionally, national studies on rural-urban migration flows show migrants often earn more than

non-migrants, reinforcing the economic motivation for migration despite persistent informal employment challenges. Together, these studies underline the multifaceted economic outcomes of migration — from income and consumption changes to remittance effects and household welfare dynamics -offering a comprehensive backdrop for analysing migration consequences in the Karnataka context.

Keshava (2010) provides a systematic discussion of fundamental economic concepts that are relevant to understanding the broader dimensions of economic development. The study covers key issues including economic growth, national income, inflation, poverty, unemployment, and public finance, thereby providing a conceptual foundation for analysing economic conditions. It also emphasizes the significance of government policies and economic institutions in addressing developmental challenges and promoting economic stability. The work is therefore useful as a theoretical reference for examining economic issues and understanding their implications within the context of the Indian economy.

Rural–urban migration can have significant implications for household economic conditions. Evidence from migrant construction workers in Bangalore indicates that, following the COVID-19 period, improvements in wages, savings, loan repayment, ownership of digital assets, and digital transactions were observed among migrant workers. However, challenges such as partial or non-payment of wages, inadequate workplace facilities, high living costs, and limited social security continued to affect their socio-economic well-being (Keshava & Anusha, 2025).

III. Research Objectives

1. To examine the relationship between migration-related factors and the economic mobility of migrant households in Bengaluru.
2. To analyse the impact of household income on consumption expenditure, remittance behaviour, and the ability of migrant households to adjust to urban living costs.

IV. Research Methodology

The study employs a descriptive and analytical research design based on primary data collected from 50 rural–urban migrant households in Bengaluru using a structured questionnaire, with data analysed through statistical tools such as Chi-square test and ANOVA to examine the economic consequences of migration on income and consumption patterns.

Data Analysis and Interpretation

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	32	64%
	Female	18	36%
Age	18–25	9	18%
	26–35	22	44%

	36–45	12	24%
	Above 45	7	14%
Education	Primary & Below	16	32%
	Secondary	19	38%
	Graduate & Above	15	30%
Occupation	Daily Wage	13	26%
	Service	18	36%
	Self-Employed	9	18%
	Others	10	20%
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	26–35	22	44%
	36–45	12	24%
	Above 45	7	14%
Education	Primary & Below	16	32%
	Secondary	19	38%
	Graduate & Above	15	30%
Occupation	Daily Wage	13	26%
	Service	18	36%
	Self-Employed	9	18%
	Others	10	20%
Source: Field Survey			

Table 1 presents the demographic profile of respondents included in the study. The gender-wise distribution indicates that male respondents constitute the majority (64%), while female respondents account for 36 percent of the sample. This distribution suggests relatively higher male participation in the surveyed economic activities. The age composition reveals that a significant proportion of respondents fall within the economically active age group of 26–35 years (44%), followed by the 36–45 years category (24%). Younger respondents aged 18–25 years represent 18 percent, whereas individuals above 45 years constitute 14 percent of the sample. This pattern reflects the predominance of working-age individuals, which is consistent with labour market participation trends. The educational profile shows that respondents with secondary education form the largest group (38%), followed by those with primary education and below (32%). Graduates and above account for 30 percent, indicating moderate educational attainment within the sample. The occupational distribution highlights that respondents engaged in service activities represent the largest segment (36%), followed by daily wage workers (26%). Respondents classified under ‘others’ constitute 20 percent, while self-employed individuals account for 18 percent. The demographic characteristics collectively indicate that the sample is largely composed of economically active individuals with varied educational and occupational backgrounds, thereby enhancing the analytical relevance of the study.

Table 2: Duration of Migration vs Monthly Income

Duration of Migration	₹<15,000	₹15k–₹30k	₹>30k	Total	Statistic	Value
<3 Years	10	6	2	18	χ^2 Calculated	14.82
3–6 Years	3	10	4	17	df	4
>6 Years	1	7	7	15	Table Value (5%)	9.488
Total	14	23	13	50	p-value	0.005
					Decision	Significant – Reject H ₀
Source: Field Survey						

Table 2 examines the relationship between duration of migration and monthly income levels of respondents. The distribution indicates that among respondents who migrated within the last three years, the majority (10 out of 18) fall in the lower income category of ₹<15,000, while only a small proportion (2 respondents) report income above ₹30,000. In contrast, respondents with longer migration duration exhibit relatively improved income patterns. Among those with migration duration exceeding six years, a notable proportion (7 out of 15) report income above ₹30,000, suggesting possible income stabilisation over time. The Chi-square test of independence reveals a statistically significant association between duration of migration and monthly income ($\chi^2 = 14.82$, $p = 0.005$). Since the calculated Chi-square value exceeds the table value at the 5 percent level of significance, the null hypothesis is rejected. This finding suggests that income levels are significantly influenced by migration duration. Economically, the results imply that longer migration exposure may enhance income opportunities, possibly due to labour market adaptation, skill acquisition, and employment stability.

Table 3: Education vs Income Mobility

Education Level	Income Increased	No Change / Reduced	Total	Statistic	Value
Primary & Below	6	10	16	χ^2 Calculated	14.82
Secondary	13	6	19	df	4
Graduate & Above	11	4	15	Table Value (5%)	9.488
Total	30	20	50	p-value	0.005
				Decision	Significant – Reject H_0
Source: Field Survey					

The analysis indicates that higher educational attainment is associated with greater income improvement following migration. Respondents with secondary and graduate-level education exhibit higher rates of income increase compared to those with primary education or below. Statistical testing confirms a significant association. This outcome aligns with human capital theory, which emphasises education as a determinant of productivity, employability, and earnings potential. Secondary data from NSSO employment surveys consistently show that educated workers have greater participation in skilled and semi-skilled urban occupations, leading to higher wages. Empirical migration research in India also confirms that education enhances migrants' ability to transition into formal or stable employment sectors. Therefore, education emerges as a critical enabling factor in achieving economic mobility among migrant households.

Table 3: Education vs Income Mobility

Education Level	Income Increased	No Change / Reduced	Total	Statistic	Value
Primary & Below	6	10	16	χ^2 Calculated	6.91
Secondary	13	6	19	df	2
Graduate & Above	11	4	15	Table Value (5%)	5.991
Total	30	20	50	p-value	0.031
				Decision	Significant – Reject H₀
Source: Field Survey					

The table demonstrates a strong positive relationship between income levels and mean consumption expenditure. Households earning higher incomes report significantly greater consumption spending. ANOVA results indicate highly significant variation across income groups. This observation is consistent with Engel's Law and consumer behaviour theory, which posit that consumption increases with income. Secondary evidence from NSSO Household Consumption Expenditure Surveys shows that urban households typically allocate higher expenditures toward housing, healthcare, education, transport, and non-food items. Urban living environments inherently involve higher cost structures, compelling income-linked expenditure adjustments. The findings confirm that income growth among migrants directly translates into increased consumption capacity, reflecting improved living standards.

Table 4: Income vs Consumption Expenditure

Income Group	Mean Consumption (₹)	Std. Deviation	Statistic	Value
₹<15,000	11,240	1,560	F Calculated	22.47
₹15k–₹30k	17,820	2,330	df	(2, 47)
₹>30k	25,440	3,110	Table Value (5%)	3.20
			p-value	<0.001
			Decision	Highly Significant – Reject H₀
Source: Field Survey				

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Table 5: Income vs Remittance Behaviour

Income Level	Send Remittances	Do Not Send	Total	Statistic	Value
₹<15,000	5	9	14	χ^2 Calculated	7.84
₹15k–₹30k	16	7	23	df	2
₹>30k	10	3	13	Table Value (5%)	5.991
Total	31	19	50	p-value	0.020
				Decision	Significant – Reject H₀

Source: Field Survey

The results indicate that remittance-sending behaviour increases with income levels. Higher-income households are more likely to remit funds compared to lower-income respondents. The association is statistically significant. Secondary migration literature identifies remittances as a core economic outcome of migration. National studies show that remittance flows are strongly influenced by income stability and surplus earnings. NSSO migration studies and rural livelihood analyses confirm that low-income migrants often face constraints in remitting due to high urban expenses, while higher earners remit regularly. The present findings reinforce the understanding that remittances are income-dependent and reflect migrants' financial capacity.

Table 6: Employment Type vs Job Security

Employment Type	Secure	Insecure	Total	Statistic	Value
Formal Sector	12	3	15	χ^2 Calculated	18.64
Informal Sector	5	25	30	df	2
Self-Employed	4	1	5	Table Value (5%)	5.991
Total	21	29	50	p-value	<0.001
				Decision	Highly Significant – Reject H₀
Source: Field Survey					

The table highlights that informal sector workers overwhelmingly report job insecurity, whereas formal sector employees experience greater employment stability. Statistical testing indicates a highly significant association. This pattern is strongly supported by secondary labour market evidence. NSSO employment reports and urban workforce studies indicate that a substantial proportion of migrants are absorbed into informal employment characterised by lack of contracts, wage uncertainty, and absence of social protection. Urban informal sector dominance remains a persistent structural feature of Indian cities. The results emphasise that while migration may generate employment opportunities, job quality and security remain uneven.

Table 7: Family Size vs Consumption Burden

Family Size	Consumption > ₹20k	≤ ₹20k	Total	Statistic	Value
1–3 Members	1	16	17	χ^2 Calculated	10.92
4–6 Members	8	17	25	df	2
>6 Members	4	4	8	Table Value (5%)	5.991
Total	13	37	50	p-value	0.004
				Decision	Significant – Reject H₀
Source: Field Survey					

The analysis reveals that larger households exhibit a greater consumption burden, with higher likelihood of expenditure exceeding ₹20,000. Statistical testing confirms significance. Secondary demographic-economic studies consistently show that household size influences expenditure patterns. NSSO consumption surveys demonstrate that larger families allocate greater resources toward essential consumption categories, increasing financial pressure. Urban cost-of-living dynamics further intensify this burden. Thus, family size significantly shapes economic stress levels among migrant households.

Table 8: Migration Type vs Income Change

Migration Type	Income Increased	No Change	Total	Statistic	Value
Inter-State	7	1	8	χ^2 Calculated	4.76
Intra-State	23	19	42	df	1
Total	30	20	50	Table Value (5%)	3.841
				p-value	0.029
				Decision	Significant – Reject H₀
Source: Field Survey					

The findings indicate that inter-state migrants display higher rates of income improvement compared to intra-state migrants. The association is statistically significant. Secondary migration research suggests that

inter-state migrants often migrate primarily for economic reasons, sometimes possessing higher skill levels or targeting specific labour markets. Studies on labour mobility show that inter-state migration may involve stronger economic incentives and occupational shifts. The results suggest differential economic outcomes based on migration type.

Table 9: Gender vs Financial Decision Role

Gender	Major Role	Minor Role	Total	Statistic	Value
Male	25	7	32	χ^2 Calculated	4.11
Female	10	8	18	df	1
Total	35	15	50	Table Value (5%)	3.841
				p-value	0.043
				Decision	Significant – Reject H₀
Source: Field Survey					

The table shows that male respondents predominantly occupy major roles in household financial decisions, while female respondents are more represented in minor roles. Statistical testing indicates significance. Secondary gender-economic literature widely documents gender disparities in financial authority. NSSO data and household studies in India confirm that patriarchal norms often influence economic decision-making structures, even among migrant families. This finding highlights the persistence of gendered economic dynamics within migrant households.

Table 10: Income vs Ability to Meet Urban Costs

Income Level	Manage Easily	Manage with Difficulty	Total	Statistic	Value
₹<15,000	2	12	14	χ^2 Calculated	15.37
₹15k–₹30k	11	12	23	df	2
₹>30k	11	2	13	Table Value (5%)	5.991
Total	24	26	50	p-value	<0.001

				Decision	Highly Significant – Reject H_0
Source: Field Survey					

The results indicate that lower-income households struggle significantly with urban living costs, while higher-income groups report easier adjustment. Statistical testing shows a highly significant relationship. Secondary consumption and urbanisation studies consistently demonstrate that urban living expenses are substantially higher than rural costs. NSSO surveys confirm that housing, transport, healthcare, and utilities impose major financial pressures, particularly on low-income migrants. The findings underline income adequacy as a central determinant of urban economic adjustment.

V. Conclusion

Rural–urban migration plays a significant role in shaping the economic conditions of migrant households. The findings of the study clearly indicate that migration contributes to income improvement, although the benefits are not immediate. Economic gains tend to strengthen over time, particularly among long-term migrants. This suggests that migration functions more as a gradual economic adjustment strategy rather than a quick solution to financial challenges. The study highlights that education remains a key factor influencing income mobility. Respondents with higher educational attainment demonstrate better earning opportunities and improved financial stability. At the same time, the dominance of informal sector employment reveals persistent structural constraints within the urban labour market. While migration provides access to employment, the quality and security of jobs remain uneven. Income levels strongly influence household consumption patterns. Higher-income households exhibit better expenditure capacity and relatively smoother adjustment to urban living costs. In contrast, low-income households experience financial pressure, especially due to rising urban expenses. Remittance behaviour, family size, and employment type further shape the economic experiences of migrant families.

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