

Case city report: Mangalore, Karnataka

## **SMALL CITIES**

### The Front Lines of India's Employment, Migration and Urban Challenges

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January 2020





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# Introduction

Cities have an important role in creating employment opportunities for the approximately 10 million youth who enter India's working age population each year, especially in the wake of India's imminent demographic dividend, which it reaches between 2020-2040 with regional variations. Unfortunately, cities are struggling to play this role. India exhibits low levels of rural-urban migration and, for those with lower levels of education, rural-urban wage differentials only kick in when they are able to access regular jobs<sup>i</sup>. High costs of housing and services in large cities further exclude migrants<sup>ii</sup> and perhaps discourage long-term migration. Indians from rural households moving 'off the farm' move to the city for work seasonally and for short periods of time<sup>iii</sup>, and increasingly by commuting<sup>iv</sup>. Thus, cities lie at the cusp of employment and multiple and complex forms of mobility.

This research project, of which this city profile is a part, turns its attention to the 'where' of the demographic dividend – what kind of geographies are experiencing the transition of youth from agriculture to non-farm work? Until recently, the focus of urban policy and scholarship has been on metropolitan cities and large movements of rural workers to metropolitan centres are seen as powering India's urbanization. On the contrary, recent evidence indicates that India's urbanisation is dispersed and driven by "the morphing of places" as opposed to "the moving of people."<sup>v</sup> This entails the in-situ transformations of large, dense villages into census towns,<sup>1vi</sup> essentially

through transitions from farm to non-farm work. Manufacturing activity in India is also moving away from large cities<sup>vii</sup>, adding credence to the idea that non-farm employment is available in a range of locations within India's urban system, as well as in areas that are yet to urbanise. Small towns in India also play an important role in creating urban jobs, with the growth of sectors like transport and construction in small towns aiding rural diversification, prompting Denis and Zerah to note that "despite contradictory evidence regarding the economic and spatial dynamics at work in the last decade or two, there is sufficient evidence to argue that a significant share of the Indian economy and jobs is located outside large cities."<sup>viii</sup> In fact, 23.9 percent of India's youth (aged 15-29) and 33 percent of young workers are located in non-metropolitan locations<sup>2</sup>. A diverse collection of such places including small towns, secondary and tertiary cities, 'rurban' settlements, and corridors of urban transformation – we refer to them collectively as small cities – lie on the front lines of India's demographic dividend opportunity and development challenges.

Despite their importance, small cities remain neglected in terms of public expenditure. Secondary data indicates that while private consumption is rising rapidly in small cities, public investment is not keeping pace. Small cities remain underserved in terms of public services like water and sewerage, and large central government schemes like the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) have

<sup>1</sup> A census town meets India's criteria for being urban (Population exceeding 5,000, at least 75% of male working population employed outside the agricultural sector and minimum population density of 400 persons per km) but is governed by rural panchayats

<sup>2</sup> As per Census 2011

had a 'metropolitan bias'<sup>ix</sup>. Cities with fewer than 1 million inhabitants in India received only US\$ 12 per capita in municipal spending compared to US\$ 130 in major cities<sup>x</sup>.

We know from the trajectory of developed nations that urbanization has been recognized as a ticket to prosperity; for emerging economies, it is touted as a pathway to poverty alleviation. Between 2001-2011, India succeeded in bringing down the percentage of people living in poverty from 35.4 percent to 19.8 percent. However, its middle class is relatively small. In 2011, India's middle, upper-middle and upper classes made up only 3.3 percent of the population. India needs to pull a large number of households not just over the poverty line, where falling back is only one medical emergency or economic shock

away, but firmly into the middle class. A focus on local economic development, job creation and improved governance in small cities are important policy directions in this regard.

This city profile focuses on Mangalore, a small city in the southern Indian state of Karnataka, India, which is poised to make a transformative leap in economic development by harnessing a highly educated workforce and high levels of services and infrastructure. The first section utilizes secondary data to explain the context of Mangalore. The second section shares findings of original primary data collected in 2018, and the final section offers policy recommendations toward expanding the city's economic potential and creating an inclusive labor market for rural and small city youth.

## Mangalore: Setting the context

Mangalore, home to just under half a million people, is a port city in the southern Indian state of Karnataka. It is the administrative and financial headquarters of the Dakshina Kannada district, a region whose inhabitants are Tuluvas or speakers of the Tulu language. The city has been of historic importance and is one of the most cosmopolitan in India, both linguistically and culturally. Located only 15 kms from the state border with Kerala,

it is also a geographic, cultural and economic crossroads between Malayalam, Kannada and Konkani cultures. With Human Development Index (HDI) indicators comparable to those in the

adjoining state of Kerala (the census estimates a literacy rate of 93.72% for the city), Dakshina Kannada has been a commercially vibrant region for centuries.

### HISTORY AND REGION

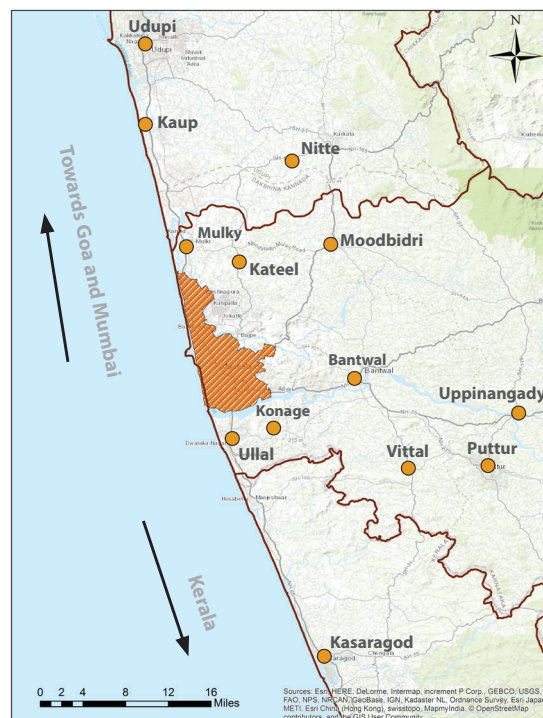
Beginning with the Portuguese trade that started on India's western coast with Vasco da Gama's arrival circa 1498, Mangalore was an important centre in the profitable sea trading routes that connected the Malabar Coast to western Asia and Africa, and thus was highly coveted by numerous colonial powers. In 1763, the city was conquered

by Hyder Ali - the ruler of Mysore - and only returned to the hands of the British following the defeat of Tipu Sultan. As part of the Madras Presidency during the colonial administration, the city instituted a municipal council as early as 1866. Following independence and the reorganisation of states, it became a part of Karnataka state but still retained a distinct and diverse cultural and linguistic character. The city thereafter became a source of skilled entrepreneurial migrants, particularly in service industries, who went on to create thriving networks in Mumbai, Bangalore and the Middle East.

Today, Mangalore serves as a node in a fairly old and established coastal mobility network that stretches from Kasargod in Kerala to Udupi in the Konkan region or northern half of Karnataka's coast, and even up to Goa and Mumbai. This 'strip urbanism' is made possible by road networks (particularly National Highway 17), the Konkan Railways and also in some cases via sea transport. Although the city is connected by numerous modes of transport, Mangalore's location as a port town between two major rivers, the Gurupura and the Netravati, ensured that it developed as a convenient market with deep connections to a prosperous inland agrarian system.

Historically, this highly networked agrarian export economy fostered close networks with a number of nearby towns, creating a regionally co-dependent economic system. In fact, the word for Mangalore in the Tulu language - 'Kudla' - usually denotes a geography that encompasses many of the local towns in the region whose people are intimately tied to the culture and economy of

**Figure 1: Regional Context Map of Mangalore**



Mangalore. As per the Census 2011, the 'urban agglomeration' of Mangalore, which includes places like Bala, Chelliru, Kotevara, Kuthethur and Ullal, is home to 623,000 people. Much like neighbouring Kerala, Mangalore also has a strong connection to West Asian countries - with the Mangalore International Airport providing direct flights to Oman, Kuwait, Bahrain, Dubai, Abu Dhabi and the UAE. Following the region's inclusion into the state of Karnataka in 1956, it has also experienced greater connectivity to the state capital, the global IT metropolis of Bangalore. With increased road connectivity and improved access to the labour market through education, today there are well entrenched commuter

networks in the city from places like Sullia, Puttur, Uppinangady, Vithala, Mulky and others.

## DEMOGRAPHY AND SOCIETY

Demographically, the broader region is home to a number of social groups. The jatis or sub-castes include the historically land-owning Bunt community, the Billavas (toddy-tappers and cultivators), the Mogaveeras (fisherfolk) as well as a few Dalit communities and the Adivasi Koraga (indigenous) people. There are also a few Brahmin communities - particularly the Shivalli Brahmins and the Saraswat Brahmins, including many who converted to Christianity and settled in Mangalore. Another prominent community are the Bearys, or Muslim speakers of the Beary/Byari language who historically have done work associated with the port. The city is also, due to its history as a centre of commerce, host to some Gujarati and Jain bania (trader) families.

Various historians and urbanists have observed that the city followed a form of caste/community segregation historically, largely determined by occupational status<sup>xi</sup>.

The Bunder or port area was mostly home to trading communities including a large population of the Beary Muslims, the Brahmins remained close to the Venkataramana Temple while the Catholics were largely around the area of Kankanady and Hampankatta. Protestants originally were based in Balmatta, but subsequently moved closer to industries set up by the missionaries on the outskirts of city. The Mogaveera community was settled mostly along the coastline. Following land

reforms carried out in the 1970s, land was more equitably distributed among historically marginal castes and tribes. Compounded with the difficulty of setting up businesses in India in the '70s and '80s, this prompted waves of migration to the Gulf and flights of capital through the departure of the region's formerly dominant castes.

## LAND, ECONOMY AND WORKFORCE

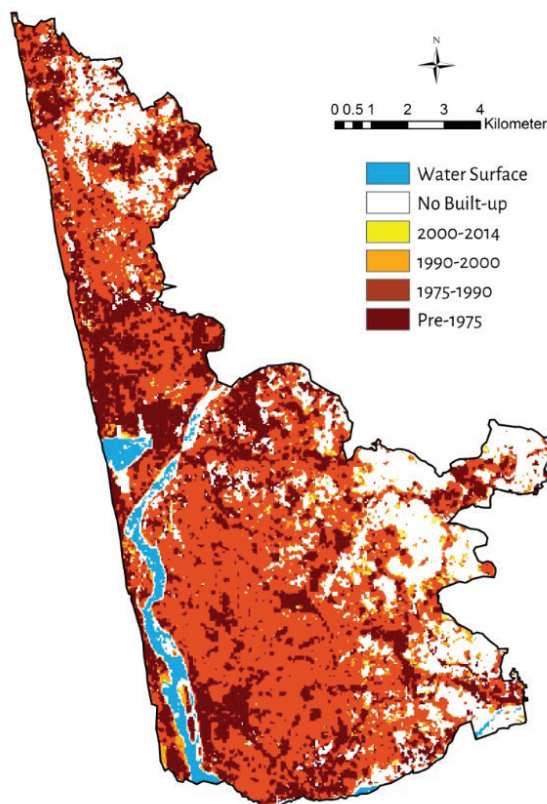
Mangalore's geographical location made it an ideal spot for facilitating maritime trade. The water networks allowed for an ecosystem to channel inland agrarian produce down the rivers and to the port. Being in a part of the country known for a number of exotic spices and agricultural products, it was effectively able to leverage its topographical advantages to become an important centre for the export of agro-based products. This culture has not been lost even with the advent of newer industries, as Mangalore continues to be an important commercial hub for agro-based industries and processing units. Many of these industries fall in the micro, small and medium enterprises (MSME) sector and are large employers of the local population.

Despite its maritime importance, however, Mangalore was never privileged with substantial industrial developments right from the colonial period, when industrialisation started for many Indian cities. Post-independence, Mangalore's prosperity generated interest in industrial growth, and infrastructure became a key concern for many locally powerful groups. This resulted in the creation of the New Mangalore Port (NMP) in 1975, which was set up as a site

to bring in raw materials for the state-owned Mangalore Chemicals and Fertilizers (set up in 1976). In subsequent years the Kudremukh Iron Ore Company Limited (KIOCL) would start a factory in 1980 - and ultimately in 1996 the city became home to the Mangalore Refineries and Petrochemicals Limited (MRPL) and the Baden Aniline and Soda Factory (BASF) on the Netravati river.

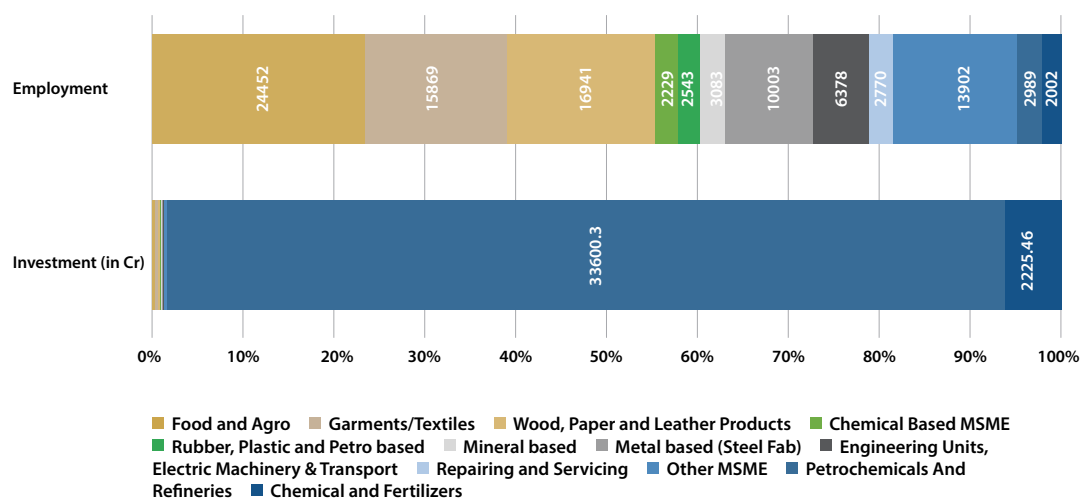
In the time period between 1972 and 1999, the broader region's 'developed land' grew by 146% - which was triple the growth of the population<sup>xii</sup>. This implies an overall exceptional increase in land being used for a variety of developmental, commercial, industrial, educational and residential purposes. Small landholdings, the average size of which was only 0.96 acres in the district in the year 2005-06, made large-scale land

**Figure 2**  
**Density of built-up infrastructure in Mangalore over time**



**Source:** Global Human Settlements Database

**Figure 3: Industrial Employment and investment**



Source - "District Industries Centre, Mangalore - 2016"

## Demographics and Economy

**Table No. 1**

<b>Total Population</b>	<b>499,847</b>
Total working age population (15-59)	345,774
Share of youth in working-age population	56.7%
Total Workers	208,510
Youth (aged 15-29) as a share of working age population (15-59)	196,065 (56.7%)
Young males (aged 15-29) as a share of male working age population	134,899 (77.96%)
Young females (aged 15-29) as a share of female working age population	61,166 (35.41%)
Total Female Labour force Participation	28.7%
Working age women's labour force participation	39.7%
Percentage of people employed in non-farm,non-household work	92.71%
Percentage of population living in slums	1.76%
Sectoral composition of workforce (2001)	
Manufacturing and repair	28.6%
Wholesale and retail	15.9%
Services	17.4%
Sectoral composition of migrant workforce (2001)	
Manufacturing and repair	32.86%
Wholesale and retail	10%
Services	18.3%
Share of inter-state migrants among total migrants (2001)	21.7%

Source: Census 2001 and 2011



acquisition for industrial expansion<sup>xiii</sup> difficult as it involved negotiations with each individual landowner. Further, resistance from local groups on the question of environmental sustainability prohibited industrial expansion. This is well reflected in the map (Fig no. 1) depicting built-up areas in the city and shows that Mangalore has not urbanised considerably since 2000.

The city has, however, leveraged its traditional networks of agro-based industries, transportation and processing into the economy and even today, a large share of the city's 'formal' employment is generated through these avenues. Industrial areas of the city include Baikampady, Yeyyadi and Panambur - with industries of various scales being divided between them. Of these, the Micro, Small and Medium Enterprises (MSME) sector, concentrated in the first two, account for a large number of jobs. For example, the food and agro processing industry, with a fixed investment of 281 crore rupees, accounts for nearly 25,000 jobs, and the readymade garments industry with an investment of 142 crores created 14,000 jobs. By comparison, the large industries like petrochemicals and refineries in Panambur and the new port create between 300 and 1500 jobs for investments ranging from 350 to 20,000 crores.

In addition to these sectors, Mangalore also exhibits two emerging trends in the 21st century. The city has a large and emerging real estate sector, tied to the high economic prosperity of a number of out migrants who wish to re-invest in homes in Mangalore. The city has also, in recent times, seen a large number of its highly skilled and educated youth returning to Mangalore to

set up small businesses in IT, beauty industries, restaurants and a range of other services.

## GOVERNANCE AND SERVICE DELIVERY

Mangalore's history of urban municipal governance goes back as far as 1866, when it was decreed a 'first-grade' municipality with a few nominated members. By 1930, even before independence, the city had an entirely elected municipal council, constituted under the Madras District Municipalities Act of 1920, with the universal adult franchise extended to every member of society. However in practice, despite quotas, positions of power remained hegemonized by a handful of educated, land-owning elite castes. Almost a decade after the region had been given to Karnataka state, municipal governance came under the purview of the Karnataka Municipalities Act of 1964. As the city's population grew, it transitioned into a larger area and in 1980 was notified as a Municipal Corporation under the Karnataka Municipal Corporations Act of 1976 - which remains the framework of operation even today for the Mangalore City Corporation (MCC).

The MCC is divided into 60 wards, with elected corporators to oversee municipal functions, as well as a state-appointed commissioner from the Karnataka Administrative Services. According to data on their website, the city corporation's total income for the year ending 31st March 2018 was approximately 250 crore rupees (35 million USD), and its total expenditure was about 169 crore rupees (23 million USD). Land use planning and land development are under the

Figure 4: Population density map

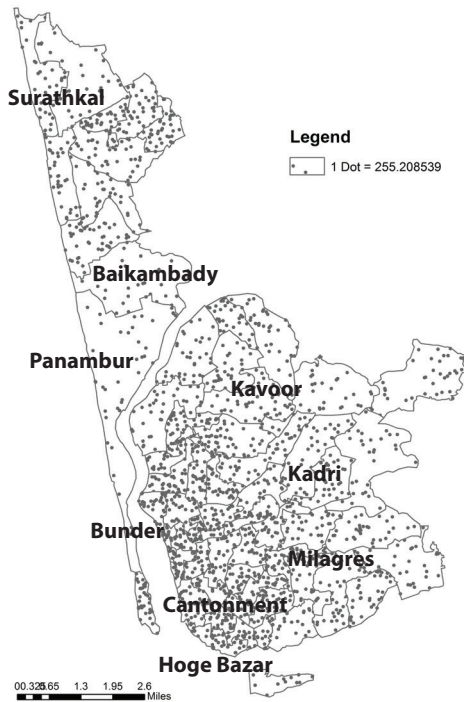


Figure 5: Main source of drinking water

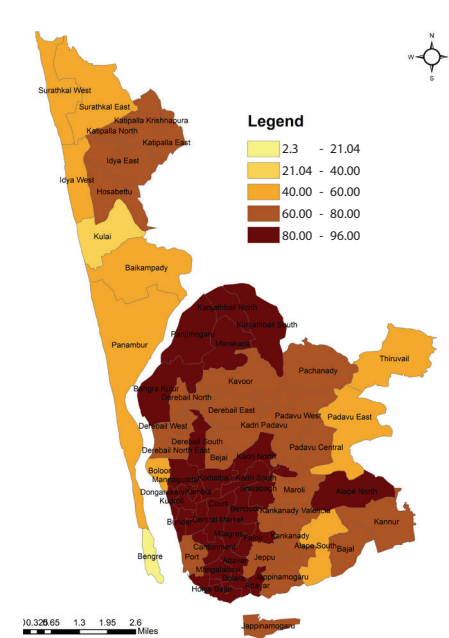


Figure 6: Latrines

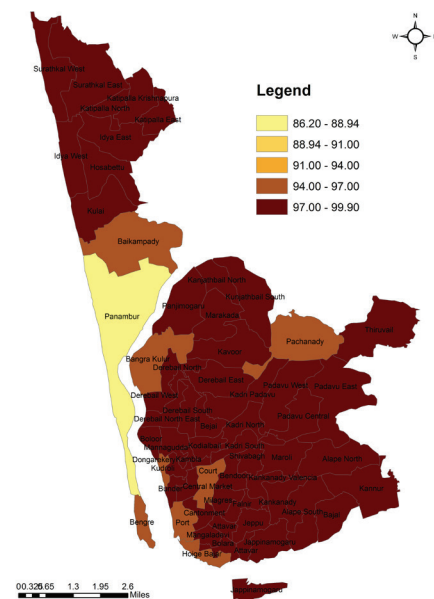
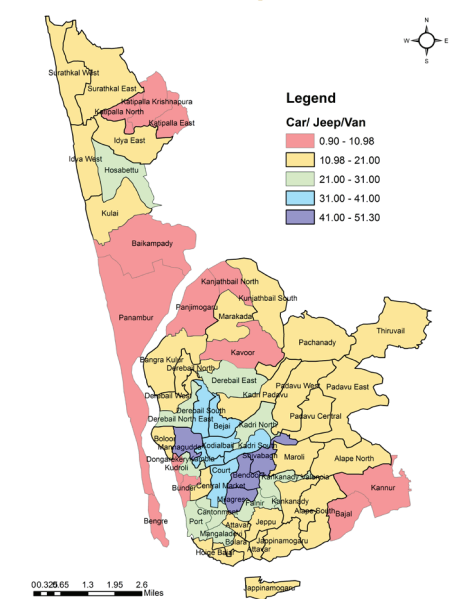


Figure 7: Car ownership



Source: Census of India - 2011

purview of the Mangalore Urban Development Authority (MUDA), a statutory agency of the State government that was established in 1988 under the Karnataka Urban Development Authorities Act of 1987. Like in many other Indian cities, the municipal corporation has limited powers, and the Deputy Commissioner (DC), who is an appointee of the State Government and also serves as the chairman of MUDA, has greater decision-making powers regarding the city.

The State Government also exercises control over the city through a number of other institutions of importance, including the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), which is located in Bangalore and functions as a parastatal agency to provide technical expertise. The KUIDFC houses a project that is highly relevant to Mangalore and Dakshina Kannada - the Karnataka Urban Development and Coastal Environmental Management Project (KUDCEMP) that was established to facilitate infrastructure development in Karnataka’s coastal cities. Owing to this project, for which the money was loaned by the Asian Development Bank (ADB), the city has a very high level of services, with even its densest parts being highly serviced and prosperous. The city has extensive coverage of treated drinking water as well as in-house latrines, but with some patterns of spatial inequality. The Mangalore Electricity Supply Company Ltd. (MESCOM), a distribution wing carved out of the corporatized state electricity board, and the Karnataka Power Transmission Corporation Limited (KPTCL), supply the city with power, with adequate coverage. The city has a robust supply of treated drinking

### Infrastructure and amenities

**Table No. 2**

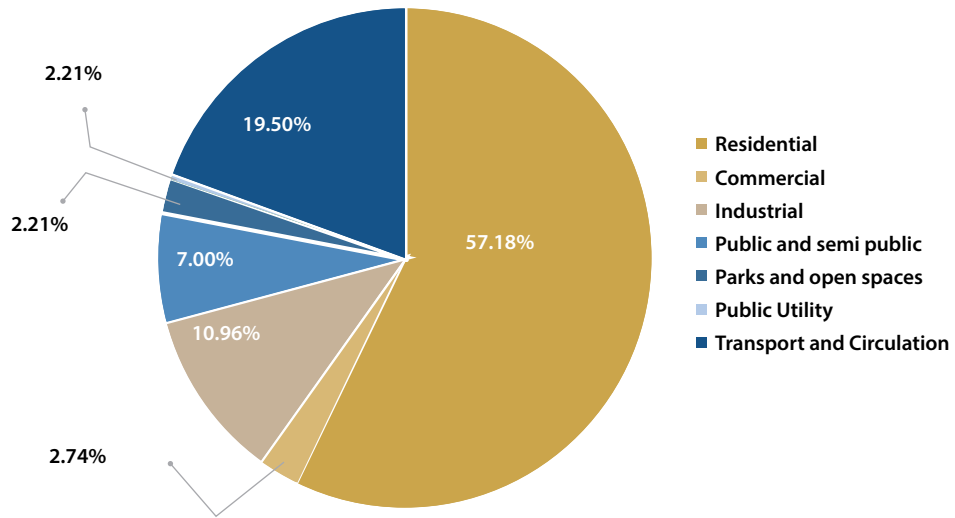
Road length (in km)	1028.54
Number of schools in the city per 10,000 people	12 (6 primary, 3 middle, 2 secondary, 1 senior secondary)
No. of banks & credit facilities	227
Orphanages	8
Working Women’s Hostels	28
Stadiums	7

Source: District Census Abstract 2011

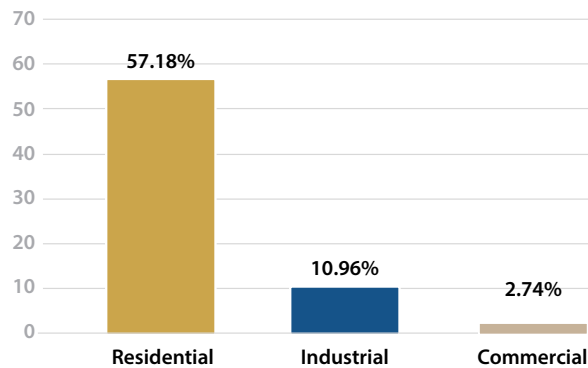
water as well as on-premises latrines, as denoted in the maps, but with some specific areas of relative inequality, as seen in Figure 5. The Asian Development Bank (ADB) has also recently approved a 75 million USD plan to improve urban water resource management in Karnataka through modernisation and expansion of urban water supply and sanitation infrastructure and institutions, for which Mangalore has been selected as a case city. Two state level departments of relevance in the governance landscape of the city are the Directorate of the Municipal Administration (DMA), which oversees all Urban Local Bodies (ULBs), and the Department of Urban Development.

The city is also clearly a place of wealth creation by Indian standards. The all-India average of car ownership in urban areas stands at about 5% of all households, while Mangalore has numerous areas that cross well above 20, 30 and 40% car ownership, including 50% in the city’s core (see Fig. 7) despite a robust network of private buses and numerous auto-rickshaws.

Figure 8 & 9: Mangalore city land use (2001)



### Percentage of land use to total built-up area (2001)



Source: Mangalore Master Plan 2021

Not only does high levels of car ownership denote the city's economic vibrancy, the distribution of asset ownership also points to a concentration

of wealth in the city core, which slowly recedes towards the peripheries, which too are prosperous relative to national averages.

## Migration, Life & Work in Mangalore: Findings from primary data

A survey of 500 working youth in the age group 15-29 was undertaken in April and May 2017 in Mangalore. The sample included migrants and residents (62 and 38 percent respectively), as well as men and women (72 and 28 percent respectively). Additionally, 19 focus group discussions with youth in education and employment and 30 key informant interviews with government officials, employers, industry experts, union leaders, and civil society organisations were also conducted between April and October 2018. The data offers important insights into what opportunities for employment and economic mobility the city offers and who is coming in to seek them, youth experiences of the labor market as well as their relationship with the city. This section outlines these key concerns.

### WHO IS COMING TO THE CITY?

Mangalore attracts three distinct types of migrants. First, those who migrate from neighboring towns and villages within Dakshina Kannada, from adjacent districts like Udupi and Chikmagalur or from across the border from Kasargod in Kerala in a predominantly coastal migration pattern influenced by the 'strip urbanism' of the coast and

*"Mangalore is for the migrants of UP, Bihar and Assam what Dubai is for Mangaloreans"*

- Nawaz, boat manager

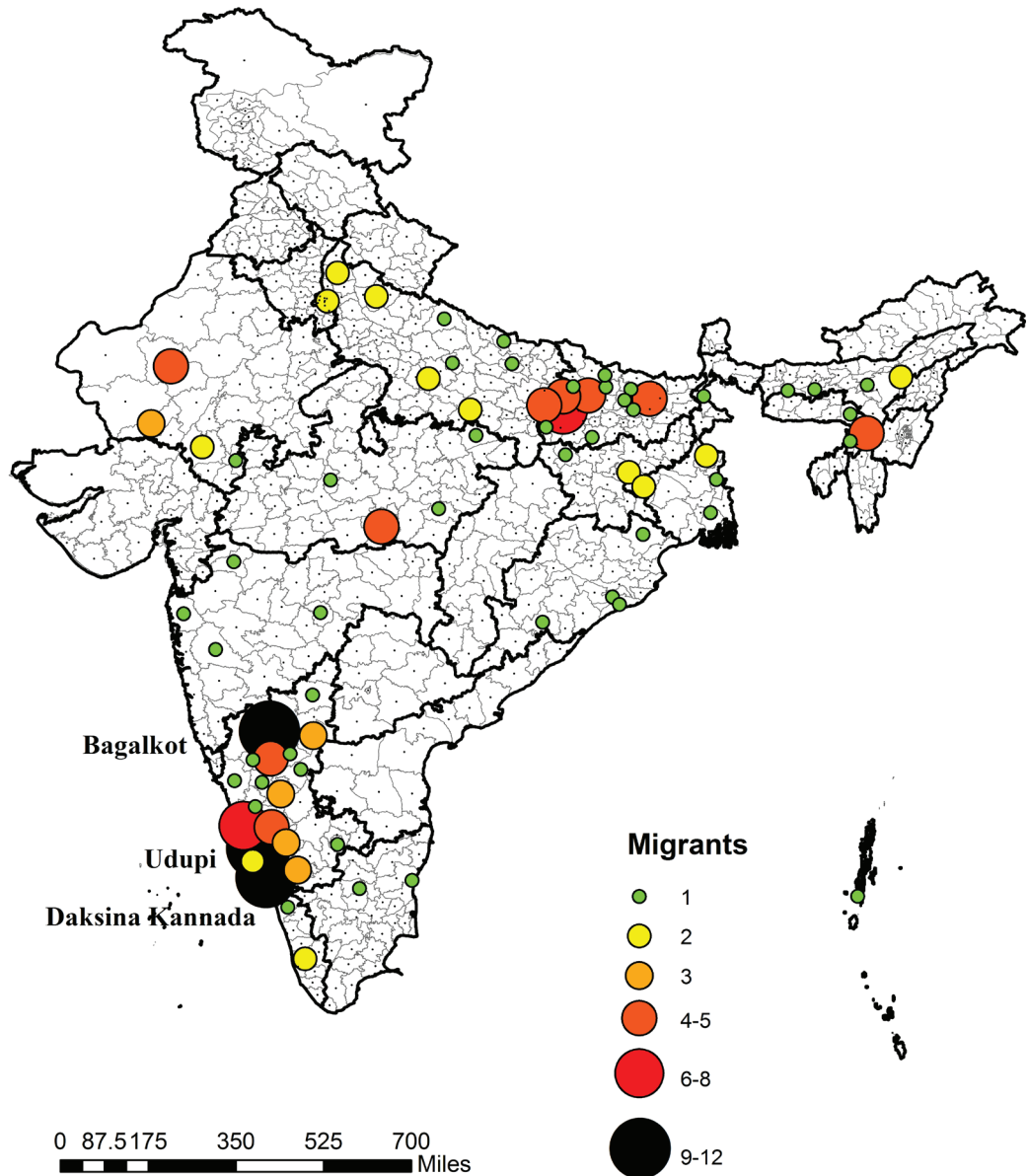
*"Today, one needs at least 40,000 rupees a month to live a decent life and that is impossible for a person like me in the Indian job market. That is why I am trying to go to Dubai, and from there hopefully I will get the chance to go somewhere else like Australia or the USA. I make friends easily, and just as I made friends here to help me go to Dubai, I will make friends there who will help me go somewhere else and earn"*

- Santosh, hospitality industry worker from Maharashtra

enabled by continuing social and trade networks. About 14% of the migrants in our sample are migrants from the region.

Second, the city attracts migrants from other districts in Karnataka (20% migrants in our sample), among which those from poor and arid districts of northern Karnataka like Bagalkot, Gadag, Gulbarga, and Koppal are prominent. This is not surprising, given that Mangalore is one of Karnataka's largest and wealthiest cities, after Bangalore and Mysore. These migrants, especially those from land owning households, tend to move between the village and the city in seasonal patterns.

**Figure10: Migrant Sending Districts**



Source: Survey data

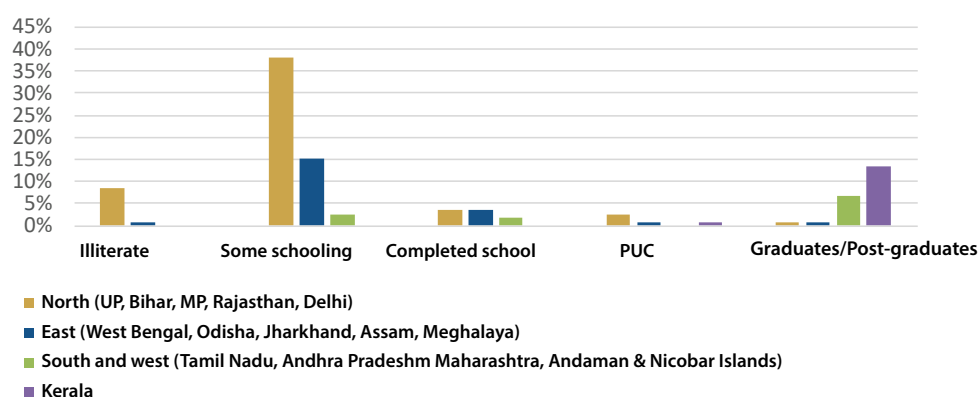
Third and the most numerous in our sample are inter-state migrants. In our sample, 36 percent of migrants are from northern states like Bihar, Uttar Pradesh and Rajasthan, 14 percent are from states in eastern India like Assam, West Bengal and Odisha, and about 16 percent are from states in the south and west like Tamil Nadu, Andhra Pradesh and Maharashtra. Mangalore's 'catchment area' for young migrant workers, therefore, is not merely regional, but national. Interestingly, many of these migrants reached Mangalore through networks they established while working in other cities, at times even megacities like Mumbai and Bangalore where they found it expensive to survive.

Owing to the concentration of economic activities around Mangalore and efficient transport connections, youth from towns and villages in the vicinity see themselves as inseparable from the economic life of the city and commute on a daily basis between their homes and Mangalore. These commuters come not only from small towns like

Bala, Chelliru, Kotekara, Kuthethur, Mudushedde, Munnur, Neermarga, Padushedde, Someshwar, Thokur-62, and Ullal that fall within the Mangalore urban agglomeration, but also from towns like Vithala, Uppinangady, Puttur and Sullia from outside the agglomeration. Commuters from the district are considered 'locals' in a broad sense of the term. About 24 percent of those in our sample who reported themselves as residents of Mangalore commuted over 10 km to work daily. While commuters mostly use the buses, which run from as early as 5:30 a.m. up to 11 p.m. at night, conversations with migrants from Kasargod and other parts of North Kerala revealed that the railway is also extensively used to commute into Mangalore for work from relatively large distances.

Overall, the educational achievements of migrants are poor: 55.6 percent of migrants in our sample had partial or no schooling at all. A fifth had completed school and a quarter had a university degree. Inter-state migrants, especially

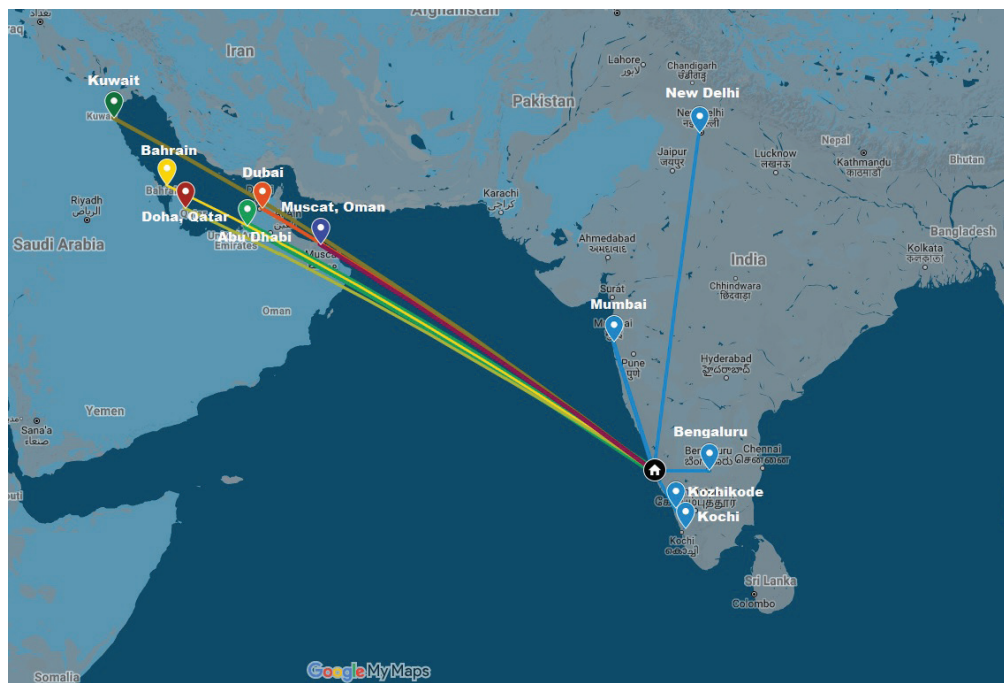
**Figure 11: Education by source region**



Source: Survey data



Figure 12: Map of air routes



Source: Based on information provided by XXX

from the north and east India had little or no schooling. Migrants from the region, Kerala and south Karnataka are better educated, with many of them having graduate and postgraduate degrees.

Even as Mangalore attracts workers – mostly poorly educated ones – from near and far, skilled youth educated in the city's numerous pre-university and technical colleges do not find suitable opportunities in Mangalore, and migrate to larger cities in India like Bangalore and Mumbai as well as abroad in search of jobs. Like Kerala, the Gulf nations are a popular destination for emigrants from Mangalore.

Clearly, Mangalore is at the cusp of multiple mobilities. While the shift from a historically maritime network to road and rail has democratised movements between villages, small towns and metropolises, its international airport links it to the Gulf states as well as the major metropolises of India. In addition to receiving and sending migrants, our qualitative interviews reveal that Mangalore is also a place where young workers learn about future opportunities in other places and form the social networks to tap into them to facilitate onward migration. In this sense, the city functions as a migration junction, a place where inward and outward mobilities intersect.<sup>xiv</sup>

<sup>1</sup>Naik, M. and Randolph, G. (2018). Migration Junctions in India and Indonesia: Reimagining Places, Reorienting Policy. New Delhi: JustJobs Network & Centre for Policy Research

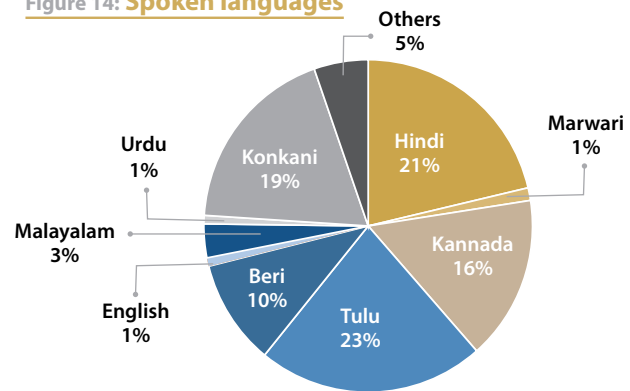


## A DIVERSE YOUTH WORKFORCE

Mangalore's attractiveness as a destination for migrants adds to the city's existing cosmopolitanism. Our survey data shows that Mangalore's youth workforce is highly diverse, and spans a range of cultural and social backgrounds. In this section, we unpack these metrics individually.

In terms of religion, our survey results revealed that the working youth population was comprised of 54.6% Hindus, 25.6% Christians and 17.4% Muslims, a higher religious diversity than the national averages. In terms of caste, 10.66% of our respondents were from SC communities, 3.69% were from ST communities and 42.83% were from OBC communities. The remaining 42.63% were from the general category. Notably, in the OBC and General categories, non-migrants were double the number of migrants - whereas both SC and ST categories had considerably more migrants than non-migrants.

Figure 14: Spoken languages

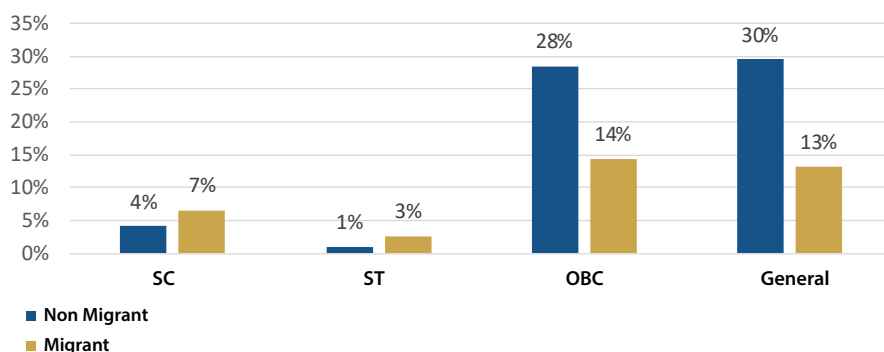


Source: Survey data

Linguistically too, the workforce exhibits great diversity. A vast number of migrants are Hindi, Marwari, Kannada or Malayalam speakers with a smattering of other languages like Odiya, Assamese and Bengali. Among non-migrants, Tulu, Beary and Konkani were the most spoken languages with a sufficiently large number of Kannada speakers as well.

A much larger number of people in the workforce too seem to be unmarried. In our sample, 78.87%

Figure 13: Distribution of caste by migration status



Source: Survey data

of the women surveyed were unmarried while 82.68% of men were unmarried. This metric held across the migrant-non-migrant lens as well, with 72.19% migrants and 87.22% non-migrants being unmarried.

#### **HOW DO MIGRANTS RELATE TO THE CITY?**

As mentioned before, Mangalore is a preferred destination for migrants, not only because of its labor market opportunities but also owing to the high quality of infrastructure and services it offers. Imagining it as a “city with everything”, migrants describe Mangalore as a place where it is possible to live decently at lower costs. In our focus group discussions, young entrepreneurs talked about the convenience of “going home for lunch” and migrant workers spoke about the pleasures of “eating ice cream at the beach” and spending time with friends from diverse backgrounds and gender, something they could not imagine happening back home. In contrast, even though Mangalore has begun to cater to a high-income style of consumption with a growing number of upscale malls, bars and restaurants, the city’s middle and upper class feel that the city doesn’t yet have enough entertainment and leisure options to be considered a “proper city”.

Despite the positive feedback about Mangalore, availability of housing is a critical consideration for migrants in making decisions about work and future plans in the city. Migrants are more likely to live in dilapidated homes (11.7 percent of the migrants in our survey) as compared to non-migrants (only 2.5 percent). Sanitation conditions are worse too. About 16 percent of the migrants in our sample defecate in the open. In a city that has an extensive sewerage network, this also highlights the segregated nature of migrant housing,

which our qualitative work finds is often ‘on site’ in sectors like construction, industry and in port-related manual work as well. A focus group discussion with industrial workers at the Special Economic Zone revealed that they prefer to work with contractors who provide on-site or near-site housing, to enable them to maximize their savings. About 5.8 percent of the migrants in our survey reported living in housing provided by the employer. From those who seek daily wage work at the labor naka, we heard that many live in low quality housing in “crime-ridden” areas and that sleeping in bus stands and railway stations is not uncommon. Sharing arrangements are also common: 71 percent migrants in our survey share their space with other migrant workers.

# What is the nature of Mangalore's labor market?

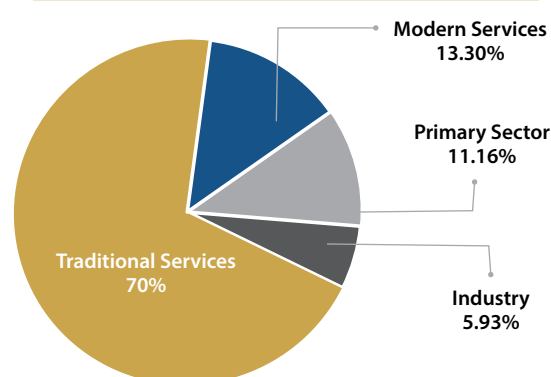
## INDUSTRY ON THE DECLINE, A FUTURE IN SERVICES

Despite considerable investment focus on the port and industry, especially in the petrochemicals sector, Mangalore's labor market is dominated by services. About 83 percent of the young workers in our sample are employed in the services sector, while only 5.43 percent are employed in the industrial sector. The low employment in industry is explained partly by the shift to capital-intensive manufacturing after the building of the New Mangalore Port, as is evidenced by the development of new industrial areas like Surathkal and Baikampady and the Special Economic Zone, where the petrochemical sector dominates. As outlined before, this sector does not generate a significant number of jobs. On the other hand, the MSME sector is not growing. In fact, interactions with labor department officials reveal that units are seeking to improve productivity through automation in order to remain competitive, and this is also impacting employment generation negatively.

Mangalore's service sector economy builds on its historical role as a center of trade, but in recent years the economy has received an impetus via local investments in private sector colleges and hospitals. However, the city's entrepreneurs are well aware that the future lies in new economy sectors and are making attempts to leverage Mangalore's highly educated workforce to invest in IT and communications, tourism and travel, and financial services. Of those employed in the service sector in our sample, about 17 percent work in

'modern services' like information technology, business process outsourcing, communications and finance. The district government and the Kanara Chamber of Commerce and Industries (KCCI) has partnered to set up the Center for Entrepreneurship Opportunities and Learning (CEOL), a 70-seat incubation center for innovative start-ups who see a future in the city. However, interactions with entrepreneurs at CEOL – most of whom have returned after working elsewhere, like in Bangalore, New Jersey and London – reveal that they seek other enabling factors like affordable and well-designed commercial office space in the city's business center, as well as suitable entertainment and leisure options to attract and retain talent. Expressing a preference for Mangalore in terms of quality of life over larger cities like Bangalore, the entrepreneurs stressed that an environment that welcomes and fosters entrepreneurship is vital in realizing the potential

Figure 15: Sectoral composition of workforce



Source: Survey data

of the city's workforce, which as of now looks for options in Bangalore and abroad.

#### **A SEGMENTED LABOR MARKET, YET ATTRACTIVE FOR MIGRANTS**

Regression analysis shows that education is highly valued in Mangalore, with graduates and postgraduates likely to have higher incomes. Those with less education, mainly migrants from north and east India as well as from northern Karnataka, remain in casual work and informal services where wages are low. In our survey sample, we find that 36 percent migrants are engaged in casual work, as compared to 12 percent non-migrants. A higher proportion of non-migrants work in administrative and accounting, technical and specialised service occupations, which are likely to be in the formal economy. The regression results also indicate that those being paid monthly are far more likely to experience wage growth, as compared to those being paid daily or weekly, showing that those with regular – even if not formal – employment clearly have an edge in the labor market. Despite Mangalore's importance as a district headquarter; those in private sector salaried work are likely to earn more than those in government or non-profit work, or even entrepreneurs.

While formal industrial jobs in the petrochemicals sector and agro-processing industries like cashew processing, fish processing and beedi rolling, have been available to locals until recently, increasing casualization in industrial employment has brought in more migrants into industrial work. Our survey reflects this, with the 16 percent

#### **Start-up entrepreneurs at CEOL on why they have relocated to the city**

*“This (Mangalore) is where we come from...(I) want to grow the local talent...(because) Mangaloreans can get paid (much better) if they choose to go the high-skilled route”*

*“The city has clean air and water, no blanket of smoke unlike Bangalore which is choking, one can feel the difference in vegetables”*

*“Folks from Kerala and north India are coming here... Mangalore is diverse”*

*“One can have a polite conversation with someone you don't even know. It is a city of humble and hardworking people--this culture translates to employees.”*

*“(We) miss having more places to go out to in Mangalore. (The city) can be a little more vibrant in terms of cultural entertainment.”*

of migrants in our sample working industrial jobs compared to 6 percent of non-migrants. Migrants are also overrepresented in industrial and construction work and underrepresented in public sector and professional services as well as in the modern services. Moreover, relatively secure jobs in industry are in decline either because of automation or because they are moving elsewhere. Qualitative interviews indicate that local employees have relatively more secure jobs in terms of wage protections through negotiations with unions and social security benefits like pensions, while migrants find less permanent work and are dominant in non-agricultural industries related to petrochemicals, industrial sand, iron and steel processing, machine manufacturing and fabrication, among others, or in casual work in the services sector.

Conditions of payment also vary, with a higher proportion of migrants (14.7 percent) getting paid only upon completion of task as compared to non-migrants (6.3 percent). Migrants are further disadvantaged by a lack of formal skills training. Only 4.8 percent of migrants in our sample reported having accessed formal learning or vocational training that prepared them for employment, as compared to 15.3 percent non-migrants.

Yet, despite lower labor market returns compared to residents, migrants speak of Mangalore as a preferred destination. Many of the migrant workers in Mangalore have reached the city after having previously worked jobs in Mumbai, Delhi, Bangalore and even Kerala. In the construction sector, where 17 percent of the migrants in our

sample work, workers report that employers in Mangalore do not renege on wages. The certainty and regularity of wages – within the informal sector – makes the city attractive, even for those migrants who have previously worked in larger cities.

We find that workplace conflict is minimal and the possibility of collective action is kept alive by formal labour unions and other forms of collective action. A culture of compliance and tighter labor regulations in the city also go a long way in making migrant workers comfortable.

While education positively influences income, this impact is most significant for those with a university degree or above (nearly 40 percent of our sample). However, Mangalore is unable to provide adequate jobs for the young people who get higher education in the city. Besides those stuck in low-skilled work in construction and as daily wage laborers, many educated young people are stuck in the retail sector as shop assistants, or in similar entry-level work in hotels, colleges and hospitals. As the city's economy restructures, a mismatch is emerging between the skills needed and those that youth have acquired. Youth are not able to take advantage of new kinds of opportunities arising as industries pursue automation and service sector jobs grow, albeit slowly. The numerous vocational training courses on offer in Mangalore are inadequate for the increasingly specialized needs of industry. A training manager we interviewed told us that enrollments in vocational courses are dropping because of the **“disconnect between skill-building programs and the skills (actually)**

## Regression Analysis To Estimate Factors Determining Wages And Wage Increases

### Regression 1 - Mangalore (Current Salary)

Table No. 3A

Dependent ~ Current Salary	Estimate	Std. Error	t value	Pr(> t )	Significance Level
Intercept	5.43E+03	1.70E+03	3.191	0.001521	**
Gender-Male	1.35E+03	4.75E+02	2.846	0.004643	**
Caste-ST	1.76E+03	1.16E+03	1.511	0.131434	
Caste-Other Backward Classes	1.69E+03	7.05E+02	2.394	0.017114	*
Caste-General	2.52E+03	7.22E+02	3.482	0.000549	***
Education- Primary Education	9.40E+02	7.58E+02	1.239	0.215937	
Education- Secondary Education	1.76E+03	8.28E+02	2.131	0.033624	*
Education- Senior Secondary Education	1.21E+03	7.80E+02	1.552	0.121485	
Education- Graduates	2.45E+03	8.32E+02	2.946	0.003391	**
Sector-Industry	-4.42E+03	7.15E+02	-6.179	1.50E-09	***
Sector-Traditional	-4.30E+03	9.43E+02	-4.565	6.51E-06	***
Sector-Modern Services	-3.36E+03	9.15E+02	-3.675	0.000267	***
Business Type- Pvt Company	-2.40E+03	1.19E+03	-2.009	0.045134	*
Business Type-Contractor	-1.38E+03	1.32E+03	-1.048	0.29525	
Business Type- Business/Family Business	2.49E+03	1.82E+03	1.37	0.171543	
Business Type- Other	-3.49E+03	1.91E+03	-1.829	0.068068	.
Original Salary	9.76E-01	3.92E-02	24.862	< 2e-16	***
<p>Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1</p> <p>Residual standard error: 4098 on 432 degrees of freedom (50 observations deleted due to missingness)</p> <p>Multiple R-squared: 0.6823, Adjusted R-squared: 0.6705</p> <p>F-statistic: 57.99 on 16 and 432 DF, p-value: &lt; 2.2e-16</p> <p>Full Model: Gender, Caste, Religion, Language, Migration Status, Highest Education Level, Sector, Salary frequency, Salary Condition (Qualifier), Company type, House Type, Original Salary</p>					

## Regression 2 - Mangalore (Increase In Salary)

Table No. 3B

Dependent ~ Increase in Salary	Value	Std. Error	T-Value	P-Value	Significance Level
Gender-Male	0.424566	2.79E-01	1.52E+00	0.13	
Gender-ST	1.345455	6.48E-01	2.08E+00	0.04	*
Gender-OBC	1.179828	4.00E-01	2.95E+00	0	***
Gender-General	1.218352	4.08E-01	2.99E+00	0	***
Sector-Industry	-2.37385	5.93E-01	-4.01E+00	0	***
Sector-Traditional	-2.53414	6.87E-01	-3.69E+00	0	***
Sector-Modern Services	-1.60969	6.75E-01	-2.38E+00	0.02	*
Salary frequency: Weekly	0.134649	4.66E-01	2.89E-01	0.77	
Salary frequency: Monthly	0.417838	3.61E-01	1.16E+00	0.25	
Salary frequency: Once a Month	14.25072	1.56E-07	9.12E+07	0	***
Salary frequency: More than once a Month	-1.74578	8.87E-01	-1.97E+00	0.05	
Original Salary-2nd quartile	-0.98075	3.58E-01	-2.74E+00	0.01	**
Original Salary-3rd quartile	-1.74618	3.55E-01	-4.92E+00	0	***
Original Salary-4th quartile	-2.0462	3.81E-01	-5.37E+00	0	***
1 2	-3.04652	7.20E-01	-4.23E+00	0	***
2 3	-2.32064	7.14E-01	-3.25E+00	0	***
Full Model: Gender, Caste, Religion, Language, Migration Status, Highest Education Level, Sector, Salary frequency, Salary Condition (Qualifier), Company type, House Type, Original Salary Quartiles					

**required to work in a given industry.”** In addition, entry-level jobs in the industrial sector are not particularly well paying, and in some cases pay lower than relatively unskilled jobs in the services sector. Employers also complain that salary expectations are high in Mangalore and retention is a challenge. This feeling of being stuck and the skill-job mismatch might also be resulting in an emerging resentment against migrants from local residents with low levels of education, though arguably these resentments

are under the surface unlike the communal tensions, conservatism and moral policing that coastal Karnataka is infamous for. In focus group discussions, local residents working in factories claimed that they are unable to compete with migrants who are willing to work longer hours at lower wages. They also resent the perks like on-site accommodation that employers provide for migrants, while they find it difficult to commute to industrial estates that are adequately serviced by public transport.

## A HUB OF WOMEN'S WORK, ALBEIT WITH LIMITED CAREER PATHWAYS

While traditionally women in the region have worked in agro-based industries like cashew processing, fisheries and beedi making, both in factories as well as in home-based work, these jobs are now declining. The growth of the services sector in Mangalore and the accompanying high levels of education have opened up several new opportunities for women's work. In fact, our survey results found that women in the city are more likely to be in service sector jobs than men. For instance, 35 percent of women in our sample are in government and public services, as compared to 8 percent of men. Mangalore's numerous hospitals offer opportunities for women from the region to train in jobs related to the care economy like nursing and eldercare, which in turn open up opportunities to work in Mumbai, Bengaluru and abroad as well. A growing number of women work in sectors like retail, education, healthcare, IT, finance and hospitality. Young women in Mangalore are also opting for jobs in the knowledge economy, working in the few IT software and business process outsourcing (BPO) companies that have recently started operations in the city.

Overall we find that women in Mangalore are more likely to be in regular employment than men. Compared to women, men have the opportunity in a wider range of sectors, which include a range of industrial jobs, but they are also likely to be in casual work as well as in construction, where incomes are low. Regression analysis clearly shows that men are more likely to earn higher

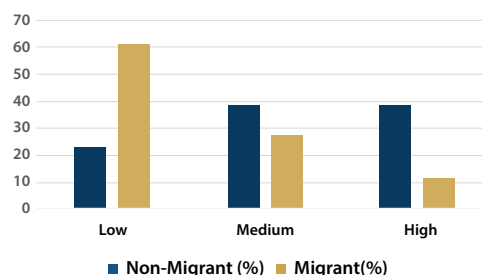
*"In big cities like Bombay and Delhi, employers are not prompt with payments, create hassles and there is a lot of fighting between laborers and contractors. In Mangalore, people are much better and pay on time"*

- Sanjid, construction worker from West Bengal

wages than women. While this is partly explained by a structural wage gap by gender in India, we also find in terms of skill levels the majority of women workers in Mangalore – 38 percent – are concentrated in mid-level jobs, mostly as retail sales people, front desk executives and in administration and accounting. In comparison, only 27 percent of men in our sample did mid-level work. As such, women are far more likely to be 'stuck' in entry and mid-level work, with lower prospects to forge career pathways.

Men are better represented in high-skilled technical and managerial work as compared to women. The kind of routine work that women do like sales, packaging and accounting have the highest probability of being lost to computerization and automation. Labor officials

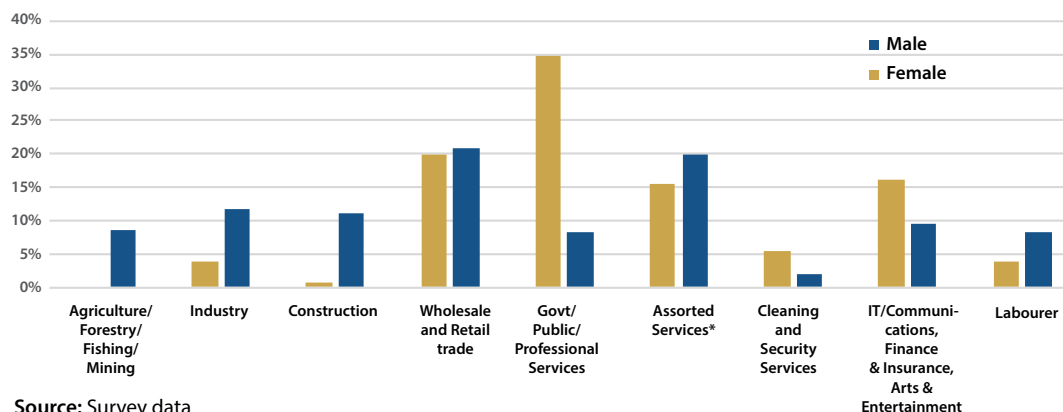
Figure 16: Skill/Migration Status



Source: Survey data



**Figure 17: Sectoral composition of work by gender**



Source: Survey data

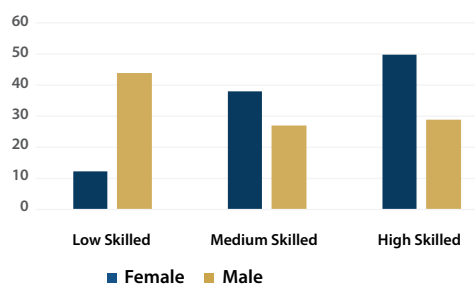
\* Transport and warehousing, security/travel, hotel/lodging, real estate, automatic/electronic repair

in Mangalore expressed concern over increasing automation in agro-processing industries like cashew and fish processing, where workers are disproportionately women. In addition to the precariousness of losing jobs to technology advances, women also are disproportionately burdened with care responsibilities at home, which disrupt their already ‘stuck’ careers. Many respondents in our focus groups had dropped out of the workforce when they had children, and found it difficult to re-enter the labor market after a gap.

Even so, several enabling factors do contribute to the ability of women to work in Mangalore. The city’s robust regional bus system that is regulated by the government but run by private operators is an important factor in enabling women’s mobility: 78.2 percent of our female respondents use it regularly. Interviews with transport authorities and the police revealed that safety and sexual harassment, prominent issues with women’s mobility, are far less acute in Mangalore. Many

unmarried women are attracted to Mangalore because of quality education opportunities and are encouraged to stay on to work because of the high quality of life and safe environment the city offers. Further, in sectors like domestic work and beedi making, unions have been effective in demanding better wages and working conditions. Interactions in the labor department inform us that memberships of these unions are increasing: in our sample, we found that 12.5 percent of the women who are in domestic work are part of formal worker unions. Union representatives, however, expressed concern over the lack of

**Figure 18: Skill levels by gender**



Source: Survey data

skill development opportunities and capital for middle-aged women who are seeking to re-enter the workforce after having taken a break to raise their children.

The availability of shared housing for women is another enabling factor for women's work in the city. We found that employers as well as private entrepreneurs are beginning to organize rental accommodation in the form of 'paying guest' hostels to attract young female workers and assure families of the safety of their daughters, though there is much scope for growth here: only about 5 percent of the women in our Mangalore sample live in shared accommodation. Additionally, self-help groups have been instrumental in helping poor women operate savings and credit schemes to meet emergency expenses and even start new businesses. The municipal corporation's Rozgar Cell, which implements central and state government schemes related to employment,

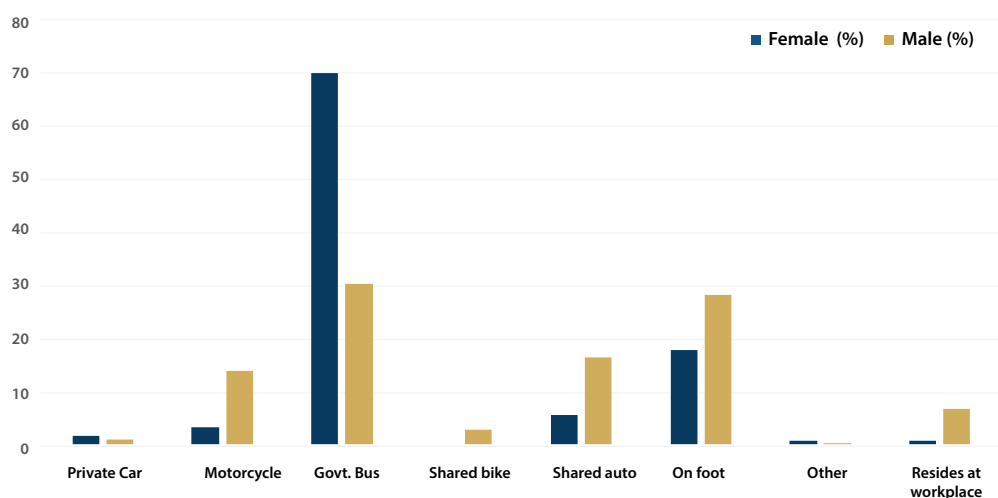
*"In nursing generally, hospitals prefer more beautiful women. They tell nurses to go to beauty parlors regularly. My current workplace doesn't ask me to do this, so I can only stay here or go abroad. My parents are reluctant to send me abroad right now, but I think after I get married it may be easier to try and move with my husband"*

- Tulasi, local nurse

is supportive of these efforts and has helped entrepreneurs to reach out to appropriate markets where possible.

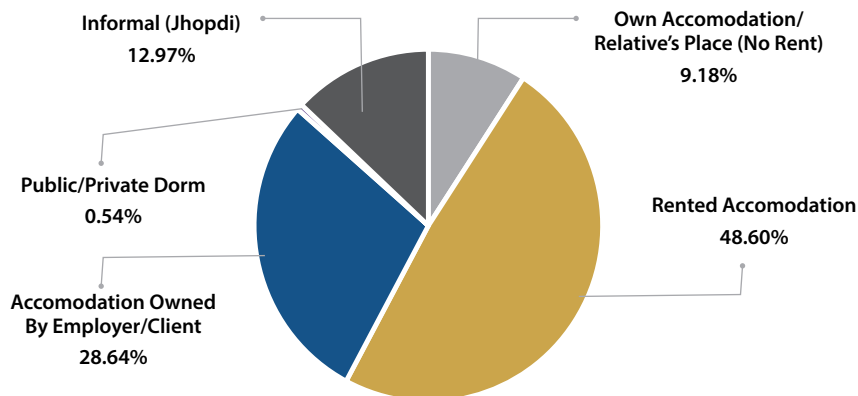
Overall in Mangalore, high human development indicators, sustained economic growth and emphasis on education have enabled young women to push the envelope, moving into new areas of work. Yet, the majority of youth migrating abroad in pursuit of well paying jobs are male,

**Figure 19: Modes of transport by gender**



Source: Survey data

**Figure 20: Housing status of migrants**



Source: Survey data

*“A lot of the government programs in skills are for young women, who don't want those jobs. Younger women now want to work at the malls. Only women above 40 would prefer to pick up skills like stitching and try to work from home, but they are not within the age group that the government wants to give this skill training to”*

- Mamatha, Community Organiser

while young women often get parental consent only to work in locations nearer home. Mangalore appears to be an attractive destination for unmarried female workers, but marriage and family are key axes for women's aspirations and economic mobility. Opportunities to study and work differ particularly by religion, with Muslim

women reporting more limitations than others. Other kinds of discrimination also persist. In our focus group discussions, for example, women working in retail and nursing report that employers focus less on their skills and more on appearance. While unions of female domestic workers are active in negotiating wages and working conditions, women still reported limited financial autonomy within the home, with many of them handing their pay over to their husbands at the end of each month. They also felt they were more likely to be given an unfair wage because they were not as savvy as men about the broader labor market conditions. A lot more remains to be done, therefore, in boosting workforce participation among women, especially in increasing access to high-skilled work.

# What are Mangalore's key labor market challenges?

## BUILDING A MORE INCLUSIVE LABOR MARKET

We clearly find, through regression analysis, that wage levels as well as wage growth are contingent on factors like caste, gender and migrant status. For economic development in Mangalore to be more equitable, careful attention is needed to understand how employment is structured for men and women, and across various social groups, and on expanding opportunities equitably.

### Reducing precariousness for migrants

In Mangalore's bifurcated labor market, less educated migrants from rural parts of north and eastern India – but also from northern Karnataka – are particularly disadvantaged. However, they are a critical workforce for a variety of sectors like construction, industry, port-related work like transportation and in hospitality and education. Currently, these young workers see their work in the city as a source of cash, and they aspire to earn enough money to secure their future back in their villages. In order to improve the productivity of these workers in the city as well as to help them save adequately to achieve economic mobility in the future, the city faces multiple challenges in reducing the vulnerability of migrant workers and helping expand and improve their opportunities to work. The city administration also needs to address challenges related to relatively poor living conditions of migrants, with suitable interventions in housing and services.

### Leveraging the potential of women

Even though Mangalore fares well relative to other cities in India vis-a-vis the inclusion of women in work, women are concentrated in mid-level jobs and in particular sectors of work with barely any opportunities to better paying work. Mangalore must find ways to leverage the high levels of education in its female workforce, not just by creating more jobs, but also by paying attention



to life cycle needs of women as they marry, have children and grow older. The city's labor market must also create opportunities for women to explore new sectors of work, and to be able to attain senior positions within establishments.

### **Overcoming identity-based barriers to education and work**

While Mangalore shows good correlations between one's level of education and one's income - something which is not always a given in smaller Indian cities - the city faces challenges in providing adequate educational opportunities to its most socially marginalized communities. As a result, wealth creation too remains stagnant among a large number of SC and ST communities. Social exclusion combined with cycles of poverty prove to be difficult to break. Our regression analysis confirms this, with General and OBC categories far more likely to have higher incomes and income growth as compared to the SC workers in our sample.

Hearteningly, our qualitative enquiries reveal a number of examples of young people - particularly women - who have been able to avail of reservations to get into government service or industries like nursing. However, the majority of the rural families from these communities remain landless and stuck in precarious circumstances - making it very difficult to overcome the barriers to getting even the basic educational qualifications required to avail a number of opportunities, let alone migrate to the city to find well-paid jobs. For example, a young dalit activist we interviewed stated that there was no college near his area, and so he would have to work in the day to even pay



the fees and transport charges required to go daily to the nearest evening college. He also felt the college's education would be of little value if one did not have the networks to leverage that kind of education in the job market. He believed that for people like him, trying to learn manual skills would be more remunerative than to get a formal education. This articulation strongly suggests that while education is a significant factor towards income in Mangalore, there a number of other factors embedded within these categories that mediate access to employment. One of the city's key labour market challenges would be how to overcome these identity-based barriers to education, entrepreneurship, and wealth creation among its marginalised population



## MANAGING ECONOMIC TRANSITIONS

From a mixed economy comprising industry and trade, Mangalore is now a predominantly services-led economy, looking to move towards 'new economy' sectors like IT and tourism. This presents a set of opportunities, but the city faces several challenges before it can create a local economy that is resilient, sustainable and provides genuine opportunities for economic mobility.

### Declining industrial jobs

In Mangalore, industry is not creating new jobs. This is partly because industrial growth is happening in the capital-intensive petrochemicals sector, which have been in the eye of the storm in terms of land acquisition battles, and partly

owing to trends towards automation. At the same time, industrial employers struggle to find workers, who demand better wages and working conditions without the requisite level of skills or productivity. Employers are faced with the challenge of taking on costs of training without the assurance that workers will stay. Further, the casualization of manual work in industry has attracted migrants from north and eastern states in India. The coincidence of the migration wave with the reduction of formal work in industry has set in motion anti-migrant sentiments among communities that feel displaced from opportunities that existed in earlier decades. Managing migrant-linked diversity is also, therefore, a challenge.



### **Inadequate enabling conditions for creating 'new economy' jobs**

Even though young workers in Mangalore seem to be largely linked to the services sector, it is a matter of concern that the majority of these jobs require low to medium skill levels, while labor market returns in terms of income and income increases only kick in for graduates and post-graduates. Therefore, while Mangalore is certainly able to provide employment opportunities for economic mobility to young people from rural areas and small towns nearby, it is neither able to provide adequate jobs for its educated workforce nor provide pathways for continued mobility for those young people who grow up in the city or come to avail education, vocational training or jobs.

At the same time, numerous interviews with bureaucrats, business owners and citizens suggest that Mangalore aspires to ramp up growth in 'new economy' sectors related to knowledge like software services, niche real estate, high-end tourism, finance, healthcare and medical tourism, and higher education. The rise of these sectors could certainly create opportunities for skilled workers. We find, however, that the city is currently facing a challenge in its ability to create an environment to attract entrepreneurs and investors, and to sustain their businesses. For instance, in our interactions we found that start-up owners could not find suitably designed office space in central locations, and the IT and software parks are located on the edges of the city where young entrepreneurs and workers do not wish to relocate. To attract more knowledge



economy businesses, Mangalore would need to think beyond creating suburban technology parks, which in their present form exist without connections to other aspects of planning and urban design. In fact the preparation of the master plan, currently under the control of the development authority and by all accounts heavily influenced by the city's business elites, needs to be a far more participative process.

### **Skills mismatches and transitions**

Already, industry owners struggle to find and retain talent commensurate with the job profiles on offer. They attribute these high attrition rates to the attractiveness of service sector jobs in retail. But it is also true that job profiles in industry are changing with the ongoing transitions in industrial technology. These transitions, as well

as the growth of new service sector businesses, will create openings for workers with better education and specific skills.

The city needs to think about how the existing workforce will make the required transitions to jobs that require better skills; what kind of reskilling initiatives are needed and who would be the target groups for these efforts. The transition appears to be particularly challenging for those without a university education and those performing non-cognitive tasks. In our study, we find that inter-state migrant workers and women are especially vulnerable.

### **Retaining talent**

Lastly, youth educated in Mangalore currently do not aspire to find jobs in the city. As the city's service sector expands, there must be strategies in place to tap into the large pool of talent already available in the city.

## **INCOHERENT GOVERNANCE FRAMEWORKS**

### **Agency of local government**

In Mangalore, like in many Indian cities, the municipal corporation has a limited role in the governance of the city owing to the incomplete implementation of the 74th Constitutional Amendment. In fact, Article 243-S, Section 13 of the Karnataka Municipal Corporations Act 1976 mandates the creation of ward committees, a key element of the decentralization architecture. However, these have never been formed in Mangalore, and there are Public Interest Litigations pending in the Karnataka High Court regarding the same.



Much of the municipal corporation's work is embedded within the district's functioning and overseen by the deputy commissioner of Dakshin Kannada district. Even in the Special Purpose Vehicle that manages projects under the Smart Cities Mission, officials from central and state governments have prominent roles and the DC's office coordinated the project rather than the municipality.

Local government is certainly not a key player in policy decisions around employment and job creation, despite the municipal corporation housing the Rozgar Cell, which implements the National Urban Livelihoods Mission (NULM). Even though the effort of the district commissioner and local chambers of commerce to set up CEOL is commendable, it appears to have been executed without the involvement of local government.





Even in activities like preparing the master plan, city planners indicate that higher levels of government set the tone, in this case the State government via the development authority and the state planning department.

### **Multi-level and departmental coordination**

The lack of coordination between different levels of government manifests in various ways. Many of the functions related to labor regulations and welfare, for instance, are carried out by the district labor department. These efforts, however, are not coordinated with the implementation of the NULM by the municipal corporation, nor with the initiatives taken on by civil society under the guidance of the district commissioner. Likewise, efforts like CEOL are insufficiently harnessed because they

are not currently connected to the city's higher education and jobs landscape.

### **Managing diversity**

Migrants add another layer to Mangalore's existing diversity, but those involved in governing the city are barely aware of the need to manage migration-induced diversity. In a city that faces recurring communal tensions between religious groups, addressing the aspirations and disappointments of young people from diverse backgrounds is a key challenge. Yet, interviews with police officers suggest that unlike other Indian cities, tensions between locals and migrants do not typically arise, though segmentation of migrants into separate enclaves is visible. If managed well, Mangalore could potentially become the kind of melting pot that young migrants are excited to live and work in.

## Policy recommendations

### 1. Build a diverse, resilient local economy

Mangalore must use a multi-pronged strategy to maintain its economic diversity, with emphasis on those sectors that are 'sticky', i.e. those that will sustain over the long-term. Some ideas are outlined below.

#### Retain job-rich industries, scale up MSMEs

Despite the tilting balance towards the service sector in terms of employment, Mangalore must retain its diverse industrial base. Alongside petrochemicals and fertilizers, which are critical industrial sectors for Mangalore, the city must encourage and revive flagging industries in food and agro-processing, garments and textiles, leather, wood and paper, chemical- and mineral-based manufacturing, and others. This is vital because, as shown earlier in this report, it is the MSME sector that creates jobs for the city.

Some steps to revive industries could include upgrading infrastructure to older industrial parks, planning worker housing and transport, and introducing skills programs targeted to those industries that are automating and upgrading. For industry that continues to be labor-intensive, like in agro-processing, enhancing security of workers through well-designed pension and savings programs, improving efficiency through investments in areas like healthcare, housing, children's education and childcare are also

important, especially to enhance opportunities for women.

Lastly, scaling up MSMEs, many of them involving one-person businesses, is a straightforward way to create jobs in Mangalore. This requires interventions in soft skills and management training as well as easier access to formal credit.

#### Attracting niche start-ups

Mangalore must build on its initial experiences with incubating start-ups as a way to bring an array of service sector jobs to the city, and improve the connections between the start-up ecosystem and the city's higher education institutions. This will attract talent from outside and help retain skilled workforce in the city, which currently do not have adequate employment options in Mangalore. Beyond talent, the start-up ecosystem must be nurtured by investments in a suitable urban environment. Young entrepreneurs working in the knowledge economy require quality commercial office space designed in contemporary styles to encourage collaborative and creative work. Locating such offices in central parts of the city in proximity to leisure and entertainment options is important and this also necessitates the management of an inherent tension between modern and traditional lifestyles. To leverage a future comprising a large number of high-end service sector firms, inner city redevelopment projects must involve suitable investments in public transport and walkability infrastructure

as well as public spaces. These are important to create high quality lifestyles and to facilitate ‘serendipitous interactions’ that encourage information spillover; a process that is critical to create successful economic agglomerations. These interventions require a new urban planning and design paradigm, envisioned jointly by the development authority and city corporation with citizen inputs, as much as it needs private and public sector buy-in and investment. Lastly, business investments by return migrants can be facilitated through incentives like tax breaks, subsidized real estate and faster processing of business permits.

## **2. Implement a strategic workforce development program**

Mangalore urgently requires interventions in workforce development in order to: (a) match skills programs with the current needs of employers; (b) plan for the needs of the future in a transitioning economy; and (c) improve access to skills to a wider pool of youth keeping in mind the city’s position as a migration junction.

### **Close the gap between job seekers and employers**

Strategic skill development policy is one way to close the existing gap between the expectations of job seekers and employers in the city. To achieve greater synergies, the city needs a platform that brings together employers across diverse sectors, skills training institutions, educational institutions and representatives from workers unions and groups. This platform could help in mediating expectations through meetings, seminars and

workshops and in disseminating information about industry and the needs of the workforce. It could also manage an online registry of jobs and a special cell that could help match skilled workers to available and sought-after jobs. The seeds of these ideas have already been sown via the CEOL in the city, but they urgently need to be taken forward and scaled up with a great participation of local government and civil society across sectors.

### **Map and impart the skills of the future**

Because Mangalore’s economy is in a phase of transition, understanding what skills would be needed in the mid and long-term are the first steps to building a robust skill development program for the city. A collaborative survey of job profiles and a mapping of skills needs by the industry and government would be useful in directing future investments in workforce development. While the government could use this information to tweak existing programs like the NULM and the kind of courses on offer in Industrial Training Institutes, a number of private and not-for-profit players in the business of skilling would also benefit from this mapping. In the context of those industries that are in transition, the industry-government platform on skills and employment can help them anticipate the need for reskilling workers and create opportunities to rehabilitate those who lose their jobs by linking them to other opportunities as well as social welfare provisions.

### **Improve access to a wider pool of youth**

Despite the potential, much needs to be done to make education and skills training accessible to vulnerable populations in Mangalore, who are

currently in low-skilled informal sector jobs in the city. A concerted outreach effort to include rural youth, dalits and young women from conservative Muslim communities, for instance, would involve examining the locations and timings of colleges and training centres. Increasing the number of evening colleges in the periphery of the city, for example, would be a concrete first step. Linking these colleges to employers is also a crucial step because, as discussed later, socially excluded communities lack networks to enter into skilled and well-paid work.

### **Leveraging its position as a migration junction**

Mangalore faces a curious situation, being a city that is attractive to internal migrants from the region and from distant parts of India while at the same time losing its own skilled workforce to larger cities in India as well as to opportunities abroad. Skill development in the city is therefore an opportunity in itself, not just to supply local industry, but also to be able to upskill migrant workers who circulate through the city. In this, barriers must be removed for skills training institutions to enroll those who are coming in from outside as migrants and commuters. Local colleges and training centres must also appropriately skill local youth seeking specific opportunities elsewhere. Beyond technical and soft skills, language development and more exposure could be new avenues of growth for the skill development sector.

### **3. Improve career trajectories for women workers**

In order to expand work opportunities for women, Mangalore needs to cater to the varying needs of

women across age groups even as it ramps up infrastructure and services that support women. A variety of approaches are possible here:

#### **Reskilling opportunities**

It is imperative to do away with age-related barriers for women to access skill development. Women must have avenues to reskill and re-enter the workforce after gaps that they have to take to bear and raise children, or care for the elderly and ailing. Reskilling must also be targeted towards women who are in danger of losing jobs to automation, and to those who wish to improve their career prospects over time.

#### **Scaling up women-led businesses**

Women's businesses face particular challenges as they scale up, and Mangalore needs to develop specific programs to support these businesses. Responsive and specially tailored credit programs and improved market linkages are some ways forward.

#### **Increase supply of appropriate housing and support services**

For families to be comfortable to send young women to work in Mangalore from small towns and villages in the region, and from afar, the city must focus on the supply of safe and well-organised shared accommodation in the form of working women's hostels, and 'paying guest' arrangements. Additionally, legislation to check discrimination against renting to women must be in place. The success of these establishments depends on the co-location of

services like childcare, retail facilities and access to transportation networks.

#### **4. Minimize vulnerabilities for migrant workers**

Less educated migrant workers need support to navigate Mangalore's bifurcated labor market, specifically in order to (a) seek and retain work as well as find recourse to unfair treatment at work; (b) access new skills; (c) find entry points into better paying and more secure jobs; and (d) access financial support to save as well as find safety nets to reduce expenditure. Additionally, measures to improve living conditions and improve social cohesion require a migrant-sensitive administration.

##### **Facilitate networks for migrants**

Migrants invest considerable time and energy in creating the networks needed to access work opportunities laterally and to find better employment. For those from disadvantaged caste backgrounds especially, breaking out of caste-based networks is difficult. While eliminating formal barriers to employment and skills training is a first step, outreach efforts to disseminate information among migrant communities via civil society organisations, social media and online portals are also necessary.

##### **Improve access to housing, services and social welfare**

Poor migrant workers are often unable to access social welfare schemes in Mangalore. There is a need to sensitize officials on the need to include migrants in universal social protection related to

health and education. For instance, anganwadi workers and primary health centres must have outreach programs for migrants, who need state assistance to minimize the costs of living in the city, far from home, and thereby enhance their potential to save and remit. The need to introduce portability features to those schemes that are currently location-linked, like the rations received through the public distribution system, is a large issue that needs to be addressed as well, albeit at the national and state level. Under the Building and Other Construction Workers Welfare Scheme, for instance, the local labor department is not successful with issuing labor cards for inter-state migrant construction workers because the State does not offer benefits that can be accessed in locations outside of Karnataka.

There is also scope for improving the living conditions of migrants. Planning officials must think in terms of promoting the supply of worker housing and subsidized rental housing at convenient locations, and the enhancement of sanitation facilities in settlements that house migrants and the urban poor. On-site 'labor camps' are particularly vulnerable and employers and contractors must be held accountable for poor living conditions. The city must also operate shelter homes for the homeless that offer food and storage facilities, to reduce the vulnerability of those who do casual daily wage work. Lastly, transport facilities for industrial workers needs to be improved, especially last mile connectivity.

##### **Evolve a migrant-friendly governance outlook**

To achieve the above goals, the administrative setup needs to be aware of the vulnerabilities

faced by migrant workers and sensitive to their needs. Not only are migrants an important part of the workforce for the city in economic terms, but migrant-linked diversity adds to the city's cosmopolitanism and should be seen as an asset for Mangalore as it brings in new economy sectors like IT and tourism. Besides skill upgrades, addressed earlier in this section, encouraging entrepreneurship among migrants can help them carve out career pathways and achieve economic mobility. Local governments must help migrants access business credit and create more opportunities for non-migrants and migrants to co-own businesses to ensure sustainability.

## **5. Improve and streamline governance**

### **Create mechanisms to streamline coordination across levels and between departments**

Dramatic changes and enhanced agency to local governments depend on decisions at higher levels of government, related as they are to the proper implementation of the 74th Constitutional amendment. However, for the current governance structures to deliver increased and improved employment, it is necessary to equip the office of the deputy commissioner with a pool of talent that can help coordinate across multiple levels of government, as well as plan and manage

efforts at employment enhancement. Further, as mentioned before, new institutions that have representation from bureaucrats, technical experts, civil society and elected representatives of the local government must do the hard work of anticipating change and setting new agendas. The mundane functions of governance can also be improved by developing robust interfaces between the DC's office and others, including the municipal corporation in order to comprehensively resolve issues related with workers' housing and working conditions as well as employer grievances.

### **Enhance local capacity and participation**

Mangalore's governance systems need a more bottom-up approach to understand the links between occupational structures and spatiality in the city. Participative approaches to create land use plans and regulations would not only be able to anticipate changes and be more responsive to the needs of the city, they would ensure accountability and less political interference. Setting up ward committees and ensuring their smooth operations is a strongly recommended step forward in this regard. The city also needs more technical and professional staff like planners in the municipal corporations and labour inspectors in the district labor department.



## Conclusion

Mangalore has immense potential to create quality employment avenues and meaningful opportunities for economic mobility for young people. Young people –especially those vulnerable on account of their gender, caste or migration status – must be at the center of efforts to envision futures and craft policy for Mangalore.

In order to realize the city's embedded potential, conversations must open up between various stakeholders involved and interested in human and economic development in the city. We hope that the ideas and directions outlined in this report will inform these dialogues and debates.

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#### **About Citizen's Forum for Mangalore Development**

Citizen's Forum for Mangalore Development is a civil society group that works on public awareness and accountability on a range of issues including environment, basic services and infrastructure, as well as social harmony in the city of Mangalore.

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