

# Migration and Remittance: An Economic Perspective

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**Abstract –** *The purpose of migration for many people is economic in nature. Remittance through migration has been serving as a unique instrument to fill the income gap that exists for many rural people. In this context the present study examines the role of remittance send by the urban migrants from the two biggest cities of Nagaland to their home. In the study, it was found that migration for economic reason is increasing in the State in recent times. Though the amount remitted by the migrants was not very large yet it helps the recipient families in various ways leading to the increase in well-being of the migrants' family in the origin areas. The regression result suggests that variables such as the level of income and educational status of the urban migrants have a significant effect on the remittance they send home.*

**Keywords:** Migration; Monetary Remittance; Rural-Urban Linkages; Household Income; Living-Standard

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## INTRODUCTION

Migration is considered as an important option for livelihood strategy especially in less developed economies. Rural-urban migration, which is gaining weightage in recent times, is a complex phenomenon which affects and being affected by various social, cultural and economic variables. In other words, those who migrate to urban centres and those who stay at home both involved in migration decisions and were being equally affected by such migration.

One important aspect of the study of migration is the existence of linkages between the urban migrants and those who do not migrate but stay home through social and physical materials, i.e, the link between the origin areas (rural area) and the destination area (urban area). These linkages could include the extent and nature of ties with family members and friends in the origin areas, importance of such ties and implications that has a bearing on the rural and urban areas. Among those various types of linkages our attention has been drawn towards monetary remittances by the urban migration to their family and relatives at native places. Remittance, it is clear that raises the level of income of the household and reduces income inequality in between rural and urban areas and subsequently raises the level of living standards. It also provides an opportunity for investment in education of the children and in agricultural production. So it has important positive effect on households' well-being, including on health

status, educational attainment and food security (Szabo et. al. (2018)).

This paper is concern with the volume and role of remittance send home by the migrants from Dimapur and Kohima Town in the state of Nagaland, one of the hilly states located in the Northeastern part of India. According to Trager, in order to under the role of remittances in rural development, it is important to study thier uses from household and family level and not from individual level (Trager, 1984). There are some important lacunae that limit this study. First, the study is based on the field survey data which is collected from the migrants living in urban areas. As such the detail understanding of the exact use of remittances in different heads in the origin areas is limited. Secondly, there is a tendency that most of the respondents could be the head of the family or male member of the household. This also limits our understanding with regard to decision making on the use of remittance at home. Finally, monetary remittance is important but when studied in isolation from other ties also limits the scope of the study. With this limitation keeping in mind, this study has been carried out with the following objectives.

## OBJECTIVE

1. Examine the volume of the monetary remittance sent by the urban migrants to their family and relatives at home.
2. Analyse the role of remittances and in which ways they have been utilising these resources at home.
3. Critically examine as to what extent these remittances have been helpful to the family members at home.

## METHODOLOGY

The paper is an attempt to evaluate the role of remittance in the recipient families. The study is based on the primary data which were collected during the year 2015-16. The sample size is made of 400 respondents, in which 200 respondents each was selected from Dimapur and Kohima Town. 20 respondents were randomly selected from each ward/colonies. In addition to this, other relevant data and information for the state have also been used from census reports, NSSO reports on migration in India and journal papers.

In the analysis part, a simple regression model has been applied to obtain the required estimates and results. In addition to this, tables, chart, pie-diagram, mean, average and percentile methods have been used to generate important results and to display the original data for easy understanding.

### Rural-Urban Linkages and Remittances

The importance of remittance can be realised only when they are being utilised judiciously and in the most efficient way. As we know that remittance is one among many linkages that connect the migrants with their family, relatives and friends in the origin areas. More importantly, remittance can also serve as a remedy for poverty alleviation and rural development thereby raising the living standard of the household in origin areas. So we can fruitfully view migration as an intertemporal proposition that generates various benefits to both the migrants and their family at home (Szabo, et. al (2018), Stark and Lucas, 1988). Remittances are a positive function of migration. Researchers examining the effects of remittances on the whole household budget have suggested that remittances indeed increase household's productive investment (Rozelle et. al. 1999; Vanwey et.al 2005). However, some literatures point out that only very little amount of remittance has been put to direct investment purpose and prioritised on current consumption items like food, health care, housing, (Trager 1984; Conway and Cohen 1998). What is important in this context is that we should study the role of remittance not from the view of direct investment but from the households

who uses the remittances. This is because the nature and characteristics of a migrant family differs from household to households. For instance, a below poverty family (BPL) cannot directly put the remittance to direct investment unless their basic needs are fulfilled first. On the contrary, a migrant from a well-to-do family remittance can be utilised for direct production of goods because their basic needs were already been met prior to migration.

In order to understand the role of remittances in the origin areas, we will focus on the household contexts and not on the individual or on the village of the respondents. This focus requires detailed data on specific households in the origin areas but such data are not readily available for the present study.

### Migration to Dimapur and Kohima Town

Census data and NSSO reports on migration give the details information about the states in India on migration. At all India level, according to the National Sample Survey Organisation (NSSO) report, 24.68 percent of the people in India were migrants during 1993. This proportion increased to 27 percent in 1999-2000 and further to about 29 percent in 2007-08. About 99 per cent of the migrants are internal migrants in India. By streams of migration, rural-rural migration occupied at the top spot, which is followed by rural-urban migration stream. It is also observed that the proportion of rural-rural migration stream is diminishing and that of rural-urban migration is increasing in recent times.

The pattern of migrant's population growth in the state of Nagaland reveals a peculiar characteristics. As per the census data on migration for the state of Nagaland, the number of migrants' population almost remains same during 1981 and 1991 census periods. The share of migrants to total population also decreased from 16.5 per cent in 1981 to 10.5 percent in 1991. There was a reverse trend by the turn of 21<sup>st</sup> century when migrants share to total population jump up to more than 19 per cent in 2001 and 28 per cent by 2011 census period. The state experienced migrants' population in the state increased by nearly 3 times during 1991-2001. In other words, migrants' population has a negative growth of -0.7 per cent during 1981 to 1991 but between 1991 and 2001, migrant's population in the state increased by about 197 per cent and 47 per cent during 2001-2011.

Though we cannot rule out the natural growth of population in the state, the growth of urban population in Nagaland is attributed largely to migrant population (GOI - UNDP PROJECT (2009). A migrant is defined as one who leaves the village/town for employment or other related reasons for at least one month and may maintain ties with the village by returning at festivals,

agricultural peak seasons or settled down permanently in a new place. Migration from rural to urban areas in Nagaland has been broadly classified in to the following categories, (i) Indigineous or local migrants, (ii) Inmigrants from outside the state and (iii) Return migrant from other regions.

Movement of people to and fro rural areas to urban areas takes place frequently. Nagas or the people from Nagaland, both males and females were found to be more mobile than many Indian states. For instance, migration of females from rural to urban areas with 30 per cent in Nagaland is much higher than national average of 14.8 per cent. Likewise, female migration from urban to urban areas with 22.4 per cent is also higher than the national average of 10.3 per cent. Female migration from urban to rural or simply out-migration from urban areas to rural areas is also more for Nagas with 16.4 per cent as against the national average of 4.9 per cent. For Naga male migration stream, rural to urban migration rate with 34.3 per cent is less than that of National average of 39 per cent. But it is found that urban to urban migration is higher for Naga males with 26 per cent than all India average of 24.8 per cent. Similarly, out-migration from urban areas is higher with 23.8 per cent as against the all India average of 4.9 per cent. Thus, the Nagas are more mobile for both male and females with 32 per centage rate against all India average of 19.5 per cent in the case of rural to urban migration. Same is the case with urban to urban migration with 24 per cent for Nagas and 13.3 for India. Even in out-migration from urban areas, Nagas are ahead with 19.8 per cent as against the Indian average of 5.7 per cent during 2007-08.

In terms of origin areas of the migrants, it is noticed that more than 32 per cent of males came from other districts of the same state, followed by 23 per cent from same district both from urban origin. This is followed by migrants from same district within the same state with 15 per cent. The percentage share of male migrants from other state is only about 15 per cent of the total migrants. Thus, male migrants constitute about 85 per cent of the intra-state migrants in the state. Among the female migrants in rural areas, we noticed that nearly 50 per cent were come from the same district from rural origin, followed by other districts from urban areas. About 14 per cent of female migrants came from other states. This shows that rural female migrants dominate short distance migration in the state and rural male migrants in long distance migration. Among the urban male migrants, people from other districts of the same state stands at the top among the groups (35 per cent). This is followed by other states of rural origin (22 per cent) and other districts of rural origin of the same state (18 per cent). For urban female migrants the share of migrants from other districts of urban origin with more than 30 per cent dominates the groups, followed by other districts origin of the same state (21.3 per cent) and same district of rural origin (19.5 per cent). We observed

from the data that majority of the migrants in urban areas in the state come from other districts of the same state which is also urban in origin (33 per cent). This is followed by other districts of the same state from rural origin with nearly 20 per cent and other states of rural origin with nearly 19 per cent. This trend is slightly different from all India average figures where same districts of rural origin dominates others with 24.4 per cent, followed by other districts of rural origin (nearly 20 per cent) and same districts of urban origin (19.6 per cent).

### **Migrants Characteristics and ties with the family and relatives**

In the Naga society, within a family and society there is a strong sense of obligation, a belief that if one has the capacity to do so, he should help others. Whether a migrant or non-migrant, every individual is supposed to keep a close tie with his family and community. In this way, close connection between the migrant and his family and relatives is upheld by everyone even after migration. Migrants to a large extent, fulfill their obligations to help out other family members when possible and to maintain smooth and reciprocal relationships. The migrants in Dimapur and Kohima seem to maintain close tie with their family members in the native place. The frequency of people's movement to and fro, goods and commodities, and money forth and back between cities and rural home as migrants visit relatives and receive return visits from them constitutes the extent of ties between the two.

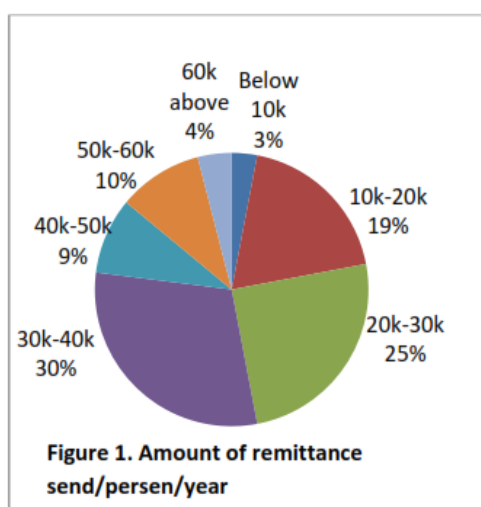
It is observed that there is an increasing trend in the number of people migrating to urban centres for economic motives. This could be mainly due to distress agriculture or poverty or better employment in the case of the youth. Out of 400 migrants interviewed during the reference period, it was found that only 170 persons or 42.4 per cent of the respondents send remittances to their family members. Table 1 given below give the details of the number of respondents who migrated to Kohima and Dimapur during the period between 2000-2016 in column 1, number of persons who remit money to their family in column 3, average number of times they remit money in a year in column 4 and average amount they send at a time in column 5. From the table it is evident that the highest number of persons sending remittance was the most recent migrants followed by those who came in during 2006-10 (column 3). The highest frequency in terms of the number of remittances sent is from those who came during the period 2006-10 (column 4). Again, the most recent migrants were found to remit highest amount on average (column 5). Thus, we can suggest that there is an increasing trend of migration to the urban areas for economic motives in recent times.

**Table 1. Number of the respondents engaged in economic activities, sending remittance, average number and amount of remittance send during the last 365 days**

Period since leaving the household (Year)	No. of respondents migrated to Dimapur/Kohima	No. of persons sending remittance	Average No. of times remittance send/person	Average amount of remittance send/person/month (₹)
(1)	(2)	(3)	(4)	(5)
2000-05	174 (43.4)	43 (24.7)	8.3	4047.6
2006-10	103 (25.7)	50 (48.5)	9.8	3265
2011-16	124 (30.9)	77 (62.1)	8	4246.8
Total / Average	401 (100)	170 (42.4)	8.6	3909.6

Note: Figures in the parenthesis indicates the percentage to total respondents.  
Source: Field Survey, 2015-16

Another important characteristic is age of the respondents. For the current study we categorised the respondents in to six groups with an interval of 10 years. The first group with an age of 15-25 years age group constitutes more than 39 per cent of the total, followed by 26-35 age group and 36-45 years age group. This indicates that younger age group contributes more to the volume of remittance. In terms of income-wise, 40 per cent of the respondents received monthly income between ₹ 10,000-20,000 in a month. Income with ₹ 5000 to 10000 per month constitutes nearly 36 per cent which comes in second category followed by those with ₹ 20,000 to 25,000 per month group. This suggests that the middle income group of urban migrants contributes more to total remittance at home. By educational status, it is observed that majority of the respondents (36.5 per cent) were illiterate or have attended only primary schooling. This is followed by those who attended high school level with 33.5 per cent. The proportion of those with undergraduate and graduate constitutes only 16 per cent of the total. Those with other degree or diploma certificate constitute only 1 per cent of the total respondents. This again reveals that major chunk of the remittances were contributed by those with lesser education attainment.



**Figure 1. Amount of remittance send/person/year**

The above figure (Fig.1) gave the percentage share of the amount of remittances send by a person in a year. This data reveals that majority of the respondents (or 30 %) send money to the tune of 30,000 to 40,000 in a year. This is followed by those with 25 per cent who send 20,000 to 30,000 in a year, followed by those sending 10,000 to 20,000 with 19 per cent share. The proportion of those who send amount more than 50,000 in a year is only 14 per cent and above 40,000 is 23 per cent.

In the following section, we will examine the nature of use of the remittances at home. The frequency distribution table given below highlights the detail information on the items on which the remittances were being allocated (table 2) by the recipient families.

**Table 2. Nature of uses of the remittance by the recipient family**

Particulars (1)	Total	
	Frequency (2)	Percentage (7)
On food items	159	93.5
Educational expenses in the family	92	54.1
Spend on durable goods	34	20
On marriage and other ceremonial expense	49	28.8
Spend on healthcare	126	74.1
Invest on capital goods	3	1.8
Repayment of debts	8	4.7
Invest on entrepreneurial activities	1	0.6
Savings for future use	22	12.9
Other purpose	2	1.2

Source: Field Survey, 2015-16

Aparently, more than 93 percent of the respondents used remittance on food items. About 74 percent of them spend on healthcare and 54 percent on education if the childrres. Less than 3 percent of the migrants' family is found to invest on production of goods and services namely, capital goods and entrepreneurial activities. Nearly 13 percent save for future uses, which is an added point of remittance.

From figure 2, we can clearly state that majority of the remittances were used on food items (32 per cent of the total remittances). This is followed by healthcare expenses with 25 per cent and education of the children with 19 per cent. It is evident that about 5 per cent of the total amount received as remittances from the respondents were being allocated for future. This could be use in the form of investment or just posponding the present consumption. So if the savings (4 per cent) were as again on food items then we can suggest that only about one per cent of the total remittances received were being put into productive use. On the positive side of the context, we can see that major portion of the remittances were invested on human capital formation, namely, on education of the children and healthcare expenses of the family members



together accounted for 44 per cent of the total remittances received. Expenditure on durable goods such as refrigerators and televisions or ceiling fans could add comfortness to the life of these families. This is an indication of improving the living standard of the households through remittances which is again an added point for both the migrant and his family at home. It is also serving the purpose of repaying the debts which implies alleviating the economic burden of the whole family. Thus, we can suggest that the very purpose of migration of the respondents has been served in multiple ways.

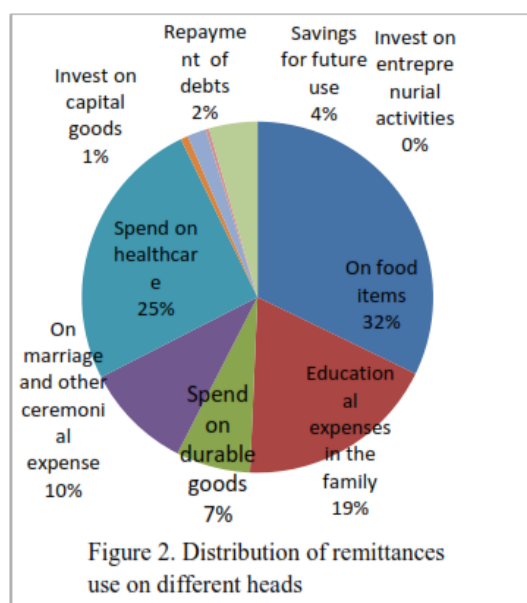


Figure 2. Distribution of remittances use on different heads

## RESULT OF REGRESSION ANALYSIS

Both migrant attributes and household level characteristics have an important effect on the amount of remittances transferred back home. For instance, migrant's education and income are found to be significant predictors of the level of remittances. From the statistical analysis in this study, it is found that income and the level of education of the respondents were moderately and positively correlated. Further, it suggests that any changes in the level of education will have a significant impact on the level of income ( $R^2=18.4$ ). In other words, about 18 per cent of the variance in level of income is accounted for by the level of education attainment of the respondents. Since, the model is statistically significant ( $p<.000$ ), we can state that education is a significant predictor of income ( $\beta = \beta \text{ value} = .429$ ;  $t = t \text{ value} = 6.160$ ;  $p=0.000$ ).

For the determination of the level of the amount of remittances send in a year, we used a regression model with independent variables like education, age and income level of the respondents. The regression analysis result shows that remittance is positively correlated with income and negatively correlated with age and education level of the respondents. We found that only 10.7 per cent of the variance in the amount of remittances send is accounted for by the

predictors in the model. This suggest that when we take  $\alpha=.05$ , the overall regression model was statistically significant ( $F(3,166) = 6.642$ ;  $P>.000$ ;  $R^2 = 10.7$ ). In particular, since the level of income was statistically significant ( $P<.05$ ), it accounts for a significant amount of unique variance in the quantum of remittances. Similarly, we also notice that the level of education is also statistically significant it also has a significant amount of unique variance in the amount of remittances send in a year. However, our study confirms that the age of the respondents has no statistical significance with the level of remittances.

## CONCLUSION

For many, though amount remitted may be relatively small, migration of a family member and subsequent remittances may contribute to fill the income gap of the family in rural areas and raise household income. For some, migration and remittances may provide an opportunity to invest in education of their children and healthcare facilities, still for others, investment in agriculture and other productive activities could be possible. This study indicates that almost all the respondents who send remittances home have benefited the family in one way or the way. The study found that only a small portion of the remittances has been used for further production of goods and services. Yet a considerable amount has been spending on healthcare and education which is investment in human capital. The study also suggests that, though the volume of remittances send in a year may not be significantly large for majority of the remitters yet the very purpose of remittances has been served in several ways. It not only helps the migrants' family to meet the basic needs but also contributed in raising the well-being of the family members at home. By examining the monetary remittances, we observed a sense of interdependence between those who have migrated to Dimapur and Kohima in urban areas and those remaining in village or home. It is also suggests that monetary remittances is just one part of the many ties that exist between the migrants and the families.

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