

**INTERNATIONAL LABOUR MIGRATION AND REMITTANCES:
A STUDY OF POLICY, REGULATIONS AND USAGE IN INDIA**

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RAKESH RANJAN



**CENTRE FOR THE STUDY OF SOCIAL SYSTEMS
SCHOOL OF SOCIAL SCIENCES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI- 110067**

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जवाहरलाल नेहरू विश्वविद्यालय
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067

Centre for the Study of Social Systems
School of Social Sciences

Tel. : 26704408

DECLARATION

This is to certify that the dissertation titled “INTERNATIONAL LABOUR MIGRATION AND REMITTANCES: A STUDY OF POLICY, REGULATIONS AND USAGE IN INDIA” submitted by me under the guidance of Dr. Gurram Srinivas, in partial fulfilment of the requirement for the award of the degree of **MASTER OF PHILOSOPHY** is my original work and has not been previously submitted in part or full for any other degree or diploma of this university or any other university.


RAKESH RANJAN

CERTIFICATE

We recommend that this dissertation may be placed before the examiners for evaluation.

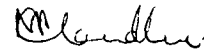


Dr. Gurram Srinivas

Supervisor

Asstt. Professor
CSSS/SSS

Jawaharlal Nehru University
New Delhi-110067



Prof. Maitrayee Chaudhuri

Chairperson

Chairperson
CSSS/SSS

Jawaharlal Nehru University
New Delhi - 110067

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Chapter- I: Introduction

Introduction

Migration is a global phenomenon. It is a known fact that people migrate from one place to another in search of better life opportunities or due to social and environmental contingencies. Migration is one of the defining global issues of the early twenty first century. In 2013, the number of international migrants worldwide reached 232 million¹. There is no single state in the world that can claim to be untouched by human mobility. There are numerous reasons which can be traced behind the human migration; starting from fifth century AD Jews dispersal to post World War II human displacement and 18th century industrial revolution to post 90s labour migration. Today, globalization exaggerated as a convenient (although not necessarily satisfactory) cover for increasing human migration. The argument has been duly supported by factors such as development of cheap and accessible transnational means of transport, the creation of real-time networks of electronic communication, the redefinition of individual and family identities across continents, and the income differences between developed and developing countries.

There are several causes behind migration. Among these, economic causes have been one of the major factors towards migration. Political reasons are salient when people migrate to alien countries due to conflict and unrest. When migration involves crossing the boundaries of a given country, it identified as international migration. Migration is a complex phenomenon in the sense it has several issues and challenges appended to it. It is a known fact that migration has backward as well as forward linkages. In fact, it is a strong catalytic agent. It helps the migrants and their families to achieve a certain level of self-sufficiency and a better quality of life in the regions/countries of destination. In fact, depending on the volume of migration the composition of population changes both at home and abroad. More importantly, the demographic scene changes drastically leading to the synthesis of culture, language,

¹ 3-4 October 2013 - High-level Dialogue on International Migration and Development: "Making Migration Work: <http://www.un.org/en/ga/68/meetings/migration/>

quality of life, and the influx of knowledge. The immigrants are to adapt themselves to the cultural, and other social and political conditions prevailing in the countries of destination. Similarly, Migration at destination country brings about a cultural change and its multiple implications.

The term migration refers to the movement of people, as individuals or groups, from one place to the other. Thus, migration means a change of last place of residence². The distance, direction, and duration of migration are not important, even though any of the three factors may play a role in defining the character of migration in a country. In India, two sources are available to map out the dimensions of migration and remittance, National Sample Survey Organization and Census of India. NSSO defines a migrant as a household member whose last usual place of residence (UPR) anytime in the past is different from the present place of enumeration. Census defines migration based on Migration by Birthplace and Migration by place of last residence. When a person enumerated in Census at a place, i.e., village or town, different from her/his place of birth, she/he considered as a migrant by place of birth. A person considered as a migrant by place of last residence, if she/he had last resided at a place other than her/his place of enumeration (Drop-in-Article on Census - No.80). Census of India, although considering and estimate migrants, but it does not calculate remittance transfer from migrating to the households. National Sample Survey informs person's last residence with following method such as; same state and within the same district, the same state, but another district, outside the state, another country, not known³.

The role of international migration has been transforming into an instrumental factor in the development of world incomes. The re-allocation of a worker to move to a destination with more productive return, results in an increase in aggregate output and income of family left behind. This economic transfer by migrant in the form of remittance generally reduces the level of poverty of families living in the homeland. It

² Drop-in-Article on Census - No.8 Migration
http://censusindia.gov.in/Ad_Campaign/drop_in_articles/08-Migration.pdf accessed on 24 December 2013.

³ Table- 10; NSS Report No. 533: Migration in India: 2007-08.

equally results higher human capital accumulation, greater health and education expenditures, better access to information and communication technologies, improved access to formal financial sector services, enhanced small business investment, more entrepreneurship, better preparedness for adverse shocks such as droughts, earthquakes, and cyclones, and reduced child labor (World Bank, 2014).

International Migrants can be an important source of trade, capital, technology, and knowledge for countries of origin and destination. Officially, recorded remittances to developing countries were an estimated \$404 billion in 2013, an increase of about 3.3% over the previous year. Global remittance-flows, including those to high-income countries, are at \$542 billion in 2013 (World Bank, 2013: 5). The top recipients of officially recorded remittances in 2013 are India (\$70 billion), China (\$60 billion), the Philippines (\$25 billion), and Mexico (\$22 billion). Other large recipients included Nigeria, Egypt, Bangladesh, Pakistan, Vietnam, and Ukraine. However, as a share of GDP, remittances were larger in smaller and lower income countries; top recipients relative to GDP were Tajikistan (52%), Kyrgyz Republic (31%), Nepal and Moldova (both 25%), and Samoa and Lesotho (both 23%) (World Bank, 2013: 4).

Recent Developments in the Study of Migration and Remittance

Although large-scale migration has occurred in Asia since the late nineteenth century, it was not until about 20 years ago that researchers, governments, financial institutions, and international agencies began to appreciate the significance of remittances⁴ for the national and local economies of sending countries. In part, this is due to the global migration and its particular manifestations in Asia. Hence, remittances assumed an unprecedented importance for many Asian countries dependent on an increasingly globalized economy.

In recent years there has been some exploratory work done by various scholars and international agencies (Rahman and Fee, 2012; Ratha, 2009; Kapoor, 2003; MPI, 2012) in documenting the socio-economic consequences of remittance transactions for

⁴ The study considers remittances as a cross-boundary money transfer specifically coming from outside India.

the households and communities of the home societies. Such attempts highlight the need to re-conceptualize the significance of remittances as sociological rather than mere economic exchange. For example, a study focusing on the economic aspects of remittances in Kerala considered it as a positive phenomenon, as it helps the state to perform better in Gross Domestic Product. On the other hand, many sociological studies question this phenomenon based on the negative social impact it has on children left behind (Rajan, 2013: 3). Thus, sending, receiving, control, and use of remittances constitutes a complex web of social relations.

In this context, the discussions on social impact of remittances have seen a significant increase in the interest of scholars and policy makers. Institutions like World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), Reserve Bank of India (RBI), United Nations (UN), Department for International Development (DFID), International Fund for Agricultural Development (IFAD), Migration Policy Institute (MPI), and National Sample Survey Organization (NSSO) have been increasing focusing on both macro and micro impact of remittances.

Remittances by international migrants have an undeniable potential of social wellbeing for their families left behind. It presents life sustainability to marginalized or economically segregated areas and sections of the society that have chosen international migration as an economic resource. The least developed areas that send people out benefit with direct or indirect multiplier effect of remittances. There is an important cause and effect relationship involved in this process. Thus, it is of immense importance to study the three dimensions of international migration and remittances, i.e. (1) background and trend of migration, (2) existing regulative framework of remittances and (3) impact of remittances on the homeland.

Statement of the Problem

Migration has been one of the important sources for households seeking to diversify and improve their livelihood especially in developing countries. The flow of money has a significant potential to improve the wellbeing of family, stimulate growth rate at macro level and reduce poverty with the multiplier effect of remittances sent from the

host-land to the homeland (Human Development Report, 2009: 108). However, the usage of remittances at the household level has always been a matter of concern. While the direct economic impact of remittances to alleviate poverty is not much controversial, the non-pecuniary consequences of remittance, such as impact on health, education, social participation, politics, women empowerment, and cultural and social changes in origin societies have been still under-plowed areas. Adding to this, the channels by which migrant workers send the remittances have not mapped properly. It is a known fact that the migrant workers transfer most of the money not through formal banking channels, but through informal channels such as *Hindi* and relatives. Such transfer through informal channels poses challenges for the foreign exchange policy of the country, as it is difficult to estimate the exact volume of foreign exchange a particular country is earning through such remittances. Such remittances through informal channels have direct link to the informal credit the migrants arrange locally to meet their migration costs before going abroad. This is yet another less explored area so far remittances are concerned. This gets more complicated as most of the people going for jobs other countries belong to economically poor families and they often live in areas where there is an acute lack of formal financial services.

Considering the increasing flow of remittances in the last two decades in India, this particular area within migration studies has received an increased attention of researchers and policymakers alike. Thus, this study makes an effort to analyze international remittances in India sociologically; it approaches remittances as more than economic transactions between the migrants abroad and their families in India. Remittances, notwithstanding their amount, frequency, and purpose are critical to the social and cultural wellbeing of movers (migrants) and non-movers of small rural communities and nations. Therefore, remittances need evaluation for their homeland benefits as well as their costs. Remittances are of fundamental importance to many migrant-sending households as they continue to cope with poor local economies, limited job markets, and low wages even after a member of the family has migrated abroad. Rahman (2014) considers two broader contexts that are required for any

discussion on remittance, first is policies and procedures related to remittance, and second usage of remittance. This study, thus, will try to explore both these dimensions of remittances with the help of available literature.

In recent decades, the data on remittances has improved significantly with the efforts of the World Bank and the International Monetary Fund in collaboration with national governments and central banks in many countries. There have also been many initiatives in making both data and analyses of remittance flows accessible such as the 'Remittance Information Library' funded by the Department for International Development (DFID-UK), e-resources such as 'Remittances Prices Worldwide' and 'Remittance Gateway', and many other online sources that provide information on remittance data and analysis globally. Therefore, databases compiled by various government and non-governmental agencies; statistics from various research institutions, empirical studies by individual researchers, databases of various agencies, etc.

Research Objectives:

The objectives of the study cover three concerns as reflected in the chapterization. First is to understand the concept of migration and remittances with both historical and theoretical perspectives. The second objective is to analyze the regulative mechanisms involved in the process of remittances including measures by Indian government for the safety of Indians living abroad. Third and most important objective is to analyse the non-entrepreneurial usage of remittances in India.

Some of the specific objectives of the study are:

- a) To assess the impact of internal remittances flows in comparison to other external remittances flows in India
- b) To understand the impact of remittance policies in the remittance behaviour in India
- c) To understand the existing regulative framework related to migration and remittances in India.
- d) To study the socio-economic profile of the migrant households
- e) To examine the channels of remittance transfer

- f) To analyze the non-entrepreneurial usage of remittances by the migrant households

Research Questions:

- a) What is remittance? What are the different types of remittances?
- b) What is the importance of international remittances in India at household level with respect to other foreign capital flows?
- c) What are various non-entrepreneurial uses of international remittances at household level in India?
- d) What role do existing policies play in the remittance behaviour in India?
- e) What is the profile of migrants and their households at the place of origin?
- f) What modes of transfer are used by the migrants to send remittances and for what purposes are they sent?
- g) What impact do remittances have on the economic and social well-being of the migrant households?
- h) What impact do remittances have on household, community and nation in India?
- i) What is the impact of social remittances on households and communities in India?

Chapterization

The dissertation has six chapters.

Chapter 1 introduces the broad themes of the study, which are 'migration and remittance'. This chapter conceptualizes the migration in the global scenario and tries to relate it to the local context by specifically examining the role of remittances at household, community and national levels in India. Some of the important dimensions of remittances are discussed to contextualize migration and remittances patterns in recent years. This chapter also describes research objectives and research questions of the study.

Chapter 2 reviews the existing theoretical and empirical approaches to the study of remittances at both international and national levels. It presents how theories of migration and remittances evolved over time. This chapter also highlights the findings of the earlier studies based on remittances in the Indian context and finds out the major gaps in research on remittances.

Chapter 3 presents an overview of migration from India and remittances to India covering the historical evolution of the terms. It provides an historical analysis of the

major trends and events in migration and remittances at global, South Asian and India levels, in different phases.

Chapter 4 examines the regulative framework related to remittances in India. This chapter has three sections. The first section focuses on policies related to migration, especially remittances in South Asia with an emphasis on India. The second section discusses the informal channels of remittances in South Asia, with detailed analysis of India. The third section examines the role of *Hawala* and Recruiting agencies in remittances to India.

Chapter 5 attempts to understand the impact of remittances at the micro level in India with a focus on non-entrepreneurial usages of remittances. Various aspects of remittances based on the Indian experience are discussed in seven sections viz., recipients, usage, innovation and policies about remittances in India.

Chapter 6 presents the summarized findings of the study with conclusions drawn from the study.

Operational Definitions⁵

- a) **Migration:** Migration, in this study, refers to mainly economic migration of people who move in search of a livelihood and betterment of their lives, to another country or place other than their native place.
- b) **Migrant:** A migrant is defined as a person who decides to move voluntarily from his country of origin to another country in search of employment or better prospects either due to push or pull factors. That is, only cross border migrants are considered for this study.
- c) **Household:** A group of persons who normally lived together and took food from a common kitchen constituted a household.
- d) **Monthly per capita consumer expenditure (MPCE):** For a household, this is the total consumer expenditure over all items divided by the household size and expressed

⁵ The definitions collected from the websites of National Sample Survey Organizations and Census of India.

on a per month (30 days) basis. A person's MPCE is understood as that of the household to which he or she belongs.

- e) **Remittances:** Either these are the transfers in cash or in kind, to the households by their former members who had migrated out. For the purpose of this dissertation, remittances mean transfer in either cash or kind coming from another country to the household. The study entirely discusses about remittances as international money transfer.
- f) **Migrant Household:** Migrant households in this study are defined as a group of persons living together, taking their meals from a common kitchen, and having at least one migrant member residing in a foreign country.
- g) **Temporary Migration:** Those migrants who moved either on contractual basis or with no intention to permanently settle at the country of destination and have to return to their country of origin, irrespective of their legal or illegal status in the destination country.
- h) **Permanent Migration:** Those migrants who have no intention to return (live and work in the destination country on a permanent basis) to their origin country, irrespective of their legal status in the country of destination other than India and have settled in the country.
- i) **Return Migration:** Voluntary or involuntary return of a migrant to the country of origin who had lived for at least two years in the destination country irrespective of their migration status

Chapter- II: Approaches to Study of Remittance: A Review

Introduction

Over the time, the term remittance took a central place in debate among experts and policy makers. The renewed debate started particularly after 1990s, when theories like New Economics of Labour Migration (NELM)⁶ and Transnational Perspective on Migration and Development⁷, came in the arena of migration and remittance research. Since the phenomenon of remittance is highly inter-related with migration, theories related to remittances mostly initiated from theory of migration. Historically, there were two theoretical schools dominating in the study of migration, Functional Approach and Structural Approach. The second chapter of the dissertation has two broader sections; first section included major schools of theories including Functional Approach, Structural Approach, New Economics of Labour Migration, and Transnational Perspective on Migration and Development. The second section of the chapter tries to discuss some of the recent studies related to remittance in India.

Functionalist Approach

The functionalist approach invokes neoclassical development economics, which defines migration as a process of supply of labour force from rural land to the urban industrial centers. This is a micro-social perspective, in that it views migration as an aggregation of individual decision making and moving abroad (Mahmud, Sabur et al, 2009: 3). This is one of the initial theories of migration developed by theorist like Lewis (1954)⁸ and Ranis and Fei (1961)⁹. This approach establishes sectoral

⁶ In the 1980s and 1990s, the New Economics of Labour Migration (NELM) discusses by scholars and researchers as critical response to Neoclassical Migration theory (Massey et al, 1993:436). The NELM theory evaluates neoclassical theory as too individualistic and rigid to deal with the complex and diverse realities of the migration and development relationship.

⁷ Transnational Perspective on Migration and Development talks about integration of migrant communities in receiving countries.

⁸ Lewis W.A. (1954) discussed dynamics of two-sector migration in "Economic Development with Unlimited Supplies of Labour."

differences between rural and urban areas, in terms of supply and demand of labour. Although researchers like Massey et al., (1993: 463) rejected this argument and found it too restricted to reflect only on the cost of international movement, pecuniary and psychic. There are many evidences rejecting this argument of neoclassical macroeconomics, for example, increasing gulf country migration from India, even with the continuous decreasing wage. There are many other factors such as social settings, cultural setup, suppression at the homeland, networks already exist, and many other factors contribute towards migration. Ravenstein's (1885, 1889)¹⁰ 'laws of migration' discussed some of the important characteristics of migration:

1. Migrants move mainly over short distances; those going longer distances head for the great centres of industry and commerce.
2. Most migration is from agricultural to industrial areas.
3. Large towns grow more by migration than by natural increase.
4. Migration increases along with the development of industry, commerce and transport.
5. Each migration stream produces a counter stream.
6. Females are more migratory than males, at least over shorter distances; males are a majority in international migration.
7. The major causes of migration are economic.

Lee (1966)¹¹ elaborated migration as a process driven by various factors such as factors associated with area of origin, factors associated with area of destination, so called intervening obstacles such as (Distance, physical barriers, immigration laws etc.). The push-pull model (individual choice) and equilibrium model (social choice) are therefore largely parallel to Neo-classical micro models (Hass, 2008: 4). The push-pull model pertains to the presence or absence of resources and opportunities at source and destination countries.

⁹ Ranis and Fei (1961) discussed the transition process through which an underdeveloped economy hopes to move from a condition of stagnation to one of self-sustaining growth in "A theory of economic development."

¹⁰ Ravenstein's (1885, 1889) "Laws of Migration" was the first empirical study discussing the dimensions of spatial movement of labour.

¹¹ Everett S. Lee, (1966) discussed Ravenstein's laws of migration and different factors associated in the process of migration in "A Theory of Migration" Demography.

Neoclassical migration theorists like Lewis (1954)¹², Todaro (1969) and Harris and Todaro (1970) discussed two-sector model of rural to urban migration. They see rural-urban (two sectoral) as an inevitable part of the whole development process. This argument treats rural land as a supplier of labour force to urban industrial centres. This influential “Harris-Todaro model” along with other models remained the basis of neo-classical migration theory since then.

Structural Approach

The Structural approach defines migration in terms of exploitative political and economic relationship between sending and receiving countries. It concentrates on inequalities and constraints of life chances produced by macroeconomic processes. Neo-Marxist theory of structural approach view migration not only a result of this imbalance situation, but an option to overcome this barrier. Amin (1974)¹³ argues that migration of skill is always greater than received remittance at the homeland, as the migration process selectively capture only the most productive and educated workers from the underdeveloped country or the regions. Piore (1979) further discussed this analysis¹⁴ in dual labour market theory, which informs that, international labour migration cause by permanent demand for immigrant labour inevitable in the economic structure of the developed nations. Structural inflation, declining status associated with low paid jobs, economic dualism and shifting demographic trends have generated a gap in the lowest strata in the labour market of the developed societies(Sabur Mahmud, et al., 2009:5).

Heavily drawn from Wallenstein (1974)¹⁵, Dependency theory, structural approach informs, “the penetration of capitalist economic relations into peripheral non-capitalist

¹² Lewis, W.A. (1954) discussed the dynamics of two-sector migration in “Economic Development with Unlimited Supplies of Labour.”

¹³ Amin, S., 1974 discussed about issues of brain drain and remittance received at the homeland in chapter “Introduction,” in book *Modern Migration in West Africa*.

¹⁴ Piore, M., 1979 in “Birds of Passage: Migrant Labor in Industrial Societies” published by Cambridge University Press. argues that migrations is a continuing feature of industrial societies and it generated by forces inherent in the nature of industrial economies

¹⁵ Immanuel Maurice Wallenstein, 1974 in “The Modern World-System, Vol. I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century” discussed by World-

societies creates a mobile population that is prone to migrate abroad” (Massey et al., 1993: 444). This theory recognizes migration as a natural outcome of inequality and spatial differentiation caused by capitalist development. The process of expansion of capitalism in world; the search of new market will also affect over land, material and labour within the peripheral regions. This process will result a massive mobile population shifting from south to north. With all these approach, dependency theory fails to take in to account how different non-capitalist social relations in the periphery affect the transfer of value incorporated in the migrant workers’ labour power (Goss & Lindquist, 1995: 345).

Structural approach later supported by historical structural approach with its view on migration as an exploiting force of capitalism. Historical-Structural approach came in existence during 1960s with it’s radically distinguish analysis of migration with its intellectual root in Marxist political economy and world system theory (Castles & Miller, 2003:25).

Piore (1979)¹⁶ is one of the import theorists of Dual Labour Market theory. Piore argues that, continuous demand of labour force is inherent in the economic structure of developed nations, which ultimate results increase in labour migration. With distinct view, Piore argues that, migration is not a phenomenon of push factor; low wage or high unemployment, but it is result of pull factors; demand of foreign workers. This built-in demand for immigrant labour stems from four fundamental characteristics of advanced industrial societies and their economies, Structural Inflation, Motivational Problems, Economic Dualism, and the demography of labour supply (Massey et al, 1993: 463).

system refers to the inter-regional and transnational division of labor, which divides the world into core-periphery.

¹⁶ Piore, M., 1979 in “Birds of Passage: Migrant Labor in Industrial Societies” published by Cambridge University Press. argues that migrations is a continuing feature of industrial societies and it generated by forces inherent in the nature of industrial economies

New Economics of Labour Migration (NELM)

Developed in 1960s and 1980s, New Economics of labour Migration (NELM) criticizes the neoclassical migration theory (Massey et al, 1993: 445). NELM evaluate neoclassical as too-individualistic and restrict to deal with the complex and diverse realities of migration and development. NELM proves as a viable alternative of not only neoclassical theory, but the structuralist approach also, Stark (1991)¹⁷ initiated rethinking of pre-established theories and identified family as a decision maker not individual. Considering remittances an important force, NELM count it one of the major motives behind migration. Some of the important considerations of NELM are:

- a) Remittance as an important reason of migration.
- b) Migration is a strategy of diversifying the household's income portfolio;
- c) While migration helps in increasing household income; it simultaneously decreases the household risk,
- d) Migration helps in overcoming constraints on economic activities and investments in the region of origin.

The NELM models consider migration as a risk sharing behaviour of families or household (Stark & Levhari, 1982: 903). It can be understood as family consider a strategy to migrate a family member to another country, either as a means of risk sharing or as an investment to access in higher secure income streaming(Lucas & Stark 1985: 902). Considering remittances an important force, NELM count it one of the major motives behind migration.

Transnational Perspectives of Migration and Development

The rise of New Economies of Labor Migration and significant attention to livelihood perspectives have agreed with a third stream in migration studies, that is, the "Transnational Perspectives of Migration and Development" in the study of life of migrant communities in host land. Over time, the settlement of families in the host land has increased the possibilities of integration. This relates to the radically improved technical possibilities for migrants to adopt links with their homeland

¹⁷ Stark, O., 1991 in "The Migration of Labor" discussed about what role families plays in the process of labour migration.

through popular digital medium and to remit money through globalized banking systems or informal channels. This interaction helps or attracts migrants' to foster double loyalty to travel back and relate to homeland and work at host land. It is noticeable that, with these changes, migrants and their families increasingly pursuing transnational livelihood.

In a sense, NELM and Transnational perspective of migration and development focuses on livelihood perspective, which continuously seen ignorance by neoclassical economists and structuralists. Homeland visit, coming back to the homeland, economic transfer withers remittance or large scale economic investment often maintain a continuous relationship of migrants with the homeland.

The above analysis has shown that, on theoretical grounds, the study of remittance has a long history of analysis. Starting from neoclassical economic approach- where migration treated solely as an economic act, the structuralist approach focuses on the discriminatory nature of labour and employer. Recently, it has witnessed a recent shift with the evolution of new economies of labour migration and transnational perspective of migration. It is interesting to find that most of the theories discussing about economics of migration, but remittance got consideration only after the 1960s with the evaluation of new economies of labor migration. Thus, we need to concentrate largely on NELM and transnational perspective of labour, as these theories consider migration as a sociological process rather than an economic one.

Remittance Studies: Existing Trends

Being a new area of research, available literature on remittances is diverse, without a central focus or a specific approach and offers no conclusive analysis regarding whether remittance has a positive impact on society or a negative impact. Scholars as if Merkle and Zimmermann (1992: 79) and Ghosh (2006: 23) argue that, remittance cannot be relied as an external economic source for the betterment of family, region, and state, because in the long run migrant will settle at the host land and remittance transfers will decline. Chami, et al. (2003: 22) introduced a new term "Decay Hypothesis" into this discussion and argue that increasing remittance will ultimately

result in producing inactive members at homeland. Many scholars view this process of migration, reducing the incentives for land conservation in the home countries because the land conservation activities are mostly labor intensive.

On the contrary, many other studies forwarded positive view towards migration. De Hass (2006: 632) in opposition to decay hypothesis argues that, longer stay at host land increases the emotional tie-up between migrant and homeland, which ultimately results as increasing remittances. Puri and Ritzema (1999: 14) analyze that, multiplier effects driven by economic usage of remittances can result in the betterment of a homeland. Hass (2007: 34) argued that, the flow of remittances helps a migrant to overcome income risks in host countries.

A significant number of other researchers also suggest that, economic crisis at homeland tends to increase remittance transfers and supports the idea that remittances serve to spread money flow and smooth consumption. Edelman et al. (1988) used a social allocation matrix (SAM) approach for a rural village in Mexico and found that there is a significant role of remittances from both domestic and international migration to affect economic activities in the village.

In India, Nayyar (1994: 12) tried to understand the impact of remittance coming from the Middle East and other industrialized countries. Nayyar observes that, although there is very less amount of money coming as a remittance, but it has a very important role in the society. Further, scholars like Jadhav (2003)¹⁸, Gupta (2005)¹⁹, and Mallick (2008)²⁰ supported the argument given by Nayyar (1994). Kapur (2003)²¹ identified remittance as a new “Development mantra.”

¹⁸ Jadhav, A. (2013). Internal Migration, Remittance, and Contraceptive Use in India, Paper Presented on International Conference on Migration and Remittances.

¹⁹ Gupta, P. (2005), 'Macroeconomic Determinants of Remittances: Evidence from India', International Monetary Fund Working Paper.

²⁰ Mallick, H. (2008), 'Do Remittances Impact the Economy? Some Empirical Evidences from a Developing Country', Centre for Development Studies, Working Paper No. 407.

²¹ Kapur, Devesh (2003), Remittances: The New Development Mantra?

Some of the scholars (Prakash 1978²²; Mathew and Nair; 1978²³; Kurian, 1979; Sasikumar and Hussain, 2007, Mallick, 2008) in Indian context have focused on productive uses of remittances. Rajan²⁴ (2009) in an important empirical study of the India Migration Report discussed the importance and usage of remittances in India. In this study, he challenged the articulations about drainage of human capital in the homeland by the above-mentioned scholars, with the help of empirical evidences of the positive outcomes of migration.

However, it is very difficult to analyze the usage of remittances in India, even with Reserve Bank of India (2012)²⁵ and National Sample Survey (2010)²⁶ having tried to address this issue with surveys on usage of remittances. Although these surveys documented some patterns and trends in remittance usages, they could not provide accurate information regarding the usage differences between internal remittances and international remittances.

There is a pressing need to identify such issues to guide remittances research. From a micro perspective, migration is the result of individual decisions influenced by the family or household; so is the decision to send remittances, and the amount. Hence, examining remittances in aggregate more so in macro terms initiates an approach to understand the complexity of the transactions, and its sociological implications for migrants, households, and communities. However, a sound understanding of the micro-level processes is essential because it captures the lived experiences within the macro-level flows of remittances and the resultant development outcomes. Thus,

²² Prakash, B. A. (1978), 'Impact of Foreign Remittance: A Case Study of Chavakkad Village'

²³ Mathew, E. T. and P. R. G. Nair (1978), 'Socioeconomic Characteristics of Emigrants and Emigrant' Households: A Case Study of Two Villages in Kerala', *Economic and Political Weekly*, Vol. 13(28), pp1141.

²⁴ Subsequent editions of India Migration Reports

²⁵ Master Circular on Remittance Facilities for Non-Resident Indians / Persons of Indian Origin / Foreign Nationals: http://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=7313#3
Reserve Bank of India (2006), 'Invisibles in India's Balance of Payments', *Reserve Bank of India Bulletin*, November, <http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/74250.pdf> [accessed: 12 December 2013]

²⁶ Migration in India: 2007-08. http://mospi.nic.in/Mospi_New/upload/533_final.pdf Accessed on 14 March 2014.

remittance is more than a monetary transaction; it is a social transaction with far-reaching socio-economic consequences.

Insights from the Theory on Migration and Remittances

The study draws the following insights from the relevant literature:

- a) Ravenstein (1885) “laws of Migration²⁷” shows there are various push-pull factors at the origin and destination that lead to movement of people from any particular area to other economically favourable destinations. The push-pull factors can vary from ‘income differentials’ to ‘capital constraints of a household’ to ‘debt burden of the families’ to ‘co insurance between the migrant and his/her family with a promise of remitting money’ to ‘just the lure of living a better life’ as perceived by the households in a foreign destination.
- b) After an initial period of settlement of the migrant at the destination, he/she starts remitting to the family. Depending on factors like knowledge about different forms of transfer and feasibility of the options at both origin as well as destination, the migrant chooses a particular channel or channels for transferring the money. The channels may be formal (bank to bank transfer, money transfer operators, draft/cheque or forex agencies) or informal (carried by migrants themselves, carried by relatives or friends, *Hawala* or *hundi*, other informal agents).
- c) Remittances may take different forms. One of the most prevalent forms is the individual migrants remitting to their families. Additionally, collective forms of remitting may co-exist. A group of migrants in any particular destination belonging to a common origin may collectively remit to their community for certain causes that may be developmental or otherwise. Remittance may also be in the form of non-monetary transfers like electronic devices, gold, clothes or other items.
- d) These remittances sent to the households are used not only for subsistence, but also for savings, investment and other purposes. After paying for the initial costs of migration and loan repayment and settling in the destination country, the migrant remittances contribute to family income. This income helps reduce the budget constraints of the

²⁷ Ravenstein (1885) “laws of Migration” was the first empirical study discussing the dimensions of spatial movement of labour.

households and leads to increased consumption. This also helps families attain better living standards and access to better educational and health resources. Hence, they have a substantial impact both economically as well as socially.

- e) The usage patterns of remittances by the migrant households receiving those, leads to a multiplier effect to the non-migrant households and to the local community through generation of trade and economic activities.
- f) The individual remittances received by the migrant households, paired with the multiplier effect of the remittances leads to an overall economic and social development of the villages from where emigration takes place. Additionally, if a flow of collective remittances co-exists, it further enhances the development of the sending community as a whole.

Rationale of the Study

The review of literature on the impact of remittances at micro level clearly suggests that, there has been a lack of sufficient research on many issues of migration and remittances and its implications for development in the Indian context, especially the usage at household level. With more than \$72 billion²⁸ of remittance transfer in 2013 alone, it requires a clear understanding and analysis of the impact of this money at ground level. Taking the existing gaps in research into consideration, the present study, therefore, attempts to understand the non-entrepreneurial usage of remittances at the household level both economically and socially. In addition, it attempts to understand the effect of remittances at different levels— household, community, and national. Although there is very little secondary data available on this issue, this study will try to generate the best possible analysis with the help of available resources.

²⁸ World Bank, Migration, and Development Brief
<http://siteresources.worldbank.org/INTPROSPECTS/Resources/3349341288990760745/MigrationandDevelopmentBrief21.pdf> accessed on 12 January 2014.

Chapter- III: Migration from India

Introduction

First formal international migration from India started under the different contract systems such as Indenture, *Kangani*, and *Maistry*. This process started in 1834, as a recruitment of labourers in colonial plantations. Other phases of migration from India are; professional migration post-independence, unskilled, and semi-skilled migration to West Asian countries after 'Oil Boom' and recent skilled migration to developed countries.

Migration in search of employment is an important aspect of human mobility. Global capital drives migration and re-shapes its patterns, directions, and forms. Migration in turn is an important factor in bringing about fundamental social transformations of both sending and receiving countries. Thus, migration is both an integral part of processes of globalization and social transformation and itself a major force re-shaping communities and societies. The effect of migration need not to confine to individual level, as it equally affects community, society, and country (Rahman and Fee, 2012: 690).

Many social thinkers such as Emile Durkheim, Karl Marx and others have been interested in the movement of people and the consequences thereof. Durkheim, for example, was concerned with the break-up of rural solidarity and the consequent migration to the cities. Marx emphasizes, change occurs in a society because of increased mobility and exploitation of the proletariat. Many theories such as the New Economics of labour Migration and Transnational perspective on migration and development consider family as an important decision maker towards migration not individual (Massey et al, 1993: 436). The labor constitutes a spatially shifted extended family member for social well-being of the family. Here social well-being refers to a process of social empowerment of the family in terms of less economic risk, better access to resources and increase in choice and capability. Social well-being broadly

reflects Capability Approach of Amartya Sen (1989: 43)²⁹, which can be defined by its choice of focus upon the moral significance of individuals' capability of achieving the kind of lives they have reason to value. Migration in search of employment has inherent characteristics dominated by psychological expectations of better life capability. The basic idea is that, people act not only to enhance their economic status but also to minimize the risk factors and enhance the social values. Migration in any way, either internal or external seen as an option of income risk minimization and providing secure life for family left behind (Stark, 1991: 19).

For the last three decades, liberalization, privatization, and deregulation have become an important aspect of world societies. Taking from Wallenstein analysis of the World System (Schouten; 2008: 2), Globalization has largely proved as North-South relationship with over dominance of northern governments and the international financial agencies, which they dominate: the International Monetary Fund (IMF), the World Bank and the regional development banks (the Asian Development Bank, the Inter-American Development Bank, etc.). Governments in the South have adopted or force to adopt a structure suitable for northern economic agencies for expansion of their business firms. In the entire process of economic changes, migration has proved to be an inevitable actor of social systems. Especially after the establishment of district centres, migration has extended or forced marginalized people to move from one place to the other, in search of better livelihood opportunity.

Labour migration has continuously incorporated in different ways as part of trade process between developed and developing countries. On the one hand, global capital drives migration and re-shapes its patterns, directions, and forms. Migration in turn is an important factor in bringing about fundamental social transformations of both sending and receiving areas.

²⁹ Amartya Sen. 1989. "Development as Capability Expansion"
<http://web.uvic.ca/~econ520/Readings/SenCapability.pdf> accessed on 13 April 2014

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The number of migrants has more than doubled over the last 25 years, reaching a historical record of 232 million in 2013 (Population Facts; United Nations, 2013)³⁰. A growing proportion of these migrants are labour migrants moving from South to North. On the other hand, the flow of remittances from North to South has risen even faster – from US\$ 48 billion in 1995 to US\$ 414 billion in 2013. If unrecorded flows through informal channels were included, the figure would increase 50 per cent or more, making the size of remittances greater than foreign direct investment flows and more than twice the official aid for developing countries (Migration and Development Brief, World Bank, 2013).

Migration and Remittances: Contemporary Perspective

Human society has never seen a static era. From rock to hard place, there were continuous movements of people seen in the era of human history. A key aspect of many forms of population movement in the world is that chance that they offer the tantalizing chance of better prospect elsewhere, but that these very often fail to materialize in reality ((Parnwell, 1993: 1). Immigrants may be seen or treated as second-class citizens by the host society, and may have great difficulty in obtaining well-paid employment and in adjusting socially and psychologically to their move.

On a global scale, the movement and interaction of people has, historically been an important factor in world civilization, in the enrichment of cultures and in the spread of technology, migration, representing an integral and vital part of human development (Bilsborrow, Oberai, & Standing, 1984: 2). Whatever the historical and contemporary importance of population mobility, this is a proven fact that not everyone is 'mobile' to some extent. The wealthy and well connected may be in a position to use their movement to another place as a means of enriching their present circumstances and status. Others have little choice and must make do as best as they can upon arriving in a new location. Others may still not even have the option of

³⁰ Population Facts No.2013/1, July 2013
http://www.un.org/en/development/desa/population/publications/pdf/popfacts/popfacts_2013-1.pdf
Accessed on 12 March 2014

movement, perhaps because they cannot afford to leave, or they know nothing about places and opportunities outside (Parnwell, 1993: 4).

Migration is not a new phenomenon. It is an act, which is taking place for a thousand years and continues all over the world. One of the prominent reasons of migration is a betterment and maintenance of life and dependents. It happens, when people can no longer sustain themselves within their own existing settlement. At the macro level contemporary development discourses often, represent migrants from developing countries as “agents of development” (Faist, 2008: 21) because of the substantial resources that they transmit back home through remittances, investments, and philanthropic donations.

Historically, people migrate from one place to another place in search of food, shelter, and safety. Today, people prefer to migrate in search of better economic benefits, lifestyle, and opportunities. Migration not only takes with their skill and expertise to new locals, but also their culture, living style and collective memories. Over the time, we have seen a significant population movement world, whether it is Jews, African, Armenian, Irish, Palestinians, Greek, Spanish, Portuguese, Dutch, Indentured Indians, Chinese, Japanese, Sikhs, Turks, Italians, Venetian, Lebanese, Chinese, Indians, Japanese, Caribbean, Chinese or Indians.

Cohen (1997: 1) considered the dispersal of Jews from their homeland as a classical and an initial example of migration. Cohen termed this event as a classical notion of human displacement. He identified Labour and imperial migration as a major characteristic of Indian international migration (Cohen, 1997: 21). Cohen (1997: 4) gives a typology of population movement by arranging them under different sub-types.

Table.1: Typology of Population Movement

Type of Human Movement	Example
Victim/Refugee	Jews, African, Armenian, Irish, Palestinians
Imperial/Colonial	Greek, Spanish, Portuguese, Dutch
Labour/Service Diaspora	Indentured Indians, Chinese, Japanese, Sikhs, Turks, Italians
Trade/Business/Professional	Venetian, Lebanese, Chinese, Indians, Japanese
Globalization	Caribbean, Chinese, Indians

Migration Patterns with remittances in Developing Countries

Developing countries have historically possessed a mobile characteristic. Every year, many economically weaker countries send out a significant number of migrant workers and remittances sent by migrant workers become an important source of funds for the socioeconomic development of the homeland. Over the last decade, migrant workers going abroad from South Asia alone has been continuously on the rise and reached nearly 1.5 million in 2010 (Ozaki; 2012: 8). The flow was affected in 2008, when the total number of South Asians going abroad reached up to 2 Million because of the economic recession world-wide (Ozaki; 2012: 8). With the increasing number of migrants from developing countries living world-wide, remittance has also saw a significant increased and reached up to \$ 414 Billion in 2013, which supposed to grow up to \$ 449 billion in 2016 (Migration and Development Brief, World Bank; 2013). This shows only official recorded figures, substantially greater proportion of informal remittance left untouched in the official released figure of national and international agencies.

Table.2: Estimates of Remittance Transfers to Developing Countries

	2009	2010	2011	2012	2013e	2014f	2015f	2016f
All developing countries	303	334	373	389	414	449	491	540
East Asia and Pacific	79	95	106	107	115	126	139	154
Europe and Central Asia	32	32	38	38	43	47	52	58
Latin America and Caribbean	55	56	59	60	61	68	75	84
Middle East and North America	34	40	43	47	49	51	54	57
South Asia	75	82	97	107	114	123	133	145
Sub-Saharan Africa	28	29	30	30	32	35	38	41
World	418	454	506	519	549	594	646	707
Low-income countries	21	24	28	32	38	41	46	52
Middle-income	281	310	345	357	376	408	445	488
High income	115	120	133	129	135	144	155	167
All Developing Countries	-6.3	10.2	11.9	4.3	6.3	8.6	9.3	9.9
East Asia and Pacific	-6.0	20.1	12.4	1.0	7.4	9.5	10.2	10.5
Europe and Central Asia	-20.1	-0.9	17.6	1.6	10.8	10.3	11.2	11.6
Latin America and Caribbean	-12.0	1.1	6.1	0.9	2.5	10.5	11.1	11.6
Middle-east and North Africa	-6.5	19.4	6.3	10.8	3.6	4.9	5.4	5.6
South Asia	4.6	9.4	18.4	9.7	6.8	7.7	8.5	9.4
Sub-Saharan Africa	-1.8	4.1	4.5	-0.4	6.2	8.6	9.2	9.5
World	-6.3	8.7	11.5	2.5	5.8	8.2	8.8	9.4
Low-income Countries	3.7	11.1	17.7	14.6	17.3	10.5	11.2	12.5
Middle-income	-7.0	10.1	11.5	3.5	5.3	8.4	9.1	9.6
High Income	-6.4	4.6	10.5	-2.7	4.5	6.8	7.3	7.7
Reclassification as high Income (Antigua and Barbuda, Chile, Latvia, Lithuania, Russia and Uruguay)	1.0	7.7	8.9	8.1	9.2	10.2	11.5	12.9

Source: Migration and Development Brief, October 2, 2013, World Bank

The existence of informal remittance system has proved to be an important dynamics of remittance transfer in developing countries. It has been one of important challenge for national and regulatory agencies, because it not negatively affects the economic structure of the homeland, but also increases the process of *Hawala* and Black Money,

which can lead to illegal activities of recipients. Some of the reasons of this are illiteracy, lack of awareness towards policies and less prevalent banking system in rural areas. The informal remittance system also helps recipient to overpass hectic banking procedure with low cost, speed, and accessibility.

Understanding Broader Trend of South Asian Migration

South Asian Migration includes two major stretches, First Colonial Era and Second Post-Colonial Era. Colonial Era migration broadly took place to different colonial plantations, significantly started from 1834 after a ban on slavery. Some of the preferred countries include Suriname, Trinidad and Tobago, Fiji, Mauritius, Guyana, East Africa, Guadeloupe, Martinique, La Reunion, and Natal (South Africa) (Naujoks, 2009)³¹. Second stretch includes the migration of skilled workers in the 1950s and 1960s, including medical doctors, academicians, and engineers. Later in 70s migrant group includes short-term semi-skilled or unskilled migrant workers migrated to gulf countries after establishment of OPEC. These gulf countries include Saudi Arabia, United Arab Emirates (UAE), Kuwait, Qatar, Oman, Iraq, and Libya. Recently, with the expanding frame of migrant receiving countries, Republic of Korea, Malaysia, and Singapore are also attracting a large number of skilled/unskilled workers.

It is evident that, universalization of data related to South Asian migrants is difficult due to lack of information from some countries like Pakistan, Myanmar, Maldives, and Afghanistan. Most of the World Bank data discusses incident of South Asian Migration Pattern with statistical evidences available from Bangladesh, India, Nepal, and Sri Lanka. Although in the course of analysis, the study tries to include maximum possible information related to Pakistan, Myanmar, Maldives, and Afghanistan.

Since, first generation migrants to colonial countries went in a group not alone, so they carried their cultural baggage with them. With time, this baggage helped them to establish their identical Indian society within host land (Lal, 2000: 29). In the process,

³¹ Emigration, Immigration, and Diaspora Relations in India, OCTOBER 15, 2009 by Daniel Naujoks <http://www.migrationpolicy.org/article/emigration-immigration-and-diaspora-relations-india> accessed on 12 December 2013.

the relationship between homeland and host land seen a complete vacuum for first generation, resulted an imagination left in the mind of homeland. In this regard, it is difficult to imagine the economic transfer between homeland and host land by the first generation diaspora except some evidences of entrepreneurial investments. Migrants coming from second stretch (Post-Colonial Era) have seen an increasing tendency of money transfer from host land. A total remittance transfer from South Asia reached \$114 billion in 2013, where India alone contributed \$72 billion.

Table.3: Migration Status; South Asia

Country	Outflow (Annual)	Stock Inside 2005	Stock Inside 2010	Stock Abroad 2005	Remittance US\$ million 2009	Remittance as % of GDP 2009
Bangladesh	696,393	1,031,886	1,085,345	4,885,704	10,523	11.8
India	778,322	5,886,870	5,436,012	9,987,129	49,256	3.9
Nepal	211,760	818,702	945,865	733,662	2,986	22.9
Pakistan	204,665	3,554,009	4,233,592	3,415,952	8,720	6.0
Sri Lanka	218,609	366,390	339,915	1,642,455	3,363	7.9

Source: International Migration paper No. 108, International Labour organization, 2011: 5.

Migrations from South Asia have seen a constant increase up to 2008, when the total number of migrations from the four countries (Bangladesh, India, Nepal, and Sri Lanka) reached over 2 million. Economic Recession in 2008-09 affected the migration of workers and decreased the total number by 30% in 2009. However, the migration to gulf countries seen less effect than other developed countries (Ozaki, 2012: 9).

Migration from India

Colonial Migration through Different Systems

Slavery abolished by the British government by 1834 and simultaneously, by other countries like France, the Netherlands, and Portugal. The ban on slavery resulted huge scarcity of labour in the sugar and rubber plantation of colonies. To cope-up with the increasing demand of the labor force, British government initiated organized form of temporary labour migration from South Asia. (Migration Policy Institute, Naujoks, 2009). This organized form of labour migration started from 1834, when the British

Government recruited labourers under indenture system from British colony in Mauritius. Later, other countries such as Netherlands and France also started recruiting Indian labourers from different parts of Indian Sub-continent (Shirras, 1931: 597). Gradually the Indians shifted to another part of the world, including Guyana, Trinidad, Natal (South Africa), Suriname, and Fiji. Chandra Shekhar Bhat estimates that about 6 million people had left Indian shores before the abolition of system in 1916; about 1.5 million to Sri Lanka, 2 million to Malaya, and 2.5 million to Burma (Bhat, 2003: 13).

Table.4: Classification of Systems

Type of Contract	Destination Countries
Indenture	Suriname, Trinidad and Tobago, Malaya, Fiji, and Mauritius
Kangani	Sri Lanka and Malaya
Maistry	Burma

Source: Naujoks, 2009

This system of modern form of slavery (Tinker, 1974: 354) continued up to 1916, when the British Imperial Legislative Council abolished the indenture system. This system remained in place for 80 years. Contract system between the colonial government and a labourer signed for three to five years under the term of Indenture, Kangani or Maistry system. Most of the indenture labourers appointed from the *Bhojpur* Region (Part of Bihar and Uttar Pradesh) and *Chhota Nagpur* Region (part of Jharkhand and Orissa). *Kangani* or *Maistry* labourers appointed from Tamil Nadu. Upon completion of the contract, many renewed, and a significant portion chose to stay permanently, deciding to accept a piece of land or a certain payment in lieu of their right of shipped home by employers. The poor living conditions and almost unlimited employer control labeled as "new form of slavery by Hugh Tinker (Tinker, 1974: 19)." Although the system banned in 1916, but by that time more than 1.5 million Indians sent to colonies in the Caribbean, Africa, Asia, and Oceania, according to estimates (Lal, 2000: vii).

Hugh Tinker (1986: 3) further elaborated the system of indenture and compared with characteristics of slavery.

- a) The plantation as an enclosed system designed to seal the workers from a contract with the outside world.
- b) The creation of a hierarchy of control and repression within the estate and throughout the sugar colony.
- c) The inducement-of-work not by Reward But by penalty.
- d) Static feature of the estate economy.

Post-Independence Migration to High-Wage Economies

Emigrations to the developed countries were broadly a post-world-war phenomenon. Some of the recipient countries include Britain, USA, Canada, Australia, and New Zealand. There were also migration to England and Netherlands of people of the Indian Origin from Africa and the Caribbean. Nayyar (1994: 12) tried to understand this phenomenon, with broadly three characteristics. First, some labourers migrated to these industrialized country as permanent migrants, in so far as the proportion of these migrant labourers, where were coming back became negligible overtime. Second, a large proportion of migrants were skilled professionals perceived to scarce or needed in labour intensive countries. Third, overwhelming proportion of these migrants went to United States, United Kingdom, and Canada, possibly because of common ties with English knowledge.

Table.5: Out-migration; India to Selected Industrialized Countries: 1951 – 1990

Number of Persons							
Year	United States	Canada	United Kingdom	Year	United States	Canada	United Kingdom
1951	109	120	n.a	1971	14,310	5,313	6,900
1952	123	226	n.a	1972	16,926	5,049	7,600
1953	104	169	n.a	1973	13,124	9,433	6,240
1954	144	208	n.a	1974	12,779	12,731	6,650
1955	194	224	n.a	1975	15,773	10,106	10,200
1956	185	254	n.a	1976	17,487	6,637	11,020
1957	196	186	n.a	1977	18,613	5,514	7,340
1958	323	325	n.a	1978	20,753	5,112	9,890
1959	351	585	n.a	1979	19,708	4,517	9,270
1960	391	505	n.a	1980	22,607	8,491	7,930
1961	421	568	n.a	1981	21,522	8,263	6,590
1962	545	529	2,900	1982	21,738	7,792	5,410
1963	1,173	737	15,500	1983	25,451	7,051	5,380
1964	634	1,154	13,000	1984	24,964	5,513	5,140
1965	582	2,241	17,100	1985	26,026	4,038	5,500

1966	2,458	2,233	16,700	1986	26,227	6,970	4,210
1967	4,642	3,966	19,100	1987	27,803	9,747	4,610
1968	4,682	3,229	23,100	1988	26,268	10,432	5,020
1969	5,963	5,395	11,000	1989	31,175	8,836	4,580
1970	10,114	5,670	7,200	1990	30,667	10,662	5,040

Source: Nayyar, 1994: 15

It is very clear that the United States accounts for the largest number of Indian emigrants.

These migrants quite often participate in the economic development of India as entrepreneurs. Indian Diaspora Organization like American Associations of Physicians of Indian origin (AAPIO), Telugu Association of North America (TANA), Bengal Association of North America (BANA), and The Indian Entrepreneurs (TiE) regularly engage with lobbying for large investments and organizational philanthropic activities.

Migration to Middle East after Oil Boom

A significant number of Indians migrated to the Middle East after the 1970s. Significant migration from India to the Persian Gulf began started after the establishment of OPEC. Since then, an increasing number of semi- and unskilled workers from South India have worked in the gulf countries on temporary migration schemes in the oil industry and in services and construction. Most come from the South Indian states of Tamil Nadu, Kerala, and Andhra Pradesh. These states have a historic connection with the gulf countries; they have large numbers of Muslim population and had high unemployment rates when the migration to Gulf countries picked up in the 1970s. Successful migrants, with their increased earnings, then served as role models for many others in their villages and districts (Naujoks, 2009).

Migration to gulf conceded mostly unskilled workers with a contract of 2-5 years. It required to return home upon completion of contract, in order to eligible for a new contract. Family migration is very rare in these countries, as laws of the Middle East countries bar an outsider to purchase land. Thus, the gulf countries offer little scope either for family migration and unification or for permanent residency and citizenship. Indian Emigration Act of 1983 regulates immigration employment of Indian Workers

and takes care of safeguarding and welfare of the laborers. Under this act, this is a requirement for all recruitment agencies to register under Protector-General of Emigrants.

Table.6: Number of Emigrant Workers Granted Emigration Clearance by Offices of Protectors of Emigrants (POEs) in India (2006 and 2007)

Country	2006	2007	Country	2006	2007
United Arab Emirates	254774	312695	Bahrain	37688	29966
Saudi Arabia	134059	195437	Maldives	4671	ECNR*
Malaysia	36500	30916	Mauritius	1795	ECNR*
Qatar	76324	88483	Jordan	1485	1254
Oman	67992	95462	Libya	-	3223
Kuwait	47449	48467	Others	14175	3550
Total				676912	809453

Source: Compiled from the statistics released by: Lok Sabha Unstarred Question No. 2757, dated on 19.03.2008.³²

*ECNR: Emigration Clearance not required.

Some of the activities of Protector-General of Emigrants includes verification of labor contracts in order to regulate the wage, working and living conditions. This process identified as Emigration Clearance Check (ECR). This ECR verification requires for applicants with education qualification below 10th. Large numbers of people exempted from this check, for example, certified nurses, professionals, and persons who have been staying abroad for more than three years. Further, for migration to 54 countries, such as the United States, Australia, New Zealand, and most European countries, but also Thailand and Singapore, an emigration clearance check is not required.

P.C. Jain (2008: 4) estimates that about 4.5 million Indians were living in the gulf countries in 2008, 70 percent of them in the United Arab Emirates and Saudi Arabia. Although most Indians in the gulf hold unskilled or semiskilled jobs, the High Level Committee on the Indian Diaspora³³ (2003) estimates that 20 percent are white-collar workers and another 10 percent belong to the professional category. The annual number of semi- or unskilled Indian workers going to the gulf countries more than quadrupled between 1999 and 2007, from about 160,000 to 777,000. Those going to

³² Downloaded from Data Tables of www.indiastat.com

³³ Report of the High Level Committee on Indian Diaspora <http://indiandiaspora.nic.in/contents.htm>

the gulf countries in 2007 made up 96 percent of all workers requiring an emigration clearance check (Annual Report-2012, Office of Protector General of Emigrants, Ministry of Overseas Indian Affairs)³⁴.

Remittances from gulf countries are one of the important sources of income in many states in India, but it is also evident that condition of migrants is highly miserable in these countries. In 2011 alone, 18989 complaints received by Indian Mission in gulf countries.

Table.7: Number of Complaints Received by Indian Missions in Gulf Countries (2009 to 2011)

Countries	2009	2010	2011
Bahrain	1427	1384	1163
Kuwait	3560	4363	2851
Oman	5221	2225	2889
Qatar	2165	3034	3186
Kingdom of Saudi Arabia	5306	5250	3656
Riyadh	3826	3139	2330
Jeddah	1480	2111	1326
United Arab Emirates	2316	1036	1588
Total	25301	22542	18989

Source: Lok Sabha Unstarred Question No. 2322, dated on 28.03.2012 & Rajya Sabha Unstarred Question No. 2372, dated on 26.04.2012.³⁵

One Mr. Arun Kumar, an NRI living in Gulf wrote for The Hindu (August 7, 2012)³⁶ about the problems faced by Indian migrants in Gulf countries:

“The Gulf country where I live and work has registered its 31st case of suicide a few days ago, by an Indian national (by far the highest suicide rate among immigrant foreign nationals). Most of them are blue-collar workers who venture out to this part of the world for better wages. We are halfway through the year and this is a shocking and a deeply worrying statistic, and for just one country in the Gulf region. It’s a rather well-known fact that most of these workers beg, borrow and sell all they have to make their way to these countries of promised prosperity (mostly by fly-by-night bogus recruiting agencies). More often than not, the reality is a lot different from what they were told or pictures it to be. Among other factors, working conditions tend to be harsh, especially if you are a construction worker. Some unscrupulous employers (and not all) delay or don’t pay wages on time, physically abuse workers, retain passports to restrict labour mobility. Other employers have gone bankrupt due to worsening

³⁴ http://moia.gov.in/writereaddata/pdf/annual_report_2011-2012.pdf Accessed on 15 January 2014.

³⁵ Downloaded from Data Tables of www.indiastat.com Accessed on 31 March 2014

³⁶ The Hindu, <http://www.thehindu.com/opinion/op-ed/indian-workers-lost-in-a-gulf-of-despair/article3735261.ece> accessed on 13 March 2014.

economic conditions, thereby leaving many workers stranded with no jobs, shelter and money. This and other factors could have prompted these workers to resort to the extreme step of taking their lives.”

Skilled Professionals' Migration

International migration from India to the industrialized and traditionally migrant receiving countries such as USA, UK, and Canada has started during the 60s and 70s (Sasikumar and Hussain, 2008: 4). Late 80s, the United Kingdom faced a huge skilled worker migration to the United State of America, which opened the door of medical professional migration from South Asia to UK especially from India. Later with change in the visa policy, most of the developed countries started accepting skilled labor, especially IT and health professional from India. These developed countries include USA, UK, and Canada.

The 1990s software boom and problematic Indian Economic Structure prepared a stage for Indian Skilled Professionals to move to the rising economies like USA. The US Immigration Act of 1990, effective from 1995, introduced the H-1B³⁷ visa, allowed US businesses to hire a foreigner with a minimum of a bachelor's degree in "specialty occupations" including doctors, scientists, engineers, and IT specialists (Sasikumar and Hussain; 2008: 10). Indian citizens are by far the top recipients of H-1B visas each year. The U.S. Census Bureau's 2008 American Community Survey estimates that 75% percent of all ethnic Indians working in the US hold at least a bachelor's degree, and 69% percent work in management and professional occupations.

According to US (2010), UK (2011) and Canadian (2006)³⁸ census data (2010) Indian population increased approx. 3 million in the US, 1.5 million in the UK, and 1 million in Canada. With a 3 Million population Indian Population in the US is fourth largest

³⁷The H-1B is a non-immigrant visa in the United States under the Immigration and Nationality Act, section 101(a)(15)(H). It allows US employers to employ foreign workers in specialty occupations on temporary basis. <http://www.lawandsoftware.com/ina/> accessed on 10 April 2014.

³⁸UK: http://www.ons.gov.uk/ons/guide-method/census/2011/index.html?utm_source=LCRN+News+Service&utm_campaign=2da3bf9763-LCRN_Resource_eNews_Volume_2_Issue_42_10_2011&utm_medium=email, USA: <http://www.census.gov/2010census/>, Canada: <http://www80.statcan.gc.ca/wcs-csw/page1-cng.htm> Accessed on 10 April 2014.

immigrant group Mexicans, Filipinos, and Chinese (Migration Policy Institute Website, Naujoks, 2009). Since 1990s, Australia and New Zealand have become the most preferred destination for Indians, since both the countries were attracted English speaking, highly qualified professionals, often to fill the requirements in the growing IT industries.

The success of Indian skill workforce abroad created trust in India's intellectual abilities in host countries. It has been a major factor in branding India as a source of well-educated and hard-working professionals. Ethnic Indians, particularly in new diaspora countries, with economic, professional, academic, scientific, and artistic successes with vast majorities of our 30 million diaspora, include those on temporary contracts that make up the Gulf Diaspora, face discrimination, have limited rights, and can only look forward to insecure future.

Patterns of Migration and Remittances

The migration generally scenario involves the permanent or quasi-permanent relocation of an individual or group of individuals from place of origin to the place of destination (Parnwell, 1993: 13). Historically, we can find a variety of forms of movement worldwide, which play a vital role in the lives of many communities. Started from the Jews diaspora until today, migration is playing an important role. According to World Bank report on migrant, remittance, and diaspora, more than 215 million people live outside their country of birth, and over 700 million migrate within their countries (World Bank, 2013)³⁹.

In the process of academic research, earlier than 1970s, there were rarely any studies considering any diaspora other than Jews. Most of the scholarly considered migration as an important phenomenon of society after industrial revolution. Scholars like Robin Cohen, William Saffron noticeably discussed making of diaspora since Jews dispersal until today. Cohen (2008: 2) defined historical diaspora as a proto typical diaspora or

³⁹ World Bank Prospects, Migration and remittances
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21121930~menuPK:3145470~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>
Accessed on 10 April 2014.

classic diaspora including five major displacements i.e., Jews, Greek, African, Armenian, Irish. Later, Cohen discussed about the extended category of diaspora, including Indian and Chinese Migrants.

Moving from of different phases of migration, in today's context, it has proven to be an important phenomenon of the society. This movement can play a significant positive role in their economies, among other effects, compensating for a declining, ageing population, and meeting demand in labour intensive sectors such as agriculture, construction, and low-tech industries (Portes, 2012: 7). In the process, many challenges and opportunity worked towards the formation of migrant community, which includes almost all countries of the world.

Today, most of the world economies have become highly diverse and multi-ethnic society. International migration has presented itself as a basic structural feature of the society.

Source Regions for Migrants' Remittances to India

Since the mid-90's, the RBI is not systematically publishing data on the source regions of migrants' remittances. The RBI (2006)⁴⁰ study does not give any details of methodology and appears to be informed guesswork based on bankers' recommendations. A Study conducted by Reserve Bank of India (2006) based on banks' surveys conducted in about ten major cities of India. This study shows a table of source region distribution across cities, from which it is evident that their aggregate figure for India, is based on a simple average rather than a weighted average of the city estimates. That is, Bhubaneswar in the State of Orissa or Ranchi in the State of Jharkhand with relatively very little emigration get the same weightage as Mumbai in Maharashtra or Kochi in Kerala to determine source region shares for the All-India figure.

⁴⁰Reserve Bank of India (2006), 'Invisibles in India's Balance of Payments', Reserve Bank of India Bulletin, November, <http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/74250.pdf> [accessed: 12/12/2013]

Table.08: Source Region of Remittance Inflows

Centre	Gulf Countries	North America	South America	Europe	Africa	East Africa	Others	Total
Ahmadabad	16	41	7	20	5	5	6	100
Bangalore	16	41	7	20	5	5	6	100
Kochi	20	70	3	-	-	6	1	100
Chennai	29	44	6	11	1	8	1	100
Chandigarh	16	37	9	30	1	6	1	100
Delhi	9	55	4	15	3	10	3	100
Hyderabad	19	65	8	-	-	5	2	100
Jaipur	19	65	8	-	-	5	3	100
Kolkata	15	38	6	21	4	9	7	100
Mumbai	25	31	8	15	3	14	4	100

Source: Reserve Bank of India (2006), 'Invisibles in India's Balance of Payments, Reserve Bank of India Bulletin.

RBI survey reveals that Kochi (Kerala) receives 56% of the remittances from the gulf region, while Bangalore, Hyderabad, Kolkata, and Delhi receive a predominant portion their remittances from North America. This analysis also reflects the variation in the sources of remittances and helps in tracing the migration patterns. For example, one-third of Indian migrants in gulf countries are from Kerala, whereas in the latter group, the migration stream is mainly in the ICT sector of North America. The Asian region contributes about 32% of remittance flows to India and emerges as the second most important region for remittance to India.

Table.09: Source Regions of Migrants Remittance to India (percentage)

Estimates	Year	Type of Remittances	North America	Middle East	Europe	Others	Total
RBI (2006b)	2006	FMRS	35	35	20	10	100
RBI (2006a)	2006	FMRS	44	24	13	19	100
RBI (2010)	2010	FMRS	38	27	18	17	100
Share of NRI* deposits	2010	NRI deposits	33	28	19	20	100
Share of NRE deposits	2010	NRI deposits	38	33	9	20	100
Share of FCNR deposits	2010	NRI deposits	23	22	33	22	100

Source: Tumble 2011: 9⁴¹.

FMRS: Family Maintenance and Repartition Savings, NRE: Non- resident External, FCNR: Foreign Currency Non-resident

⁴¹ Based on the available data of consequent survey of 2006 and 2010 of Reserve Bank of India, Tumble (2011) tried to analyze the source of remittances from different countries.

A weighted average using State level shares derived from household survey as well as NRI deposit data is used (Tumbe, 2011: 13), the source region distribution for 2006 and 2010 appears as follows: In 2006, North America (35%), Middle East (35%), Europe (13%) and in 2010, North America (33%), Middle East (40%), Europe (17%). The difference between the weighted average estimates and the simple average estimates is that the former attributes a higher share of remittances originating from the Middle East. Regarding NRI deposits, the distribution of NRE deposits is a better indicator than FCNR deposits of remittances entering India for two reasons: (a) The magnitude of NRE deposits is nearly double that of FCNR deposits and (b) Only withdrawals/ redemptions from rupee deposits, counted as unrequited transfers in the Indian Balance of Payments.

Taking due note of these considerations, the estimated source region distribution is as follows: North America (35%), Middle East (35%), Europe (15%) and others (15%). The RBI did, however publish a currency wise source of 'Private Transfers' before the mid-90. Based on these figures and using informed assumptions, Nayyar (1994: 12) estimated a region wise distribution of the Private Transfers account for the period 1970-71 to 1990-1991. Table above shows this distribution assuming that UK formed 90% of remittances in Nayyar's estimates of 'Britain & Australia'. The data presented in Table 2 for 1970, 1980 and 1990 are from Nayyar's estimates with the UK adjustment while the 2010 estimate is from the above discussion.

An Over-view of Out-migration and Remittances in India

The 64th round survey of National Sample Survey Organization (NSSO) estimates that, average rural household consumer expenditure was nearly ` 38,000 compared to nearly ` 41,000 for rural households receiving remittances. Following the same trend Average annual household consumer expenditure nearly ` 65,000 for all urban households compared to nearly ` 80,000 for the urban households receiving remittances (NSSO, Employment-Unemployment Survey, 2007-08; Highlights). NSSO has not specifically differentiated between internal migration and international

migration in the highlight, but it gives, enough space to consider remittance as an important factor for betterment of life.

In India, two sources are available to map out the dimensions of migration and remittance, National Sample Survey Organization and Census of India. NSSO defines a migrant as a household member whose last usual place of residence (UPR) anytime in the past is different from the present place of enumeration, considered as a migrant member in a household. Census defines migration based on Migration by Birthplace and Migration by place of last residence. When a person enumerated in Census at a place, i.e., village or town, different from her/his place of birth, she/he considered a migrant by place of birth. A person considered as a migrant by place of last residence, if she/he had last resided at a place other than her/his place of enumeration (Drop-in-Article on Census - No.80). Census of India, although considering and estimate migrants, but it does not calculate remittance. National Sample Survey informs person's last residence with following method such as,

1. Same state and within the same district
2. Same state, but another district
3. Within the state (1+2)
4. Outside the state
5. Within the country (3+4)
6. Another country
7. Not known

Source: Table- 10; NSS Report No. 533: Migration in India: 2007-08.

NSSO defines remittances as a “transfers, either in cash or in kind, to the households by their former members who had migrated out” (NSSO 2010: 14). This report do not consider formal and informal channel money transfer, as no question included in the questionnaire about mode of money transfer. According to Zachariah and Rajan, (2007: 37) household survey is its best option to capture household remittance, as it cannot capture total remittance coming from different sources. However, household remittance provides reliable estimates of share of remittances across specific categories(Tumbe, 2011: 21).

Conclusion

This chapter of the dissertation discussed the foundations of research. First section discusses history of labour migration with brief analysis of history of world migration and migrant development in South Asia. Second part of the section discussed pattern of labour migration started from indentured labour followed by post-independence migration, migration to gulf countries and recent migration of skill professional to developed countries. Second section of the chapter briefly reflect source region of migration and remittances. Third section discussed about the overview of migration and remittances.

This chapter concluded with analysis of new economies of labour migration and transnational perspective of labour migration, which consider family and remittance as an important dimension of motive behind migration. With analysis of different perspective of migration, this chapter makes space for analysis of remittance in the life of a migrant from the next chapter. The next chapter of the dissertation will discuss formal and informal remittance with effect to existing mechanism and problems of undocumented migration and remittance.

Chapter- IV: Remittances: Issues and Challenges

Introduction

Migration laws have never been in the strict subject matter of any state of especially at the homeland compare to host land. Interestingly, as Dual Labour Market Theorist argues, the roles of the state have been largely concentrated toward facilitation of employers' monopoly. Pierre (1979) argues that demands of labour migration initiate either by an employer or by government working on their behalf. International labour migration is largely demand-based and initiate by recruitment on the part of employers in developed societies, or by governments acting on their behalf. There have been a series of conventions and recommendations given by many institutions such as, International Labour Organization and General Agreement on Tariffs and Trade (now WTO), but it proved as less effective because of negligible initiative taken by specific countries. It is also a truth that, destination countries never found it important to impose strict regulation as it can increase their legal commitments towards foreign labourers. These legal commitments can stop host countries to fluctuate supply of labour during economic growth or downturn. While, a global migration regulation framework can help in increasing economic efficiency worldwide, safety of migrant workers, decrease in human trafficking, economic benefit of the homeland through remittance transfer, decrease in global inequality and many others.

Overall migration as an inherent phenomenon of the society needs a well-structured policy taking care of the issues of sender and receiver country. Unilateral or indirect laws cannot regulate migration with its diverse socio-political context. In order to create a win-win situation, it is required for all the stakeholders to have clearly stated law through bilateral or multilateral dialogues. In the light of these contexts, this chapter discusses about various existing regulative machinery working in India.

The chapter consists four sections. First section talks about policies related to migration, especially remittance with brief analysis about South Asia. The chapter further presented a detailed picture of Indian context. Second section discusses about

informal channel of remittance working in South Asia, with detailed analysis of India. The third section tries to discuss the role of *Hawala* and Recruiting agencies. Fourth and the last chapter tried to discuss significance of the remittance with the help of available-data collected through-different sources. Overall, the chapter tries to present a comprehensive analysis of remittance framework in India.

Government Policies and Regulations in South Asia

There are a number of common regulative challenges facing South Asian countries in terms of migrant workers. The main issues relate to fair recruitment practices, high migration costs, corruption, institutional capacities, policy coordination, and coherence, among others. Some of the common issues are:

South Asia-Middle East Channel

After the establishment of OPEC, gulf countries have seen as a major hotspot for Indian migrants especially unskilled labourers. Predominantly, south Asian workers were most visible in the middle-east, which later changed into intra-Asian flu, yet South Asia has continued to rely on the Middle East Labour market(Wickramasekara, 2011: 5). The oil boom in 1973, crated an explosive growth of migration to Middle East countries, which, although seen some decline during cold war, but continued as one of the major destinations of unskilled or semi-skilled labour force. Although recently countries like Malaysia, Korea and Singapore has received a good number of labours from Bangladesh and Nepal, but overall migration to the Middle East can observe as one of the dominating trend in South Asia. (Wickramasekara, 2011: 5)

Short-Term Migration of Labour

A Major chunk of South Asian Labour migrated with fixed term contracts representing the temporary labour migration. Although institutions like the International Labour Organization and United Nations consider the term “Migrant Worker” but the Gulf Cooperation Council member states refer to them as ‘temporary contractual labour’. It is also a fact that, regulation of gulf countries does not give permission, to any migrant labour to own any asset and ultimately results trend of circular migration. Long-term

migration from South Asia still takes place in developed countries like UK, USA, Australia, Singapore, and New Zealand, among others.

Domination of Semi-Skilled and Low-Skilled Migrant Force

Most migrant workers from South Asia to Middle East and other Asian destination are low skilled or semi-skilled such as construction workers and female domestic workers. These workers faced many problems compare to skilled labour force that work for the public sector and multinational or reputed companies, and enjoy better conditions of work and more bargaining power. In general, skilled workers and professionals get better treatment as they migrate under special schemes or move with foreign direct investments.

Informal Migration Status

The most dominating trend in South Asian migration is its irregular and informal characteristics, refereed as, “illegal, undocumented, or clandestine migration (Wickramasekara; 2011, p. 8). Almost all South Asian countries have failed to provide a proper estimate of trafficking and smuggling. India and Pakistan have been important destinations of illegal migration because of cross boarder transfer from Bangladesh to India and Afghanistan to Pakistan. Nepal is also one of the sources of illegal migrants to India.

Inefficient Regulative Framework

South Asian countries, India, Pakistan, Bangladesh, Sri Lanka, and Nepal are still unable to develop a strong and effective law to ensure safety of migrant workers. After 2000, many of the countries established their mission and ministry to ensure the condition of migrants, but most of these institutions work shifted towards economic matter rather workers issue. Illegal practices like *Hawala* or forgery by recruiting agencies still exist in these countries.

Issues Regarding Female Migration

Individual female migration has been one of the important issues of concern of all South Asian Countries. Most of the female migrants are domestic workers going to the Middle East. Eventually, migration of health professional also increased over time, but unskilled female migrants have become more vulnerable. In all, South Asian countries, migration from Sri Lanka is highest among all, which consist 50 % of the total Labour migration. Since women migrants are one of the most vulnerable groups, policies concerning their migration have limited such movements from Bangladesh, India, Nepal, and Pakistan. Bangladesh had banned the migration of women as domestic workers at certain times while India now permits women only of 30 years and more to migrate for low skilled occupations.

Although overtime in most South Asian Countries there is now increasing voice for opportunity of female to migrate (Wickramasekara, 2011: 9). The summary of the conclusions of the ILO Regional Tripartite Meeting on Challenges to Labour Migration Policy and Management in Asia quoted (ILO, 2003: 1).

“While market forces are driving labour migration, there are several signs of market failures associated with its related processes. A number of risks have been associated with migration, including racism and xenophobia, trafficking and forced labour, recruitment malpractices such as fraudulent job offers and exorbitant placement fees, debt bondage, sexual and physical harassment, employment in hazardous jobs, and under or non-payment of wages. Experience suggests that state intervention by sending and receiving countries through transparent, efficient, and appropriate regulatory institutions and measures are essential to the efficient and equitable working of the labour market.”

International Normative Framework for Migrant Workers

• ILO Conventions

The Migration of Employment Convention (Revised), 1949 (No. 97) – 49 ratifications;
The Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143) – 23 ratifications

• United Nations

International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICMW), 1990 – 42 ratifications. (In force since mid-2003)

Source: <http://www.ilo.org/migrant/lang--en/index.htm>.

Migration Policy in South Asian Countries

South Asian countries have historically stood as the source country of migration. Although, all countries have different policies related to migration, Bangladesh has the most inclusive migration policy adopted in 2006. There are three government agencies to handle the issues of migrants in Bangladesh; the Ministry of Expatriates' Welfare and Overseas Employment; Bureau of Manpower, Employment and Training; and the Bangladesh Employment Services Limited. The Ministry of Expatriate Welfare and Overseas Employment works towards an increase in employment and safety of Bangladeshi Migrants. Some of the important activities of the Ministry include; implementation of migration regulations, regulation of International Migration, registration of recruitment agencies, managing diplomatic missions abroad, and administration of Wage Earners' Welfare Fund.

Activities of Bureau of Manpower, Employment, and Training include regulation of recruitment agencies, training programs for migrant laborers, pre-departure information for migrant laborers. Bangladesh Employment Services Limited is responsible for consulting and recruitment agency for Bangladeshi seeking foreign

employment (Ministry of Expatriate Welfare and Overseas Employment, Bangladesh)⁴².

Compare to Bangladesh, Government of India has had limited involvement in overseas workers related issues. However, with the increase in temporary migration of unskilled or semiskilled workers in the Middle East and Malaysia prompted India to constitute majors towards safety and welfare of workers. Some of the key areas of Indian Migration policies are pre-departure briefing, Emigration Check of unskilled workers, monitor of brokers, safety of migrants' right at the destination countries, regulation of remittances and reintegration upon their return. In 1983, Indian Emigration Act enacted by India for promotion of overseas employment and welfare of migrants at the home and host land (Ozaki: 2012: 5). Indian Government founded a separate cabinet level ministry in 2003 as the Ministry of overseas Indian Affairs. Since 2003, there is a compulsory insurance system for Indian Migrants. Some of the initiatives of Ministry of Overseas Indian Affairs include; The Protector-General of Emigrants, India Centre for Migration, Indian Community Welfare Fund, Overseas Workers Resource Fund, Pravasi Bhartiya Vima Yojna, and mahatma Gandhi Pravasi Suraksha Yojna.

Since 1985 with Nepal's Foreign Employment Act, Nepal considered migration as an important phenomenon. Recently, Nepal has considered overseas employment as a one of important option for economic and social betterment. Government of Nepal initiated a three-year interim plan (2007-10) and reflected its policy related to overseas employment. Nepal's Foreign Employment Act 1985 aims to regulate the provision of recruiting agencies. The Department of Labor and Employment Promotion of the Ministry of Labor and Transport Management is the main agency that supports migrant workers. Some of the activities of the Department of Labour and employment include registration and regulation of recruitment agencies, promotion of foreign employment, training of migrant workers, insuring welfare activities and collection of

⁴² Ministry of Expatriate Welfare and Overseas Employment, Bangladesh <http://www.probashi.gov.bd/> accessed on 10 April 2014.

overseas employment information (Department of Labour and transport Management, Nepal)⁴³.

Little different from other South Asian country, Sri Lanka is the only country that promotes Female Employment. Sri Lanka also has active policies related to overseas migration. Ministry of Employment and Labour and the Sri Lankan Bureau are solely responsible for regulation of migration in Sri Lanka. Ministry of Employment and Labour takes care of policy formulation and administration of overseas employment while Lanka Bureau of Foreign Employment acts towards migrant welfare programs, both at home and in the host land. Activities of Bureau of Foreign Employment include briefing the migrants before departure, skill development and training, the compulsory registration of workers, insurance, pension, pre-departure loan at the lowest rate, housing loan at a low rate, scholarships for migrants' children, and health camps for migrant workers' families.

Pakistan established a Ministry of Overseas Pakistanis in 2008. The focus of Pakistan's Ministry of Overseas Pakistanis includes understanding the status of Pakistani migrants all over the world, acknowledging their core issues and other solutions. The ministry also offers different training programs for manpower development and employment promotion.

Table.10: Legal and Institutional Frameworks for Worker Migration in South Asia

	Bangladesh	India	Nepal	Sri Lanka	Pakistan
Legal and Regulatory Framework	Emigration Ordinance 1982 and subsequent SROs	Emigration Act of 1983	Foreign Employment Act 2007	Sri Lanka Bureau of Foreign Employment Act No. 21 of 1985	Emigration Act of 1922 and Rules (1959), Emigration Ordinance 1979 XVIII
Ministry in Charge	Ministry of Expatriate Welfare and	Ministry of Overseas Indian	Ministry of Labour and Transport	Ministry of Employment and Labor	Ministry of Foreign Employment Promotion and

⁴³ Department of Labour and Transport Management, Nepal <http://www.moltm.gov.np/> Accessed on 12 December 2014.

	Overseas Employment	Affairs	Management		Welfare (MFEPW)
Executing Agency	Bureau of Manpower, Employment and Training	Office of Proctor of Emigrants	Department of Labour and Employment Promotion	Sri Lanka Bureau of Foreign Employment	Bureau of Emigration and Overseas Employment
Pre-migration Services	Provision of market information; training and pre-departure briefings	State governments have set up manpower corporations to promote labor exports	Provision of market information; skills training and pre-departure briefings	Foreign market information; skills training; pre-departure briefings, and pre-departure loans and life insurance	Training programs for manpower development and employment promotion
Post-migration services	Labor attaché to promote overseas employment and assistance to migrants, including assistance in settling disputes	Labor attaché to provide welfare assistance to migrants, including assistance in settling disputes	Embassies of Nepal to solve the problems of migrants, but they are not present in all labor recipient countries	Labor attaché to promote overseas employment and welfare; officer to ensure the welfare of migrants including settling of disputes	Suitable schemes in housing, education, and healthcare sectors; facilitates the rehabilitation of returning overseas Pakistanis.
Welfare Fund for Migrants	Wage Earners' welfare Fund; a publicly administered fund based on the contributions of migrants and spent for their welfare including death and disability	Individuals are required to take private insurance for death and disability before departure; setup of a non-resident Indian welfare fund being considered	Individuals are required to take private insurance up to NRs100,000	Overseas Workers Welfare Fund, based on fees by migrants prior to departure	
Recruiting Agencies	Registered; well-laid procedures for registration;	Registered; well-laid out procedures; well-	Registered; well-laid procedures for registration; mildly	Registered; well-laid procedures; mildly regulated	Facilitate the foreign employers in recruiting manpower from Pakistan and to

	mildly regulated	regulated	regulated		explore the opportunities for export of Pakistani manpower all over the world
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Source: Asian Development Bank, May 2012, Websites of Country Specific Overseas Affairs Ministries, <http://www.adb.org/> Accessed on 18 March 2014.

SRO = Statutory Rules and Regulatory Orders.

Remittance Infrastructure in South Asia

Since last three decades, South Asia has seen a phenomenal increase in remittance transfer. This development not only reflects in the increasing number of migrants going outside, but also the amount of remittance received by homeland. There are two streams of remittance transfer can be found, formal and informal. Formal remittance channel consist use of bank and other money transfer systems. While informal remittance transfers include usage of *Hawala*, in kind or through cash. In formal channel, technological innovations are on the rise in remittance financial products (Ozaki, 2012: 12). Although, this system has yet not made any significant presentation in the rural sector, but in urban space most of these technologies such as ATMs, Debit Cards and Credit Cards are frequently used. It is also a fact that, if properly used, these mechanisms will certainly decrease the informal transfers of money through illegal means.

Currently, South Asian countries do not allow unlicensed semi-formal financial institution such as microfinance institutions (MFIs) and cooperatives as an agent of remittance transfer (Ozaki, 2012: 13). Use of MFIs can prove beneficial, especially in reaching out the rural population. And because of these legal constraints, in South Asia, there has been significant growth of informal remittance observed overtime through informal agents, *Hawala*, middlemen, friends, self. In the process of discussion about India, the next section will discuss the existing regulative framework for remittance in India.

Mechanism of Remittance in India

Coming late for policy formulation compare to other South Asian countries, India has had a less active approach towards remittance policy. However, with the explosive rise of remittance forced the government of India to revisit their approach towards migration. In this context, in 2001, government of India establishes the High Level Committee on Indian Diaspora under the leadership of the L.M. Singhvi. The committee in 2003 came with various measures pertaining to better involvement of Indians living abroad. These measures include, establishment of a separate ministry for overseas Indians, Pravasi Bhartiya Divas, Mission in different countries and many others. The foreign exchange control act replaced with the Foreign Exchange Management Act, 2000. Formal remittance channels enacted to deal with informal channels like *Hawala*. Non-resident Indian deposit scheme initiated to attract foreign capital in India. This section tries to present comprehensive information about different dimensions of remittance transfer with different definitions and regulations.

This study considers remittances as a cross-border money transfer by Indian migrants. By definition, remittance is a fund transfer by an individual to his/her living country of their origin (Migration Policy Institute, 2009). Remittance is person-to-person payment, rather than payment to purchase goods or services or payment towards business (World Bank, 2006: 4). There are various mediums of remittance transfer exist, such as an international money order, money transfer organization, banks, and informal channels such as *Hawala*, or through agents. As Ozaki (2012: 15) observed transfer of money through formal channels includes:

- a) Demand draft or bank draft drawn on a bank.
- b) Mail transfers sent directly by the remitting bank.
- c) Travellers' checks to be encased in the receiver's country.
- d) International money orders issued by banks or post offices.
- e) Telegraphic transfers, transmitted over SWIFT, fax, or email from the remitting bank to the bank in the receiver's country.
- f) Electronic transfer made by MTOs for delivery as cash to various destinations, or as credit to the bank accounts of the receiver.
- g) ATM withdrawal from the sender's account abroad in the receiver's country.
- h) Electric money transfer to the receiver's account in mobile phone or internet.

Since 1990s, remittance infrastructure has seen a good development. Other than existing banks, a good number of non-banking institutions also made their presence overtime. Some of these institutions are Western Union, Money Gram and others. With a strict financial setup, in India, remittance transfers have operated by commercial banks, financial institutions; post office and government authorized exchange-bureaus. For formal transfer of money exchange bureaus such as western union have made their presence in almost all corners of the country. These Money Transfer Organizations have become popular because these channels do not require any bank registration. A person with valid identity proof can withdraw remittance sent by known persons with the help of some code transferred via telephone or email. Reserve Bank of India regulates Money Transfer Organizations in India. The scheme requires these money transfer organizations to sign agreement with local authorize banks. Below mention table informs about telegraphic remittance through RBI.

Table.11: Remittance through the RBI - Telegraphic Transfers (Rupees Billion)

Year	Total Telegraphic Transfer Issued	Telegraphic Transfer Issued - Mumbai	Telegraphic Transfer Issued - New Delhi	Total Telegraphic Transfer Paid	Telegraphic Transfer Paid - Mumbai	Telegraphic Transfer Paid - New Delhi
1970-71	120	17	18	89	13	13
1971-72	133	15	20	93	18	13
1972-73	151	18	25	115	22	17
1973-74	173	25	24	127	21	14
1974-75	215	31	35	155	27	17
1975-76	307	55	48	233	31	32
1976-77	359	81	56	268	43	42
1977-78	476	126	52	351	51	62
1978-79	529	144	52	385	59	69
1979-80	489	107	49	333	57	57
1980-81	782	190	59	535	82	80
1981-82	851	274	68	717	399	85
1982-83	898	153	89	1040	435	111
1983-84	758	99	106	995	418	161
1984-85	824	125	147	1045	623	139

1985-86	946	132	161	1056	561	181
1986-87	959	193	218	1254	689	150
1987-88	1049	167	233	1283	613	169
1988-89	1078	225	286	1522	707	189
1989-90	1546	366	360	2491	1383	354
1990-91	2058	695	389	3154	1901	400
1991-92	2482	941	451	3563	2076	436
1992-93	2613	902	431	3720	2025	480
1993-94	2662	778	484	3808	1952	428
1994-95	3332	1100	758	4814	2256	877
1995-96	3399	1114	651	4358	1964	781
1996-97	3843	1338	765	4479	1841	773
1997-98	4947	1655	955	6023	2646	873
1998-99	6024	2193	1122	7350	3322	1149
1999-00	7129	2898	1408	9489	4996	1318
2000-01	8946	3546	1745	11545	5866	1709
2001-02	10097	3834	1994	13123	6650	1931
2002-03	11466	4298	2282	13514	5916	2194
2003-04	13311	5096	2643	17455	8495	2494
2004-05	17022	7039	3295	21577	10657	2952
2005-06	17838	7364	3011	22302	10880	3040
2006-07	13732	5823	1885	20768	7492	2088
2007-08	5558	2000	456	6183	3079	421
2008-09	2149	661	85	2172	1391	113
2009-10	2702	846	229	2686	1657	251
2010-11	2844	807	115	1526	712	121
2011-12	364	89	12	331	245	18

Source: Handbook of Statistics on Indian Economy, Reserve Bank of India, 2013

The Indian postal system also provides remittance transfer system, but it has largely proved ineffective and letter signed agreement with money transfer organizations. Total 7212 post offices in India across all states provide Western Union Money Transfer Service (Website; Indian Post). Exempted in the case of foreign tourists, up to INR 50,000/- may be paid in cash. Amount more than limit can be paid through

account payee check or directly to the saving account standing in the post office in the name of beneficiary.

Among MTOs, Western Union, an international MTO, is the most dominant. MTOs are reaching out lower segment of households, especially those who do not have access to banks. Despite the extensive network, the postal system in contribution to remittance transfer is limited as compared to banks and MTOs. However, increasingly the postal offices in India are having agent agreements with MTOs and delivering remittances. The Indian Post Office established a partnership with Western Union to enable the post office's network of 150,000 offices as remittance disbursing agents.

Table.12: Modes of Sending Remittances from Abroad (Percentage Share in Total)

	Mumbai	Thane	Anand	Surat	Thiruvananthapuram	Thrisur	Kochi	Jalandhar	Ludhiana	Total
Direct Credit to NR Accounts	96.72	90.81	73.83	96.61	55.95	38.16	84.84	40.48	57.42	57.55
Demand Draft	0.41	0.49	0.03	0.00	10.82	0.30	14.38	0.00	0.00	0.62
Internet based Money Transfer Service	1.71	6.40	0.21	0.35	19.39	3.81	0.00	1.24	0.00	2.83
Other Money Transfer Service	0.27	1.10	0.54	0.50	13.61	47.65	0.78	0.18	0.40	23.01
Family Member Brings Funds (Cash)	0.00	0.77	0.38	0.17	0.00	1.36	0.00	12.72	25.32	2.65
Friends / Other Relatives (Cash)	0.21	0.12	6.78	0.49	0.23	1.81	0.00	7.71	16.85	2.87
International Debit/Credit cards	0.00	0.19	17.63	1.82	0.00	0.50	0.00	0.31	0.00	2.50
Others	0.69	0.13	0.61	0.05	0.00	6.40	0.00	37.36	0.00	7.97
Total	100	100	100	100	100	100	100	100	100	100

Source: Reserve Bank of India, Monthly Bulletin, April 2010.

Informal Remittance Channel in India

Informal remittance has a long history of existence starting from traders going outside their homeland. In today's context, remittance is not restricted to traders, but it is active among people living outside their homeland. Informal remittance can be legal or illegal, but it provides an easily accessible system for people not have access to formal mechanisms. In the present context, informal remittance systems are used not

only among the traders, but also various other settlements both for legal and illegal purposes. Three main ways exist in the informal remittance system. First, is transferring through courier service or in-hand second is transfer in kind and, the third is '*Hawala*'. In-hand carry is one of the oldest systems of money transfer. Migrants use to send money through friends or relatives going back home. In-kind transfer is also a significant and simplest of transfer. Migrant workers can buy precious products like TV, Mobile and other products and sell it back to homeland to recover money in local currency.

Among the informal remittance systems, *Hawala* is most popular among all. The *Hawala* system does not require physical money transfer, as it operated by illegal structure, where money transferred through *Hawala* agents active in the homeland. Ozaki (2012:19) discussed this process. It starts when someone wants to send money contact a *Hawala* agent and accepts on the amount and types of currencies to be sent, charge for the service; and the amount to be received by the recipient at the other end. *Hawala* Broker after agreement provides a code to transfer to the recipient of the money at the homeland. The *Hawala* Broker at the host land send instructions to the broker at the homeland through fax, email, or telephone, based on the instruction, the *Hawala* broker at the homeland payment to the designated recipient.

This entire process of money transfer has a unique feature at the sender end. However, there is an option for the sender to pay through cash or checks, but in the most cases; they use an indirect reverse remittance transaction to settle the balance. In this purpose, senders assign to transfer money coming from the recipient country for someone else. Some of the examples of these transfers are student tuition fees, fund to cover travel expenses, tourist money, etc. *Hawala* transfer have been declared illegal in many countries, but with its easy accessibility, it is one of the most preferred medium of money transfer especially by unskilled labourer or persons having family living rural part of the country or without banking facility (Chêne, 2008: 3)

Key Features of Informal Remittances

In India, usage of informal systems has many reasons. Some of them are as follows:

- Most of the informal remittance medium, including *Hawala* is speedier than any other formal banking system. It observed that, with the help of different electronic mediums, *Hawala* transfer takes not more than 12 hours, while banking systems require at least 24 hours for processing. In case of rural areas, *Hawala* require more time, but it still transfers speedily than banks. Especially in case of transfer through drafts, which require many days, *Hawala* sends money with comparatively very less time.
- *The Hawala* system does not require a large number of work force, as it operates through phones and with the help of very less people in the home and host land. In this case, the transfer rate is extremely less than other formal banking channels. The total transfer charge is 2% to 5% (World Bank, 2006: 137) which depends on the amount to be transferred.
- There are huge numbers of people migrated from rural areas of India, which has very less accessibility to formal channels of remittance. It is very difficult for people living in rural areas to have a bank account or different identity cards in India. *Hawala* do not require to have written documentation. This entire process works based on the trust between the sender and agent. At the other hand, for unskilled or semi-skilled workers, documentation for formal remittance transfer is quite difficult compare to informal remittance transfer like *Hawala*.
- *Hawala* dealers do not require any identification, except code, as it runs based on trust. This makes almost impossible to have any verification or accounting. This is one of the main reasons of attraction for informal migrant workers (Ozaki, 2012: 23).
- Other features like cash carry or in-kind transfer also enables a migrant worker to help families living at homeland. Although transfer as kind returns less after sell, but helps to overcome the hectic system of formal money transfer.

Bringing Informal Remittances to 'Formal'

Informal remittances are one of the many reasons of Black Money at the homeland and host land, but this is also a fact that, strict regulations of formal banking force people to transfer through informal mediums. Especially in case of India, where most of the rural population is still living without bank accounts, informal money transfer gradually proves to be as an immense help. All the South Asian countries have banned

Hawala completely. However, it is still questionable, how far this ban is successful. Although it is fact that, most of the transaction operates with the help of Black Money, but many experts argue that *Hawala* helps a large chunk of the rural population living without formal banking facilities and ban on *Hawala* will be result as counterproductive (Ozaki, 2012: 26). It is also a demand to register these informal brokers, in order to increase the transparency and gradually bringing formality with these informal systems of remittance transfers.

The best approach of facilitating a shift from informal to formal remittances will be a combination of regulatory measures and incentives to use formal remittance services. On regulatory measures, a complete ban of informal remittances is neither feasible nor effective. Rather, for purposes of long-term financial sector development, it is important that informal remittance dealers should register and licensed. Those registration and licensing requirements shall also include requirements for information, disclosure of remittance operations to improve the level of transparency of informal remittances.

To provide better incentives to migrant workers to use formal remittance services, the formal financial sector first needs to address weaknesses in their services. Formal remittance services, whether it is bank draft or telegraphic transfer, tends to take more time and cost than informal remittances. In addition, despite the majority of remittance recipients in South Asia live in rural areas, remittance outlets are limited in rural areas. The best approaches to address these issues are; develop payment systems, investment in technologies, and improve financial literacy.

To provide better incentives to migrant workers to use formal remittance services, the formal financial sector first needs to address weaknesses in their services. Formal remittance services, whether it is bank draft or telegraphic transfer, tends to take more time and cost than informal remittances. Despite the majority of remittance recipients in South Asia living in rural areas, the remittance outlets in rural areas are limited. The best way to address those issues as suggested by the High Level Committee on Indian

Diaspora (2003) is in terms of developing payment systems, investment in technologies, and improving financial literacy.

a) Payment Platform

To maximize the remittance potential of the formal financial sector, there needs to be a harmonization of the payments infrastructure across banks within a country. Many banks in South Asia do not share a common platform with other banks. As a result, only a limited number of ATMs can provide cross-institutions clearing. This is a significant missed opportunity in terms of remittance transactions because in most of the countries in South Asia, state-owned banks have extensive branch networks even in the most remote areas. Electronic instruments offers a superior service, but in order to provide the best value to the use, such remittance instruments require that payments be processed electronically to the disbursing branches and that inter-branch and interbank networks be connected electronically.

b) Technology Investment and Linkage to Non-Bank Financial Institutions

Many formal remittance service providers, especially MTOs, have been providing faster and cheaper services. Technologies enabled formal remittance service providers to link to their services to various types of agents, including, postal offices, exchange houses, shops, gas stations, and MFIs. Investment in technologies such as ATMs, point-of-sales (POS), mobile phone and internet will have a great potential. Such institutions may be able to leverage remittance deliveries, if connected to payment networks. Linkages to MFIs especially have a significant potential as in most of the South Asian countries have dense networks of MFIs including cooperatives.

c) Financial Literacy and Consumer Protection

Formal financial institutions in South Asia offer varieties of remittance and investment products for migrant workers and their families. However, these have largely targeted at middle or upper class populations. The finance sector, as a whole, lacks comprehensive efforts to tap into the lower segment of the market. Financial literacy education and remittance information disseminations, for example, at the pre -

departure orientation of migrant workers, are important to expand the formal financial service outreach. It can help migrants to overcome some of the mis-perceptions and social conditions regarding formal financing institutions. Information about various providers of remittance services and disclosing all costs and benefits associated with their services will encourage migrants to direct remittances to the most efficient providers and as such create incentives for the remittance providers to enhance their services. For migrant workers' households, information about the benefits of holding accounts and using financial products such as loans, deposits, and cashless bill payments could be a first step to access to formal financial systems.

d) Recruitment Agencies

The South Asian countries regulate recruitment agencies adequately, however, their supervision, regulatory enforcement remains weak, and many migrant workers have become victims of fraud by recruitment agencies. Especially due to the exponential growth of recruitment agencies during the last two decades, the number of exploitative practices also increased and some recruitment agencies send workers without proper documentations, charging extraordinarily high fees, or collecting fees based on false employment advertisements. In many events in transit countries, workers need to wait for the visa. After that, the agent disappeared with the money collected from the workers. Workers often cheated on the job contracts. After arriving in the host country, workers find that the jobs given to them are different from what specified in the contract, or they less payment than promised. Workers seeking employment opportunities abroad are seldom aware of the details of the fee of recruitment agencies and there is little transparent information on how much is the actual costs for sending workers and margin for the agents.

Problems with Undocumented Remittances

While informal remittances provide migrant workers means for innocent needs of remitting money to their family members, largely undocumented anonymous nature of informal remittance makes it susceptible to illegal activities including smuggling, capital control, tax evaluation, money laundering, and other forms of financial abuse.

Recently, there has been a growing concern that *Hawala* type of informal remittance systems can be a financing source of terrorism.

Governments of both migrant worker sending and receiving countries initiated various measures to curb informal remittances and promote formal remittances ranging from an outright ban on informal remittances to mandatory minimum remittance requirements through banks. Among the migrant worker sending countries, the Government of India under the Foreign Exchange Management Act (FEMA), 2000 explicitly prohibit *Hawala* type of transactions. The numbers of authorized institutions permitted to deal in foreign exchange have closely defined and the kinds of transactions (travel, medical treatment, acquisition of foreign assets, etc.) permitted for customers have set forth in the regulations. The Indian government also promoted formal remittances by increasing the efficiency and cost effectiveness of banking services. The Reserve Bank of India, the central bank, directed massive expansion of bank branches during the 1970s and 1980s and allowed non-bank financial companies to undertake Money Transfer Service Schemes to facilitate swift and easy transfer of personal remittances from abroad to India.

In most of the receiving countries, especially in the Middle East, *Hawala* is inaccessible. In Saudi Arabia, *Hawala* transactions are illegal under the Banking Control Law. In the UAE, *Hawala* brokers have to register with the central bank. In addition, *Hawala* broker need to provide the information on remitters and beneficiaries to the central bank.

Those government initiatives to reduce informal remittances have mixed results. While, overall informal remittances are on a downward trend due to improved services and price competitiveness by formal financial institutions, restriction of informal remittances by regulatory measures so far had little to moderate effects. There has also been an argument that prohibiting informal remittances can be counterproductive from an economic development point of view by depriving a convenient access to remittance services from unbanked populations.

Undisclosed and implicit nature of informal remittance operations makes it extremely difficult for the regulatory authorities to enforce the law. It is easy for *Hawala* dealers to continue their operation from a different location in case of closure of one because most of *Hawala* dealers require only handful equipment, i.e., telephone, fax machine, to start businesses. Further, there is often a complex web of transactions in the settlement of *Hawala* transactions between the originating and recipient countries, unlike official bank-to-bank transactions and such settlements may not be amenable to regulations in all the countries concerned. The legal approach may not even be practical as informal transfers involve cross-border transactions between two jurisdictions and while it may be legal in one country, it is illegal in another country.

Conclusion

Migration policies are one of the burning subjects of the present era. It is very important for both the countries: home as well as host to assure decent work for all labourers either regional or foreigner. This chapter tried to understand migration policies in India. The first section of the chapter included issues of labor migration from South Asia. Coming to India, second section discusses about remittance policies in India. Third section tried to understand and examine the process of informal remittance transfer with detail discussion about *Hawala*. Moving forward, the next chapter of the dissertation will focus towards the usage of remittance in India at the micro level. The next chapter will also analyze data collected from different sources.

Chapter- V: Remittances in India

Introduction

Over the time, the focus of the migration studies shifted from the individual to the family and maximization of family welfare. Schools like New Economics of Labour Migration (NELM) considered a family priority is an important factor in the course of migration. It is required to consider that migrant living outside their homeland inherit a continuous relationship with the homeland through specific link. Remittance is one of the most important links working between migrant and homeland. Remittance is one of the important flows of the homeland, which provide security for dependents of migrants to have a better life.

The new economics of labour migration, livelihood, as well as transnational approaches towards migration have situated within a broader paradigm shift in social theory towards approaches attempting to discuss actor and structure approaches. Structure is the persistent patterned arrangements, which influence or limit the choices and opportunities available. Agency is the capacity of individuals to act independently and to make their own free choices (Skeldon, 1997: 18). This interrelation between structure and agency led to a more optimistic assessment of the development potential of migration as well as the ability of individuals and households to overcome structural development constraints through choice to migrate to diversify secure and improve their livelihoods. Since last two decades, many scholars have pointed at the potentially positive role of migrants and remittances in social, economic, and political transformation process in countries and communities of origin.

This chapter is an attempt to understand the impact of remittance on the micro level in India. This chapter includes seven sections focused on recipients, usage, innovation, and end policy of remittance in India. Discussion of the chapter broadly focused on Indian experience of remittance.

Nature and Origin of Financial Flows from Migrants

Remittance from migrant labour to India has been negligible until migration to gulf countries. During the period of 1950s to 1970s contribution of remittance was merely 0.3% of total Gross Domestic Product (GDP)⁴⁴. Oil Boom in Middle East countries attracted large number of unskilled and semiskilled labourers from India. Contrary to the migrant related laws of western countries, gulf countries do not permit any ownership by migrant. This restriction forced migrants to send most of their income to homeland. With increase in remittance, during 1970s to 1990s, remittance contributed above 1% of GDP (Singh 2009). This trend later increased with inclusion of skill migrant and technological innovation for secure money transfer. Post 1990s contribution of remittance reached about 3% of GDP. This trend continues until today, where remittance to India reached \$71 billion, which is approx. 3.7% of GDP (World Bank: 2013: 24).

Almost all data sources of India related to remittance depends on two dominated sources of information; first is money sent for family maintenance and second is local withdrawals from Non-Resident Indian (NRI). In second case, funds initially deposited to NRI rupee account and withdrawn domestically by the families of NRIs for local use. In the recent trend, local withdrawals have become one of the significant options for money transfer especially by skilled professionals. Tumbe (2012) estimates that in the financial year 2009-2010, in \$53 billion remittance received by India, 54% came in the form of “remittances for family maintenance”, 45 % as “Local withdrawal by NRI” and 1% as ‘Compensation of Employees’ (Tumbe 2011: 23).

NSSO in his 64th round of survey first time collected information about remittance at household level. While there are no classification about international remittance and national, the data provides a significant view towards dimensions of remittance in India. In this context, the engagements in economic activities by the out-migrants have studied by NSS. Since remittances sent by the out migrants to their former households

⁴⁴ Gross Domestic Product (GDP) defined as value of all final goods and services produced within a nation in a given year, The World Fact Book. <https://www.cia.gov/library/publications/the-world-factbook/fields/2195.html>. Accessed on 14 February 2014.

is understood to play a vital role in improving the livelihoods of the households, the issue of remittances sent by the out-migrants to the households from which they had migrated out is also discussed by NSS(NSSO 2010: 15).

Table.13: Number of economically active¹ out-migrants (per 1000 out-migrants) and number of remitter out-migrants (per 1000 out-migrants) separately for each place of residence

All India						
Category of Out Migrants	Number of Economically Active Out-Migrants			Number of Remitter Out-Migrants		
	(per 1000 out migrants)			(Per 1000 out migrants)		
	Present Place of Residence of the Out-Migrants			Present Place of Residence of the Out-Migrants		
	India	Another Country	Total	India	Another Country	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Rural male	798	945	807	578	822	594
Rural female	217	448	219	14	132	15
Rural male + female	422	873	435	213	721	228
Urban male	732	926	757	411	686	451
Urban female	110	374	117	20	91	22
Urban male + Female	294	785	328	136	535	164
Rural + urban male	788	939	798	552	780	570
Rural + urban female	197	413	200	15	113	16
Rural + urban male + female	399	843	416	199	658	217

Source; Table 6.4, NSSO, 2010: 113.

It is evident that among overseas migrants, higher proportion was engaged in economic activities. Nearly 95% were engaged in economic activities compare to 80% of those residing in India. In comparison to male migrants (93%), female migrants (73%) engagement in economic activities is lower in India. However, in compare to economic engagements of female migrants of those living abroad are higher than those residing in India. Female migrants have lower proportion of female economic engagement by the fact that the females migrate out predominantly due to marriage not only for employment, contrary to the male migration, which is mostly for employment. Nearly 45 per cent of the female overseas migrants from rural areas

residing abroad were engaged in economic activities compared to 22 percent of those residing in India. In the case of female out-migrants from urban areas, nearly 37 per cent of those residing abroad were engaged in economic activities compared to 11 per cent among those residing in India(NSSO, 2010: 114).

NSSO also informs that higher proportion of male overseas migrants sent to their family back home compare to migrants living India. Wage differential and strong emotional attachment at alien land can be one of the reasons traced in the difference. Around 82 % of male migrants sent remittance compare to 58 % residing in India. Almost same phenomenon observed for female also, with the fact that many of female migrants went after marriage and had less participation in economic activity than male. It is evident from the Statement, that the practices of sending remittances to the former households were more prevalent among the out-migrants who were engaged in economic activities and were residing abroad compared to those out-migrants who were residing in India and engaged in economic activities(NSSO 2010: 115).

Remittances through Private Transfer

Refers to the money sent by migrants to their families back home, Till 1998, RBI was differentiating between 'Receipts towards Family Maintenance' and 'Repatriation of Savings by Indian residents abroad'(Tumbe, 2012: 6). After 1998, RBI clubbed both the classifications, with a broad title of 'Inward Remittances for Family Maintenance'. The data is gathered from different banks under the International Transaction Reporting System (IRTS) as well as from a survey of unclassified receipts for small value transactions(Singh, 2009:1). Other than remittances directly sent by Indian workers living abroad for family maintenance, considerable flows occurred through local withdrawals from NRI deposits. This facility started in 1970. From 1975, RBI started publishing this data. From 1997, RBI included it in private transfer statement to demarcate outflows from NRI deposits entering India against those going back abroad. This data is recorded by RBI from authorized dealers and banks on a monthly basis(Singh, 2006: 2).

Personal gifts/donations to charitable/religious institutions in India undoubtedly consists a significant amount of remittance transfer to India, but there is lack of infrastructure to inform financial flows involve in these transfers. The figures for this item compare well with those reported by the Home Ministry under the Foreign Contribution Regulation Act, 2010. Earlier, these transfers were roughly 30% of private transfer before 1990s, later its share fell to 5% of transfer consisting roughly \$2 billion in 2010(Tumbe, 2011: 15).

Gold and Silver brought through passenger baggage was introduced in 1993. Until 1998, these transfers were amounting up to \$2 billion later decreased up to \$500 million because of many restrictions of transfer. Later, because of less significance, this was deleted from RBI estimate of migrant remittance(Singh, 2006: 4). Apart from the Private Transfers statement, migrants' financial flows are also reflected in the 'Compensation of Employees' account in the Invisibles section of the Current account, referring to 'wages received by Indians working on foreign contracts. This captures financial flows of temporary migrants, working abroad for less than a year. This item brought in the accounts only in 1999, growing from roughly \$100 million in 2000 to a little under \$1 billion in 2010.

Remittances at Different Levels

Total remittance transfer reached up to \$72 Billion in 2013 (World Bank Migration and Development Brief, 2013). However, it is still difficult to specify this figure, with respect to different levels, such family, community, society, national level. In this context, these sections will try to understand the impact of remittance at different levels.

Family Remittances

At the family level, remittance broadly works in two dimensions, first, it provides economic support to family living back home, and second, it assure security and the maintenance to the migrants, who intends to come back. As NELM scholars argue, remittance also provides security at both the level, migrant as well as family, in case of

external shocks. These shocks can be loss of employment, in case of the migrant or drought in case of family living back home. Thus, remittance is a mutual benefit between migrant and recipient. The fact is remittance is a constant premium that always provides a sense of security for family living back home. There are some studies that consider migrants as a rational economic being, open to any change of relationship, whereas emerging evidences suggest that family bonds of trust plays an important role in the decision to remit.

In real sense, migration fulfills an obligation to the household based on affection and responsibility. Migrant should not be seen as an isolated part, but, they are simply a part of a spatially extended household, that is reducing the risk of family (Haan, 2009: 350). Viewed this way, migration is a family decision. The migrant uses established networks for both potential employment opportunities and the transfer of funds and other resources. Depending upon, remittances can vary depending on the number of household migrate and the poverty status of the receiving migrants. It is interesting fact is while, migrants motivate by self-interest, and their decision usually conceived within the context of existing kinship ties.

The entire phenomenon migration and families' decision is quite different for male and female. While male members of the family have independence to go the place of self-interest, most of the Indian families are restrictive in terms of female members of the family.

Remittances that are part of productive investment tend to have an impact on long-term poverty reduction, resulting in less vulnerability at both the household and the community level. There may also be a reduction in inter-household inequality. Similarly, if remittances will use in local consumption, they may have only short-term significance and may well increase inter-household inequality. The decision to use remittances for consumption or investment is a function of several factors, not least of which is the pattern of control of household resources. This is particularly relevant with respect to the social aspects of remitting behavior. However, it is clear that the role of the remitter in the household, and whether he or she intends to return home in

the future, has a major influence on the decision to consume or invest received funds. Migrants who remit funds to build a house or start a business when they return are likely to be displeased to see their earnings spent on consumer goods while they are away.

Community Remittances

The impact of remittances on economic inequality within communities and households have discussed in the previous section. However, because remittances can change, social structures and cultural practices, the concept of “social remittances” that is, transfers of ideas and attitudes, particularly when migrants return home is receiving increasing attention. The impact of such social remittances, like the effects of financial remittances on social structures and values, is often ambiguous. For example, remittance income may enable girls to complete their schooling, rather than having to leave school early to work in the home or on the farm. The empowerment resulting in this type of social change can increase the aspirations of young women to continue education and training, leading to higher earnings in the future. Those effects are positive. However, a negative result can occur when migrants return with nontraditional attitudes that can cause disharmony in the family or community.

Elderly women head many remittance-receiving households. In households where women, including the allocation of financial resources, make decisions, expenditure patterns can differ from those in male-headed households. Particularly salient is the important difference in choices concerning consumption versus investment. From the remitter’s perspective, despite the existence of regional variations, women make up a small but growing percentage of migrants and generally considered as the most reliable remitters in the short term. For this reason, single women selected by their families to undertake migration. Female migrants are also beginning to exert some influence in the use of their remittances, while away from home, and researchers have noted evidence of female preferences for expenditure on welfare-enhancing consumption such as education for younger siblings and health care for parents. Conversely, male migrants tend to remit money to savings accounts for themselves, or

for investment on their behalf in land and housing for the future. Males are more likely to take home consumer goods for their own use, such as televisions and cars.

—With respect to the decision to return home, female migrants from cultures that curtail women's empowerment are less likely to return home than men from those societies or women from more equitable societies. As a result of their financial contribution to the household, for those who do return, their status may be enhanced leading to better employment or marriage prospects or social standing within the community.

Intergenerational effects have own importance. Again, recognizing regional differences, the majority of migrants are unmarried and are under the age of 35 years, and likely to be the eldest daughter or son of the household. Receiving households are therefore more likely to lead by older relatives, usually parents, or grandparents. Funds remitted often used in education of siblings who may also migrate eventually, or on the health needs of elderly relatives; indeed, the provision of health and education is frequently a large factor in the motivation to migrate. However, in some regions, it is more often parents, young and old, who are the emigrants, as in the communities of Central and Southern Africa that provide labor for the mining sector, or the export-processing zones that attract women into Factories or seasonal agricultural work such as flower and fruit picking. They may leave behind teenage children, usually girls removed from school early, to care for remaining children.

Intergenerational and kinship ties may be permanently dislocated in situations in which migration is a long-term strategy for the household. The longer migrants stay away, the more likely they are to settle in the country where they work, establish a household, and raise a family there. This settlement process reduces their remittances to their country of origin, and successive generations are less likely to continue sending remittances. Frequently, the remittances cease altogether. In other cases, successive generations of migrants actually increase the size of their remittances to the family in the country of origin as they obtain better-paid jobs than their migrant parents. This is more likely to occur where groups of migrants from the same

community retain close links with their families and each other, sometimes joining associations that finance community-based projects rather than individual households.

While these links provide economic support and help to maintain kinship ties for long-term or permanent migrants, they can increase inequality in the receiving community if some households are remittance recipients and others are not. As a result, previously cohesive communities sometimes are leading to conflict. Remittances are dependent on consequent vulnerability and changes in legislation or work requirements in the host countries. The impact on the migrant-sending community as a whole and household within it can vary from extreme dependence on the remittances to increased prosperity, both in absolute terms and relative to other communities in the area, especially when the remittances used to finance productive investment such as businesses, houses, and infrastructure.

3. Social Remittances

Much attention paid to material resource transfers, but intangible flows emanating from the Indian migrants, such as transfers of knowledge, ideas, and expertise, professional and scientific collaborations, and dissemination of political or religious ideologies, arguably exert more influence on India's development trajectory. While the Government of India has been interested in tapping NRIs for their social and cultural capital in addition to their economic resources, many NRIs in turn are deeply engaged in political advocacy and social movements in India. Religious transnationalism is an example of intangible flows religious organizations are especially prominent destinations for NRI donations, with mixed and controversial results. NRI contributions to the construction of temples or to right-wing religious/cultural organizations reportedly have been instrumental in sharpening intercommunity conflicts in India. However, transnational connections forged by political or religious movements do not necessarily result in increased radicalization, as is often assumed, but may have more complex outcomes such as a trend towards "moderation" or support for religious or social reforms.

One of the sociologically important contributions to the field is the coining of the term social remittances by Peggy Levitt (2001). Levitt proposed the term to point out the fact that, in addition to money, migrants export ideas and behaviour back to their sending communities (Rahman & Fee, 2012: 692). She observed four types of social remittance norms, practices, identities, and social capital (Levitt 2001). Recently, in line with the categorization of economic remittances into individual and collective economic remittances (Goldring, 2004: 838), Levitt and Lamba-Nieves (2011:2) have introduced individual and collective social remittances to differentiate social remittances that are exchanged and deployed by individuals from those that circulate and are harnessed in collective, organizational settings respectively.

Levitt and Lamba-Nieves (2011: 33) also introduce two terms to illustrate the development potential of social remittances for the sending areas: scale up and scale out. These authors argue that social remittances can scale up from local-level impacts to affect regional and national change, and scale out to affect other domains of practice such as religion and economics. The coining of the term 'social remittances' and subsequent extensions to individual and collective social remittances offer analytical scope for explaining the sociological aspects of remittances and their impact on societies. Apart from the notion of 'social remittance' there are also other references to non-economic remittances such as technical or technological remittances, which emphasize the importance of skills and technology brought back by returning migrants, and political remittances, which focus on political identities and ideologies, including demands and practices associated with migration. The significance of the development of typologies of remittances is that each type of remittance has its own characteristic features, and so there is a need for particular methodological approaches in tracking them.

Remittances at National Level

Migrant remittances also precipitate contradiction at the national level, particularly when the inflow of funds grows sufficiently large to engage the attention of the national government. Given that virtually all governments in the developing world

suffer from a severe deficiency of foreign exchange, the inflow of migrant remittances (once recognized) invariably viewed as a godsend. Not only is the inflow of foreign exchange perceived as virtually cost-free, but also because it appears to arrive with no strings attached it provides a wonderful opportunity to pursue all manner of national objectives. Some examples are:

Boosts National Foreign Exchange Reserves

Boost national foreign exchange reserves by encouraging further emigration in what often explicitly described as programs of labour export, and by reminding emigrants that they have a patriotic duty to invest their savings back home, often in specially designed government bonds and high-yielding savings accounts.

Further Enhances Government Revenue by Taxing this Income Stream

Further enhance government revenue by taxing this income stream, if not directly, at least by setting inflated rates for the issue of passports and visas, departure taxes, international telephone calls, and so forth, all of which are facilities used disproportionately by migrant workers.

Draws the Excess Funds into Deposits in the Formal Banking System

Draw the excess funds into deposits in the formal banking system, thereby hugely improving its liquidity because the volume of funds remitted in this way is often so large, recipients cannot soak it up in immediate expenditure.

Usage of Remittances

Migration remittance is one of the most significant links between migration and development. It plays an effective role in reducing poverty, decrease in everyday risk from external shocks, the betterment of life prospects, and many other positive aspects, which provide a convenient angle for approaching the complex migration agenda. In a sense, remittances are personal flow of money from migrants to friends and families, which need to be better utilized for multiplier effect. The Human Development Report 2009, Overcoming Barriers: Human mobility and development has noted that 'financial remittances are vital in improving the livelihoods of millions of people in developing countries (UNDP 2009: 71) . Many empirical studies have

confirmed the positive contribution of international remittances to household welfare, nutrition, food, health, and living conditions in places of origin. In the 64th round survey on Employment & Unemployment and Migration Particulars, from each of the remittances recipient household, information on the purposes for which such remittances were used were collected by NSS(NSSO, 2010: 115).

NSSO survey on employment and unemployment discusses about 12 purposes for which a household uses the remittance. Household expenditure is prime use of remittance in both and urban areas. Nearly 95% of the households in the rural areas and 93% of the household in the urban areas reported using remittance for household consumer expenditure. A study by the Reserve Bank of India (RBI) informs that most of these remittances spent on household consumption. Though a bit dated for the period 2007-08 and 2008-09, it throws up useful information. In 2007, India received \$37.2 billion, \$49.9 billion in 2008, and \$49.2 billion in 2009.

Table 14: Information on Use of Remittances (% Share in Total)

Purpose	2007-08			2008-09		
	Rural	Urban	Total	Rural	Urban	Total
Household Consumption	42.28	40.92	41.61	38.80	43.67	41.03
Education	3.83	3.47	3.65	3.71	3.36	3.55
Repay Debts	1.71	2.37	2.04	1.58	2.50	2.00
Purchase Land	0.35	0.12	0.24	0.32	0.19	0.26
Wedding	0.30	0.11	0.21	0.33	0.31	0.32
Build/Purchase/Renovate a House	2.79	1.88	2.34	2.39	1.15	1.82
Business Related	0.95	15.15	7.93	0.92	2.19	1.51
For Agricultural Production/and allied activities (dairy, fishery, plantation etc.)	0.06	0.13	0.09	0.08	0.13	0.10
Deposits in Bank / Savings	5.58	11.71	8.59	5.00	14.50	9.39
Health Related Expenses	4.36	5.86	5.10	4.58	8.58	6.43
Others	37.78	18.28	28.21	42.40	23.42	33.60
Grand Total	100	100	100	100	100	100

Source: Reserve Bank of India, Survey of Private Remittances of Indian Households with Non-Resident Accounts. 2012.

However, the share of household consumption of total spending marginally declined from 41.6 per cent in 2007-08 to 41 per cent in 2008-09. In addition, people have heavily cut down their remittances spending on business-related activities, as the share has plunged by a high 6.4 percentage points from 7.9 per cent in 2007-08 to 1.5 per cent in 2008-09. That was mainly because in cities, these spending declined drastically from 15.1 per cent to 1.5 per cent in this period. People increased their share of spending on health-related expenses; these moved up to 6.4 per cent in 2008-09 from 5.1 per cent a year before. Weddings account for a less than 2% of the total. 1.77 % in rural sector and 45% in urban sector, expenditure towards remittance cost for less than 2% (1.67%). However, there was a slight uptick in expenditure on this, from 0.21 per cent to 0.32 per cent. Savings in the form of bank deposits came second to household consumption expenditure.

Again, within the household consumer expenditure a very high proportion of the households (76 per cent in the rural areas and 71 per cent in the urban areas) have reported spending on food items. A significant proportion of households in both the rural and urban areas used the remittances for health care (38 per cent of the rural households and 36 per cent of the urban households). One of the main uses of remittances by the households was education of household members. Nearly 31 per cent of the rural households and 34 per cent of the urban households reported use of remittances for education of household members. The next important purpose which remittances serves in rural households is the repayment of debt (10 per cent), while for the urban households it is for saving/investment.

More than half of the remittances received by Indian households are used for family maintenance, that is, to meet the requirements of migrants' families regarding food, education, health, and so on (61 percent), according to an RBI survey (RBI, 2010). On average, about 20 percent of the funds received deposited in bank accounts, and about 7 percent of the funds received invested in land, property, or securities. Although a small share of remittances is used for investment, there is a definite second round effect on investment as the rising consumption of remittance-receiving households is likely to boost other productive sectors (Afram, 2012).

The impact of these remittances at the household and national levels have been shown to increase child education (Edwards et al. 2003), and expenditures on healthcare (Ponce et al. 2011). As the world's top remittance receiving country with a share of 12.5% of global remittance (World Bank, 2011), India has been a substantial receiver of remittances since the 1990s. The country has also seen a decline in the total fertility rate (TFR) from 3.4 children per woman in 1993 to 2.7 in 2006 (NFHS, 2006), and an increase in contraceptive use from 36.5% to 48.5% in the same period (NFHS, 2006). These changes have largely been attributed to increases in female education and employment (Drèze and Murthi, 2001; Mari Bhat, 2002). With the last decade seeing exponential increases in migration from and within India coinciding rapid fertility declines, it is particularly timely to investigate any potential associations between the two (Jadhav, 2013).

It is also interesting to find the trend towards usage of remittance for entrepreneurial activities. Almost negligible portion of remittance used for entrepreneurial purpose. Although this data is not different from RBI, but RBI data shows an interesting trend of usage of remittance in urban sector, where it decreases from 15.15 in 2007-08 to 2.19 in 2008-09. This change appeared from 18.28% in 2007-08 to 42.40% in 2008-09 due to increase in other activities. Overall, there is negligible use of remittance towards entrepreneurship shown in both the survey of RBI and NSS.

Table 15: Distribution of Households According to the Use of Remittances Received during 2007-08

Use of Remittances	Sector		
	Rural	Urban	Total
Food	26.16	24.71	25.69
Education of Household Members	11.80	14.34	12.62
Household Durables	9.57	9.46	9.53
Marriage and other Ceremonies	1.77	1.45	1.67
Healthcare	15.86	15.45	15.73
Other Items of Household Consumer Expenditure	21.66	21.73	21.69
For Improving Housing Conditions	3.57	2.57	3.25
Debt Repayment	3.38	2.30	3.03

Financial Working Capital	0.51	0.30	0.44
Initiating New Entrepreneur activity	0.10	0.11	0.11
Saving/Investment	3.01	5.04	3.68
Others	2.59	2.52	2.57
Total	100.00	100.00	100.00

Source: National Sample Survey Organization, 2010

In both of these sources, there is no information received about women empowerment. Although some scholars arguing about economic empowerment of women with the use of remittance. There is no formal information from any of the sources confirming this argument.

Ratha (2004: 157) has rightly insisted that migrant remittances are “an important and stable source of external development finance”, and one that has potential for stimulating economic growth. By contrast, millions of migrant workers who have been working from the bottom up, for many years. They have been sending billions of dollars of investment funds back to their home villages have not been so negligent. Even if only a small part of the developmental potential of these funds liberated, that is not for want of efforts by the migrants themselves, by their overseas-born offspring, or even by their relatives back home. Absolute poverty, lack of capital, and lack of entrepreneurial ability have not been the central obstacles to the generation of more sustained patterns of economic growth from these inflows. Rather, institutional, structural, and infrastructural constraints in many cases the same constraints that provoked migration account for the poor development results of these opportunities.

Conclusion

This chapter of the dissertation tries to understand the environment of remittance in India. The first section of the chapter discussed about existing sources of information on remittances in India. The discussion on remittances suggests that in India broadly five sources are available to calculate non-entrepreneurial private transfer to India. These are remittance sent by Indian workers living abroad for family maintenance, local withdrawals from Non Resident Indian deposits, and personal gift donations to religious/charitable organizations in India, gold or silver brought through passenger

baggage and, compensation of Employees. The Second section of the chapter discussed the impact of remittance at different level in India i.e., family level, community level, societal level and national level. The third section of the chapter tries to understand the usage of remittance with the help of RBI and NSSO data. The next chapter of the dissertation will present brief analysis of the discussion presented in all three chapters. It will also try to examine the finding in context of identified objectives of the study.

Chapter- VI: Conclusion

International migration has remarkable potential of development of the home as well as host land. An explosive increase in the remittances to South Asia in the recent past has contributed to social development, economic betterment, reduction in poverty, empowerment of the marginalized sections, strengthening of national economy and increase in self-sustainability of the suppressed sections of the society. Thus, it has attracted the attention of social scientists and policy makers globally. Many scholars recognized remittances as a reliable source of betterment of society, yet there are very few studies in India that analyzed forms, types, processes, actors, motivations, socio-economic and cultural contexts of remittances. In such a puzzling state, a careful investigation is required to understand and analyze the issues of migration, remittances, and development of the homeland. Considering both theoretical as well as empirical analysis in the existing studies on the impact of remittances in various developing countries and the research gaps that existed in the literature on remittances in the Indian context, this study attempted to understand the impact of remittances in India, currently the highest remittance receiving country in the world, India. It is an analytical study of different dimensions of remittance in India, with the help of existing secondary literature.

In recent decades, remittance data have improved significantly because of the efforts of the World Bank and the International Monetary Fund in collaboration with national governments and central banks. There have also been many initiatives in making accessible both data and analyses of remittance flows such as the 'Remittance Information Library' funded by the Department for International Development (DFID-UK), e-resources such as 'Remittance Prices Worldwide' and 'Remittance Gateway', and many other online sources that provide information on remittance data and analysis globally. The existing research considered a secondary data compiled by various government and non-government agencies, research institutions, published empirical studies by individual researchers, databases, etc. The study adopted analytical research design with the help of secondary literature. Beginning with the

research questions that emerged after the review of literature on remittances, the dissertation tried to understand and analyze maximum possible dimensions of the remittance in India.

Limitations of the Study

Over the time, remittance has become an important area of study for many international research organizations. Organizations like the World Bank, Migration Policy Institute, International Organization of Migration and others have initiated specific chapters (departments) to deal and generate the data on remittance. Although most of these try to understand the complexity of remittance in all parts of the world, these sources are still lagging in terms of country specific micro level information. Especially in the Indian context, almost all surveys have failed to analyze remittances accurately. Sources like RBI and NSSO gave some information on some aspects of the study, but a thorough sociological analysis is not possible due to lack of micro level data. In this context, the study could not analyze the usage of remittance at the household level.

Findings of the Study

The study tried to understand the history of migration with the help of existing literature. There are two counter perspectives observed in the course of study, one school argued about the negative outcomes of migration, while another discussed about the positive outcomes of migration. The study considers both the perspectives while analyzing different streams of migration in South Asia. Starting from colonial migration in different plantations, the study tried to understand the two centuries of migration from south Asia. The study took a detailed note of this process while analyzing migration from India. Dividing into four streams- colonial migration through different systems, post-independence migration to high-wage economies, migration to Middle East after oil boom and the recent skilled persons' migration, the study tried to analyze the two hundred years of Indian migration.

The section on literature review examined general theories of migration, which mainly focused on economic aspects of migration i.e., remittances. Through the discussion on three approaches of migration, the study tried to find a possible relationship between theory and practice. The study broadly considered three schools of thought as articulated by scholars belonging to functionalist approach, Structural Approach and New economics of labour migration. Both new economics of labour migration and transnational perspective of labour migration consider family and remittance as an important dimension of motive behind migration.

The study tried to understand and analyze existing policies related to remittances. There are a number of common regulative challenges faced by South Asian countries in terms of migrant and remittance. The main issues relate to fair recruitment practices, high migration costs, corruption, institutional capacities, policy coordination, and coherence, among others.

Indian communities living outside India have always contributed and proved their strong tie-up with the homeland. Apart from the transfer of remittance, overseas Indian communities have been participating through India Development Bond, Resurgent India Bond, and India Millennium Deposits. \$72 billion transferred by Indian remittance in the 2013 alone.

While analyzing the all the existing remittances mechanisms, the study also considered informal channels as important sources of remittance at the homeland. Informal remittance has a long history of existence that started with traders going outside their homeland. In today's context, remittance is not restricted to traders, but it is active among people living outside their homeland. Informal remittance can be legal or illegal, but it provides an easily accessible system for people who do not have access to formal mechanisms. In the present context, informal remittance systems are used not only among the traders, but also various other settlements both for legal and illegal purposes. Three main ways exist in the informal remittances system. First, is transferring through courier service or in-hand second is transfer in kind and, the third is '*Hawala*'. In-hand carry is one of the oldest systems of money transfer. Migrants

use to send money through friends or relatives going back home. In-kind transfer is also a significant and simplest of transfer. Migrant workers can buy precious products like TV, Mobile and other products and sell it back to homeland to recover money in local currency.

In the discussion on the regulative framework of migration in India, safety of Indian workers living abroad has been an important issue for all governments especially in South Asia. This is also the fact that, major chunk of South Asian labourers is migrating to the Middle East in search of better employment. There are two significant issues have increased the concern of all South Asian governments, including India; first is a major chunk of labourers are unskilled and semi-skilled and second is, there is very limited rights provided to these workers by local administration. Because of these two issues, it became increasingly important for government to come forward for the safety of overseas Indians.

Migration policies are one of the burning subjects of the present era. It is very important for the countries, home as well as host to assure decent work for all labourers either regional or foreigner. The third chapter of the dissertation tries to understand the migration policies in India. The first section of the chapter included issues of labour migration from South Asia. Coming to India, second section discusses about remittance policies in India. Third section tried to understand and examine the process of informal remittance transfer with detail discussion about *Hawala*. Moving forward, the next chapter of the dissertation will focus towards the usage of remittance in India at the micro level. Coming chapter will also analyze data collected from different sources. Fourth Section of the Dissertation tries to understand the schemes by government of India for safety of Indian living abroad. Fifth and the last section of the chapter discusses about policy implication about remittance in India.

Analysis of secondary data obtained from RBI Reports at the national level indicated that remittances or 'private transfers' had been most stable compared to other components in the current account. Measured in terms of coefficient of variation for 10 ten-year periods from 1970-71 to 2009-2010, private transfers for the period 2009-

10 appeared to be the most stable source of external finance (49.5%) compared to merchandise exports (53.3%), services (62.5%), income (63.2%) and also foreign investment (87.8%). The performance of private transfers in the present decade was even better compared to the previous decade 1990-91, where they appeared to be the most stable (49.4%) but only after merchandise exports (27.7%). Two components of 'private transfers' to India, namely remittances for family maintenance and local withdrawals from NRI deposits from a major percentage share of private transfers and demonstrate the high volatility over the years and switching pattern between themselves when plotted. This was presumed to be attributable to the dependence of local withdrawals component on interest rate changes.

The 64th round survey of National Sample Survey Organization (NSSO) estimates that, average rural household consumer expenditure was nearly ` 38,000 compared to nearly ` 41,000 for rural households receiving remittances. Following the same trend Average annual household consumer expenditure nearly ` 65,000 for all urban households compared to nearly ` 80,000 for the urban households receiving remittances (NSSO, Employment-Unemployment Survey, 2007-08 Highlights). It should be emphasize that, NSSO has not differentiate between internal migration and international migration in the highlight, but it gives, enough space to consider remittance as an important factor for betterment of life.

NSSO survey on employment and unemployment discusses about 12 purposes for which a household uses the remittance. Household expenditure is a prime use of remittance in both and urban areas. Nearly 95% of the households in the rural areas and 93% of the household in the urban areas reported using the remittance for household consumer expenditure. A study by the Reserve Bank of India (RBI) informs that most of these remittances used for household consumption. Though a bit dated to the period 2007-08 and 2008-09, it throws up useful information. In 2007, India received \$37.2 billion, \$49.9 billion in 2008, and \$49.2 billion in 2009.

The last chapter of the dissertation examined the environment of remittances in India. The first section of the chapter discussed about existing sources of information related

data in India. The discussion on remittances suggests that in India broadly five sources are available to calculate non-entrepreneurial private transfer to India. These are remittance sent by Indian workers living abroad for family maintenance, local withdrawals from Non Resident Indian deposits, and personal gift donations to religious/charitable organizations in India, gold or silver brought through passenger baggage and, compensation of Employees. The second section of the chapter discussed the impact of remittance at different level in India i.e., family level, community level, societal level and national level. The third section of the chapter tries to understand the usage of remittance with the help of RBI and NSSO data.

Summary

A number of conclusions are possible about non-entrepreneurial usage of remittances at household level. First, remittances now form an important part of household livelihood strategies. Remittances contribute directly to raising household incomes, while broadening the opportunities to increase incomes. They also allow households to increase their consumption of local goods and services. However, some scholars suggest caution in drawing further conclusions on the extent to which remittances can be a broad strategy for poverty reduction. Remittances can be unreliable and hence can make specific contributions only at a particular moment in time. In the long term, they can return to the home country or integrate themselves into the host community.

Second, at the community level, remittances generate multiplier effects in the local economy, creating jobs, and spurring new economic and social infrastructure and services, particularly where effective structures and institutions established to pool and direct remittances. Where these have been set up and encouraged, and where the state is supportive, remittances can make a difference, particularly in remote rural locations where state resources were not effective. Third, at the national level, remittances provide foreign currency and contribute significantly to GDP. Fourth, remittances can redistribute resources from rich to poor countries. The increase in remittances, which now surpass official aid transfers to developing countries, reduces international inequality and promotes poverty reduction.

In line with the propositions of the new economics of labour migration and livelihood approaches, the existing literature suggests that, in most cases, migration is typically not a desperate escape from extreme conditions of poverty and unemployment. In line with the new economics of labour migration and livelihood approaches, most evidence supports the view that migration rather is a deliberate attempt by social groups to spread income risks, to improve their social and economic status and, hence, to overcome local development constraints.

International remittances generally help to diversify and raise household income substantially. They have a crucial insurance function in protecting people from destabilizing the effects of absent or ill functioning markets, failing state policies and a lack of state-provided social security. Also on the national level, there is substantial evidence that remittances have proved to be an increasingly important, less volatile, less pro-cyclical, and therefore a more reliable source of foreign currency than other capital flows to developing countries. However, the observation that remittances significantly contribute to income stability and welfare in developing country does not necessarily imply that they contribute to poverty alleviation. As migration is a selective process, most international remittances do not tend to flow to the poorest members of communities nor to the poorest countries. However, poor non-migrant families often affected indirectly through the economy-wide effects of remittance expenditure on wages, prices, and employment in migrant sending communities. Therefore, most studies conclude that international remittances reduce poverty, although to a limited extent.

At the end, it is extremely important to understand the remittance as a process of socialization of individual living as an extended family of the household. In most of the cases, state treat migrant as an anti-social isolated economic being, helpful in increase in economic multiplier effect in the society. Although, there are some steps taken by government to help Indian living abroad, but many instances, such attack on Indian in Australia or *Gurudwara* shootout in United States of America questions the limited approach of Indian government.

Issues need to be covered in the Further Research

Data on all kinds of migrants emigrating including both skilled as well as low skilled migrants need to be recorded. Also, more dis-aggregated data on the states and districts from which they move and countries to which they move need to be captured. Information on departures also needs to capture the educational level of the emigrants at the time of departure and type of jobs they would be engaged in if going on a work visa.

It is required to collect data related to remittances at state and district level. This could include remittances for family maintenance and local withdrawals. This could be done with the help of information obtained by the RBI from Money Transfer Operators, Banks and exchange houses. There is need to have a coordinated effort by migration authorities, immigration offices, population census and BOP compilers combined with host country statistics to strengthen information and statistics on migration and remittances useful for further research. Another important aspect would be gathering of panel data on remittances to understand its impact over a period of time on migrant households for better analysis and understanding.

In order to restrict or formalization of informal transfer, there is a need for more financial awareness and infrastructure at the rural level. It was observed that informal money transfer agents do exist and play a vital role in rural areas where only a few banks exist and mostly housewives or dependant members receive remittances, there is a need for better financial infrastructure with more outreach and better services and more financial awareness amongst the people for bringing down informal money transfers. Policies aimed at effective channelization of remittances for development should take into consideration variations in end uses and impact of remittances that exists across states or regions such as present and emerging remittance markets in other rural areas in India. Also, individual and collective remittances in rural regions should be taken into consideration for policymaking. However, remittances are private transfers between the migrants and their families. Hence, any policy design should

take into consideration the private nature of remittances and the interference they might cause to the migrant households.



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Annexures

1. Country-Wise Population of Overseas (PIOs/NRIs) Indians (As on 24.02.2010)

S. No.	Country	NRI	PIO	Total Number of Overseas Indians
1.	Afghanistan	3749	NA	3749
2.	Albania	20	0	20
3.	Algeria	447	3	450
4.	Andorra	NA	NA	140
5.	Angola	NA	NA	1500
6.	Antigua & Barbuda	20	610	630
7.	Argentina	300	1100	1400
8.	Armenia	445	5	450
9.	Aruba	NA	NA	300
10.	Australia	213710	234720	448430
11.	Austria	14000	11000	25000
12.	Azerbaijan	470	30	500
13.	Bahamas	400	10	410
14.	Bahrain	350000	NA	350000
15.	Bangladesh	10000	12	10012
16.	Barbados	330	3000	3330
17.	Belarus	600	2	602
18.	Belgium	6500	9500	16000
19.	Bhutan	0	0	0
20.	Bolivia	182	0	182
21.	Bosnia and Herzegovina	NA	NA	30
22.	Botswana	9000	2000	11000
23.	Brazil	800	200	1000
24.	Brunei Darussalam	7000	47	7047
25.	Bulgaria	250	0	250
26.	Burkina Faso	NA	NA	155
27.	Burundi	200	50	250
28.	Cambodia	1500	0	1500
29.	Canada	200000	800000	1000000
30.	Cape Verde Islands	0	0	0
31.	Cayman Islands	850	10	860
32.	Chile	350	850	1200
33.	China	NA	NA	67000
34.	China (Hong Kong)	23000	14250	37250
35.	China (Taiwan)	2500	25	2525
36.	Colombia	NA	NA	116
37.	Comoros	50	250	300
38.	Congo (Dem. Rep. of)	3600	400	4000
39.	Costa Rica	NA	NA	9
40.	Croatia	37	13	50
41.	Cuba	3	17	20

42.	Cyprus	3900	100	4000
43.	Czech Republic	1000	50	1050
44.	Denmark	3927	2492	6419
45.	Djibouti	350	0	350
46.	Dominica (Commonwealth of)	30	500	530
47.	Dominican Republic	3	7	10
48.	East Timor	70	0	70
49.	Ecuador	NA	NA	34
50.	Egypt	3300	200	3500
51.	El Salvador	24	1	25
52.	Equatorial Guinea	NA	NA	100
53.	Eritrea	NA	NA	500
54.	Estonia	65	35	100
55.	Ethiopia	992	2	994
56.	Fiji	800	312998	313798
57.	Finland	2800	700	3500
58.	France	10000	55000	65000
59.	France (Reunion Island)	200	275000	275200
60.	France (Guadeloupe , St. Martinique)	0	145000	145000
61.	Gambia	600	0	600
62.	Georgia	200	0	200
63.	Germany	42500	28000	70500
64.	Ghana	6997	107	7100
65.	Greece	12000	100	12100
66.	Grenada	100	5000	5100
67.	Guatemala	21	3	24
68.	Guinea (Republic of)	253	0	253
69.	Guinea Bissau	60	NA	60
70.	Guyana	200	320000	320200
71.	Haiti	0	0	0
72.	Honduras	6	46	52
73.	Hungary	30	320	350
74.	Iceland	101	200	301
75.	Indonesia	15000	70000	85000
76.	Iran	1430	NA	1430
77.	Iraq	8995	5	9000
78.	Ireland	18018	1347	19365
79.	Israel	8000	70000	78200
80.	Italy	70652	1255	71907
81.	Jamaica	3500	50000	53500
82.	Japan	NA	NA	22335
83.	Jordan	6975	25	7000
84.	Kazakhstan	2500	50	2550
85.	Kenya	37500	37500	75000
86.	Kiribati	4	10	14
87.	Korea (DPR)	3	0	3
88.	Korea (Republic of)	6721	11	6732

89.	Kuwait	579058	332	579390
90.	Kyrgyzstan	2500	0	2500
91.	Lao, PDR	250	50	300
92.	Latvia	NA	NA	40
93.	Lebanon	NA	NA	10000
94.	Lesotho (Kingdom of)	800	400	1200
95.	Liberia	1495	1	1496
96.	Libya	14995	5	15000
97.	Liechtenstein (Principality of)	3	0	3
98.	Lithuania	71	9	80
99.	Luxembourg	500	500	1000
100.	Macedonia	10	0	10
101.	Madagascar	2500	20000	22500
102.	Malaysia	150000	1900000	2050000
103.	Malawi	1500	5500	7000
104.	Maldives	26000	1	26001
105.	Mali	102	0	102
106.	Malta	150	8	158
107.	Marshall Islands (Republic of)	14	1	15
108.	Mauritania	20	0	20
109.	Mauritius	15000	867220	882220
110.	Micronesia	3	0	3
111.	Moldova	15	3	18
112.	Mongolia	60	0	60
113.	Montserrat	10	200	210
114.	Morocco	0	400	400
115.	Mozambique	1000	20000	21000
116.	Myanmar	3160	353400	356560
117.	Namibia	140	20	160
118.	Nauru	4	17	21
119.	Nepal	112500	487500	600000
120.	Netherlands	6000	195000	201000
121.	Netherlands Antilles	NA	NA	4500
122.	New Zealand	37000	70000	107000
123.	Nicaragua	15	1	16
124.	Niger	40	0	40
125.	Nigeria	N.A.	N.A.	30000
126.	Niue	3	0	3
127.	Norway	3479	9349	12828
128.	Oman	556000	1713	557713
129.	Pakistan	NA	0	NA
130.	Palau (Republic of)	14	0	14
131.	Palestine (PLO)	80	1	81
132.	Panama	N.A.	N.A.	6500
133.	Papua New Guinea	NA	NA	800
134.	Paraguay	70	330	400
135.	Peru	273	43	316
136.	Philippines	47000	3000	50000

137.	Poland	1845	255	2100
138.	Portugal	11272	68728	80000
139.	Qatar	500000	N.A	500000
140.	Romania	878	70	948
141.	Russian Federation	14063	137	14200
142.	Rwanda	500	40	540
143.	Samoa	40	30	70
144.	Sao Tome and Principe (Republic of)	NA	NA	3
145.	Saudi Arabia	1789000	NA	1789000
146.	Senegal	300	0	300
147.	Serbia and Montenegro (State of)	23	5	28
148.	Seychelles	4000	4500	8500
149.	Sierra Leone	529	0	529
150.	Singapore	270000	320000	590000
151.	Slovak Republic	35	45	80
152.	Slovenia	34	12	46
153.	Soloman Islands	20	0	20
154.	South Africa	18000	1200000	1218000
155.	Spain	15000	15000	30000
156.	Sri Lanka	500	1600000	1600500
157.	St. Kitts and Nevis	300	150	450
158.	St. Lucia	250	5000	5250
159.	St. Vincent & the Grenadines	50	3000	3050
160.	Sudan	5000	2000	7000
161.	Suriname	300	140000	140300
162.	Swaziland	50	500	550
163.	Sweden	4000	14000	18000
164.	Switzerland	7842	7735	15577
165.	Syria	635	15	650
166.	Tajikistan	362	7	369
167.	Tanzania	5300	49400	54700
168.	Thailand	90000	60000	150000
169.	Togo	NA	NA	302
170.	Trinidad & Tobago	1500	550000	551500
171.	Tunisia	107	5	112
172.	Turkey	305	40	345
173.	Turkmenistan	NA	NA	700
174.	Turks & Caicos Islands	800	10	810
175.	Uganda	15000	5000	20000
176.	Ukraine	3850	150	4000
177.	UAE	1700000	2911	1702911
178.	UK	N.A.	N.A.	1500000
179.	USA	927283	1317956	2245239
180.	Uruguay	70	0	70
181.	Uzbekistan	200	0	200
182.	Vanuatu	50	0	50
183.	Venezuela	NA	NA	200

184.	Vietnam	750	30	780
185.	Yemen	11000	100000	111000
186.	Zambia	5000	8000	13000
187.	Zimbabwe	500	10000	10500

Source :Lok Sabha Unstarred Question No. 27., dated on 24.02.2010.

Abbr: NRIs : Non-Resident Indians ,PIOs : Persons of Indian Origin.

2. State-Wise Figure of Workers Granted Emigration Clearance/ECNR Endorsement during Year 2008-12

S. No.	State	2008	2009	2010	2011	2012
1.	A & N Island	89	75	80	93	97
2.	Andhra Pradesh	97,530	69,233	72,220	71,589	82,803
3.	Arunachal Pradesh	244	181	188	175	153
4.	Assam	1517	1788	2133	2459	2384
5.	Bihar	60642	50227	60351	71438	84078
6.	Chandigarh	1768	966	831	861	823
7.	Chhattisgarh	80	51	81	114	111
8.	Daman and Diu	27	8	11	13	31
9.	Delhi	4512	2501	2583	2425	2842
10.	DNH/UT	17	3	1	53	20
11.	Goa	2210	1659	1380	1112	1338
12.	Gujarat	15716	9185	8245	8369	9699
13.	Haryana	1779	1052	958	1058	1196
14.	Himachal Pradesh	1345	776	743	739	847
15.	Jammu and Kashmir	3588	4307	4080	4137	4737
16.	Jharkhand	3561	3545	3922	4287	5292
17.	Karnataka	22413	18565	17295	15394	17960
18.	Kerala	180703	1119384	104101	86783	98178
19.	Lakshadweep	23	19	18	11	13
20.	Madhya Pradesh	2321	1897	1564	1378	1815
21.	Maharashtra	24786	19128	18123	16698	19259
22.	Manipur	30	18	22	11	07
23.	Meghalaya	24	21	11	16	39
24.	Mizoram	8	2	4	0	3

25.	Nagaland	10	5	2	39	3
26.	Orissa	8919	6551	7344	7255	7478
27.	Pondicherry	397	320	223	211	257
28.	Port Blair	0		0	0	0
29.	Punjab	54469	27291	30974	31866	37472
30.	Rajasthan	64601	44744	47803	42239	50295
31.	Sikkim	18	12	8	8	13
32.	Tamilnadu	128791	78841	84510	68732	78185
33.	Tripura	592	324	454	465	514
34.	Uttar Pradesh	139254	125783	140826	155301	191341
35.	Uttarakhand	523	623	1177	1441	2470
36.	West Bengal	26094	21187	28900	29795	36988
37.	Total	8,48,601	6,10,272	6,41,356	6,26,565	7,47,041

Source: Annual Report; MOIA 2012⁴⁵

⁴⁵http://moia.gov.in/writereaddata/pdf/Annual_Report_2012-2013.pdf Accessed 05 April 2014.

3. Annual Labour Out-flow From India; Destination Wise from 2008-12

S. No.	Country	2008	2009	2010	2011	2012
1.	Afghanistan	405	395	256	487	125
2.	Bahrain	31924	17541	15101	14323	20150
3.	Indonesia	31	9	3	22	11
4.	Iraq			390	1177	917
5.	Jordan	1377	847	2562	1413	1819
6.	Kuwait	35562	42091	37667	45149	55868
7.	Lebanon	75	250	765	534	288
8.	Libya	5040	3991	5221	477	01
9.	Malaysia	21123	11345	20577	17947	21241
10.	Oman	89659	74963	105807	73819	84384
11.	Qatar	82937	46292	45752	41710	63096
12.	S. Arabia	228406	281110	275172	289297	357503
13.	Sudan	1045	708	957	1175	491
14.	Syria	74	0	2	118	0
15.	Thailand	15	5	5	27	9
16.	U.A.E	349827	13302	130910	138861	141138
17.	Yamen	492	421	208	29	0
18.	Total	847994	610270	641355	626565	747041

Source: Korra, Vijay (2011), Working Paper Series No. 442, Centre for Development Studies.

4. Proportion, Estimated Number of Emigrants and Temporary Emigrants (short duration) and Remittances per Out-migrant during Last 365 Days in India and States

S. No.	State	Proportion of emigrants ⁴⁶ (Emigrants per thousand population)	Estimated number of Emigrants ⁴⁷	Estimated number of temporary Labour out-migration ⁴⁸	Remittances per out-migrant ⁴⁹
1.	Andhra Pradesh	5.8	4,37,404	7,873	544
2.	Arunachal Pradesh	0.1	109	0	537
3.	Assam	0.1	2,725	0	203
4.	Bihar	1.4	1,04,562	16,690	510
5.	Chhattisgarh	0.3	6,716	392	122
6.	Delhi	0.5	7,033	28,164	2,404
7.	Goa	12.2	17,597	3,291	1,774
8.	Gujarat	3.8	1,85,780	240	572
9.	Haryana	2.3	50,227	220	1,061
10.	Himachal Pradesh	2.4	15,115	130	399
11.	Jammu and Kashmir	0.7	5,674	36	374
12.	Jharkhand	0.7	17,402	0	328
13.	Karnataka	2.5	1,22,767	221	516
14.	Kerala	53.0	15,83,232	18,003	576
15.	Madhya Pradesh	0.4	23,499	14	473
16.	Maharashtra	2.4	2,28,577	860	537
17.	Manipur	0.2	327	0	1128
18.	Meghalaya	0.4	847	0	1128
19.	Mizoram	0.1	102	0	354
20.	Nagaland	0.7	93	0	200
21.	Orissa	0.7	24,765	0	459
22.	Punjab	16.2	3,86,423	3,718	992
23.	Rajasthan	3.7	2,14,481	1,429	480
24.	Sikkim	4.2	2,190	10	186
25.	Tamil Nadu	8.1	4,98,327	7,343	487
26.	Tripura	1.0	3,317	2,313	405
27.	Uttarakhand	1.2	9,958	125	336
28.	Uttar Pradesh	2.2	3,83,625	9,035	329
29.	West Bengal	1.0	81,997	6,784	447
	India	4.4	44,42,245	1,10,150	571

Sources: Unit level data of 64th round of National Sample Survey (Schedule 10.2) and NSS Report "Migration in India: 2007-08"⁵⁰

⁴⁶Proportion of Out-migrants is the ratio of total international out-migrants to the total population of concerned area during the reference period of survey i.e, 2007-08.

⁴⁷Number of emigrants is estimated using the appropriate multipliers/weights provided in the Unit Level Data of NSS.

⁴⁸Temporary or short-term emigrants are defined as the household member who has stayed away from the village/town for a period of one month or more but less than six months during the last 365 days for employment or in search of employment and their during longest spell of migration they have stayed in another country.

⁴⁹Information regarding the remittance taken from the NSS report and these do not consider the temporary emigrants.

⁵⁰ International Migration from India and Inflow of Remittances

5. Article; Business Standard; Consumption Beats Asset Creation in Remittances Spending: RBI Survey; New Delhi, October 5, 2013⁵¹ (Excerpts)

Of late, India has been receiving the highest remittances, most of which go to meet household requirements. On the other hand, remittances are not used much to create assets; at least, that was not the case in 2008-09.

According to a World Bank report, the country is set to top the list of countries receiving remittances, at \$71 billion, in 2013. Last year as well, Non-Resident Indians sent \$70 billion back home to India, the highest compared to their counterparts from other countries. It would be interesting to see how Indians spent money received from their relatives.

A study by the Reserve Bank of India (RBI) released last year showed that most of these remittances are spent on household consumption. Though a bit dated for the period 2007-08 and 2008-09, it throws up useful information. In 2007, India received \$37.2 billion, \$49.9 billion in 2008 and \$49.2 billion in 2009.

6. Opinion; Business Standard; Indian workers, lost in a gulf of despair by Arun Kumar; August 7, 2012 04:07⁵² (Excerpts)

The West Asia or the popular Gulf region is bestowed with a wealth of resources (predominantly oil & gas), that translates to a significant amount of deployable capital for economic and industrial activity, but the region is heavily dependent on imported labour to develop and sustain its economic activities. According to a 2010 World Bank Report, the Gulf nations Qatar, the United Arab Emirates (UAE), Bahrain and Saudi Arabia featured in the top 10 immigration countries with immigrants as a percentage of the total population at 86.5 per cent, 70 per cent, 39.1 per cent and 27.8 per cent respectively. Indian nationals form a significant part of the Gulf workforce and India and the subcontinent remain suppliers of huge labour pools — both blue- and white-collar workers.

www.pa2011.princeton.edu/papers/112050 accessed on 10 April 2014.

⁵¹Article; Business Standard; Consumption beats asset creation in remittance spending: RBI survey; New Delhi, October 5, 2013; http://www.business-standard.com/article/economy-policy/consumption-beats-asset-creation-in-remittance-spending-rbi-survey-113100500474_1.html accessed on 10 April 2014.

⁵²Opinion; Indian workers, lost in a gulf of despair by Arun Kumar; August 7, 2012 04:07; <http://www.thehindu.com/opinion/op-ed/indian-workers-lost-in-a-gulf-of-despair/article3735261.ece> accessed on 10 April 2014.