

# THE IMPACT OF REMITTANCES FROM MIGRANT WORKERS ON THEIR FAMILIES AND LOCAL ECONOMY DEVELOPMENT OF ODISHA

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## Chapter-1: Introduction

### 1.1 Migration, Remittance & Development

Uneven capital inflow usually creates affluence as well as poverty. Hence movement of labour from subsistence sector to the developed capitalist sector and regions takes place. When labour movement is outside the country, it is international migration and when the labour moves within the country it is internal migration. Whether it is international or internal migration, it is mostly influenced by social structure, pattern of development, economic condition of the households etc. The developmental policies by of the government at the center as well as the states, since independence, have accelerated the process of migration. Most particularly after the liberalization, privatization and globalization of the Indian economy the pace of migration has increased into manifold. In the recent years migration is considered as a major source of support to the migrating households. This is because the migrant workers send back a considerable part of their earnings to their family members at the place of their origin, which is identified as remittances have assumed great importance in the developmental process. This is due to the fact that remittances have the potential to create positive outcome in the remittance receiving households, as well as the community to which they belongs to. More particularly for the poor migrant households, remittances can help in eradication of poverty by stimulating employment opportunities and diversification of income of the household.

At macro level remittances are an increasingly important and relatively stable sources of external finance that often play a critical role in the development of under-developed countries. Particularly as it appears to be less volatile, pro-cyclical and therefore a more reliable source of foreign currency than other capital flow like; direct foreign investment, development aid. (*World Bank 2005, Ratha 2003*). Thus foreign exchange earnings through remittances alleviate the foreign exchange crisis, support the balance of payment problem by enabling imports of capital goods and raw materials for industrialization. At the same time it can also be said that a large part of the remittances are used for daily consumption such as food, clothing and medical expenses. Sometimes remittances are spent for conspicuous consumption like consumers durables, TV, Mobile, fridge, costly furniture etc. In view of conflicting nature of the impact of remittances on the migrating households at the place of origin more detail study on various issues of migration and remittance is necessary.

### 1.2 International Migration and Remittances

In recent years there has been surge in the international migration world over. It has been estimated that roughly 175 million people are migrating and residing outside the country of their birth place and consequently they are remitting a considerable portion of their wage and income to their country of origin, As per the estimation of Migration and Remittances

(Face book 2011), the flow of remittances to developing countries is 55 billion US\$ in 1995 which reaches to 325 billion US Dollar in 2010.

World Bank has estimated that India is the largest recipient of international remittances in the world. This is mainly due to exodus of south Indian people, particularly from Kerala to Gulf countries in 1970s' after rise in oil price and consequent increase in economic activities in these countries. During 1990's there was surge in international migration and remittances due to boom in the Information Technology (IT) industries and Information Technology Enabled (ITE) industries in the Organization for Economic Cooperation and Development (OECD) countries. The rise in the migration and remittances during the last two decades particularly after 1990's is due to the world wide liberalization and globalization process.

In the year 1990-91 the remittance to India is only \$ 2.1 billion which was only 0.7 percent of the country's GDP. But in 2001-02 it increased to \$ 15.4 Billion which is 3.29 percent of the GDP (Chishti 2007). The World Bank estimate of 2005 put India in the lead at \$23.5 Billion with China and Mexico close behind at \$ 22.4 billion and \$ 21.7 billion respectively. In 2008 India again topped in terms of volume of remittance with \$52 Billion which contributed 4.2 percent of the GDP in 2008. (Zachariah and Rajan 2011). Quoting a World Bank report the Economics Times reported that India tops the global remittance list by receiving \$70 billion in 2013 (ET April 11, 2014)

So far the source of region of remittances to India are concern North America followed by Gulf and Europe are the major source area of remittances. The gulf countries (West Asia) and North America are the two top source of remittances to India with Europe is placed at a distance third (Jacob 2012). Time was there when skilled and educated people were migrating to United States of America, Great Britain, and Canada but now the horizon for migration has become vast. Most particularly the oil boom during 1973 has opened up new vistas of opportunities in the gulf countries like United Arab Emirates, South Arabia, Oman, Kuwait, Qatar etc. Hence these are the new destination to which both skilled as well as unskilled Indians were emigrating in a large scale and remitting money to their homes regularly. However, during 1990's due to the opening up of the IT and the financial sectors like banking and insurance, there has been the emergence of new migration streams of highly educated, skilled and semi skilled workers to the OECD countries, particularly to United States of America, Canada, Australia. Hence there is increasing in the remittance level from these destinations to India.

As far as the state wise contribution of international remittances are concerned Kerala accounts for 40 percent of the household remittance flow while Punjab accounts for 13 percent and Tamil Nadu account for 12 percent of household remittances (Tumbe 2011). Some of the

other states having sizable presence in international migration are Andhra Pradesh, Rajasthan, Maharashtra, Karnataka, Gujarat and Goa. Another matter of interest, as has been reported by Tumbe (2011) is that in UP, Bihar and Rajasthan international household remittances are directed more towards rural households where as Gujarat, Maharashtra, Karnataka, Goa household remittances were directed more towards urban areas. So far as international remittances are concerned between 1993-2007-08 household remittance dependencies as measured by the proportion of remittance receiving households increased noticeable in Kerala, Punjab, Tamilnadu, and urban Goa (*Tumbe 2011*). Since education, skill level and training level is low in states like Odisha, Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh presence of people from these states in international migration and remittances are negligible. However, as a whole India is the largest recipient of remittances in the world. International migration and remittances has led to the economic well being of the household thorough elimination of credit constraints, uplifting economic status, enabling accessibility of households to better health and education and housing facilities. At the same time migration and remittance are the source of precious foreign exchange as a whole. However, international remittances have accentuated the regional inequality for the rich states are sending more migrants to foreign countries and receiving remittances.

### 1.3 Internal Migration and Remittances

Internal migration is now recognized as an important factor in influencing social and economic development. The internal migration pattern in all India level as has been provided by 64<sup>th</sup> round of NSS is 326 million people or 28.6 percent as per the usual place of residence. Out of these migrants 258.4 million or 76.3 percent were female migrants out of which 82.8 percent are marriage related migration. Srivastav (2011) in a trend analysis of migration in India by using the NSS 2007-08 data has shown that the rate of migration for economic reason is increasing for both men and women even though the increase is more prominent for men. It has been noticed from 2001 census data that 30.1 percent migrants for economic reasons are intra district migrants and 36.3 percent are interstate migrants (Srivastav 2001:1.6 table-3). Within states the growth is higher in intra rather than inter district migration. In case of intra state migrants most migration is rural to rural. For interstate migrants, however the flow is mainly towards urban areas rural-urban and urban-urban (Mallya and Srinivas, 2011 table-1).

As far as the internal migration is concerned the major net sending states are the backward states like Bihar, MP, Rajasthan, Odisha and Uttar Pradesh, there by the reinforcing the influence of the push factor of poverty and lack of opportunities that drives the people of these area to other states in search of employment and livelihood (Mallya and Srinivas, 2011). The net receiving states are Maharashtra, Delhi, Gujarat and Punjab. Tumbe (2011) has estimated that the domestic remittances to be in the range of Rs. 45000 to 50000 crores or

around \$10 billion in 2007-08. Nearly 80 percent of domestic remittances went to households in rural areas. At all India level 60 percent of the domestic remittances were inter-state transfers and 40 percent were intra state transfer. Uttar Pradesh, Bihar, Rajasthan, West Bengal and Odisha receive over half of the domestic remittance flow. Inter-state transfers were less common in Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka reflecting the dominance of rural urban migration with the states. Between 1993 and 2007-08, household remittance dependency as measured by the proportion of remittance receiving households broadly; increasing in rural and urban India. Domestic household remittance dependency increased substantially in rural areas of Himachal Pradesh, Rajasthan, Uttar Pradesh, Uttarakhand and West Bengal and was more pronounced in rural and urban Odisha (Tumbe 2011).

## 1.4 Migration and Remittance in Odisha

Using NSS data on household remittance Tumbe (2011) has shown that Odisha accounts for only 0.5 percent of the household remittances flow in India. The foreign sector deposit in all sectors deposit is only 1 percent in India. (Tumbe 2011, Table A.4 P 498). This shows that the international migration and remittances play negligible role in Odisha's economic development. On the other hand Odisha is a leading migration sending and remittance dependence state only due to internal migration and remittances. NSS data for 2007-08 shows that 7.13 percent of the household receives domestic remittances in the state and 63 percent of these remittances are interstate transfer (Tumbe 2011, Table A.2 P 496). Thus there are substantial incidences of out migration from Odisha but the dominant form of migration is internal and the dominant form of remittances is domestic remittances. Thus, migration and resultant remittances most particularly internal migration and remittances often make up an important share of the income of the poor households. Migration and remittances significantly reduce the level, depth and severity of poverty in the poor communities of the state. Hence there is no wrong in people migrating from the state and remitting money to their households for better living. In the context of severity of poverty in the state it is a blessing for the migrant household to migrate and contribute towards the household's income.

Despite the advantage associated with the remittance, counter arguments developed against remittances. It has been argued that it has created a remittance dependency community. Households receiving remittances are spending them mostly on conspicuous consumption and rarely do they invest in any productive purpose. There is labour shortage in place of origin which raised the price of labour in the rural area for which the cultivators are not getting agricultural labourers during the busy season. Again the migrant households facing a lot of problems in remitting their money safely to their place of origin. Thus doubt has been raised on the efficiency of the remittance in enhancing the standard of living of the remittance receiving households as well as the development of the place of origin. In view of the claims and

counter claims of the importance of remittance on the role of development of the economy in general and migration sending households in particular there is a needs an in-depth study of the migration and remittance in details and its impact on the migration sending households. However for the state of Odisha there is no such studies' dealing with issues relating to domestic remittances. We must inquire in to the utilization pattern of such remittances in the state, impact of such remittances on the migrant households receiving them and its impact on the village community as a whole. There is also a need to study how far remittances put pressure on the local wage rate, on the bargaining power of the household receiving remittances, its impact on the production relation. The present study is the result of such an attempt to know the process of internal migration and remittances in Odisha.

## **1.5 Plan of the study**

The study presents in 8 chapters. The first chapter introduces the subject matter of migration, remittances and socio-economic development. It also distinguishes international and internal migration and remittances and put Odisha as a leading internal migration and remittance receiving state in India.

The second chapter presents a review of the few existing literature on migration and remittances and finds out the major gaps in research on internal migration and remittances in backward states like Odisha.

The third chapter presents a brief socio-economic history of the states which show that the state is endowed with abundance of resources but the paradox is poverty in the midst of plenty continues to exist and people are migrating in large number to other states.

The fourth chapter describes the research methodology, objectives and the coverage of the study to analyze the impact of remittances at the sample households in the six districts of Odisha.

The fifth chapter deals with the socio-economic profiles of the sample migrant households and Chapter sixth deals with the basic information of the primary remitters which includes process of migration, size of remittance and the mode of transfer of remittances etc.

Chapter seventh focuses on the impact of remittances on the migrant households receiving them as well as the spillover effect on the village communities.

Chapter eight is the concluding chapter which presents the main finding of the study along with a set of recommendations.

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## Chapter -2: Review of Literature

### 2.1 Introduction

This chapter reviews the empirical literature on the issue of migration and remittances. There has been a surge in the international and internal migration and its consequential impact of remittances in India. To evaluate the impact of migration it is obvious to study the amount and distribution of remittances to various migrant households. Migration and remittances have given rise to a debate so as to know whether migration and remittances are a survival strategy adopted by the poor households to escape poverty or a strategy for sustained development in the place of origin due to accumulation of capital and skill at the places of destination and its utilization in productive way to contribute towards employment and income in the place of origin.

### 2.2 Theories of Migration and Remittances

#### 2.2.1 Neo-Classical Approach towards Migration

The neo-classical approach to migration is conceptualized as a response of the people to the uneven distribution of factor of production. They saw migration as a process which contributes towards economic development by equalizing the factor price of the productive resources. Optimum allocation of productive resources can be possible through migration of labour from the low productive sector to the high productive sector. In this sense it is perceived that agriculture is a subsistence sector and productivity of labour is less in agricultural sector in comparison to the industrial sector. Hence, for the interest of the economic growth, surplus labour should move from the subsistence agricultural sector to more productive industrial sector. In the neo-classical schemes of migration theory, there is no place of remittance. On the other hand free movement of labour is expected to lead to the increasing scarcity of labour which will lead to higher marginal productivity of labour and increasing wage levels in the migrant sending regions.

Lewis (1954) Fei and Ranis (1961) have explained the phenomenon of migration of labour from the subsistence sector to the modern sector of the economy through dual economic model. They perceive agriculture as the traditional and subsistence sector and industry as capitalist or modern sector. As capitalists reinvest the economic surplus, the capitalist sector expands and the labour from the subsistence agricultural sector gets employed in the industrial sector. This process continues till the marginal productivity of labour and wage rate are equalized in the place of origin with that of the place of destination.

However, *Tadaro* (1969), (1976) *Harris and Tadaro* (1970) have given a different approach to migration. The decision of an individual to migrate according to *Tadaro* is guided

by the net real income maximization over his productive life at the possible destination, when both costs and returns are estimated. Tadaro emphasized that the expected stream of potential migration depends on the prevailing urban wage rate and subjective estimate of probability of taking a job in the modern sector. Of course most of the migrants in urban areas get employed in the urban informal sector but they continuously seek employment in the modern formal sector. Thus *Harris* and *Tadaro* model have also failed to take in to consideration the influence of remittances in the migrating households. Their model is based on two principal assumptions: First rural-urban income differentials and second high probability of getting a job in the formal sector.

### **2.2.2 Historical Structural Approach**

The historical structural approach perceived migration as drain of economic surplus and skilled people from the peripheral regions to the core regions, which sustains the under development. Migration provokes the withdrawal of human capital and breakdown the traditional, stable village life. There is loss of community identity and detachment from community life of the migrants. Migration is an inevitable part of uneven capital inflow and it is detrimental to the economies of the underdeveloped countries and underdeveloped areas due to what *Myrdal* (1957) called “*Cumulative Casuation*” which increases prosperity in the core areas of economy and drains capital and labour from the peripheral areas. It has been seen that migration has been the cause of breakdown of traditional community life, family life and village life. The massive departure of young able bodied men and women from rural areas is causing a critical shortage of agricultural and other labourers, depriving the areas from most valuable workforce (*Lipton 1980*). The remittances have created remittance dependence in the community. Those households receiving remittances are spending Major portion of the amount in conspicuous consumption and they rarely invest in the productive enterprises. Migrant people have created an island of prosperity in the mist of poverty in their own localities. Thus migration and remittances produce and reinforce the capitalist system based on inequality (*Lipton 1980, Haas 2007*) R.S Bora from a study of the hill region of Uttaranchal has shown that out migration of young adults and relatively better educated males from Uttaranchal have already caused permanent regional underdevelopment. The movement involves a sizable transfer of human capital which has already affected all sectors of development. A consequence of this is a comprehensive shortage of productive age group and higher dependency ratio on the region (Bora 2000).

### **2.2.3 The New Economics of Labour Migration: the Livelihood Approach**

Since last two decades there has been a paradigm shift from the neo classical and historical structuralist models of migration and the New Economics of Labour Migration (NELM) has taken its place. Increasingly now, it has been realized that it is not the individual



but the household which takes the decision on migration and remittances. Following *Lucas and Stark* (1985) migration is perceived as a household response to income risks since migrant remittances serve as income insurance for households of origin, *Ratha* (2003) perceive remittances as an important and stable source of external finance. Thus NELM considered migration and remittances as a livelihood strategy to overcome various market constraints, potentially households to invest in productive activities and improve their livelihoods (de Haas, 2007)

In India large number of micro studies shows that the landless poor who mostly belong to the lower caste, indigenous communities and economically backward region constitute the major portion of migrants. In the very large tribal region of India intrusion of outsiders, project displaced persons, deforestation played major role in migration. Thus the main push factor may be enumerated as unemployment, underemployment, low wages, poverty, socio-political deprivation, land alienation, penetration of market economy, decay of cottage industries mechanization of agriculture, environmental degradation, loss of common property resources etc which have accentuated the miseries of the rural poor and have forced them to invent new source for survival. For them one such escape route is migration and remittances. Besides, the push factor, the urban pull factors such as better employment prospects, better wage expectation, formal sector job security, better living conditions, better urban facilities like health and education and better city amenities etc also encourage migration and remittances to a great extent. Whether it is push factor or pull factor, migration and remittances have been considered as a survival strategy for a vast majority of people.

## **2.3 Empirical Evidence from Migration and Remittance Studies**

The present section reviews the empirical literature on the determinants and impact of remittances. First we review the determinants of remittances.

### **2.3.1 Determinants of the Flow of Remittances**

Sometimes a question is being asked so as to what motivates migrants to remit money from the place of destination to the place of origin. Of course remittances depend upon the specific circumstances under which a person has migrated. *Lucas and Stark* (1985) have given three motives of migration and remittances.

First, pure altruism of love of those left behind in the place of origin. In such cases the remittances depend upon the income of the migrant, per-capita income of the house and the size of the household.

Secondly, for self interest or guided selfish motive to inherent wealth in the native place to invest in the assets at the place of origin and to keep alive the prospects for finally returning home.



Third, enlightened self interests in which remittances are seen as return to the investment made earlier by the family on the initial cost of education and subsistence support, while unemployed. Thus, remittances are seen as part of a household risk diversification strategy.

*Parida and Madheswaran (2011)* analyzing the NSS data for 2007-08 has shown that individual characteristics like age, marital status and human capital endowments and household characteristics like the size of household, caste and land possession have an immense influence on the decision to migrate. They have also shown that remittances may be a part of long term implicit contract between households and their migrant agents (sons), which includes household consumption and investment behavior concerning migration. The household invest in human capital during the early period of migration explains the household behavior with respect to its inter- generational relations. (*Parida and Madheswaran 2011, P577*).

*Santhapparaj (1998)* in a micro study has shown that the decision to remit money is closely associated with demographic, social and economic factors associated with migrants and their household in the rural areas. In his study out of 240 migrants only 58 migrants that are 23.75 percent of the total migrants had remitted some amount of money. It was found that most of the migrants did not remit any money mainly due to the lack of saving and non fulfillment of basic needs in the place of their destination. The closeness of the ties with the rural areas for various reasons like presence of close relatives, possession of land or houses etc has a strong influence on the decision to remit. The purpose of remittance does not support the views that it helps to promote rural development, since it is mainly to meet the consumption expenditure of rural households.

*Duraisammy and Narasimhan (2000)* have examined the urban to rural remittance behavior of the migrants in the urban informal sector using a primary survey data from Chennai metropolitan areas. Two factors viz; family size and inheritance emerge as the key determinants of the remittances. Their study show that about 69 percent of the migrants remit about 18 percent of their income. The empirical results provide strong evidence of positive association between migrant family ties and remittances. On the basis of an in-depth study of five class-1 town in Odisha *Samal et al (2012)* have shown that 67.32 percent of the rural urban migrant workers in these town remit certain percentage of their earning to their native places. However, the proportion of migrants remitting money to their native places, declines with the increase in duration of stay in the town. This indicates that once a migrant has lived away from his rural habitat for a long time, the native bond in respect of financial linkages necessarily weakens (*Samal et al 2012*).

### 2.3.2 Assessment of Impact of Remittances on Place of Origin

To evaluate the socio-economic impact of remittances on the migration sending households on the study of the amount of remittances and its end use in the place of origin is necessary. However, very few studies are available on remittances to know its impact. Whatever studies are available they have dealt with international migration and remittance. Only few studies have considered the economic consequences from remittances from internal migrants.

It has been argued that migration and remittances are a safety net for relatively poor areas and poor people. This is because remittances play an important role in augmenting the financial resources of the migrating households. It increases their saving and power of spending. Hence for the poor section remittances are the livelihood strategy. However migration involves transaction cost and risk. It is not possible on the part of a poor household to bear the transaction cost and associated risk factor. Therefore it is not the poorest of the poor household which opt for migration (*Du et al, 2005; de Haas 2007*). As migration is a selective process, most benefits of remittances are also selective and since poor people are not migrating, they may not be the beneficiaries of migration. Empirical studies show that higher prosperity to migrate among the middle class is more than the very poor and very rich class of people.

However the internal migration which takes place in backward states like Bihar, Chhattisgarh, Madhya Pradesh, Odisha, Jharkhand has given an opposite situation which *de Haan* (2011) termed it as Macro-micro paradox. The ST and SC population in those states suffers from multi cornered discrimination, deprivation and exploitation in the society. (*Nath 2013, World Bank 2011*). Migration to urban area and changes in their occupation and remittances has provided with opportunity to escape from their deprivation and exploitation. But this does not mean that there is alleviation of poverty and inequality among them (*Nath 2015*). However, even if migration and remittances does not mitigate poverty and inequality in the poor families and poor regions it reduces the level, depth and severity of poverty to a great extend. It reduces borrowing for consumption, improve debt repayment capacity and enhance the migrant's confidence. Another analysis of south western part of survey data indicates that migration from Karnataka, Goa, Punjab, Gujarat and Kerala cannot be compared with migration from Odisha. This is because migration in the former cases is accumulative migration where as for the later it is migration for survival (*Nath 2015*).

Of course as far as income distribution is concerned, it depends upon the migration selectivity. The initial migration selectivity differs according to destination, type of work and mode of job (*de Haas 2007*). In case of international migration the migrants use to remit higher

amount to their households in comparison to the internally migrant households. In this case international migration would imply greater inequality than the internal migration. Similarly high skilled migrants expected to earn high income and remit more than the low skilled migrants. In such case also inequality would persist. NSS 64<sup>th</sup> round provides information on the use of remittances. For rural and urban households taken together it was on food items (75%) followed by essential consumption items (45.1%), health (37.4%), education (31%) and household durables related expenditure (20.1%). Expenditure on consumption related items reported by 94.6% of the households receiving remittances. Expenditure on debt serving (10.2%) improvement in housing (8.7%) saving and investment (6.4%) working capital (1.1%) were undertaken by the remittance receiving households (NSSO 2007-08).

In a recent study *Nath* (2015) has shown from a field survey that most of the remittances money was spent on the household in daily consumption goods, house repairing, purchase of land and ornaments, on marriage and other rituals in order of priority in the south west part of Odisha. As per the information of the household, 24% of household improved their economic position, 31% improved their livelihood position, 59% household could spend more on education and health, 24% households could repay their old loans and 21% could generate certain savings. The study concludes that one cannot say absolutely that migration would be alleviation of poverty for poor migrant households (*Nath 2015*).

In a study about migrant workers from Odisha to Surat working in power loom and diamond industries (*Sahu and Das 2008*) have shown that 28.6% of the remittances was used towards procuring consumption items, 18% towards meeting marriage expenses, 16.8% towards repayment of old debts, 16.6% towards repairs and construction of homes, 5.6% towards social functions. Thus most of the remittances are spent on unproductive purpose. They have concluded that the hard work of the migrants at Surat in the oppressive working condition and depressive living environment, did not add much to the well being of their families back in the village. The money they send hardly contribute to any substantial change among their families back at home except perhaps to keep them going (*Sahu & Das 2008*).

### **2.3.3 Effect of Remittance on Level of Economic Activity**

Remittance has the potential of raising the level of economic activities in the area of origin by increasing saving, investment and productivity in the remittance receiving households. As it is mentioned above most of the studies on the impact of remittances have been shown that the migrants rarely invest their money on productive enterprises, but instead spend on consumption or non productive investment. In such cases the saving and investment activities of the households may adversely be affected. However *de Haas* (2007) has argued that at the initial stage of migration the livelihoods and household production may adversely

affects in sending communities. But at a later stage, when the migrant has more or less settled at the destination, found relatively secure employment and the most basic needs of the household 'back home' are fulfilled (such as food, health, clothing, primary education, basic household amenities, paying off debt and so on) then there is more room for investment. Thus, the initial endowment of a family is very important indicator to judge whether remittances would spend in productive use or not (*de Haas 2007*). Households receiving international remittances have a higher prosperity to invest than the households that receive domestic remittances. This is because the international migrants are better educated, their skill level is high and their wage is high as a result they have the disposable income with them to spend is housing, consumer's durables, agricultural implements and life stocks etc.

Along with the remittance receiving households the non remittances receiving households in the migration sending communities may get indirect benefits. The migrant households spend their remittance money in the construction of houses and consumer durables etc generate considerable employment and income for non migrant households. Thus, there are multiple effects of the consumption expenditure of the remittance receiving households is reflected on the non remittance receiving households.

Furthermore, labour migration and remittances would cause upward pressure on wage at least during the pick period of agriculture operation. In many parts of India there is complain from the peasants that farm labourers are not available during busy season of agriculture which raises the wage rate of the firm labourers.

However, the division of household expenditure, productive and non productive is very arbitrary. This is because for a household under poverty even consumers expenditure is productive as on priority he is to survive as an able bodied man to work. Expenditure on health, education, housing, foods, medicines increase the capability of an individual and in that sense Sen (1994) has argued them as developmental expenditure (*Sen 1999*) and such expenditure would enhance the productive base of the migrating households.

## **2.4 Relevance of the Study**

From the review of literature on migration and remittances in India we have noticed a number of contradictory results. In addition, most of the studies are area specific and deals with international migration. However, internal migration no way less significant, given the magnitude of internal migration in India and various states. Not only researchers but also Government very often neglects internal migration in its policy discourses. Furthermore as our review of literature shows studies are concentrated on advance states like Gujarat, Kerala, Punjab and Goa etc. Odisha is one of the top domestic remittance receiving states. A majority of the transfer in the state is intra state in nature. Even though Odisha is a major player in the

field of internal migration there are few studies on Odisha. Nothing is known about the use of migrant's remittance, channels used to collect these funds, role of formal and informal financial institutions in mobilizing these funds, the transaction cost involved in the transfer of such remittances etc.

Hence, taking into consideration the existing gaps in the research on the one hand and the importance of internal migration on the other, the present study attempts to understand the impact of remittances on the migrant households in particular and the migrating village community in general. Socially and economically remittances have the potential to create positive outcome for the migration source area. The present study attempts to assess the impact on the remittance receiving households. It is apparently clear that the expenditure pattern of migrant household is central to any meaningful discussion on the development implication of labour migration and the design of policy measures to enhance the developmental impact of remittances. To advocate for policy measures to influence the flow and use of remittances; policies can encourage remittances for long term growth and income security in labour sending economies.

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## Chapter-3: A Brief Socio-Economic History of Odisha

### 3.1 Introduction

Odisha on which the present study is based is situated in the eastern zone of the Indian Union. The state is bound by the states of west Bengal on the North East, Jharkhand on the North, Chhattisgarh on the West Andhra Pradesh on the South and Bay of Bengal on the East, the present boundary of the state was carved out only in April 1936. An attempt has been made in this chapter to highlight on the socio-economic profile of the state in terms of selected macro-economic indicators.

### 3.2 General Economic profile of the state

The total population of the state is 41,947,358 (2011 census). Administratively the state which has a geographical area of 1,55,707 sq K.M which consist of 30 districts, 58 sub divisions, 171 Tehasils, 314 Blocks, 6234 gram Panchayats and 51048 villages. The state accounts for 3.47 percent of the total population of the country, comprising 4.74 percent of India's land mass.

#### 3.2.1 The People

The total population of the state is 419,47,558 (2011 Census). The population in the state was 3,68,04,660 in 2001 census. Thus the decennial growth rate of population of Odisha during 2001-2011 was 13.97 percent as against 16.25 percent in previous decade (1991-2001). The declining in the growth rate of population in Odisha could have resulted on account of the rise in the rate of literacy rate, drive by the state government to control population and better understanding of the people for small families etc. The sex ratio in the state i.e. number of females per 1000 males, has slightly improved in 2011 as it is 978 from 972 in 2001 census. However, the sex ratio is quite impressive in the tribal dominated districts, like Gajapati, Kandhamal, Nuapara, Kalahandi, Nabarangpur, Koraput, Malkangiri, Mayurbhanj, and Kendrapada. Since in these districts exceed more than 1000 females per thousand of males.

The distribution of the different social groups in the state and districts shows that the scheduled tribes (STs) constitute a little over one fifth of the total population of the state (22.13%) and they are largely concentrated in the districts of Kalahandi, Keonjhar, Koraput, Malkangiri, Nabarangpur, Nuapada, Rayagada, Sundergarh. The scheduled castes (SCs) are more or less evenly distributed throughout the state constituting 16.53 percent of the population taken together the ST and SC form 38 percent of the population of the state. Thus, the non-scheduled castes form 62 percent of the total population, this includes the other backward ward groups which are roughly 37 percent of the population.

### 3.2.2 Density of population

The density of population which was 236 persons in 2001 census has increased to 269 persons in 2011 census. Table -1 presents the density of population district wise.

**Table 1: Selected Socio-economic Indicators of the districts in Odisha**

Sl	District	Total population 2011	Density per sq.km	Literacy Rate 2011			ST (%)	SC (%)
				Persons	Male	Female		
	<b>Odisha</b>	<b>4,19,47,358</b>	<b>269</b>	<b>73.45</b>	<b>82.4</b>	<b>64.36</b>	<b>22.13</b>	<b>16.63</b>
1	Anugul	1271703	199	78.96	87.06	70.44	11.67	17.2
2	Baleshwar	2317419	609	80.66	88.06	72.95	11.28	18.84
3	Bargarh	1478833	253	75.16	84.28	65.84	19.36	19.37
4	Bhadrak	1506522	601	83.25	89.92	76.49	1.88	21.5
5	<b>Bolangir</b>	<b>1648574</b>	<b>251</b>	<b>65.5</b>	<b>77.08</b>	<b>53.77</b>	<b>20.63</b>	<b>16.92</b>
6	Boudh	439917	142	72.51	84.49	60.44	12.47	21.88
7	<b>Cuttack</b>	<b>2618708</b>	<b>666</b>	<b>84.2</b>	<b>90.51</b>	<b>77.64</b>	<b>3.57</b>	<b>19.08</b>
8	Deogarh	312164	106	73.07	82.62	63.36	33.6	15.37
9	Dhenkanal	1192948	268	79.41	87.08	71.4	12.79	18.49
10	Gajapati	575880	133	54.29	65.58	43.59	50.78	7.5
11	Ganjam	3520151	429	71.88	81.85	61.84	2.88	18.57
12	Jagatsinghapur	1136604	681	87.13	93.2	80.88	0.82	21.05
13	Jajapur	1826275	630	80.44	87.36	73.37	7.76	22.99
14	Jharsuguda	579499	274	78.36	86.27	70.05	31.34	12.07
15	<b>Kalahandi</b>	<b>1573054</b>	<b>136</b>	<b>60.22</b>	<b>73.34</b>	<b>47.27</b>	<b>28.65</b>	<b>17.67</b>
16	Kandhamal	731932	91	65.12	78.41	52.46	51.96	16.89
17	Kendrapara	1439891	545	85.93	92.45	79.51	0.52	20.52
18	Kendujhar	1802777	217	69	79.22	75.7	44.5	11.62
19	Khordha	2246341	488	87.51	92.55	82.06	5.18	13.54
20	Koraput	1376934	156	49.87	61.29	38.92	49.62	13.03
21	Malkangiri	612727	106	49.49	60.29	38.95	57.43	21.35
22	Mayurbhanj	2513895	241	63.98	74.92	53.18	56.6	7.68
23	Nabarangapur	1218762	230	48.2	59.45	37.22	55.03	14.1
24	<b>Nayagarh</b>	<b>962215</b>	<b>247</b>	<b>79.17</b>	<b>86.63</b>	<b>71.08</b>	<b>5.88</b>	<b>14.04</b>
25	Nuapada	606490	157	58.2	71.55	45.21	34.71	<b>13.62</b>
26	Puri	1697983	429	85.37	91.84	78.67	0.3	18.23
27	Rayagada	961959	230	50.88	62.61	39.87	55.76	13.92
28	Sambalpur	1044410	158	76.91	85.17	68.47	34.5	17.04
29	Sonepur	652107	279	74.42	84.78	63.63	9.73	23.62
30	<b>Sundargarh</b>	<b>2080664</b>	<b>214</b>	<b>74.13</b>	<b>82.13</b>	<b>65.93</b>	<b>50.19</b>	<b>8.62</b>

It is seen from the table that the coastal districts like Baleshwar, Bhadrak, Kendrapada, Jagatsingpur, Cuttack, Jajpur, Puri, and Ganjam have witnessed steady growth of population due to fertile soil with expensive irrigation facilities in the coastal belt, growing industrial understandings, proximity to the capital, and growing urbanization. On the other hand, the rest of the districts have marginal increase in density of population on account of extensive track of barren and inhospitable land and low level of urbanizations in these district.



### 3.2.3 Literacy Level

In the literacy front, the achievement has been noticeable as the literacy rate has increased from 63.08 percent in 2001 census to 73.45 percent in 2011 census. It is revealed from table-1 that the highest percentage of literacy has been recorded in the district of Khurda (87.51 percent) the male and female literacy rates which were 75.35 and 50.51 in 2001 have increased to 82.40% and 64.36% respectively in 2011. Among the males the highest literacy rate is recorded in the district of Jagatsingpur (93.20 percent) whereas among the females, the highest literacy rate is recorded in the district of Khurda (82.06%). The lowest literacy rate is recorded in the district of Nabarangpur (48.20%). Nabarangpur has recorded lowest literacy rate among both males (59.45%) and females (37.22%). Again the coastal districts are high literate districts whereas the tribal dominated south western part of the state is having low literacy rate.

### 3.2.4 Urbanization

The urban population of 14.97 percent in 2001 census has increased slightly to 16.7 percent in 2011 census. Thus the state has recorded a very slow urbanization. In other words there is a slow shift of the population from the rural areas to the urban areas. The process of industrialization could make little impact on the economy in terms of population shift to urban areas. However, the urban population is not evenly distributed for districts like Sundergarh, Jharsuguda, Sambalpur, Ganjam, Khordha and Puri has shown a higher rate of urbanization than the state average. Rest of the districts is mostly rural in nature.

### 3.2.5 Occupational Structure

The occupational structure of the country refers to distribution of people in to various occupations. Broadly occupations are divided into three types. Viz; Primary, Secondary & tertiary sector. Primary sector includes agriculture and allied sector like forestry, fisheries, animal husbandry and mining etc. Manufacturing, electricity, gas, water supply and construction sector came under secondary sector. Transport, communication, banking, insurance, public administration and various services are known as tertiary sector. As a country become highly developed a larger percentage of the population goes to tertiary and industrial sector and smaller percentage depends on primary sector. However, the occupational pattern on Odisha shows a relatively under- developed nature of its economy. This is because, in 1961, 75 percent of the people in Odisha were depending on agriculture, and their number has declined steadily to 55 percent in 2011. Thus the share of agriculture in total workforce continues to be high. Despite huge investment in the manufacturing sector, there no significant shift of labour from the primary to the secondary sector. Of course, in recent years, there has been a steady increase of the workforce in the tertiary sector.



The sectoral contribution of share of various sectors to the net state domestic product (NSDP) of the state shows that the share of the primary sector has gone down from 55.35 percent in 1980-81 to 16.44 percent in 2011-12. The share of the secondary sector has shown a steady increase from 15.45 percent of NSDP in 1980-81 to 25.78 percent in 2011-12. The share of tertiary sector has gone up from 29.22 percent in 1980-81 to 57.78 in 2011-12. Thus as shown above the share of tertiary and secondary sector in the workforce has not increased in tune with the rise in of these sectors on the NSDP. This is what is called structural retrogression in the occupational structure of the state. The explanation for the near stagnation of the occupational structure in the Odisha economy may be found in the (i) capital intensive strategy of growth (ii) unsatisfactory performance of agriculture, (iii) slow industrial growth (iv) growth in population (v) narrowness of the markets etc. (Mishra & Nath 2001))

### **3.3 State Income and its Growth:**

The standard of living of the people in a state can be measured by the per capita real net state domestic product, (NSDP). The NSDP for Odisha etc. 2004-05 prices is 25, 584. The NSDP in 2004-05 was 17,650. Thus there was steady increasing in the NSDP in the state which shows the increasing in the standard of living of the people. However the per capita income of the state is lower than the per capita income of most of state like West Bengal, Goa, Kerala, Punjab, Andhra Pradesh, Karnataka etc,

The per-capita income, of all the districts of the state for 2009-10 is available which shows in 2009-10 the NSDP was Rs 22,846 and 10 districts like Jharsuguda, Angul, Kandhamal, Khordha, Keonjhar, Sundergarh, Sambalpur, Cuttack, Koraput and Jagatsinghpur have per capita income higher than the state. Jharsuguda reported the highest Rs 44, 510 per capita income and Nabarangpur the lowest per capita income Rs. 14.107. In terms of percentage share of Gross District Domestic Product (GDDP) to state GSDP Sundergarh contributes maximum to states GSDP with 8.72 percent share and Deogarh district contributes lowest to GSDP of Odisha with 0.58 percent of GDDP share in 2009-10 (ES. 2012-13, Figure 2. 8 p 15).

### **3.4 Industrial Growth**

The state is richly endowed with minerals, forests, water resources and marine resources. The most important minerals found in the state are iron ore, manganese, chromites, lime-stone, dolomite, coal, bauxite, lead, zinc etc. According to the all India Mineral Resources Estimate, the mineral deposits of Odisha in respect of chromites, nickel, bauxite, iron –ore are about 98.4%, 91.8%, 59.5% and 28.0% respectively of the total deposits of India (ES-02-03). However the rate of exploitation of different minerals is much below potential.

In recent years government of Odisha has pronounced industrialization as the engine of growth of the state. Hence by the end of 2011-12, the state government has signed memoranda of understanding (MOU) with 94 reputed investors across sectors covering 50 numbers for steel, 3 for aluminum, 3 for power, 4 for cement, one each for auto components, oil refinery, titanium, dioxide and four ancillary and downstream industries at investment of Rs. 4,67,768.74 crores (ES 2012-13 p 147) .Many of these industries have started partial production and others are under various stages of production. Odisha stands number one in India with respect of aluminum production. National aluminum Corporation (NALCO) and Vedanta Aluminum Limited (VAL) together produces more than 50 percent of the total aluminum production of the country.

However in spite of enormous amount of resources in the state the industrial performance is dismal. These industries are capital intensive industries. The technique of production is such that they require less number of workers. Hence industry has failed to provide employment to the growing workforce. Again most of the industries are extractive industries exporting raw materials and hence there is no much value addition to their products for the generation of employment opportunity along with value addition. Micro small and medium enterprises (MSME) are important, during 2011-12, 5505 MSME have gone in to production with an investment of Rs 500.73 crores employing 30,387 persons (ES, 2012-13 P.148) However, this has failed to employ vast number of unemployed persons both educated and non-educated.

### **3.5 Man and Mining in Odisha**

As noted earlier, Odisha occupies a prominent place on the mineral deposits of India. Hence the state has given prime importance to the exploration of minerals in order to maximize state income. In terms of value of output of minerals Odisha ranks the highest in India and its share is 11.89 percent in India. In 2010,11 coal constitutes the lion's share of all mineral deposits i.e. 88% followed by iron ore 6% lime stone 3% and bauxite 2%. Mining sector in Odisha, in recent years, has been increasingly employing labour saving capital intensive technology for which the employment potential of this sector is reducing. In 2010-11, this sector has provided employment to 51,877 persons and it has been reduced to 48,239 in 2011-12, i.e. decreased by 7.01 percent. Furthermore, 35.8% of the workers engaged in iron ore and 33.9% in coal sector. Thus taken together 70 percent of employees are engaged in iron ore and coal mining alone. Another 14.6% employees are engaged in chromites mining. (ES 2012-13-p.163).

### 3.6 Agrarian Distress in the State

Agriculture being the mainstay of the people of Odisha, the performance of the agriculture sector is crucial determinant of growth of the state's economy. Although, the share of agriculture in the Gross State Domestic Product (GSDP) has indicated a sharp decline from more than 70 percent in 1950s to a level of less than 15 percent in 2015, yet the sector continued to provide livelihood support to more than two third of the total populations of the state. Hence much more people have been sharing the increasingly declining income. The per capita availability of cultivable land which was 0.39 hectare in 1950 has been drastically reduced to 0.17 hectare in 2000. (Planning Commission 2002 p 103) Agriculture in the state is subject to vagaries of whether and recurring drought and floods. In recent years particularly after the imperialist globalization of the economy agricultural sector in the state economy has been facing slow down on its performance. The aggregate productivity decelerated. The escalating cost of production and un-remunerative price of output has made farming increasingly unviable and since more than 80 percent of the farmer of the state constitute small and marginal farmers it is not possible on their part to sustain cultivation. This is what we call the agrarian crisis are distress has manifested in farmers suicide according to National Crime Bureau Record during 1995 to 2011 in Odisha alone peasants have committed suicide.

It has been noticed that during 1950's and 1960's in the post colonial Odisha there was steady rising in output due to growth of net area shown. During 1970's and 1980's since there was declining in the net area shown agricultural growth rate was maintained through intensifying cropping over the existing area by applying Green Revolution technology. During 1980's the crop output recorded an impressive annual growth rate of 2.86 percent, compared with growth rate of 1.91 percent during 1960's and 1970's. However, agricultural growth rate per annum decelerated sharply to -0.67 percent during 1990's and 2000's. Thus crop productivity was raised significantly during the pre-reforms period but during the post reform period annual compound growth rate recorded a deceleration in comparison to the pre reforms period. There was also fluctuation in the cropping intensity which was one of the indices of the level of agricultural development. Three factors were responsible for the growth of agricultural production and productivity during the pre-reform period. First, extension of grossed cropped area, secondly, increasing expenditure in irrigation net work particularly construction of the Hirakud Dam project canal system and third, the effect of Green Revolution strategy adopted in agriculture.

Despite the achievements in the post colonial Odisha, radical of structural change through land reform was neglected by the ruling class. Land reform has failed to address the issue of land concentration and bring out any radical change in the property structure.

Instead of structural change state in Odisha offered a technological alternative in the mid sixties by massive investment in the form of a new agricultural technology known as Green Revolution in the economy. But the technological change initiated along with the feudal structure of the economy became helpful to the land lords and rich peasants. Conversely there was institutional bias against the small and marginal peasants in general and tenants particular. Again it destroyed the indigenous agriculture in the state by making the peasants dependents on the foreign multinational companies for HYV seeds, fertilizer and pesticides and herbicides and agricultural machineries.

During 1990's government of India followed a neo-liberal economic policy which is basically an outward oriented, market driven, export led growth strategy. Odisha was one of the enthusiastic states to adopt this strategy. Accordingly Government of Odisha in its agricultural policy adopted in 1997 emphasized, to enhance the status of agriculture from the present level of subsistence agriculture to a profitable commercial venture. This policy also proposed to have mechanized agricultural operation, establishment of agro based industries and food processing industries, to increase areas under plantation crop, to promote private enterprise in marketing of agricultural product, to orient agriculture towards export etc. The neo-liberal economic policy followed by the centre as well as the government of Odisha reduce the subsidies on agricultural inputs, deregulate the grain market, liberalize the policies regarding international trade in agricultural commodities, scale down the government procurement operations, integrate agriculture with world market, scrap down the ceiling laws, free the lease market, encourage the contract farming etc. The extension of market forces to agriculture proves to be disastrous for the small and marginal farmers. During 1970's and 1980's agriculture growth was possible due to public investment in irrigation and subsidies water rate. But state, when gradually withdraws from investing in agriculture in terms of declining subsidies, investment in irrigation and other infrastructural facilities the cost of inputs for production started rising. Thus the escalating cost of production and on remunerative output prices have made cultivation increasingly unviable and force the peasants to fall into debt trap. Following Narasingham Committee report on financial reforms (1991) state reduce the share of credit to the priority sector like agriculture. As a result of this small and marginal peasants were left out from the formal credit system and fall back upon informal financial sector for their credit needs. With a hope to raise productivity and earn high profit peasants are borrowing money from the village money lender, or borrowing the inputs with a promise to repay after the harvest is over. But when there is slight draught, flood, attack of pest or any other natural calamities leading to the failure of crops then, they are not in a position to repay the loan which may multiply in course of time. Particularly it is difficult on the part of the peasantry to withstand the shock of crop failure and mounting debt. Thus, out of despair they either choose to migrate from the village

and remit money for the repayment of the debt or may choose the easy way of escape from the debt trap by committing suicide.

In order to ensure remunerative prices to the peasants for their farm produce as well as safeguard the interest of the consumers by making available the food grains at affordable price government has announced the minimum support price (MSP) for agricultural produce and organized purchase operations. But after the IMF/WB/WTO induced trade liberalization policy the distress sale of farm produce has become more acute. In the post WTO phase the distress sale of farm produce particularly paddy has not only affected the small and poor peasants but also to the rich peasants and land lords. The peasants in Odisha time and again have protested against the distressed sale of paddy. Often the product market is interlinked. Due to the inadequate availability of finance, for the formal sector the peasant fall back on the village money lender cum trader for credit. Often there is interlinked contact where the credit is linked with the product of the peasants. Hence in such cases there is not much option left for the peasants to demand MSP. There is also recycling of rice with the joint maneuver by the millers, grain transporters, contractors, and officials. The recycling of paddy has kept the MSP at a lower end.

To summarize the agrarian situation in Odisha, it is seen that there has been periodical fluctuation in agricultural growth rate. The state lack self sustaining growth in agriculture. Whatever agrarian growth has taken place is exogenous in nature because it is possible only due to state investment for irrigation in Hirakud Dam project as well as other major, medium and minor irrigation projects. State intervention is necessary for sustained agricultural growth in the state in order to provide employment to the growing number of people.

### 3.7 Poverty of the state

Whatever criteria of measurement of poverty one may choose Odisha continue to be the poor most state of the country. Table-2 presents poverty head count ratio (i.e. percentage of people below poverty line) based on analysis of National Sample Survey (NSS) data for Odisha and India from 1973-74 to 2009-10.

**Table 2: Poverty Head Count Ratio (%) for Odisha and India 1973 to 2009-10**

Year	Odisha (%)			India (%)		
	Rural	Urban	Total	Rural	Urban	Total
<b>1973-74</b>	67.28	55.62	66.18	56.44	49.01	54.88
<b>1977-78</b>	72.38	50.92	70.07	53.07	45.24	51.32
<b>1983-84</b>	67.53	49.15	65.29	45.65	40.79	44.48
<b>1987-88</b>	57.64	41.53	55.58	39.09	38.2	38.36
<b>1993-94</b>	49.72	41.64	48.56	37.27	32.36	35.97
<b>1999-00</b>	48.01	42.83	47.15	27.09	23.62	26.1
<b>2004-05</b>	39.80	40.30	39.90	21.80	21.70	21.80
<b>2009-10</b>	29.06	33.44	29.69	16.26	15.94	16.18

Source: Economic Survey, 2011-12, Table-7.1, page 252.

It may be observed from the table that poverty has declined in the state from 70.07 percent in 1977-78 to 29.69 percent in the ear 2009-10. This decline in poverty is also found for the country as a whole. However the decline is very slow in case of Odisha and the state is still the poorest state in the Indian union. Particularly in the post reform Odisha the poverty is declining very slowly in comparison to the pre reform Odisha. Poverty has declined by 7.25 percentage points from 47.15 percent in 1999-2000 to 39.90 percent in 2004-05 and further by 10.21 percentage point form 39-90 percent in 2004-05 to 29.69 percent in 2009-10. The decline in poverty in rural area is only 10.74 percent where as it is only 6.86 percent in the urban areas (*Economic survey 2011-12, table 7.1.p252*) However if we accept Tendulkar Committee recommendation the poverty estimate would be higher for Odisha i.e. 59.1 percent in 1993-94-57.2 percent in 2004-05 and 47.3 percent in 2009-10. Using the same NSS data Dev and Ravi (2007) have shown that in spite of reduction of poverty there is high poverty rated in Odisha. The absolute number of rural poor increased in Odisha from 14.33 million in 1993-94 to 15-75 million in 2004-05. The number of urban poor has increased from 18.5 million in 1993-94 to 2.66 million in 2004-05. Thus rural urban taken together there has been an increase in the number of poor to total population during the post reform period. (Dev and Ravi 2007). Himanshu by using the same set of NSS data has also shown that poverty has been reduced between 1993-94 and 2004-05. But the post reform pace of poverty reduction has been lower than the pre reform period .The post reform growth of GDP has not been accompanied by the more rapid poverty reduction. This is more so in case of Odisha where the severity and depth of poverty is very high (Himansu 20007).

The economic status of a person can be measured from the access to employment and wage. The NSSO employment and unemployment survey shows that the state's unemployment rate has always remained higher than the national rate. Further in the 61<sup>st</sup> round (2004-2005) the difference between the state and the centre has been quite widened 10. 2 percent in rural Odisha and 82% in rural India and 15, 0% in urban Odisha and 8.3 % in Urban India through in its 64<sup>th</sup> round (2007-08) it was somehow narrowed down i.e. 8.3 in rural Odisha and 8.4 in rural India and 8.9 and 7.4 respectively in urban Odisha and India. (*Economic survey 2011-2012 Table 2.12, 2-3, 2.14 page 16 and 17*).

The employment in the organized sector both public and private sector is declining over the period 2000-2010 for it was 7.98 percent in 2000, reduced to 7.31 percent in 2010. (ES 2011-12 table 21, 15 p 17) The share of employment in the private sector has increased from 10.9 percent in 2000 to 16.8 percent in 2010. ES-2011-12 table 2.16 p18). Thus after globalization of the economy state is withdrawing from the economy by privatizing the public sector or through disinvestment, hence the private sector employment is increasing very slowly.

Similarly the private sector is increasingly employing the contract labour turning the organized labour in to unorganized one where there is no social security and employment guarantee.

The economic growth of a state and the wellbeing of its people can be measured through the state income. This is an average estimate of income from all the sector of the economy known as state domestic product per head of population. The states real per capita income for 2009-10 was Rs 24,275 which is much lower than the per-capita income of Goa (Rs 98,807), Maharashtra (Rs 57,458) , Haryana (Rs 55,214), Gujarat (Rs 49,000),Tamilnadu,(Rs.46,893) (ES 2011-12. F2,4p11) Thus in terms of real per capita income the state has lagged behind the major state in the country, Consumption pattern is another important indicators of well being of the society. As poverty decline and income increases the share of food expenditure in total expenditure declines and the demand for staple food like cereals, rice and wheat declines. Monthly per capita consumption expenditure (MPCE) during the 66<sup>th</sup> round of NSS (2009-10) for rural area is only Rs. 715.59 where as it is Rs. 1765.14 for Kerala, Rs 1565.53 for Punjab, and Rs. 1090.28 for Haryana. For urban area the MPCE is only 1468.84 where as it is Rs. 2267.16 for Kerala, Rs. 2315.44 for Maharashtra, Rs. 2072.11 for Punjab Rs. 2060.32 for Karnataka Rs. 2015.44 for Andhra Pradesh ( ES 2011-12 F 2.17 and 2.18,p21)

The Engel's ratio (the share of food expenditure in total expenditure) both in rural and urban area is higher than the all India level. In both round of NSS (2009-10) the food items are 56.49 percent and non food items 43.51 percent for rural Odisha 41.39 percent for food and 58.61 percent for non food items in urban Odisha. Whereas the figure for the rural India for food items is 52.16 percent and 46.84 percent for non food items and for urban India for food items it is 39.20 percent and 60.80 percent for non food items. (ES, 2011-12 Annexure 2.30p-75).

Our analysis on poverty shows that the state is most poverty stricken one, be it the people below poverty line or per capita income or monthly per capita expenditure or Engle's ratio.

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## Chapter-4: Methods of the Study

### 4.1 Introduction

The methodology adopted, the issues raised, the hypothesis tested and the coverage of the study have been illustrated in this chapter. The study has adopted an analytical research design with special emphasis on the political economy approach. In the 2<sup>nd</sup> chapter on review of literature we have seen a number of studies dealing with the courses and consequences of internal as well as international migration and remittances, These studies have raised variety of issues which needs further probing. This study seeks to resolve the ongoing debate on the impact of remittances.

### 4.2 Issues Raised in the Study

In view of contradictory findings from the empirical studies emerged after the review of literature on migration, the present study has raised a number of issues such as;

1. What are the factors that motivate a person to migrate and remit money to home?
2. Whether the migrants have chosen the formal or informal remittances channels?
3. What may be the possible causes of choosing a particular option for remittance?
4. What impact remittances have on the households at the origin?
5. Whether remittances contribute to the saving and accumulation in the migrant sending households?
6. Whether there is any spill over effect of remittance to a village community which sends the migrants?
7. Whether migration impact production relation in the economy?
8. Whether remittances have the power to change the structure of the economy by reducing poverty and inequality?

### 4.3 Objectives of the Study

In view of the above issue the study proposes the following objectives

1. To study the pattern and process of migration and remittances received by different families in the last one year at least one of the members of family has migrated and working in other place.
2. To study the impact of remittance on the socio-economic well being of the migrant households.
3. To study whether there is any spill over effect of remittance to a village community which send the migrants.



4. To examine the extent it has broken the production relation in the source area.
5. To what extent it has raised the bargaining strength of household receiving remittances.
6. How far it put pressure on the local wage rate?

#### 4.4 Hypothesis of the Study

In dealing with different issues and objectives mentioned above the present study examines a number of hypotheses, such as:-

1. Remittance in Odisha is a household survival strategy, since major part of it is spent on basic subsistence needs of the household.
2. Remittance has changed the production relation in the source areas due to increasing in the bargaining strength of remittance receiving households.

#### 4.5 Methods of Sample Design and Data Analysis

##### 4.5.1 Identification of the Study Area

Given the different type of objectives, it is necessary to combine alternative methodological approach for this study. The study has adopted an analytical research design with sample survey approach. A multi stage purposive sampling method is adopted to identify the villages and the migrant households receiving remittances. Odisha is having 30 districts with three administrative revenue divisions i.e. Central, Northern and Southern Divisional Commission. (Table-3)

**Table 3: Revenue Division wise Districts of Odisha**

Sl	Revenue Division	Districts
1	Northern Division	Dhenkanal, Angul, Bargarh, Keonjhar, Sundergarh, Jharsuguda, Deogarh, Bolangir, Sonepur and Sambalpur
2	Central Division	Cuttack, Jajpur, Jagatsinghpur, Kendrapara, Balasore, Bhadrak, Puri, Khordha, Nayagarh and Mayurbhanj
3	Southern Division	Ganjam, Gajapati, Kandhamal, Kalahandi, Nuapada, Koraput, Malkangiri, Rayagada, Boudh and Nabarangpur
3 Revenue Divisions		30 Districts

Two districts from each division have been selected on the basis of intensity of migration and remittances. Thus, we have selected Sundergarh and Bolangir from Northern division, Cuttack and Nayagarh from Central division and Kalahandi and Nuapada from Southern division.

In the second stage, one block from each district has been selected from these six districts. These are also the blocks where heavy migration is taking place in the district. Thus

we have selected 6 blocks from these six districts. While selecting the blocks purposively discussions were held with the local block officials and the labour contractors to ascertain whether these blocks are migration prone or not. Based on their suggestion these blocks were selected.

In the third stage, two villages from each of the blocks are selected. Thus, we have selected 12 villages to collect data from the households. In Odisha there is no data base on districts, blocks, panchayat or village level on migration and remittances. Only certain fragmentary micro level data and literatures are there generated by individual researchers and NGOs in south western part of Odisha. However, they have not studied the question of remittances in detail (*Samal et al 2012; Nath 2015; SPREAD, 2008-09; planning commission 2010; Sansristi 2007; Sahu et al 2008*). But here field based evidences become helpful in selecting the districts and blocks. Newspaper reports and visuals media are also in no way less helpful in locating the migration prone and consequent remittance receiving areas of the state. These are the sources on the basis of which one can know the regions experiencing high migration and remittances.

#### 4.5.2 Sampling Frame and Sample Size for Household Survey

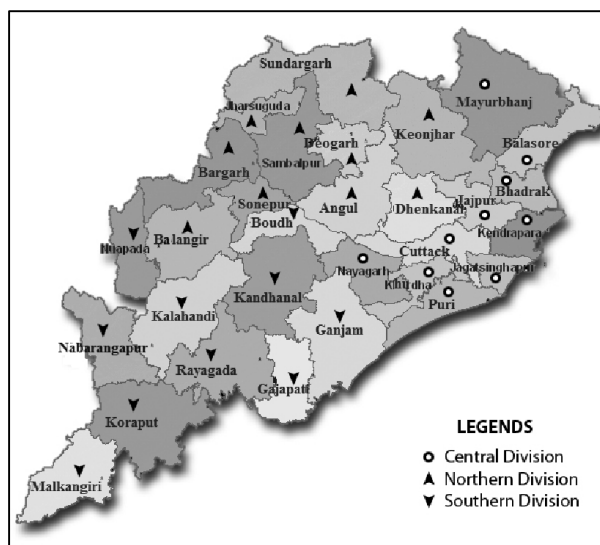


Figure 1: Map of Odisha indicating revenue division wise districts

As it is indicated above that a multistage sampling strategy is adopted, accordingly where in the above three stages purposive sampling is done to select the district, block and villages. In the final stage identification of the sample households for survey is carried out with the help of sampling frame obtain from the Village Quick Survey (VQS) and Focus Group Discussions (FGDs). We obtain information of the village in general and

migrating households in particular from these VQS and FGDs. Our perimeter of

the study is all migrant households from which either one or more members are migrating from the village and working outside and remitting money to their homes. Households from which no one has migrated and remitted money since last one year are excluded from the survey. Thus we have covered 360 households as our effective samples for intensive study from the 12 villages located in 6 blocks of 6 districts located in the state of Odisha ( Table-4)

**Table 4: District & Block wise sample villages**

Revenue Divisions	Districts	Block	Village	No. of HHs	Total
<b>Northern Division</b>	Sundergarh	Sundergarh	Gadia Jor	29	60
			Baragad	31	
	Bolangir	Bongamunda	Jamakhunta	33	72
			Sriram	39	
<b>Central Division</b>	Cuttack	Mahanga	Koliatha	25	50
			Kundi	25	
	Nayagarh	Ranapur	Darpanarayan Pur	36	62
			Bapujipally	26	
<b>Southern Division</b>	Kalahandi	Golamunda	Kulihapada	32	64
			Jayantpur	32	
	Nuapada	Komna	Kashipala	25	52
			Palasipani	27	
<b>3 Revenue Divisions</b>	<b>6 Districts</b>	<b>6 Blocks</b>	<b>12 Village</b>	<b>360</b>	<b>360</b>

### 4.5.3 Tools of Data Collection

The survey of the migrant households and their remittances were carried out with the help of a structural interview schedule for the households. In order to test and increase the efficiency of the interview schedule, a pretesting was done in the Kakalama and Lemadi village of Rampur block situated in the Nayagarh district. During the pretesting it was noticed that certain questions that were framed which were irrelevant, certain questions were superfluous. Hence some of the questions were added in the interview schedule. Also during the pretesting it was found that the respondents were reluctant to speak in details their financial assets and valuables like gold, bank deposits and investment particulars. Hence we have to drop certain questions relating to the details of financial assets. After inclusion and exclusion of questions from the pre-test questionnaire a final questionnaire for the household is prepared.

The final interview schedule is prepared in pursuance with our broad objectives in view. The first part of the interview schedule provided for the identification of the respondent household along with his socio-economic and demographic profile. This includes the particulars of land holding, his labour disposition, cropping pattern and asset position of the households along with the residential house, livestock and consumers durables.

The second part of the questionnaire contains the household income, expenditure and indebtedness of the household. The main intention of this part is to collect information required for micro level analysis of the households and their position in the village life.

The third part of the questionnaire contains questions on the migrant who is remitting money. However the questions are put to the head of the household who is receiving the remittance money. The section includes questions on the status of migrants, his destination, type of work, amount of remittances and its transfer process etc.

The final part of the questionnaire contains question on the use and impact of remittances. This includes questions on the pattern of usages of the remittances and perception of the head of the household about the economic and social impact of the remittances. This section also contained questions on the impact of the remittances on the labour market and village community as a whole.

#### **4.5.4 Data Analysis**

Data obtained from the household survey is analysed by using simple statistical tools like percentage, average etc. The results of the data are put in the forms of tables, figures and graphs. The analysis is by and large descriptive in nature because of the use of participatory method of research analysis. We have used secondary data from the published source primarily generated by various institutions of the state and central government.

#### **4.5.5 Assumption of the Study**

First the present study is based on the information provided by the migrant households receiving the remittances. Since the migrants are in the place of destination, whatever information about the migrants, like region for migration, educational qualification, occupation and such other features relating to destinations are provided by their household members are assumed to be correct.

Secondly data collected from the households regarding the income, expenditure indebtedness etc are based on recall method. Hence the study assumes that whatever they could recall is reliable.

Thirdly, the study assumes that high migration areas are also high remittance receiving areas.

#### **4.5.6 Limitation of the study**

First, the study has collected data on the migrant households from the source area. So, what is happening to the migrant at the destination has not finding place in the report. Hence migration and remittances situation at the destination, particularly income of the migrants, determinants of remittances etc could not be captured in the study.

Second there is absence of data at disaggregated district level and block level on remittances, which are quite appropriate for providing more insight into the study they have not figured in the study.

Third, the study is based on internal migration of the households and their remittances. Hence the migration to foreign countries though limited in the state of Odisha has not been dealt with in this study.

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## Chapter -5: Socio-economic Profile of Migrant Households

### 5.1 Introduction:

Socio-economic characteristics of the migrant household govern the migration process and remittances. Hence any study on remittances at household level must highlight the socio-economic characteristics of the migrant household. This chapter presents the socio-economic and demographic characteristics of the respondent households interviewed.

### 5.2 Profile of the Respondent & Migrant Households

In this study any adult member of the households who either is the primary remittance receiver or the head of the households are the respondents. This section presents basic socio-economic, demographic characteristics of the respondent households. This also includes the land holding pattern, cropping pattern, labour disposition, household income, expenditure and indebtedness of the households surveyed at the place of origin of the primary remitter.

#### 5.2.1 Demographic Features

As noted earlier, the study has covered 360 migrant households who are receiving remittance money from the migrants. Out of the 360 respondents we have covered in the six districts of Odisha, 45% of them are male and 55 percent are female. Within the sample household it is seen from the table-5 and figure-2 that the districts of Bolangir, Kalahandi, Nayagarh the females are more than the other districts. This indicates a higher number of female headed households in these districts compared to other sample districts. This also implies the migration of male members leaving behind the female members to look after the household affairs.

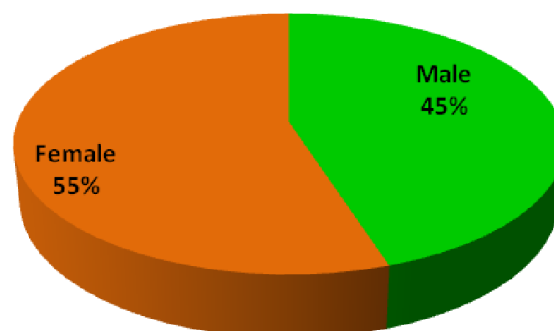


Figure 2 : Percentage distribution by Gender

Table 5: Percentage distribution of the respondent by Gender

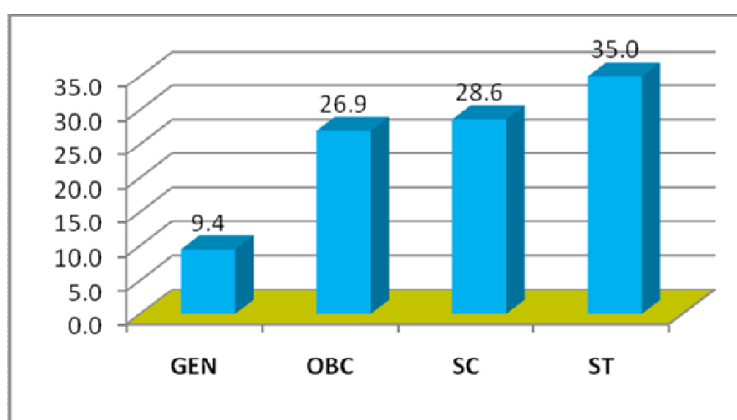
	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
Gender	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Male	30	41.7	40	80.0	25	39.1	17	27.4	23	44.2	27	45.0	162	45.0
Female	42	58.3	10	20.0	39	60.9	45	72.6	29	55.8	33	55.0	198	55.0
Total	72	100.0	50	100.0	64	100.0	62	100.0	52	100.0	60	100.0	360	100.0

### Social Category:

Social category wise, as presented in table 6 and figure 3, it revealed that 35 percent of the respondents belong to Scheduled tribe category and 28.6 percent belongs to Scheduled caste category. Another 27 percent of the households belong to Other Backward Caste category and only 9.4 percent of the household belonged to general category or the upper caste households. Interestingly there is no Scheduled caste household in Cuttack and Nayagarh districts and only Kalahandi and Sundergarh send sizable numbers of Scheduled Tribe migrants. Similarly there is no Scheduled caste migrants in Kalahandi district and most of the SCs are from Bolangir and Nuapada district.

**Table 6: Percentage distribution of the respondent by Caste**

Caste	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
GEN	1	1.4	31	62.0	0	0.0	1	1.6	1	1.9	0	0.0	34	9.4
OBC	30	41.7	8	16.0	1	1.6	48	77.4	4	7.7	6	10.0	97	26.9
SC	40	55.6	11	22.0	0	0.0	13	21.0	35	67.3	4	6.7	103	28.6
ST	1	1.4	0	0.0	63	98.4	0	0.0	12	23.1	50	83.3	126	35.0
<b>Total</b>	<b>72</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>	<b>62</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>360</b>	<b>100.0</b>



**Figure 3: Percentage distribution of the respondent by Caste**

Thus more than two third of migrant household belong to the ST and SC social class those who are migrating in search of work. Socio economic factor like growing landlessness, declining

agriculture, widespread loss of forest cover due to deforestation, due to development induced displacement are major factors for migration. These households' belongings to SC, ST and OBCs are forced to migrate to be employed in the informal sector in the city.

### Age distribution:

Table 7 indicates the distribution of the sample respondents by age. It shows that 40 percent of the respondents belonged to the age ground of 26 to 45. Again 35 percent of the respondent belonged to the age group of 46 to 60. However, only 16 percent of the respondents were in the age group of sixty and above.

**Table 7: Percentage distribution of the respondent by Age**

Age	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
upto 25	8	11.1	3	6.0	10	15.6	5	8.1	0	0.0	6	10.0	32	8.9

26 to 45	27	37.5	11	22.0	20	31.3	39	62.9	24	46.2	23	38.3	144	40.0
46 to 60	28	38.9	24	48.0	17	26.6	14	22.6	19	36.5	24	40.0	126	35.0
60 & above	9	12.5	12	24.0	17	26.6	4	6.5	9	17.3	7	11.7	58	16.1
<b>Total</b>	72	100.0	50	100.0	64	100.0	62	100.0	52	100.0	60	100.0	360	100.0

### Education:

The table 8 and figure 4 shows the education level of the sample respondents which shows that more than half (54%) of the respondent households are illiterate. 35 percent of the respondent have attended upto primary level. Thus 90 percent of the respondent are illiterate or near

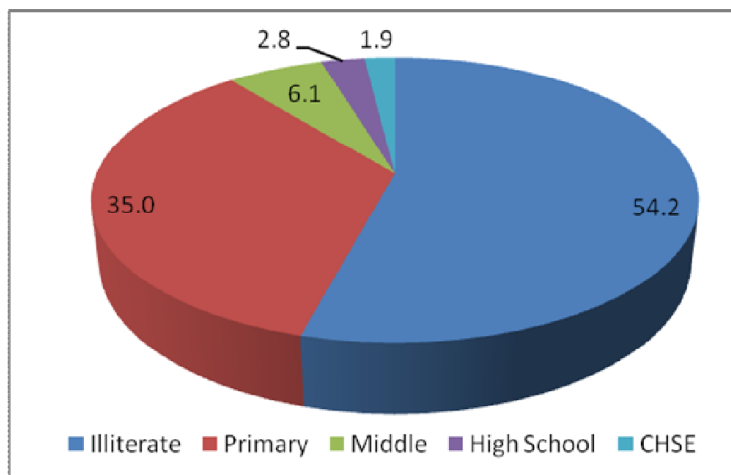


Figure 4: Percentage distribution of the respondent by Education

illiterate. 6 percent of them had middle school education, 2.8 percent had high

school education and 1.9 percent had secondary education. While coming to the districts the educational level in the district of Cuttack and Nayagarh is better than the other districts. However, there is no graduate or households having any technical education among the respondents.

Table 8: Percentage distribution of the respondent by Education

Education	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
<b>Illiterate</b>	58	80.6	3	6.0	57	89.1	23	37.1	29	55.8	25	41.7	195	54.2
<b>Primary</b>	12	16.7	20	40.0	6	9.4	32	51.6	22	42.3	34	56.7	126	35.0
<b>Middle</b>	2	2.8	11	22.0	1	1.6	7	11.3		0.0	1	1.7	22	6.1
<b>High School</b>		0.0	9	18.0		0.0		0.0	1	1.9		0.0	10	2.8
<b>CHSE</b>		0.0	7	14.0		0.0		0.0		0.0		0.0	7	1.9
<b>Graduate</b>		0.0		0.0		0.0		0.0		0.0		0.0	0	0.0
<b>Technical</b>		0.0		0.0		0.0		0.0		0.0		0.0	0	0.0
<b>Total</b>	72	100.0	50	100.0	64	100.0	62	100.0	52	100.0	60	100.0	360	100.0

### Occupation:

The occupational level of the sample respondent has been depicted in table-9 and figure 5. It shows that maximum numbers of households (60%) are wage labour households, 18 percent are

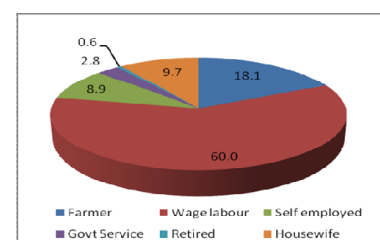


Figure 5: Percentage of respondent s by occupation

in farming and 9 percent households are self employed with pretty business. Only 2.8 percent are in government job and 0.6 percent is retired persons. Significantly, 9.7 percent of the households are housewife. The wage labour households are less in Cuttack and Nayagarh district than the other four districts.

**Table 9: Percentage distribution by Occupation**

Occupation	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Farmer	8	11.1	21	42.0	13	20.3	18	29.0	3	5.8	2	3.3	65	18.1
Wage labour	57	79.2	8	16.0	44	68.8	20	32.3	37	71.2	50	83.3	216	60.0
Self employed	3	4.2	10	20.0	3	4.7	3	4.8	9	17.3	4	6.7	32	8.9
Govt. Service	1	1.4	6	12.0	2	3.1	1	1.6		0.0		0.0	10	2.8
Retired	1	1.4		0.0	0	0.0	1	1.6		0.0		0.0	2	0.6
Housewife	2	2.8	5	10.0	2	3.1	19	30.6	3	5.8	4	6.7	35	9.7
Total	72	100	50	100	64	100	62	100	52	100	60	100	360	100

### 5.2.2 Ownership & Control of land:

In any study of migration and remittance, the land holding data is an important indicator of the status of the household. It is evident from table- 10 that with a total sample of 360 households, 150 (41.7%) households are land less, 210 households (58.3%) own land and 212 (60%) households cultivate land. However, almost all the sample households those who own land are small and marginal farmers having less than one acre of land. Comparison of sample households in all the six sample districts shows more or less uniformity in possession of land holdings. Only in Nayagarh and Sundergarh sample farming households possess a little more than one acre of land.

**Table 10: HHs land holdings**

Land Holdings	Bolangir (N=72)		Cuttack (N=50)		Kalahandi (N=64)		Nayagarh (N=62)		Nuapada (N=52)		Sundergarh (N=60)		Total (N=360)	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Land less	21	29.2	23	46	38	59.4	26	41.9	15	28.8	27	45	150	41.7
Own land	51	70.8	27	54	26	40.6	36	58.1	37	71.2	33	55	210	58.3
Cultivated land	53	73.6	32	64	41	64.1	37	59.7	36	69.2	13	21.7	212	58.9
Avg. size of land holding (in acres)	0.69	0.0	0.65		0.70	0.0	1.09	0.0	0.98	0.0	1.04	0.0	0.85	0.0



Hence, it is evident that agriculture for these households is not secured source of livelihood due to small size of the land holding. Thus, they have to supplement their income through migration and remittances.

### 5.2.3 Cropping pattern, Ownership of Implements & Livestock

The cropping pattern of the sample respondent households is depicted in the table -11. It shows that paddy is the principal crop of the state and so also study area 89.2 percent of the household cultivating paddy. Similarly 47.2 percent households cultivate pulses, 27.1 percent households cultivate vegetable and only 9 percent of the household cultivate oilseeds. Thus, these poor peasants and agricultural laborers having small patches of land cultivate pulses, vegetables and oilseeds for self consumption.

**Table 11: Households Cropping Pattern**

Land Holdings	Bolangir (N=53)		Cuttack (N=32)		Kalahandi (N=41)		Nayagarh (N=36)		Nuapada (N=37)		Sundergarh (N=13)		Total (N=212)	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
<b>Paddy</b>	45	84.9	28	87.5	30	73.2	37	100.0	36	100	13	100	189	89.2
<b>Pulses</b>	16	30.2	22	68.8	12	29.3	20	54.1	18	50.0	12	92.3	100	47.2
<b>Vegetables</b>	10	18.9	16	50.0	5	12.2	15	40.5	8	22.2	4	30.8	58	27.4
<b>Oilseeds</b>	5	9.4	0	0.0	3	7.3	0	0.0	6	16.7	5	38.5	19	9.0

For cultivating crops in their land, households have possessed different implements like bullock, plough, tractor etc. The table- 10 shows the nature of implements possessed by the household in the sample districts. It has been seen that out of 360 households only 14 percent own bullock and 25 percent household own ploughs. No farmer in all the six districts own tractor. Thus, the households do not even own the traditional agricultural implements for cultivation. However, they use to get the service of tractor for cultivation on rent basis.

**Table 12: Asset position of the households**

Type of Asset	Name	Bolangir (N=72)		Cuttack (N=50)		Kalahandi (N=64)		Nayagarh (N=62)		Nuapada (N=52)		Sundergarh (N=60)		Total (N=360)	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%
Agricultural Implements	Bullock	15	20.8	3	6.0	13	20.3	14	22.6	1	1.9	4	6.7	50	13.9
	Plough	20	27.8	11	22.0	14	21.9	16	25.8	17	32.7	13	21.7	91	25.3
	Tractor	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Livestock	Cows	7	9.7	27	54.0	4	6.3	17	27.4	8	15.4	8	13.3	71	19.7
	Buffalos	6	8.3	0	0.0	8	12.5	0	0.0	6	11.5	5	8.3	25	6.9
	Goats	20	27.8	7	14.0	18	28.1	8	12.9	12	23.1	16	26.7	81	22.5
	Hens	12	16.7	9	18.0	28	43.8	14	22.6	16	30.8	22	36.7	101	28.1

In case of livestock assets table-12 also presents the nature of livestock possessed by the migrant households. It has been revealed that livestock is one of the source of earning for the poor households. But, out of the total 360 households 71 (19.7%) own cows, 25 (6.9%) HHs own buffalos, 81 (22.5%) HHs own goats and 101 (28.1%) households own hens. Comparison of sample households in all the districts shows more or less uniformity in possession of livestock. But the number of cows in the households of Cuttack and Nayagarh districts is higher i.e. 54 percent and 27.4 percent respectively.

#### 5.2.4 Labour Disposition of the Respondent Household

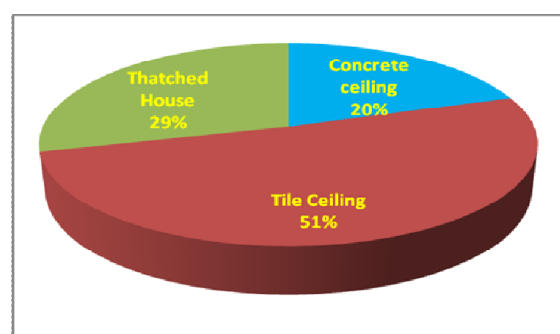
Table-13 presents the sale and purchase of labour by the respondent households. As shown in the table, out of 360 households 259 (72%) sale their labour in the causal labour market. Both landless as well as poor peasants participate in the labour market by hiring out their labour. However, 99 (27.5%) households hire casual labour in busy season for agriculture. This may look paradoxical that peasants those are hiring out their labour to others at the same time, their hiring in the labour market. This is because agriculture is seasonal and cultivators want to finish their own sowing, weeding and reaping by employing casual labour so that they can be free to work on wage basis.

**Table 13: Labour Disposition**

Type	Bolangir (N=72)		Cuttack (N=50)		Kalahandi (N=64)		Nayagarh (N=62)		Nuapada (N=52)		Sundergarh (N=60)		Total (N=360)	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Worked as Causal Labour	56	77.8	13	26.0	50	78.1	39	62.9	51	98.1	50	83.3	259	71.9
Employed casual labour	24	33.3	25	50.0	22	34.4	12	19.4	4	7.7	12	20.0	99	27.5

#### 5.2.5 Residential structure and ownership of consumer durables

Table-14 and figure-6 indicate that out of 360 households surveyed in six districts of the state only 72 (20%) households have concrete ceiling houses, 184 (51%) of the household have tile ceiling houses and rest 104 (29%) households living in thatched houses. More families in Bolangir, Cuttack and Nayagarh lived in concrete houses than the other districts



**Figure 6: Residential structure of the Sample HHs**

**Table 14: HHs Residential structure**

Type	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Concrete ceiling	25	34.7	26	52.0	4	6.3	15	24.2	1	1.9	1	1.7	72	20.0

<b>Tile Ceiling</b>	28	38.9	4	8.0	38	59.4	30	48.4	44	84.6	40	66.7	184	51.1
<b>Thatched House</b>	19	26.4	20	40.0	22	34.4	17	27.4	7	13.5	19	31.7	104	28.9
<b>Total</b>	72	100	50	100	64	100	62	100	52	100	60	100	360	100.0

Table-15 presents the consumer durables owned by the respondent households. As shown in the table, out of 360 households, 300 (83.3%) households own mobile, 161 (44.7%) own Television, 75 (20.8%) HHs own watch, 62 (17.2%) HHs own bike and only 32 (8.9%) HHs own radio. Thus, TV and mobile phone have become common in most of the migrant household though a good deal of people have been deprived of these articles.

**Table 15: Households Consumer durables**

Name of Assets	Bolangir (N=72)		Cuttack (N=50)		Kalahandi (N=64)		Nayagarh (N=62)		Nuapada (N=52)		Sundergarh (N=60)		Total (N=360)	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
<b>Radio</b>	1	1.4	20	40.0	0	0.0	3	4.8	3	5.8	5	8.3	32	8.9
<b>TV</b>	26	36.1	36	72.0	6	9.4	42	67.7	22	42.3	29	48.3	161	44.7
<b>Watch</b>	5	6.9	12	24.0	6	9.4	10	16.1	17	32.7	25	41.7	75	20.8
<b>Bike</b>	10	13.9	27	54.0	4	6.3	8	12.9	7	13.5	6	10.0	62	17.2
<b>Mobile</b>	56	77.8	47	94.0	45	70.3	55	88.7	43	82.7	54	90.0	300	83.3

## 5.2.6 Households Income, Expenditure and Indebtedness

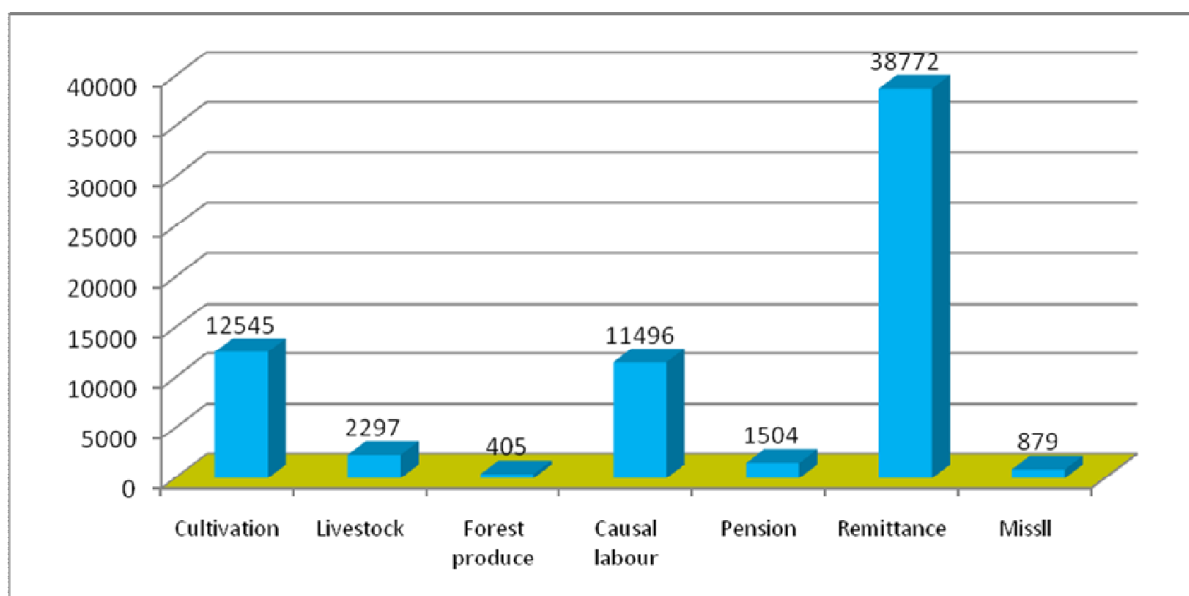
### Households Income:

Table -16 and figure- 7 presents the average annual income of the respondent households. As per the data, the average annual income of the household is Rs. 61,416/-. The higher average income has been reported from Cuttack district i.e. Rs. 88,698/- where as the lowest average annual income has been reported from Kalahandi district i.e. Rs. 38,262/-.

**Table 16: Average annual income of the HH (in Rs.)**

Source of Income	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	Avg	N	Avg	N	Avg	N	Avg	N	Avg	N	Avg	N	Avg
<b>Cultivation</b>	53	9636	32	13469	41	7085	37	12568	36	12056	13	20462	212	12546
<b>Livestock</b>	11	3973	18	1750	15	1467	10	2250	7	3236	7	1107	68	2297
<b>Forest produce</b>	25	655	0	0	15	850	0	0	2	1100	32	720	74	405
<b>Causal labour</b>	56	8550	13	7198	50	9368	39	7484	51	13558	50	22816	259	11496
<b>Pension</b>	12	1076	5	2150	16	1450	10	870	1	2400	3	1080	47	1504
<b>Misc.</b>	0		16	1810	0		4	1687	8	1346	6	1300	34	879.3
<b>Remittance</b>	72	38139	50	50720	64	22796	62	43613	52	40250	60	40333	360	38772
<b>Total Avg</b>	72	53998	50	88698	64	38262	62	61558	52	64405	60	69541	360	61416
<b>% of Remittance</b>		70.63		57.18		59.58		70.85		62.5		58		63.13

A noteworthy feature in the figures presented in the table above is that remittance income is the most important source of income of all most all the districts. The average remittance income is Rs. 38,772/- which is 63 percent of the total average income of all the sample households. The second important income is cultivation which provides in average Rs. 12,546/- and the third important source of sample households income is wage labour i.e. Rs. 11,496/-. Other components of their income are from Livestock (Rs. 2297/-), Pension (Rs. 1504/-), Forest produce (RS. 405/-). However, since the incomes from these sources are limited one cannot depend on them. These are only to supplement the main income. Thus, remittance stands as the distinct source of income for the migrants households. This is because as most of the respondents are poor peasants with small patches of land, agriculture does not fetch much income. Again, since adequate engagement of amount of wage labour is not available in the locality the income from wage labour is also not adequate.



**Figure 7: Average Annual income of the HH**

#### **Households Expenditure:**

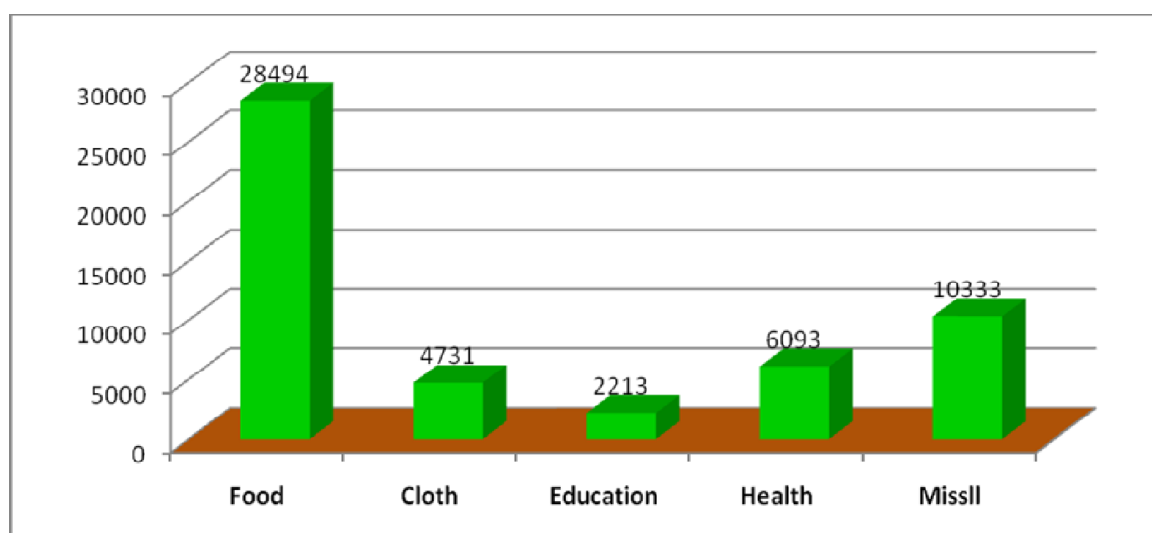
Table- 17 and figure- 8 indicate the average annual expenditure of the sample households in all the sample district is Rs. 52,285/-. Cuttack district has reported Rs. 80,618/- as the average annual expenditure of the sample household which is highest among all six districts and Kalahandi is Rs. 31,137/- having the lowest average annual expenditure. The table and figure also depict that in all the six districts maximum expenditure being incurred for food items. Health is the second most important expenditure incurred by the households followed by clothing. Only 153 sample households those who have school and college going children are spending Rs. 2213/- in average for education.

Thus, health and education become a major source of expenditure for the migrant households due to increasing in the cost of medical and schooling expenditure after

liberalization and privatization of the economy. At the same time there is a growth of miscellaneous expenditure of Rs. 10333/- in average per household due to advent of mobile phone, TV and bike in most of the houses.

**Table 17: Average annual expenditure of the sample HHs**

Source of Exp.	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	Avg	N	Avg	N	Avg	N	Avg	N	Avg	N	Avg	N	Avg
<b>Food</b>	72	22469	50	34700	64	17250	62	32768	52	26895	60	38517	360	28494
<b>Cloth</b>	72	3486	50	5910	64	4034	62	5976	52	4155	60	5196	360	4731
<b>Education</b>	32	2103	18	3620	34	2536	32	2153	17	923	20	2008	153	2213
<b>Health</b>	56	3722	50	7086	47	3180	52	5271	52	9611	57	9018	314	6093
<b>Misc.</b>	30	7930	49	25956	24	4103	40	8556	51	10867	59	8475	253	10333
<b>Total</b>	72	39461	50	80618	64	31137	62	54724	52	52152	60	64215	360	52285



**Figure 8: Average annual Expenditure of the sample HHs**

#### **Households Indebtedness:**

The table-18 presents the number of households in debt. It is seen from the table that out of 360 households 205 (57%) household are indebted households. From the income and expenditure pattern as has been depicted in the table; we can notice that all most in all these six districts, the households are not deficit households, yet they are indebted. This phenomenon can be explained through some reasons behind it. First, the income and expenditure data has been given for one year proceeding to the interview but the indebted data are for the loans accumulated over the year. Secondly, households receiving remittance have more repaying capacity. Hence, easy loans are available to these from both formal as well as informal sources. Thirdly, remittance money immediately does not meet the financial needs for the migrant households for which they are to borrow and repay it as soon as they receive remittances.

Table 18: HHs Indebtedness

Response	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Yes	34	47.2	40	80.0	15	23.4	26	41.9	40	76.9	50	83.3	205	56.9
No	38	52.8	10	20.0	49	76.6	36	58.1	12	23.1	10	16.7	155	43.1
Total	72	100	50	100	64	100	62	100	52	100	60	100	360	100.0

Table-19 and figure -9 & 10 depict the source and purpose of loan avail and used by sample households. As evident from the table and the figures, the village money lender is the principal source of finance in rural households as they provides loan to 56.4 percent of the households in the sample districts. Friends and relatives are also another source of finance for the needy households in almost all the sample districts except Kalahandi. Friends and relatives constitute the source of finance. Thus, village money lender, friends and relatives constitutes the non institutional source of finance for the sample migrant households. The institutional source like banks and cooperative societies cater to the needs of 26.1 percent and 21.3 percent of the loans respectively.

Table 19: Source and purpose of loan for sample HHs

	Source & Purpose	Bolangir (N=34)		Cuttack (N=40)		Kalahandi (N=15)		Nayagarh (N=26)		Nuapada (N=40)		Sundergarh (N=50)		Total (N=205)	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%
Source of Loan	Bank	9	26.5	9	22.5	1	6.7	9	34.6	14	35.0	13	26.0	55	26.1
	Cooperatives	3	8.8	5	12.5	10	66.7	12	46.2	0	0.0	15	30.0	45	21.3
	Village money lender	15	44.1	24	60.0	5	33.3	6	23.1	29	72.5	40	80.0	119	56.4
	Friends	9	26.5	14	35.0	0	0.0	5	19.2	17	42.5	46	92.0	91	43.1
Purpose of Loan	Consumption	29	85.3	22	55.0	14	93.3	2	7.7	35	87.5	42	84.0	144	68.2
	Repayment of loan	15	44.1	3	7.5	8	53.3	2	7.7	1	2.5	4	8.0	33	15.6
	Medical Exp	31	91.2	13	32.5	14	93.3	6	23.1	32	80.0	47	94.0	143	67.8
	House consumption	7	20.6	6	15.0	0	0.0	6	23.1	1	2.5	4	8.0	24	11.4
	Marriage	1	2.9	4	10.0	1	6.7	8	30.8	8	20.0	6	12.0	28	13.3
	Misc.	3	8.8	24	60.0	0	0.0	9	34.6	2	5.0	14	28.0	52	24.6

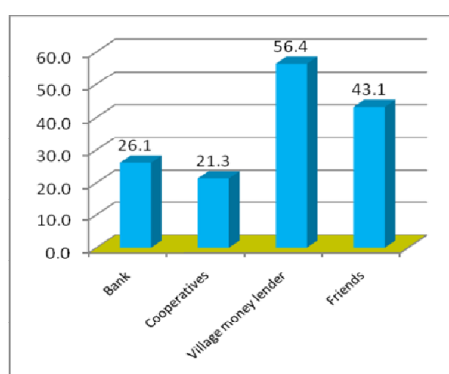


Figure 9: Source of loan for sample HHs

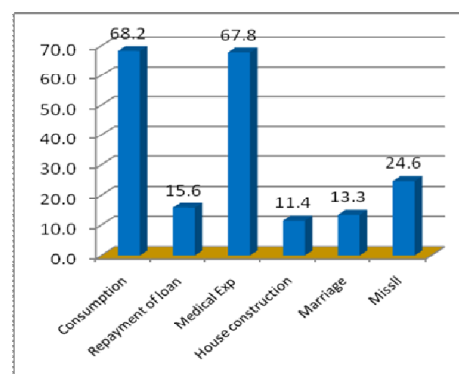


Figure 10: Purpose of loan

The figure-10 depicts the end use of loans by the respondent households. It is evident from the figure that almost in all the sample districts except Nayagarh, the dominant form of utilization of the loan is, day to day household consumption expenditure for 68 percent of the households. Health expenditure is another item in which 67.8 percent of the households spent their borrowed money. 15.6 percent of the households spent the loan amount for repayment of old loans, 11.4 percent spent for construction of houses and 13.3 percent spent on marriage. Besides, 24.6 percent of the indebted households spent their loan on miscellaneous expenditure like festivals, rituals or supporting other relations, unforeseen contingencies etc. It is naïve to argue, as in most studied weather the loan is spend for productive or unproductive purposes because for a poor household even loan for consumption needs is productive.

### 5.3 Concluding Observation

The data and analysis given in this chapter about the socio economic profile of the remittance receiving households do not corroborate with many of the findings on migration and remittances. It has been argued that migration involves transaction cost and risk. Hence, it is not possible on the part of the poor household to bear the transaction cost and associated risk factor. Therefore it is not the poor household which migrates. But contrary to such findings the socio economic background of our remittance receiving households shows that 42 percent households are landless, and 58 percent of the household own in average 0.85 acres of land, 60 percent of the household are wage labourers. Thus, it is the landless, poor peasants, agricultural labourer households those who are the recipients of the remittance from the migrants of their households. Social class wise it is the STs (35%) and SCs (29%) households who are sending the migrants and receiving the remittances.

The average annual expenditure pattern of the respondent household shows that these are not deficit household since the income is more than the expenditure. This is because 63 percent of the income is from remittance alone. If remittance would not have been there then their other source of income could not have sustain them. The ownership of land, cropping pattern, ownership of livestock shows the backwardness of the productive force in the village. Agriculture cannot provide them employment and income throughout the year. Hence, in order to overcome the distress condition prevailing at household level, they are to depend upon the remittances.

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## Chapter -6: Migration & Remittance to the Migrant Households

### 6.1 Introduction

In studies on remittances based on migrant households at origin, basic socio economic and demographic information of the primary migrants who are remitters to the family has been an integral part of the study. The present chapter deals with the basic information of the primary remitter which includes his relationship with the household, age, marital status, educational level of the migrants, place of destination, process of migration, reasons of migration, occupation at destination, agency of recruitment, size of remittances, mode of transfer of remittance etc.

### 6.2 Characteristics of the Primary Migrant

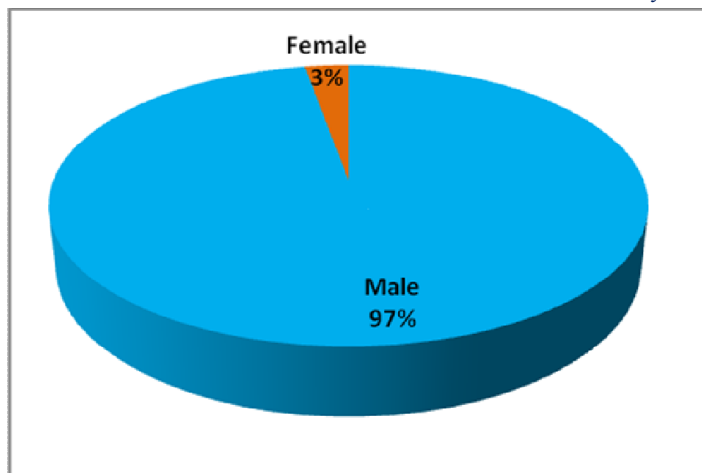
The demographic and social characteristics of the primary migrants including the relationship of the primary migrants with the respondents, their ages, sex, marital status and educational levels are presented in this section. In table-20 the total figure for the relationship of the primary migrants with the respondents are presented.

**Table 20: Migrants relationship with head**

Relation	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
<b>Father</b>	28	38.9	1	2.0	23	35.9	0	0.0	0	0.0	0	0.0	52	14.4
<b>Mother</b>	10	13.9	2	4.0	10	15.6	0	0.0	0	0.0	0	0.0	22	6.1
<b>Son</b>	3	4.2	40	80.0	1	1.6	28	45.2	26	50.0	35	58.3	133	36.9
<b>Brother</b>	0	0.0	0	0.0	0	0.0	2	3.2	0	0.0	2	3.3	4	1.1
<b>Husband</b>	22	30.6	1	2.0	12	18.8	31	50.0	26	50.0	22	36.7	114	31.7
<b>Self</b>	9	12.5	6	12.0	18	28.1	1	1.6	0	0.0	1	1.7	35	9.7
<b>Total</b>	72	100	50	100	64	100	62	100	52	100	60	100	360	100

It is observed from this table that 37 percent of the migrants had a son-father and 6 percent of the cases son-mother relationship with the respondent. While 32 percent of the primary migrants in the total sample were husband who had their wives left behind. In 14 percent of the sample the Primary Migrants were fathers. In 9.7 percent of the cases the migrants themselves were present at home at the time of survey and they themselves were the respondents.

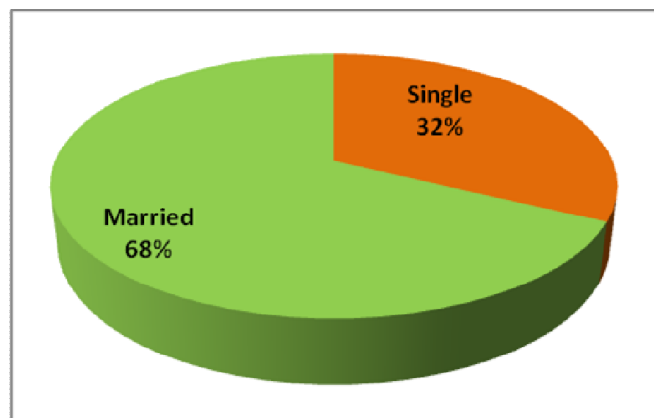




**Figure 11: Migrants by Gender**

From the figure- 11, it is observed that in all the sample six districts 97.2 percent of Primary Migrants are male and only 2.8 percent migrants are females. In the districts of Cuttack and Nayagarh there is no tradition of female migration in search of work. In Bolangir and Kalahandi 2 migrants each in these districts were primary female migrants. Whereas in Nuapada only one and 5 female migrants are from Sundergarh districts.

Figure -12 presents the marital status of the Primary Migrants. It is revealed from the figure that 67.8 percent of the migrant are married and 32.2 percent are single. It is also revealed that 69.4 percent of married migrants were not accompanied by their wives or parents.

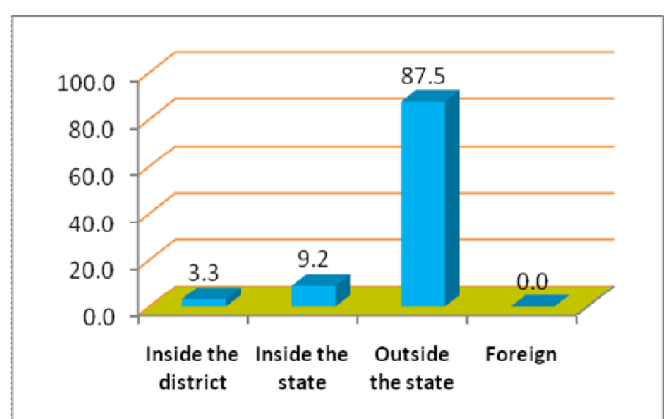


**Figure 12: Migrants by Marital status**

Only 30.6 percent of the married migrants were accompanied by their wives. More than 70 percent of the married migrants from Nuapada and Sundergarh districts have been accompanied by their husbands to the place of destination. This pattern of accompanying wife with husband to the place of destination has a positive impact on the size of the remittance send by them.

### 6.3 Destination of the Migrants

When probed about the destination of the Migration stream we got very interesting results which has been shown in figure-13. Out of the 360 households only 12 (3.3%) are inter-district migrants. Mostly inter-district migration is circular and seasonal in nature. Another 33 (9.2%) households are intra district migrants migrating to different districts inside the state in search of work. Mostly they are rural to urban migration to the emerging cities like Rourkela, Sambalpur, Cuttack, Bhubaneswar, Jharsuguda and



**Figure 13: Migrants Destination**

Berhampur. These inter district migrants cater to the needs of the labour demand in the construction sites, brickkilns, transport

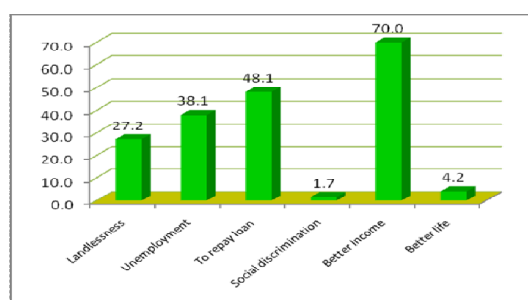
companies, contract labour for agricultural operations, shops and commercial establishments etc. However, maximum 315 (87.5%) migrants are inter-state migrants. They migrate to different parts of India depending on the information provided to them by any middleman or friends and relatives regarding the availability of employment opportunities. Thus, prominent destination for the inter-state migrants are southern states and cities like Hyderabad, Visakhapatnam in Andhra Pradesh, Bangalore in Karnataka, Mumbai in Maharashtra, Tiruvantipuram in Kerala, Raipur in Chhattisgarh, Surat in Gujarat etc. It is interesting to note that none of our migrants have gone to foreign destination outside India.

## 6.4 Factor Responsible for Migration

Factors responsible for migration are one of the most important variables in the study of migration and remittances. It helps one to understand the various pull as well as push factors responsible for migration. Labour migration is a complex process and there may be a number of factors motivating the person to migrate and remit money to home. A number of socio-economic and cultural factors are responsible for taking the decision to migrate which has been presented in table- 21 & figure- 14. In the present study we have identified 4 push factor and 2 pull factors. The push factors given are landlessness, unemployment, repayment of household loans and social discrimination in the village. The given pull factors are better income opportunity and better life style in the city.

**Table 21: Reasons for Migration**

Reasons	Bolangir (N=72)		Cuttack (N=50)		Kalahandi (N=64)		Nayagarh (N=62)		Nuapada (N=52)		Sundergarh (N=60)		Total (N=360)	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Landlessness	20	27.8	17	34	30	46.9	3	4.8	9	17.3	19	31.7	98	27.2
Unemployment	28	38.9	30	60	45	70.3	27	43.5	0	0.0	7	11.7	137	38.1
To repay loan	35	48.6	7	14	28	43.8	23	37.1	42	80.8	38	63.3	173	48.1
Social discrimination	0	0.0	1	2	0	0.0	4	6.5	0	0.0	1	1.7	6	1.7
Better Income	42	58.3	35	70	35	54.7	48	77.4	48	92.3	44	73.3	252	70.0
Better life	0	0.0	10	20	0	0.0	4	6.5	0	0.0	1	1.7	15	4.2



**Figure 14: Factors responsible of migration**

As indicated in the table 21 & figure- 14, out of 360 households 98 (27%) households are land less. These agrarians' proletariats do not have any options other than migration due to lack of employment opportunities throughout the year. Landlessness is the extreme form of deprivation

leading to migration in the rural areas. The process of landlessness is growing in the state due to development induced displacement in the state. Similarly, 137 (38%) sample migrant households are facing uncertainty in employment opportunities in the source areas. Government claim to provide employment opportunities to the rural poor through various employments guarantee schemes like MGNREGA. But it has failed to provide at least 100 days of employment as it suppose to do. 173 (48.1%) migrant households reported that repayment of accumulated family loans are the principal cause of their migration and remittances.

One of our understandings is that social discrimination in the labour market may be a push factor in motivating the migrant household to migrate. But to our surprise, social discrimination is not a significant factor in labour migration. There is social discrimination in one case in Cuttack, 4 cases in Nayagarh and one case in Sundergarh district. The social caste system is very rigid in rural areas and lower caste people do not have any voice. Upper caste people sometimes do not like to employ the lower caste people. Thus, there is discrimination and segmentation in the labour market on caste and sex basis. Hence, whether it is landlessness or unemployment or household indebtedness or even social discrimination they are mentioned as push factor forcing migrant households to migrate. This finding confirms to a large number of studies which have earmarked the main push factor like unemployment, underemployment, low wages, poverty, indebtedness, landlessness, small holdings, current flood and drought as the main cause of migration. (*Chand atall 1998; Santhapraj 1998; Gill 1998; Srivastav, 1998, Planning commission, 2010*) Of course we cannot see these factors in isolation. They act and react with each other and produce complex phenomenon which expels the migrants from the village economy.

However, it is not always the push factor which is responsible for migration from rural to urban areas. Certain pull factors were also equally motivating people to migrant. Pull factor like better income opportunity is one of the causes of migration has been reported by 252 (70%) households in the sample districts. Better income in place of destination is perceived by the migrant almost in all the districts. Only 15 (4.2%) migrant households reported better life in destination as one of the causes of migration. A number of studies show the pull factors like better employment, formal sector job, better living prospect, city amenities as factors encouraging migration. (*Samal & Mishra, 1998; Srivastav, 1998; Kundu & Shalini, 1996; Oberai & Singh, 1983*)

## 6.5 Agency for Recruitment of the Migrants

Table -22 presents agency of recruitment of migrants. In case of rural urban migration social network at the destination or what is called social capital plays an important role in the

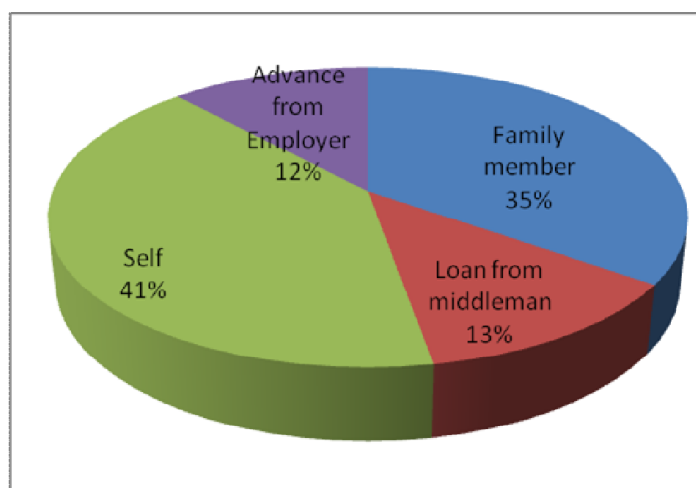
migration process. True to this in our sample households 158 (43.9%) of the migrant stated that friends were the main agency of recruitment and this is true for all most all the districts. However, 150 (41.7%) migrants in the total sample are migrated of their own. This is because the migrants have migrated earlier and they have knowledge about the destination. Only for 8 (2.2%) migrants had cited approved agents of the main agent of recruitment. However, 44 (12.2%) of the total sample migrant households stated that unlicensed agents are the main agencies of recruitment of the migrants.

**Table 22: Agency recruited for migration**

Reasons	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
<b>Friends</b>	14	19.4	45	90	5	7.8	43	69.4	19	36.5	32	53.3	158	43.9
<b>Own self</b>	57	79.2	4	8	51	79.7	17	27.4	5	9.6	16	26.7	150	41.7
<b>Approved agent</b>	0	0.0	0	0	4	6.3	1	1.6	1	1.9	2	3.3	8	2.2
<b>Unlicensed agent</b>	1	1.4	1	2	4	6.3	1	1.6	27	51.9	10	16.7	44	12.2
<b>Total</b>	72	100	50	100	64	100	62	100	52	100	60	100	360	100

## 6.6 Financing the Migration related Expenses

Table -23 and figure-15 depicts the financing of the migration related expenses of the migrants. From the total 360 sample households, 125 (34.7%) migrants were stated to have financed by the family members and this has happened almost in all the sample districts. However, 147 (40.8%) sample migrants have themselves finance their migration related expenses. Only 45 (12.5%) sample household borrowed from middleman recruiting them and another 43 (11.9%) migrants were supported by the advance from the employer. However, nobody from Bolangir



**Figure 15: Finance for migration**

employer. However, nobody from Bolangir district and Nayagarh districts has received such advance from the employer.

**Table 23 : Households finance for Migration**

Agency	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
<b>Family member</b>	24	33.3	36	72	14	21.9	37	59.7	11	21.2	3	5.0	125	34.7
<b>Loan from</b>	11	15.3	2	4	14	21.9	4	6.5	5	9.6	9	15.0	45	12.5

middleman														
Self	37	51.4	11	22	29	45.3	21	33.9	9	17.3	40	66.7	147	40.8
Advance from Employer	0	0.0	1	2	7	10.9	0	0.0	27	51.9	8	13.3	43	11.9
Total	72	100	50	100	64	100	62	100	52	100	60	100	360	100

## 6.7 Education of the Primary Migrant

Education level of the primary migrant is an important variable in the study of migration and remittance. This is because educational level indicates the occupational status of the migrants and occupational status determines the amount of remittance. The educational attainment of the migrants at the time of migration as has been presented in table-24 and figure-16.

Table 24: Education of the Primary Migrant

Education	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Illiterate	31	43.1		0.0	43	67.2	3	4.8	16	30.8	5	8.3	98	27.2
Primary	35	48.6	19	38.0	19	29.7	38	61.3	35	67.3	45	75.0	191	53.1
Secondary	6	8.3	29	58.0	1	1.6	16	25.8		0.0	8	13.3	60	16.7
Higher Secondary	0	0.0	0	0.0	1	1.6	2	3.2	1	1.9	1	1.7	5	1.4
Graduation	0	0.0	2	4.0	0	0.0	1	1.6	0	0.0	1	1.7	4	1.1
Technical	0	0.0	0	0.0	0	0.0	2	3.2	0	0.0	0	0.0	2	0.6
CT/B.Ed/ITI	0	0.0	0	0.0	0	0.0		0.0	0	0.0	0	0.0	0	0.0
Nursing	0	0.0	0	0.0	0	0.0		0.0	0	0.0	0	0.0	0	0.0
Total	72	100	50	100	64	100	62	100	52	100	60	100	360	100

The table above shows that out of 360 sample households 98 (27.2%) of the migrants are illiterate and another 191 (53%) migrants are educated up to the primary level. Thus, 80 percent migrants have quite low qualification. Only 60 (16.7%) migrants have secondary education and only 5 (1.4%) migrants have higher secondary education. Negligible number of migrants 4(1.1%) and 2 (0.6%) respectively are graduate and technically qualified. Nuapada, Kalahandi, Bolangir and Sundergarh districts are dominated by ST and SC migrants, who are least educated migrants. In comparison to these districts migrants in Cuttack and Nayagarh is better educated.

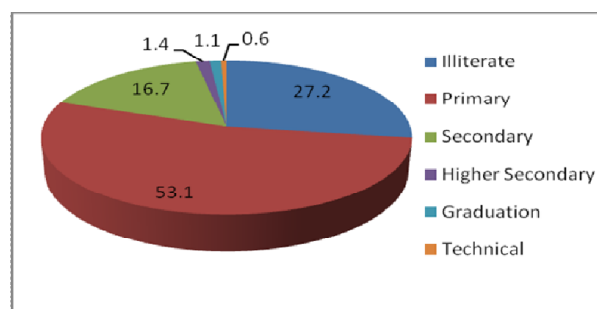


Figure 16: Education of Primary Migrants

## 6.8 Occupation of the Primary Migrant

Table- 25 indicates the occupational status of the migrants at the place of destination. Out of the 360 migrant households 262 (72.8%) were involved in low skilled daily wage labour where as another 67 (18.6%) migrants are factory workers. Given the educational level in table 22 it is observed that 27 percent of the migrants are illiterate and another 53 percent are educated up to primary level. It is not surprising that 19 percent migrants are low skilled factory workers or daily wage labourers in the bricklins of Andhra Pradesh, construction sector of Kerala and Maharashtra, Tamilnadu in the power looms and diamond processing industry of Surat in Gujarat. Given the education skill and training of the migrant, it is not surprising that out of the 360 migrant households two of them were working as teacher, two of them also as executive, two of them are businessman, 9 of them are self employed and none of them are engaged in clerical job or nursing professions.

**Table 25: Occupation of the Primary Migrant**

Education	Bolangir		Cuttack		Kalahand i		Nayagar h		Nuapada		Sundergar h		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Clerical	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Teacher	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	3.3	2	0.6
Nurse	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Executive	0	0.0	2	4.0	0	0.0	0	0.0	0	0.0	0	0.0	2	0.6
Businessman	0	0.0	2	4.0	0	0.0	0	0.0	0	0.0	0	0.0	2	0.6
Self employed	3	4.2	0	0.0	5	7.8	0	0.0	1	1.9	0	0.0	9	2.5
Factory worker	8	11.1	41	82.0	7	10.9	8	12.9	1	1.9	2	3.3	67	18.6
Daily Labour	60	83.3	1	2.0	52	81.3	53	85.5	48	92.3	48	80.0	262	72.8
Private Job	1	1.4	4	8.0	0	0.0	1	1.6	2	3.8	8	13.3	16	4.4
Total	72	100	50	100	64	100	62	100	52	100	60	100	360	100

This occupational distribution gives us a dismal picture of the migrants. As we have seen in case of Goa, Panjab, Gujurat, Kerala and Karnataka the migrants are well educated and having fair quality of technical education. Hence, they involved in better job like teaching, clerical, nursing, executives, technical jobs, business etc which fetch higher remuneration. In comparison to these states our occupational quality is low.

**Table 26: Type of work done by Primary Migrant**

Work Type	Bolangir (N=72)		Cuttack (N=50)		Kalahandi (N=64)		Nayagarh (N=62)		Nuapada (N=52)		Sundergarh (N=60)		Total (N=360)	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Permanen t	6	8.3	17	34.0	10	15.6	4	6.5	4	7.7	8	13.3	49	13.6
Contract	66	91.7	33	66.0	54	84.4	58	93.5	48	92.3	52	86.7	311	86.4

Govt.	5	6.9	3	6.0	6	9.4	7	11.3		0.0	1	1.7	22	6.1
Private	67	93.1	47	94.0	58	90.6	55	88.7	52	100	59	98.3	338	93.9

Table -26 presents the type of work done by the primary migrant. Out of the total sample households 311 (86.4%) migrants are working on contract basis where jobs are not permanent, there is no social security measures. Similarly, 338 (94 %) migrants work in the private sector where there is no guarantee of job or minimum working conditions.

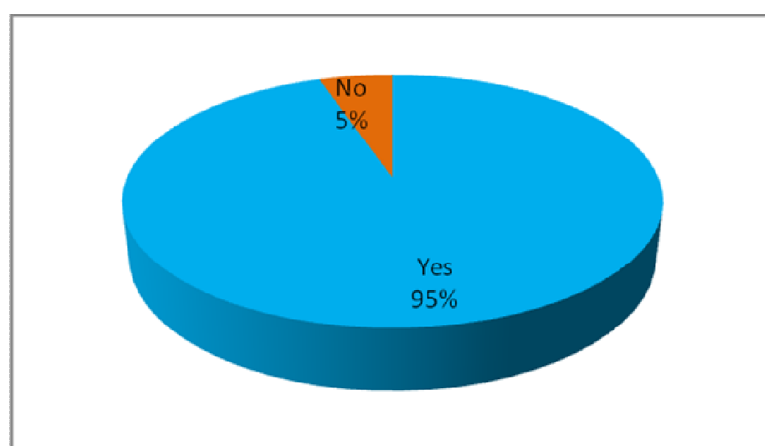


Figure 17: Migrants plan for return home

Figure -17 presents the plan of the migrant to return home. Out of 360 migrant households 341 (95%) wish to return to home. Here the migrants are uneducated and unskilled low paid jobs. However, back at home they are having certain land, houses or other assets as well as family tie.

Hence, they want to come back home (*Duraiswamy and Narasimham 2000*), in their study have shown that family ties are important indicator of remittances.

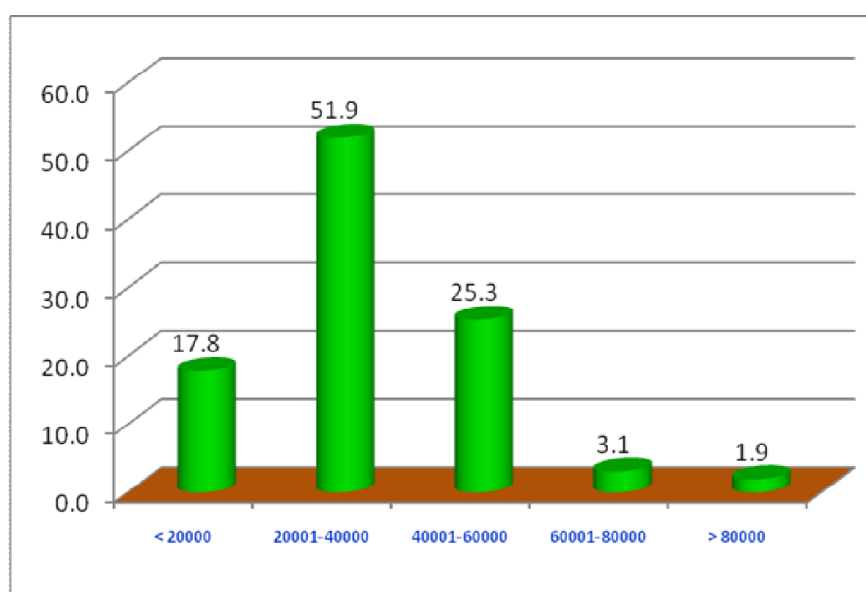
## 6.9 Size of Remittance by the Migrants

The present section deals with the central aspects of the study, size of remittance. Table-26 and figure-18 present the percentage distribution and the size of remittance received by the migrant households per annum. It shows that the maximum size of the remittance fall within Rs. 20000/- to Rs. 40000/- (52%). However, there is variation from district. In Sundergarh maximum migrants (73.3%) come under this category where as in Nuapada and Nayagarh 65.4 and 61.3 percent households respectively come under this category. The other size of remittance is within the range of Rs. 40000/- to Rs. 60000/- and 25.3 percent migrants fall under this range, Cuttack (55%) and Nayagarh (35%) fall under this category. Rs. 20000/- and less category have 17.8 percent of the households. This category was reported maximum in Kalahandi (64%) and Bolangir (22%). Only 3 percent migrant households distributed in almost all the six districts are in the range of RS. 60000/- to Rs. 80000/-. Only 1.9 percent of the migrant household were within the range of Rs. 80000/- and above and they are identified 4 households in Bolangir and 3 households in Cuttack district.



**Table 27: Size of remittance received by sample HHs per annum**

Range	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
< 20000	16	21.9	0	0.0	41	64.1	0	0.0	4	7.7	3	5.0	64	17.8
20001-40000	34	46.6	18	36.7	19	29.7	38	61.3	34	65.4	44	73.3	187	51.9
40001-60000	14	19.2	27	55.1	3	4.7	22	35.5	13	25.0	12	20.0	91	25.3
60001-80000	5	6.8	1	2.0	1	1.6	2	3.2	1	1.9	1	1.7	11	3.1
> 80000	4	5.5	3	6.1	0	0.0	0	0.0	0	0.0	0	0.0	7	1.9
<b>Total</b>	<b>73</b>	<b>100</b>	<b>49</b>	<b>100</b>	<b>64</b>	<b>100</b>	<b>62</b>	<b>100</b>	<b>52</b>	<b>100</b>	<b>60</b>	<b>100</b>	<b>360</b>	<b>100</b>



Since the educational qualification of the migrants were quite low and accordingly they were engaged in non skill manual work their remittance were quite low. Hence, maximum number of migrants are remitting within the range of Rs. 20000/- to

**Figure 18: Size of remittance received by the sample HHs per annum**

Rs. 40000/-. The following figure depicts the graphical presentation of the size of remittance received by the sample households.

## 6.10 Modes and Frequency of Transfer of Remittances

In the beginning of the study we have raised an issue; whether the migrants have chosen the formal or informal remittance channel to remit money to their home. This is because modes and frequency of transfer of remittances forms an important aspect of study of remittances. Hence, table-28 presents the modes and frequency of transfer of remittances by the migrants.



**Table 28: Percent distribution of mode of transfer & frequency of remittance**

		Bolangir (N=72)		Cuttack (N=50)		Kalahandi (N=64)		Nayagarh (N=62)		Nuapada (N=52)		Sundergarh (N=60)		Total (N=360)	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%
<b>Mode of transfer</b>	Bank	36	50	49	98.0	38	59.4	48	77.4	45	86.5	44	73.3	260	72.2
	post Office	2	2.8	1	2.0	2	3.1	1	1.6	6	11.5	12	20.0	24	6.7
	Pvt Operator	11	15.3	8	16.0	15	23.4	1	1.6	4	7.7	0	0.0	39	10.8
	Co-worker	2	2.8	8	16.0	3	4.7	3	4.8	8	15.4	5	8.3	29	8.1
	Relatives	8	11.1	7	14.0	0	0.0	5	8.1	5	9.6	7	11.7	32	8.9
	Self	17	23.6	1	2.0	7	10.9	8	12.9	17	32.7	20	33.3	70	19.4
<b>Frequency</b>	Monthly	27	37.5	40	80.0	11	17.2	25	40.3	4	7.7	7	11.7	114	31.7
	Quarterly	19	26.4	10	20.0	9	14.1	8	12.9	1	1.9	5	8.3	52	14.4
	Twice a year	11	15.3	0	0.0	9	14.1	0	0.0	0	0.0	1	1.7	21	5.8
	Once a year	10	13.9	0	0.0	34	53.1	5	8.1	3	5.8	0	0.0	52	14.4
	Infrequent	5	6.9	0	0.0	1	1.6	24	38.7	44	84.6	47	78.3	121	33.6

This table shows that out of 360 sample households 260 (72.2%) received remittances through bank and only 24 (6.7%) households received through post office. Thus, 79 percent migrant households received remittances through formal channel. However, 39 (10.8%) households received through private operators those who remit money to the account of a known person in the village and the migrant household received the remittance from him. In 8.1 percent of the case, the migrant send the remittance through co-workers who are of the same village.

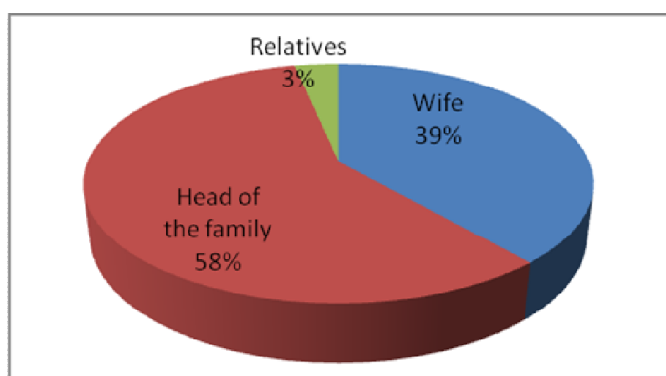
**Figure 19: Receiver of the remittance**

Table -28 also present the frequency of receiving remittances and it shows that 114 (31.7%) households have been receiving remittance monthly, 52 (14.4%) households quarterly, 21 (5.8%) households twice a year and 52 (14.4%) household received once a year.

In case of 121 (33.6%) households rarely received the remittances. This is more so in the districts of Sundergarh, Nuapada and Nayagarh. This is because of the migrants themselves come to the village frequently and hence there is no need of remitting money.

The figure-19 shows the receiver of the remittance in the migrant households. Out of the total 360 sample households 209 (58%) have head of the family either father or mother is the receiver of the remittance and in case of 139 (38.6%) households wife of the migrant are the main receiver of the remittance money. However, in case of 12 (3.3%) households other relatives are the receiver of the remittance money who are the respondents.

Table 29: Migrant visit the home per year

Frequency	Bolangir		Cuttack		Kalahandi		Nayagarh		Nuapada		Sundergarh		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Once a year	24	33.3	3	6.0	35	54.7	26	41.9	11	21.2	18	30.0	117	32.5
Twice a year	35	48.6	44	88.0	24	37.5	27	43.5	6	11.5	17	28.3	153	42.5
Frequently	13	18.1	3	6.0	5	7.8	9	14.5	35	67.3	25	41.7	90	25.0
Total	72	100	50	100	64	100	62	100	52	100	60	100	360	100

Table-29 and figure-20 present the frequency of visit by the migrant to their home. Migrants keep contact with their native place by visiting their houses. Their visit to the place of origins may be due to visiting parents and other relatives, looking after their land and other property, or may be for religious festivals and family ceremonies. Earlier studies have been shown that the more frequent a migrant visit home the more attachment they have with the home and remittances depend on the frequency of their visit. (*Santharpuraj 1998, Samal 2012*)

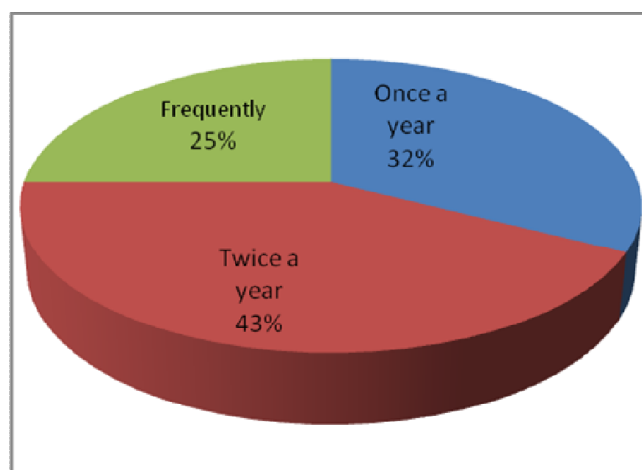


Figure 20 : Frequency of visit by the migrant

It is seen in the table and the figure that 32.5 percent of the sample migrants visit their native places once in a year, 42.5 percent migrant visit their native places twice a year and 25 percent visit frequently. Thus, all of the migrants have well connection with the native places.

## 6.11 Concluding Observation

This chapter has presented the basic socio-economic and demographic characteristic of the primary migrants who remit money to their family. In our sample survey in the six districts of Odisha, 97 percent Primary Migrants who are males and only 3 percent migrants are females. As far as the destination is concerned 88 percent of the migrants are interstate migrants, 9% are intra districts and 3% are inter-district migrants. A number of socio-economic and cultural factors are responsible for migration. In our sample study 27% have migrated due to landlessness in the place of origin, 38% due to uncertainty in employment in place of origin, 48% to repay the accumulated debts in the household, 2% due to social discrimination at the place of origin. These are the push factors responsible for migration. 70% of the migrants reported better income opportunity as the pull factor responsible for their migration. 44% migrants migrate through their friends where as 42% migrate of their own. 41% of the migrants

themselves financed for their migration while 34% cases the family members financed for migration. 27% migrants are illiterate and 53% are educated up to primary level. Thus 80% of the migrants are quite deficient in education. Therefore 73% are involved with low skilled, unskilled daily wages labourers. 86% migrants are in contract jobs where there is no job security. 95% migrants have planned to come back to their native places. 52% households receive remittance within Rs. 20000/- to RS. 40000/-, 25% households receive Rs. 40000/- to Rs. 60000/-. 72% households receive remittance through banks, 34% remittances carried by the migrants themselves and 32% send remittances monthly. All the migrants have kept link with their family members by regularly visiting them

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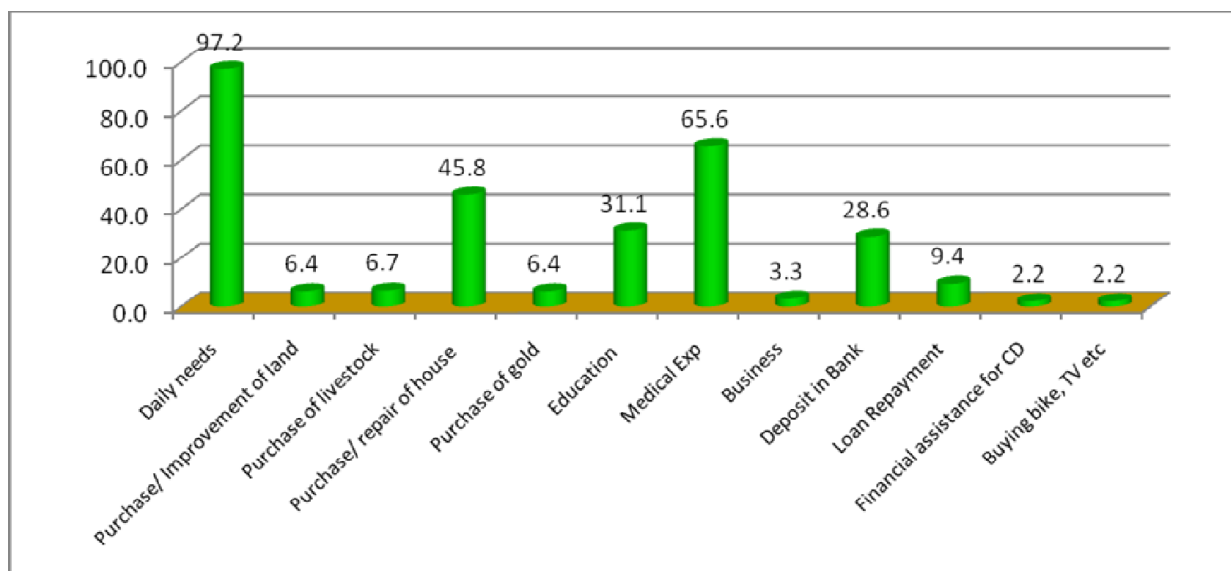
## Chapter -7: End Use Remittance & Its Impact on Migrant Households

### 7.1 Introduction:

The impact of remittance on the migrant household which forms one of the important aspects of this study has been discussed in this chapter. In pursuance with the issues raised and the objectives in the beginning of the study we enquired about the end use of the remittance received by the sample migrant households. We have also enquired about the economic, social and labour market impact of remittances at the place of origin. Additionally we have also examined whether there is any spill-over effect of remittance to a village community which send the migrants from the place of origin. The results have been presented in the following sections.

### 7.2 End Use of Remittance:

The respondent in the study asked about the uses of remittances they have been receiving from their kith and kin. One can infer from their response that there are multiple uses of remittances by the households receiving them in almost all the districts studied. The percentage distribution of purposes for which remittance is used has been presented in figure-21.



**Figure 21: Use of Remittance**

It was found from the figure-21 that majority of the households (97.2%) satisfying the daily needs of the households which includes food, clothing and other daily necessary consumer goods. In case of Kalahandi and Nayagarh hundred percent households spend their remittance money on consumption purpose. The second important use of remittances is found to be medical expenses (65.6%) of the households and the third important purpose for which the remittances are spent found to be purchase and repair of houses (45.8%). Numerically, the

fourth important item in which remittances spend is 31.1 percent in education. Almost in all the districts households spent a considerable amount of remittance in education of their children. But the lowest number of households (3.8%) in Nuapada district spend the remittance in education. As noticed from the figure 6.4 % household cited purchase and improvement of land, 6.7% spent in purchase and repair of houses, 6.4% spend in purchase of gold, 3.3% spend in business, 28.6% household deposit in bank for saving purpose, 9.4% in loan repayment, 2.2% households spend in financial assistance to community development and 2.2% households in purchase of consumer durables like buying bikes, TV etc. This finding is inconformity with the NSS 64<sup>th</sup> round data where highest percentage of remittances are spent on food and other household consumption (NSS 2007). Thus, in the study multiple uses of remittances have been observed in the sample migrant households. Of all the six sample districts yet there is much variation among districts. For example, in Kalahandi and Nayagarh district not a single household has spent remittance on purchase of livestock, in Kalahandi not a single household has spent remittance on purchase of gold, in Bolangir, Kalahandi and Nuapada not a single households has spent the remittance on business, In Nuapada none has spent on loan repayment, in Bolangir, Kalahandi, Nayagarh and Nuapada none has spent remittance money on financial assistance for community development and in Bolangir, Kalahandi, Nuapada and Sundergarh none has spent the remittance money on purchase of consumer durables.

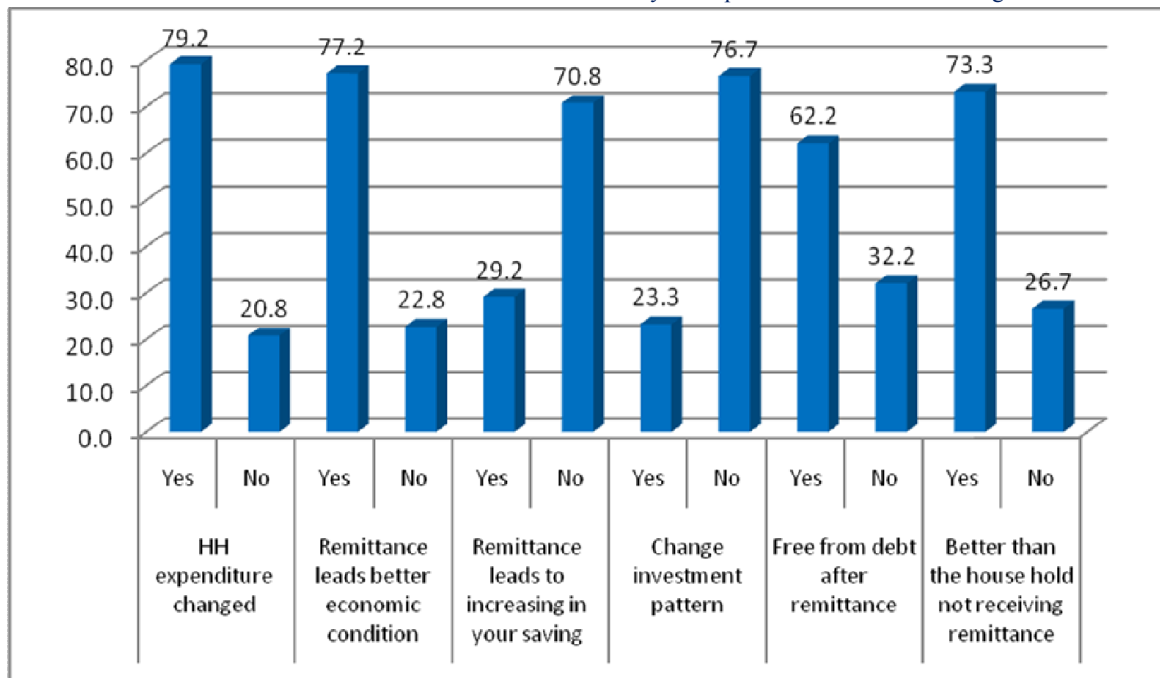
There is a tendency among researchers to segregate use of remittance as productive use and unproductive use. Use of remittances for buying of daily needs, purchase of gold, consumer durables, expenditure of health and education, purchase and repair of houses are considered to be unproductive expenditure. In our view such categorization is erroneous because the survival and reproduction capability of the migrant households depend upon these expenditures. Of course expenditure on food, health, clothing, primary education, basic household amenities, repaying of old debts and so on from the internal remittances enhances the productive base of the migrating households in the long run. Hence, they may be considered as productive expenditure for the internally migrant households. Use of remittance for purchase and improvement of land, purchase of livestock, invest in business may be considered as investment use. However, very few people use their remittances money on these investment purposes due to general poverty of the households receiving remittances. Hence, they spend considerable amount of remittances in daily needs of the household, little is left over for investment. Of course the household with land and other source of income do divert the remittance money towards investment expenditure. Use of remittance money for deposit in bank are categorized as investment uses and this is a good sign as 28.6% remittance receiving households are using remittances for saving purpose.

Looking at the figure-21 we could found out a diverse pattern of end use of remittance money in various districts. Though the broad trend across district is towards using remittances for household consumption expenditure still we could able to notice some distinct variation as noted above. This is in conformity with the NSSO data which show 90% of the rural and urban remittance receiving households use remittances for some form of household consumer expenditure (*Tumbe 2011*). However, even if internal remittances are spent on consumption purpose it is not unproductive. Consumption expenditure in the form of fooding, clothing, housing, education and health are very much productive and for the poor household remittance provide a potential opportunity for economic growth.

### 7.3 Economic Impact of Remittance

In the present section the impact of remittance of the migrant household has been presented and analyzed. In the previous section we have studied the end use of remittance which is the indicator of the direction in which household expenditures are made. However, in this section an attempt has been made to assess the change in economic position through the perception of the respondents or head of the household. The respondents are asked whether their household expenditure has changed, whether in their perception of remittance lead to better economic condition, whether it has raised their savings, whether they have been free from debts after receiving remittances, whether they feel better than the households not receiving remittance. Their responses to this quarry were presented in figure-21.

The figure shows that 79% of the respondent household responded positively about the changing nature of household expenditure. Since they are receiving remittances they are capable of spending more. Remittances have increased their consumption capacity and they have diversified their expenditure pattern. The figure also depicts that remittance has led to better economic condition in case of 77% of the sample migrant households. Since we are dealing with internal migration and relatively poor people migrate internally. With low education, skill and training their wage, income and remittances would be lower. However, in the perception of the remittance receiving households they are better off. Besides, better economic conditions remittances have led to save for the future for 29% sample households. Similarly, for 23% of the households remittance has changed their investment pattern. In this respect in states like Kerala, Goa, Andhra Pradesh, Maharashtra households receiving international remittance do save and invest in various productive enterprises and business activities. But in a state like Odisha such dynamic saving and investment is lacking. However, as shown in the figure-22 use of remittances for purchase and improvement of land, purchase and repair of house, purchase of livestock are definitely investment expenditure.

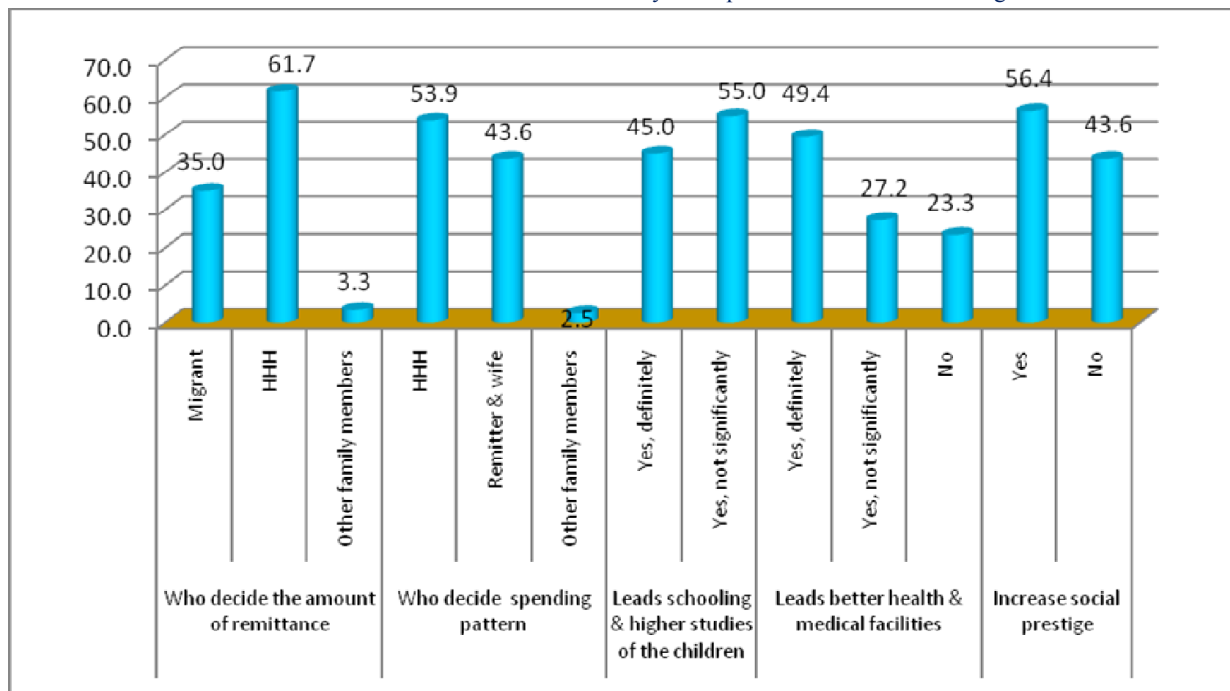


**Figure 22: Economic Impact of Remittance**

Furthermore, it has been revealed in the above figure that out of 360 sample households 224 (62.2%) have repaid their old loan and free from debt in the post remittance period. Free from debt constraint is a positive outcome of the migration and remittances. Similarly 73.3% households feel better than the households not receiving remittances. This finding is corroborated with the finding of *Krishnaiah (1997)* finding on Andhra Pradesh.

## 7.4 Social Impact of Remittance

In order to know the social impact of the remittance the respondents were asked “who decide the amount of remittance?” The response as has been presented in figure-22. In case of 61.7% households the head of the household decides the amount of remittances. However, in 35% of the cases the migrant himself decides how much to contribute to the family income. However, whether it is the migrant himself or the head of the household decides about the amount of remittance, the fact is that it depends on the number of school going children, amount of land holding (*Duraswamy and Narasimham 2000*) family ties (*Stark and Lucas 1988, Lucas and Stark 1985*) age, marital status, size of the household (*Parida and Madheswaran 2011*) duration of stay in the town (*Samal et al 2012*). On the question of who decide the spending pattern of the remittance 54% of the respondents reported that the head of the households decides the spending pattern. However, in case of 43.6% household the remitter along with his wife decides the spending pattern. Thus, the wives of the remitter tend to have more control over the use of their husband’s remittance.



**Figure 23: Social Impact of Remittance**

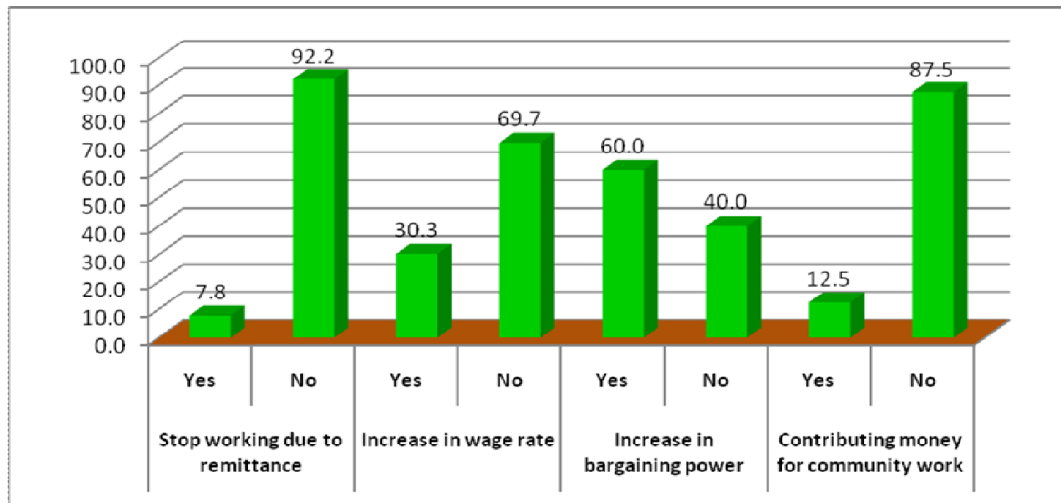
The figure -23 also shows that the educational level of the households increased in case of 45% of households and other 55 % of the cases through education of the children increased to a considerable extent it was not that significant. However, taken together there is a positive impact of remittance on the level of education of the children of remittance receiving households. The respondents are asked whether they consider that remittances lead to better health and medical facilities in the household. In case of 49.4% household, the answer is yes, definitely and in case of other 27.2% it was yes, but not significantly. Taken together the access to health and medical facilities are positive effects on the remittance receiving households. When we ask about the social prestige of the remittance receiving households 56.4% replied positively, that their social position in the village has enhanced since they are receiving remittances regularly.

## 7.5 Impact of Remittance on the Labour Market and Village Community

One of our hypotheses was that as more and more people migrate and remit money this would change the production relation in the source area due to; firstly, the remittance receiving household would stop supplying their labour in the village labour market. Secondly, the wage rate would increase and thirdly, the bargaining power of the remittance receipting household would increase. This is because labour migration and remittance in the source area would cause an upward pressure on the wage rate. This is what is known as tightening of the labour market. We enquired whether the remittance receiving households withdrawn their labour from the village labours market. But to our surprise 92.2% of the respondent households have not



withdraw their labour from the village labour market as shown in the figure- 24. They may be too poor to go without working. We enquired whether wage rate in the village has increased due to migration and remittances.



**Figure 24: Impact of Remittance on Labour market & Village community**

The response as presented in the figure-23 shows that in 70% of the cases there was no increase in wage rate. 30% of the households reported moderate upward movement in wage rate. Thus, due to migration of labour there is mechanisation of agriculture and employers have reported to use of tractor, combiner and thresher to reduce labour cost. Another factor which is responsible for the not putting pressure on wage rate was that the circular or seasonal migrant labour during the busy season enters into the area to fill up the vacuum created by the migration of labourers. This quick replacement of labour does not allow the wage rate to rise.

So far as the bargaining strength of the households receiving remittances are concerned as shown in the figure 23 for 60% of the remittance receiving households their bargaining power in the village labour market has increased. This is because out migration and consequently receive of remittance, the existing households in the village are not willing to supply labour at cheaper rate. Thus, labour has become more free for sale their labour in the labour market. Hence, there is no patron-client relationship existing between the employer and the remittance receiving households. Thus, there is a reduction in personalized dependency on the employer in the village labour market. It was our understanding during beginning of the study that the remittance of the migrant household would have spill-over effect on the village community which send the migrants. This is because the migrants would spend a portion of their remittances by contributing towards community work like donation to schools, hospitals, cleaning of village ponds, supplying drinking water. Thus, remittances would promote rural development. However, as seen from the above figure, 87.5% of the sample households have not contributed any money from the remittance towards these causes. Only 12.5% of the remittance receiving households those who contribute, but their contribution are not for general

welfare or community work but towards donation for village festivals like *Dasahara*, *Holi*, *Laxmi Puja* etc. Hence, neither they are philanthropy nor any humanitarian ground attach to them.

Contribution to the community welfare is being provided by the migrants in case of international migration. There are instances of remittances from the Indian Diaspora community to the welfare of their place of origin. Their migration is accumulative migration and they have the surplus to contribute for the village community development. More or less our migrants are distress migrants and the money they remit is usually spent on consumption. Hence, they do not have surplus money to donate for village community work in their place of origin. However, though remittances may not have direct socio-economic effect on the village community but indirectly it impact non-migrant households in the village community. The migrant households spend their remittance money in the construction of houses; purchase of durable consumer goods, investment in agriculture etc generate considerable employment and income for non migrant households. Thus, there is multiplier effect of the consumption expenditure of the remittance receiving households on the non remittance receiving households. This finding corroborates the finding of Taylor which suggests that the construction activities can generate considerable employment and income for non migrants and in this way the benefit of remittances might accrue to households other than the ones that directly receive them (*Taylor 1999*)

## 7.6 Concluding Observation

An assessment of the end use of remittances and its impact on the migrant households shows that there are multiple uses of remittances by the remittance receiving households. 97% of the households' use remittances for household consumption, 66% on medical expenses, 46% on purchase and repair of houses, 29% save in the bank, 7% spent on improvement on land, 6% purchase livestock, 6% purchase gold, 2% purchase consumer durables. For most of the household migration and remittance has brought positive impact by increasing their household expenditure (79%), for better economic condition (77%), increasing saving (23%), free from household indebtedness (62%). Similarly there was positive social impact of remittance due to better provision for education of the children of the households, better health and medical facilities for the family members, increasing in social prestige of the household. Thus, division of household expenditure productive and non productive is very arbitrary. This is because of a household under poverty and low income even consumer expenditure is productive as the household is to survive as an able bodied man for reproduction of the labouring households. Expenditure on health, education, housing and food increases the capability of an individual and in that sense Sen (1999) has argued them as development expenditure.

Impacts of migration and remittance have a mixed effect in case of labour market and development of the village community. For 70% of the cases there is no increase in the wage

rate due to mechanization of agriculture and use of circular and seasonal migrant labourers in agriculture. However, for 60% of the households their bargaining power on the village labour market has increased. Remittance has stopped the patron-client relationship in the village labour market. There is no direct spill over effect of remittance to the village community which sends the migrants. However, there is indirect benefit to the non migrating households in the village community in the form of increasing employment and income when the migrant households spend their remittance on construction of houses and purchasing consumer goods. The findings of this chapter challenges the finding of *Sahu & Das* (2008) on migrant workers from Odisha in Surat city working in diamond industries and Power Looms which concludes “most of our respondents expressed that their hard work at Surat in the oppressive working conditions and depressive living environment, did not add much to the well being of their families back in the village”( *Sahu & Das 2008*).

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## Chapter -8: Summary, Conclusion & Recommendations

### 8.1 Context and Need of the Study

Uneven capital penetration has created pockets of affluence as well as poverty. Hence there is a movement of labour from subsistence sector to the developed capitalist sector. Migration and remittance may be internal or international, when the labour moves outside the country and remit money it is international migration and remittances. But when labour moves within the country and remit money it is called internal or domestic migration and remittance. In recent years migration and remittances have been considered as a major source of support to the remittance receiving households. This is due to the fact that remittance has the potential to create positive outcome in the remittance receiving households as well as the village community which sends the migrants.

World Bank has estimated that India is the largest recipient of international remittances in the world. In 2008 the volume of remittances to India was \$52 billion which contributed 4.2 percent of the GDP. North America, Gulf and European countries are the source region of international remittances. Kerala, Punjab, Tamilnadu, Andhra Pradesh, Gujarat and Goa are the major states those who receive sizable amount of international remittances. International migration and remittances has led to the economic well being of the remittances receiving households and at the same time it has enhanced the precious foreign exchange earning of our country.

However, most of the migration and remittances in India are internal. Due to migration selectivity, it is not possible on the part of the poor unskilled migrant to migrate internationally. Migration involves transaction cost which they cannot meet for international migration. Hence internally they can migrate from one district to other and from one state to other. It has been notice from 2001 census data that 30.1 percent migrants for economic reason were intra district migrants and 36.3 percent were inter-state migrants. For internal migration and remittances the major net sending states are the backward states like Bihar, Madhya Pradesh, Rajasthan, Odisha, Utter Pradesh, Jharkhand and Chhattisgarh. The net internal migrant receiving states are Maharashtra, Delhi, Gujarat, and Punjab. Tumbe (2011) has estimated that the domestic remittances to be in the range of Rs. 45000 to 50000 crores or around \$10 billion in 2007-08. Nearly 80% of the domestic remittances went to households in rural areas. At all India level 60% of the domestic remittances were inter-state transfers and 40% were intra-states transfers. Utter Pradesh, Bihar, Rajasthan, West Bengal and Odisha receives over half of the domestic remittance flow.

Using NSS data on household remittances Tumbe (2011) has shown that Odisha account for only 0.5% of the household remittance flow in India. On the other hand Odisha is a

leading migration sending and remittances receiving state only due to internal migration and remittances. NSS data for 2007-08 shows that 7.13% of the household receive domestic remittances in the state and 63% of this remittance are inter-state transfer. (Tumbe 2011). By and large, migration in Odisha is internal and internal migration & resultant remittances often make up an important share of the income of the poor households. This income from remittances significantly has reduced the level, depth and severity of poverty in the poor communities in the state. However it has been argued by scholars that households receiving remittances are spending them in conspicuous consumption and rarely do they invest in any productive purpose. There is also labour shortage in the place of origin and that has raised the wage of labour in the rural areas. Thus doubt has been raised on the efficacy of remittances in enhancing the standard of living of the remittance receiving households as well as the development of their place of origin. However there is not much study on internal migration to verify this claim and counter claim. Most of the study which are there, they have dealt with international migration and remittances. Not only researchers but also government very often neglect internal migration in its policy discourses. Whatever studies are available they are concentrated in advance states like, Gujarat, Kerala, Punjab, Andhra Pradesh etc. Odisha is under research area and nothing is known about the use of remittances channels collecting these funds, impact of remittances on the socio-economic condition of the remittances receiving households etc. Hence taking into consideration, the existing gaps in the research on the one hand and the importance of internal migration on the other, the present study attempts to understand the impact of remittances on the migrant households in particular and the source village community in general.

## 8.2 A brief Socio-economic Profile of the State: Odisha

➤ Area (in Sq. Km) : 155,707

### A. Administrative Structure

District	: 30
Sub-division	: 58
Tehsils	: 171
Blocks	: 314
GP	: 6234
Village	: 51048

- Population (2011 Census): 4,19,47,558  
(2001 Census) : 3,68,04,660
- Decimal Growth Rate : 13.97%
- Sex Ratio : 978

- Scheduled Tribes : 22.13%
- Scheduled Caste : 16.53%
- Density of Population : 269
- Literacy Rate : 73.45%
  - Male : 82.40%
  - Female : 64.36%
- Urban Population : 16.7%
- Dynamics of the composition to GSDP of Odisha's Economy (2011-12)
  - Agriculture (Primary) : 16.44%
  - Industry (Secondary) : 25.78%
  - Service (Tertiary) : 57.78%
- Per capita State Income (2004-05 price) : Rs. 25,584

### **B. Industrial Growth**

- ❖ The state has resorted to development through industrialization
- ❖ Has signed 94 MoU with reputed firms with anticipated investment of 4,62,768 crores (2011-12)
- ❖ Most of these industries are metal based
- ❖ Since these industries are increasingly employing capital intensive and labour saving technologies to remain competitive in the global market the employment outcome is not encouraging.

### **C. Man and Mining in Odisha**

- ❖ 88% coal deposit 6% iron ore 0.3% of lime stone, 2% Bauxite found in Odisha
- ❖ 34% of employees are engaged in coal sector, 36 % in iron ore sector, 14.6% in chromites mining.
- ❖ Employment in mining is reducing due to mechanization.

### **D. Agrarian Distress in the State**

- ❖ Share of agriculture in GSDP has declined from 70% in 1950's to 15% in 2015
- ❖ 60% people yet depend on agriculture
- ❖ Per capita availability of land 0.39 hectare in 1950 reduced to 0.17 hec. in 2000
- ❖ 80% farmers are small and marginal
- ❖ In the reform period there was growth of agriculture due to
  - Expansion of grossed crop area
  - Increase expenditure on irrigation
  - Green Revolution strategy
- ❖ Land reform was neglected
- ❖ Agricultural developed through Green Revolution Technology was against poor peasants

- ❖ During 1990's state followed Neo-liberal Economic Policy. Hence, states reduced subsidy on agricultural inputs, de-regulate grain market, scale down government procurement options.
- ❖ It proved disastrous for poor peasants
- ❖ They were put in debt trap and started committing suicides.
- ❖ The product market is inter linked with the credit market and labour market.

#### **E. Poverty of the State**

- ❖ Odisha is the poorest state of the major states in Indian Union
- ❖ The state unemployment rate remains higher both in rural and urban areas than the national rate.
- ❖ The per capita income of the state is lower than the major state of India
- ❖ Monthly per capita expenditure is lower than the most of the state
- ❖ The Engel's ratio (the share of food expenditure in total expenditure both rural and urban area is higher than the all India level.

### **8.3 Objective of the Study**

The objectives of the study were broadly as follows:

- To study the process and pattern of migration and remittances received by the migrant households in Odisha
- To study the impact of remittances on the socio-economic well-being of the migrant households as well as the village community
- To explore whether remittances have broken production relation in the source area.

### **8.4 Methodology of the Study**

Given the objectives the study has adopted an analytical research design with sample survey approach. A multi stage purposive sampling method was adopted to identify the villages and the migrant households. Odisha is having 30 districts with three administrative divisions; two districts from each division were selected. Thus, we have selected Sundergarh and Bolangir from Northern division, Cuttack and Nayagarh from Central division and Kalahandi and Nuapada from Southern division. In the second stage, one block from each districts were selected from these six districts. These are also the blocks where heavy migration is taking place in the district. In the third stage, two villages from each of the blocks were selected. Thus, out of the six blocks we have selected 12 villages sending migrants and receiving remittances. In the fourth stage identification of the sample households for survey was carried out with the help of sampling frame obtain from the village quick survey and Focus Group Discussion. Our universe of the study was all migrant households from which either one or more members are migrating from the village and working outside and remitting

money to their homes. Thus we have covered 360 households as our effective sample for intensive study from the 12 villages located in 6 blocks of 6 districts in the state of Odisha.

In pursuance with the first objective we conducted a survey of the primary migrant households with the help of a structured interview schedule. The interview schedule provided for the identification of the respondent household along with his socio-economic and demographic profile of the household. This included the particular of land holdings, his labour disposition, residential houses, livestock and consumer durables, income, expenditure and indebtedness of the household etc.

We also collected information on the primary migrant from the source area who is remitting money. The questions includes the status of the primary migrant, reason for migration, his destination, recruitment process, type of work, amount of remittance, transfer process, decision in spending the remittance money etc.

In pursuance of the second and third objectives of studying the socio-economic impact of remittances on the well being of the migrant households and village community, the questionnaire contained questions on the pattern of end use of remittance, economic social and labour market, impact of remittances, along with impact on the village community at large. Analysis on the data obtained from the survey was done by using simple statistical tools like percentage, average, tables and charts. The study is by and large a participatory study and hence it is descriptive in nature.

## **8.5 Findings**

### **8.5.1 Socio-economic Profile of Migrant Households**

- ❖ The study has covered 360 migrant households those who are remitting money to their house in the 6 districts of Odisha.
- ❖ Out of 360 respondents we have covered in our sample 45% are male headed households and 55% are female headed households.
- ❖ Social class wise 35% of the households belong to ST category, 28.6% belongs to SC, 27% belongs to OBC and only 9.4% belong to general category households.
- ❖ 40% of the respondents belong to the age group of 26 to 45 years and 35% belongs to 46 to 60. Only 16% are sixty and above. Below 25 years age group is only 9%.
- ❖ 54% of the households are illiterate, 35% have attended up to primary level, 6% having middle school and 2.8% having high school education.
- ❖ 60% households are wage labourers, 18% are farmers, 9% are self employed in petty business and 10% are housewives.



- ❖ 42% of the households are landless and only 58% household own in average 0.85 acres of land.
- ❖ Paddy is the principal crops since 89% cultivate paddy, 47% cultivates pulses, only 27% cultivate vegetables and 9% cultivates oilseeds.
- ❖ Majority of the sample households do not own the agricultural implements. Only 14% own bullocks and 25% own plough. No one own tractor but they hire tractor for cultivation.
- ❖ 20% of the households own cows and 7% of the household own buffalos. 23% own goats and 4.5% own hens.
- ❖ 72% of the household sale their labour in the causal labour market only 27.5% employ causal labour.
- ❖ 51% of the respondent houses are tile ceiling, 29% of the households are thatched houses and only 20% of the houses are concrete ceiling in the sample households.
- ❖ Maximum number of households (83%) own mobiles, 44% households own TV, 20% households own watch, 17% households own bike and only 9% household own radios.
- ❖ The average annual income of the household is Rs.61,416/-. However 63% of this income is from remittances. Almost in all the districts remittance money dominates the total annual income of the household.
- ❖ The other most source of average income is from cultivation Rs. 12,546/-, causal labour Rs. 11,496/-, livestock Rs.2297/- and forest produce is Rs. 405/-
- ❖ The annual average expenditure is Rs. 52,285/- and maximum amount of expenditure is on food items.
- ❖ 57% of the households are indebted households.
- ❖ For 56% of the household, village money lender is the source of finance, for 43% of the household's, friends, for 26% banks and other 21% cooperative society was the source of finance.
- ❖ The main purpose of indebtedness was for meeting household consumption needs (68%), medical and health expenses (67%), repayment of old loans (16%), marriage of self or son or daughter (13%) and construction of houses (11%).

### **8.5.2 Migration and Remittances to the Migrant Household**

- In the majority of cases the relationship of the migrant with the respondent was father and son (37%) followed by husband and wife (32%).
- 97% of the primary migrants are males and only 3% are females
- There is no female migrant in Cuttack and Nayagarh and Nuapada has only one female migrant.

- 68% of the migrant reported their marital status as married and 31% of the married migrants were accompanied by their wives. None is accompanied with parents.
- 88% of the migrants are interstate migrants, migrating more particularly for the southern cities like Bangalore, Karnataka, Vishakhapatnam, Thiruvananthapuram and Chennai etc. Not a single one has gone outside the country.
- The principal cause of migration as has been reported from the sample village to repay the outstanding loan of the house(48%), followed by unemployment in the place of origin (38%), landlessness(27%) and social discrimination (2%) when asked about the pull factor 70% reported that better income in the place of destination is the cause of their migration.
- In majority of the cases friends were the guide for migration (44%), where as another 42% have migrated of their own. Only in case of 12% migrant's unlicensed agent were the agency for recruitment and for another 2% the approved agents were the recruiters.
- As far as finance for the migration is concerned in case of 41% of the migrants they themselves financed their migration where as 34% of the case family members have financed the migration. 12% of migrants have taken loan for migration and equally another 12% migrants have taken advance from the employers.
- 27% of the migrants are illiterates, 53% are educated up to primary level, 17% secondary level, 1% higher secondary level and 1% graduation. Only 0.6% are having some low technical skill but there was no CT/ B.Ed/ ITI / Nursing etc educated persons.
- The occupational distribution of the migrants gives a dismal picture this is because 73% of the migrants involved in low skilled daily wage labour where as 19% are low skilled factory workers. Only two migrants from Cuttack districts are pretty business men, two migrants are executives and 2 migrants from Sundergarh are teachers.
- 86% of the migrants are in contract jobs, meaning there by there is no job security and 94% of the migrants are in private jobs.
- 95% migrants those who are remitting money have planned to come back to their native place.
- Maximum size of remittance (52%) of the migrant household received Rs. 20,000/- to Rs. 40,000/-. 25% of the household received remittance within Rs. 40,000/- to 60,000/-, only 3% received remittance within Rs. 60,000/- to Rs. 80,000/- and 2% receive remittance above Rs. 80,000/-.
- Majority of the households (72%) received remittances through banks, 11% through relatives and 8% through co-workers. In 19% of the cases the migrant himself carry the amount while visiting the house.

- 32% of the migrant sends remittances monthly, 14% quarterly, another 14% once in a year and for 34 % of the migrants they themselves carry remittances and hence they do not feel the necessity of sending remittances frequently.
- In case of 58% of the household, the head of the household receives the remittances and 39% of the cases the wife receives the remittance amount.
- 39% of the migrant visit their native places once in a year, 42% visit twice in a year and 25% visit frequently to their native places.

### 8.5.3 Impact of Remittances on Migrant Households

- There is a multiple use of remittances by the households receiving them in all the sample districts.
- 97% of the households use remittances for consumption purpose in order to meet the daily needs of the house.
- 66% of the household use remittances for medical expenses and 46% on education.
- 46% of the household spend the remittance money in purchase and repair of their houses.
- 7% of the household spent the remittance money in purchase and improvement of land and 6% of the household spent it on purchase of livestock.
- Only 6% of the household spend the remittance money on purchase of gold and other 2% on the purchase of consumer's durables like bike, TV etc. Thus it is not true that the remittances money is being spent on conspicuous consumptions.
- 29% of the household could able to save the remittance money in the Bank. But the investment was not encouraging for only 3% household could invest in business.
- The study has covered three type of impact as perceived the remittance receiving households;
  - a. Economic
  - b. Social
  - c. Impact on labour market and village community
- ***There was positive economic impact due to;***
  - i. Increasing in household expenditure (79%)
  - ii. Better economic condition (77%)
  - iii. Remittance leads to increase in saving (29%)
  - iv. Change in investment pattern (23%)
  - v. Free from debt (62%)
  - vi. Feeling better than the household not receiving remittance (74%)
- ***There was positive social impact of remittances due to***

- i. Better family tie because the head of the household decides about the amount to be remitted (62%) and how the amount to be spent (54%)
  - ii. Leads to provide better education to their children
  - iii. Leads to better health and medical facilities.
  - iv. Increase the social prestige of the household
- ***Impact of labour market and village community***
    - i. After receiving the remittance the household have not stopped supplying their labour in the village labour market.
    - ii. For 70% of the household the wage rate has not increased due to mechanization of agriculture and labour circulation and use of seasonal migrant labourers.
    - iii. 60% of the remittance receiving households reported that their bargaining power in the village labour market has increased.
    - iv. Remittance has stopped the patron-client relationship in the village labour market.
    - v. There is no direct spill over effect of remittances to the village community which sends the migrants.
    - vi. However, even there is indirect benefits accrues to the non migrant households in the form of increasing employment and income when the migrant households spent their remittances, and purchasing consumers goods and including consumers durables.

## 8.6 Conclusions

From the above findings of the study it can be concluded that internal migration and remittances in Odisha is a household survival strategy. Major part of the remittances spent on basic subsistence need of the household in all most all the six districts of the state we have studied. In a state where there is high landlessness, dominance of small and marginal peasants, huge unemployment wide spread mass poverty, debt ridden peasants; migration and remittances for them is blessing in disguise. Remittance has lead to positive economic outcome in terms of increasing household expenditure, better economic condition, increasing in saving pattern and reducing the household indebtedness. This is a positive form of social transformation. Remittances are household strategy to counter backwardness.

The empirical result also provides positive social impact of remittance on the households. Remittance leads to better educational facilities and better access to health and medical facilities. Households receiving remittances feel better in the village social standing. Remittances are safety net for them.

Migration is an integral part of modern capitalist development. Hence migration and remittances impact to a great extent on changing the production relation. One noteworthy feature of the study is that even after migration and remittance the migrant households have not withdraw their labour from the village labour market. However as expected the wage rate in the village labour market has not increased due to the migration and remittances. This is partly due to mechanisation of agriculture and partly due to labour circulation and use of seasonal migratory labour as replacement labour. However, remittances have raised the bargaining strength of the migrating and remittance receiving households. Remittances have set the labouring household free to sale their labour in the village labour market or to migrate. Now there is no attachment with village rich peasants or patriarchal ties or patron-client relationship. This is the dynamics of remittances in changing the rural structure.

One shortcoming of this study is that it has collected data on migrant households from the source area. So that what is happening to the migrants those who are remitting money at the destination is not finding place in the report. Hence the situation of the remitter at destination has remained untold.

To conclude, the results of this study suggest that future research on internal migration and remittances should collect data from both the source area as well as the destination of the remitter for better understanding of its impact on the remittances receiving households.

## **8.7 Recommendations of the Study**

### **i. Need for more research on Internal migration and Remittances**

In the recent years large numbers of studies are available on international migration and remittances. Since internal migration is now recognised as an important factor in influencing socio-economic development, this is an under research area. The domestic household remittance market was estimated to be in range of Rs. 45,000/- to Rs. 50,000/- crores or around \$ 10 billion in 2007-08, and states like Uttar Pradesh, Bihar, Rajasthan, West Bengal, Odisha top domestic remittance receiving states ( Tumbbe 2011). Hence more study on migration and remittances are necessary in order to better understanding of its impact on the remittance receiving households, village community and village labour market in the source area.

### **ii. Data based on Migration and remittances should be strengthened at state and district level.**

Though there is a labour and employment department in government of Odisha with plethora of government officials like labour commissioner, Director of labour and Employment etc there is no data base at state level or district level on labour migration and their remittances

to the state. Hence, database on labour migration and remittances should be strengthened for better analysis and understanding.

**iii. Provide cheap and accessible remittance services to the remitter as well as remittance receiving households.**

The Rangarajan Committee on financial inclusion included remittances as financial service to provide to the poor at a lower cost (GoI, 2008). Through a number of facilities are available for international remittances such facilities are not available to the internal migrants to remit money safely and quickly. Most of the internal migrant sending areas are so backward that they do not have minimum financial infrastructure like banks, ATMs, microfinance institutions. That is why most of the remitter sending money through friends, relatives or co-workers which is known as informal way of sending money. Hence the study recommends to setup financial infrastructure in rural migration prone areas.

**iv. Create new Saving and Investment Opportunities at the source area**

The nationalized bank should be gear up at the heavy migration sending and remittances receiving areas to create awareness among the remittance receiving households about the product available for saving and investment. Thus bank can play an important role in channelling remittances to a more productive way by mobilizing the small savings of the remittance receiving households. In the absence of banking facilities in rural areas a number of chit fund companies have swindle money from small saver in Odisha. State can protect small savers from such unscrupulous financial swindlers.

**v. Protect the remitter by strengthening the legal structure to ensure minimum conditions of work**

Remittance automatically would not deliver economic development and social well being. Hence the state is to create a conducive atmosphere for the migrant to work in a decent work condition and remit money. Legislative laws, rules, regulations, statutes are there for governing hiring, terms of employment and condition of employment of the migrant labourer. Particularly Child Labour (Prohibition and Regulation) Act 1980, Contract Labour (Regulation and Abolition) Act 1970, Minimum Wage Act 1948, Equal Remuneration Act 1976, Bonded Labour System Abolition Act 1976, Inter-state Migrant Workers (Regulation of Employment and Condition of service) Act 1979 are there to protect the interest of the workers . But these laws are not being implemented in their proper spirit. Often the employers were violating them with the willing approval of the government. Hence the study recommends for the strict implementation of these existing laws by creating appropriate institutional and administrative mechanism. This would ensure better working condition and more remittances.

**vi. Ensure Social protection measures in order to set free saving and investment and consequently economic development of the place of origin**

This study does not recommend for minimizing migration and remittances or totally stopping it. Neither they are desirable nor are they possible, for, as the society develops migration and remittances would increase. Particularly after globalization and liberalization of the economy state is following an outward oriented, market driven export led growth strategy. Instead of taking human development it has taken material development as an integral part of development policy. This policy has put tremendous impact on the world of work. It has introduced the flexible labour market policy, where labour market has become in formalized and segmentation and discrimination has taken place in the labour market. Hence employment of typical, non standard, part-time, home working and casual type has increased (Nath 2008). This is what is known as accumulation via a low road to capitalism where accumulation is taking place through cheapening of labour cost (Srivastav 2011a). Hence, what the study recommending, is to ensure government intervention in the form of increasing social welfare, providing much needed social security measures like old age pension, widow pension, public services like education and health facilities, food stuff through public distribution system, housing facilities through Indira Awas Yojana, sustainable livelihood at place of origin etc. These are the precondition for getting better result from migration and remittances. Remittances alone can neither change the structure of the society nor ensure economic development, if major portion of the remittances would spend on consumption needs. With state intervention in the economy in the form of providing social welfare and social security, these households would not spend much on consumption needs or health, education and housing. They would leave with more remittance money for increasing saving, investment and level of economic activities.

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## Annexure-1: Household Interview Schedule

## THE IMPACT OF REMITTANCES FROM MIGRANT WORKERS ON THEIR FAMILIES AND LOCAL ECONOMY DEVELOPMENT OF ODISHA

**For Ministry of Statistics and Programme Implementation-Govt. of India**

### DEVELOPMENT INITIATIVE

#### **Household Interview Schedule**

Sch. No.

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#### **Identification of the respondent**

Name of Respondent/ Head of the household .....

Address: Village ..... Po. ....Block. ....

Sub-division. .... District. ....

Cast: General/OBC/ST/SC.....Religion .....

#### **1. Details of all members of the household**

Sl No	Name	Rel. with Head	Age	Sex	Marital Status	Educational att.	Occupational Status
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							

**Rel.** - Spouse-1, son-2, Daughter-3, Brother-4, Sister-6, Grandson-7, Granddaughter-8, Nephew-9, Niece-10, D-in-Law-11, S-in-Law-12, **Sex**- Male-1, Female-2, **Marital Status**- Single-1, Married-2, Divorced-3, Widower-4, Other-6, **Edu.**- Ill/Just lit-1, Primary-2, Secondary-3, Grad-4, Post Grad+-5, **Occ. St**- Farmer-1, Wage labour-2, Self employed-3, Others-4, Specify

**Address for Communication:** At/Po: Industrial Estate, Dist; Jharsuguda, Odisha-768203  
[Tel:06645-274021](tel:06645-274021), [09437961278](tel:09437961278), Email:psm.odisha@gmail.com/dev\_initiative@rediffmail.com

**Section -I: Household Profile****1) Particular of land holding**

In acre			
1	Land Less		1
2	Own land		2
3	Do you cultivate Land	yes No	1 2

**2) Labour Disposition**

4	Do you work for other as casual labour	yes No	1 2
5	Do you employ casual labour	Yes No	1 2

**3) Cropping Pattern**

6	Do you Cultivate	Yes No	1 2
7	(a) Paddy (b) Pulses (c) Vegetable (d) Oilseeds		1 2 3 4

**4) Asset Position of the Household**

8	Residential house	Yes/No	
	(i) Concrete ceiling (ii) Tile ceiling (iii) Thatched house		1 2 3
9	Agricultural implements owned	Yes/No	
	(i) Bullocks (ii) Plough (iii) Tractor		1 2 3
10	Livestock owned	Yes/No	
	(i) Cows (iv) Buffalos (v) Goats (vi) Hens		1 2 3 4
11	Consumers durable owned	Yes/No	
	(i) Radio (ii) TV (iii) Watch (iv) Bike (v) Mobile		1 2 3 4 5

**Section -II: Household Income, Expenditure & Indebtedness****1) Total annual income of the house from all sources**

	Items	In Rs.	
1	Cultivation	Rs.	
2	Live stock	Rs.	
3	Forest Produce	Rs.	
4	Selling of Labour Casual Laour	Rs.	
5	Pension/ old age pension/ Service	Rs.	
6	Miscellaneous	Rs.	
7	Remittance to house	Rs.	
TOTAL OF THE ABOVE			

**2) Expenditure pattern**

Sl No.	Items	
1	Food	Rs
2	Cloth	Rs
3	Education	Rs
4	Health	Rs
5	Miscellaneous	Rs
TOTAL OF THE ABOVE		

**3) Indebtedness : Are you in debt****Yes -1****No-****2**

Sl No.	Sources	Cash	
1	Bank		
2	Co-operative society		
3	Village money lender		
4	Friends / Relatives		

**4) Purpose of loan****Yes**

Sl No.	Sources	
1	Consumption	
2	To repay old loan	
3	Medical expenses	
4	House Construction	
5	Marriage	
6	Miscellaneous	

**Section -III: Migration, Remittances Transfer Process****1. Migration and remittance details of primary remitter :**

1	Relationship with head	Father Mother Son Daughter Sister Brother Others, specify	1 2 3 4 5 6 7
2	Present age of the migrant		
3	Sex	Male Female	1 2
4	Marital Status	Single Married	1 2
5	If married, whether he/she is accompanied by spouse and other relatives	Spouse Spouse parents	1 2
6	Country/ City where migrated	1) Inside the district 2) Inside the state 3) Out side the state 4) Foreign	1 2 3 4
7	Reasons for migration (multiple choice)	1) Landlessness 2) Unemployment 3) To repay household loan 4) Social discrimination in the village 5) Better income opportunity 6) Better life style in city	1 2 3 4 5 6
8	Agency of recruitment	Friends / relatives Own Self Approved recruiting agents Unlicensed recruiting agents Advance from the Employer taleen	1 2 3 4 yes/No
9	Who financed migration	Family members  Loan from Middlemen  Self	1  2  3

		Advance from employer	4
10	Education	Illiterate	1
		Primary	2
		Secondary	3
		Higher secondary	4
		Graduation	5
		Technical	6
		CT, BED, ITI	7
		Nursing	8
		No technical education	9
11	Occupation at work place	Clerical level	1
		Teacher	2
		Nurses	3
		Executive	4
		Technician (Lab, beautician, video)	5
		Businessmen	6
		Self employed	7
		Factory worker	8
		Daily Labor/ Coolie	9
		Others, specify	10
12	Type of work	Permanent	1
		Contract	2
13	Type of Organization Govt.	Govt.	1
		Private	2
14	Does the migrant plan to return home	Return      Yes	1
		No	2
15	Remittances (average amount per year)		
16	Modes of transfer of Remittances (multiple choice)	Banks	1
		Post Office	2
		Private Operators	3
		Co-Workers	4
		Relatives	5
		Self	6
17	Frequency of sending	Monthly	1

		Quarterly	2
		Twice a Year	3
		Once a year	4
		In frequent	5
18	Whether wage rate has increased after migration	Yes	1
		No	2
19	Has you bargaining power increased in the wage market	Yes	1
		No	2
20	Usual primary receiver of Remittances	Wife	1
		Head of the family	2
		Other relatives	3
		Others	4
21	How many times the migrant visit the home per annum	Once a year	1
		Twice a year	2
		frequently	3

## Section -IV: Uses and Impact of Remittances

### Average amount of remittance received last year

#### 1. Uses of remittances (multiple choice): yes

1	State the uses of remittances received by the household since migration of the primary migrant	Daily needs/consumption	1	Rs. ....
		Purchase of land or Improvement of land	2	Rs. ....
		Purchase of livestock	3	Rs. ....
		Purchase of house or repair	4	Rs. ....
		Purchase of gold ornaments	5	Rs. ....
		Schooling/Education	6	Rs. ....
		Medical expenses	7	Rs. ....
		Business	8	Rs. ....
		Deposit in banks	9	Rs. ....
		Loan repayment for family debt	10	Rs. ....
		Financial assistance for community development	11	Rs. ....
		Other uses:	12	Rs. ....
		Buying bike, TV etc,		Rs. ....

**2. Economic impact of remittance and impact post recession, if any:**

2	Had the household expenditure changed since it started receiving remittances?	Yes No	1 2
3	Did the remittance leads to better economic condition	Yes No	1 2
4	Did the remittance leads to increasing in year saving	Yes No	1 2
5	Was there any change in investment pattern?	Yes No	1 2
6	Are you free from debt after remittance	Yes No	1 2
7	Specify:		
8	Do you feel your better than the house hold not receiving remittance	Yes, definitely Yes, but not significantly	1 2

**3) Social impact of remittance:**

9	Who decides on the amount of remittances?	Migrant Household head Other family members at origin	1 2 3
10	Who mainly decides on the uses and spending pattern of remittances?	Household head Remitter & Wife/ Self Other members in the family at origin	1 2 3
11	Has the flow of remittances to the family income led to access to schooling and higher studies for children at the household?	Yes, definitely Yes, but not significantly	1 2
12	Has the flow of remittances to the household income led to access to better health and medical facilities for the household members?	Yes, definitely Yes, but not significantly No	1 2 3
13	Do you feel your social prestige in the village has increased due to remittance.	Yes No	1 2
14	Have you contributed any money for the community of your village	Yes No	1 2
15	Have you stop working due to receiving remittance	Yes No	1 2

Lessons learnt from the interview:

1.

2.

3

Name of the Investigator: .....

Signature: .....

Place of Survey:.....Date of Survey:.....

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# SUMMARY OF THE REPORT

## THE IMPACT OF REMITTANCES FROM MIGRANT WORKERS ON THEIR FAMILIES AND LOCAL ECONOMY DEVELOPMENT OF ODISHA

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Sponsored by

Ministry of Statistics & Programme Implementation  
(Social Statistics Division)  
Government of India, New Delhi  
2016

Development Initiative  
Industrial Estate, Jharsuguda, Odisha  
E.mail: [dev\\_initiative@rediffmail.com](mailto:dev_initiative@rediffmail.com)

## SUMMARY OF THE REPORT

### The Impact of Remittances from Migrant Workers on their Families and Local Economy Development of Odisha

#### **1. Context and Need of the Study**

Uneven capital penetration has created pockets of affluence as well as poverty. Hence there is a movement of labour from subsistence sector to the developed capitalist sector. Migration and remittance may be internal or international, when the labour moves outside the country and remit money it is international migration and remittances. But when labour moves within the country and remit money it is called internal or domestic migration and remittance. In recent years migration and remittances have been considered as a major source of support to the remittance receiving households. This is due to the fact that remittance has the potential to create positive outcome in the remittance receiving households as well as the village community which sends the migrants.

World Bank has estimated that India is the largest recipient of international remittances in the world. In 2008 the volume of remittances to India was \$52 billion which contributed 4.2 percent of the GDP. North America, Gulf and European countries are the source region of international remittances. Kerala, Punjab, Tamilnadu, Andhra Pradesh, Gujarat and Goa are the major states those who receive sizable amount of international remittances. International migration and remittances has led to the economic well being of the remittances receiving households and at the same time it has enhanced the precious foreign exchange earning of our country.

However, most of the migration and remittances in India are internal. Because of migration selectivity, it is not possible on the part of the poor unskilled migrant to migrate internationally. Migration involves transaction cost which they cannot meet for international migration. Hence internally they can migrate from one district to other and from one state to other. It has been notice from 2001 census data that 30.1 percent migrants for economic reason were intra district migrants and 36.3 percent were inter-state migrants. For internal migration and remittances the major net sending states are the backward states like Bihar, Madhya Pradesh, Rajasthan, Odisha, Utter Pradesh, Jharkhand and Chhattisgarh. The net internal migrant receiving states are Maharashtra, Delhi, Gujarat, and Punjab. Tumbe (2011) has estimated that the domestic remittances to be in the range of Rs. 45000 to 50000 crores or around \$10 billion in 2007-08. Nearly 80% of the domestic remittances went to households in rural areas. At all India level 60% of the domestic remittances were inter-state

transfers and 40% were intra-states transfers. Uttar Pradesh, Bihar, Rajasthan, West Bengal and Odisha receives over half of the domestic remittance flow.

Using NSS data on household remittances Tumbe (2011) has shown that Odisha account for only 0.5% of the household remittance flow in India. On the other hand Odisha is a leading migration sending and remittances receiving state only due to internal migration and remittances. NSS data for 2007-08 shows that 7.13% of the household receive domestic remittances in the state and 63% of this remittance are inter-state transfer. (Tumbe 2011). By and large, migration in Odisha is internal and internal migration & resultant remittances often make up an important share of the income of the poor households. This income from remittances significantly has reduced the level, depth and severity of poverty in the poor communities in the state. However it has been argued by scholars that households receiving remittances are spending them in conspicuous consumption and rarely do they invest in any productive purpose. There is also labour shortage in the place of origin and that has raised the wage of labour in the rural areas. Thus doubt has been raised on the efficacy of remittances in enhancing the standard of living of the remittance receiving households as well as the development of their place of origin. However there is not much study on internal migration to verify this claim and counter claim. Most of the study which are there, they have dealt with international migration and remittances. Not only researchers but also government very often neglect internal migration in its policy discourses. Whatever studies are available they are concentrated in advance states like, Gujarat, Kerala, Punjab, Andhra Pradesh etc. Odisha is under research area and nothing is known about the use of remittances channels collecting these funds, impact of remittances on the socio-economic condition of the remittances receiving households etc. Hence taking into consideration, the existing gaps in the research on the one hand and the importance of internal migration on the other, the present study attempts to understand the impact of remittances on the migrant households in particular and the source village community in general.

## **2. A brief Socio-economic Profile of the State: Odisha**

### **2.1. Administrative Structure**

Area (in Sq. Km)	: 155,707
District	: 30
Sub-division	: 58
Tehsils	: 171
Blocks	: 314
GP	: 6234
Village	: 51048

## **2.2. Population Structure**

Population (2011 Census)	: 4,19,47,558
(2001 Census)	: 3,68,04,660
Decimal Growth Rate	: 13.97%
Sex Ratio	: 978
Scheduled Tribes	: 22.13%
Scheduled Caste	: 16.53%
Density of Population	: 269
Literacy Rate	: 73.45%
Male	: 82.40%
Female	: 64.36%
Urban Population	: 16.7%

## **2.3. Composition of Gross State Domestic Product (2011-12)**

Agriculture (Primary)	: 16.44%
Industry (Secondary)	: 25.78%
Service (Tertiary)	: 57.78%
Per capita State Income (2004-05 price)	: Rs. 25,584

## **2.4. Industrial Growth**

- The state has resorted to development through industrialization
- Has signed 94 MoU with reputed firms with anticipated investment of 4,62,768 crores (2011-12)
- Most of these industries are metal based
- Since these industries are increasingly employing capital intensive and labour saving technologies to remain competitive in the global market the employment outcome is not encouraging.

## **2.5. Man and Mining in Odisha**

- 88% coal deposit 6% iron ore 0.3% of lime stone, 2% Bauxite found in Odisha
- 34% of employees are engaged in coal sector, 36 % in iron ore sector, 14.6% in chromites mining.
- Employment in mining is reducing due to mechanization.

## **2.6. Agrarian Distress in the State**

- Share of agriculture in GSDP has declined from 70% in 1950's to 15% in 2015
- 60% people yet depend on agriculture
- Per capita availability of land 0.39 hectare in 1950 reduced to 0.17 hec. in 2000
- 80% farmers are small and marginal
- In the reform period there was growth of agriculture due to

- Expansion of grossed crop area
  - Increase expenditure on irrigation
  - Green Revolution strategy
- Agricultural developed through Green Revolution Technology was against poor peasants
- During 1990's state followed Neo-liberal Economic Policy. Hence, states reduced subsidy on agricultural inputs, de-regulate grain market, scale down government procurement options.
- It proved disastrous for poor peasants
- They were put in debt trap and started committing suicides.
- The product market is inter-linked with the credit market and labour market.

## **2.7. Poverty of the State**

- Odisha is the poorest state of the major states in Indian Union
- The state unemployment rate remains higher both in rural and urban areas than the national rate.
- The per capita income of the state is lower than the major state of India
- Monthly per capita expenditure is lower than the most of the state
- The Engel's ratio (the share of food expenditure in total expenditure both rural and urban area is higher than the all India level.

## **3. Objective of the Study**

The objectives of the study were broadly as follows:

- a. To study the process and pattern of migration and remittances received by the migrant households in Odisha
- b. To study the impact of remittances on the socio-economic well-being of the migrant households as well as the village community
- c. To explore whether remittances have broken production relation in the source area.

## **4. Methodology of the Study**

Given the objectives the study has adopted an analytical research design with sample survey approach. A multi stage purposive sampling method was adopted to identify the villages and the migrant households. Odisha is having 30 districts with three administrative divisions; two districts from each division were selected. Thus, we have selected Sundergarh and Bolangir from Northern division, Cuttack and Nayagarh from Central division and

Kalahandi and Nuapada from Southern division. In the second stage, one block from each districts were selected from these six districts. These are also the blocks where heavy migration is taking place in the district. In the third stage, two villages from each of the blocks were selected. Thus, out of the six blocks we have selected 12 villages sending migrants and receiving remittances. In the fourth stage identification of the sample households for survey was carried out with the help of sampling frame obtain from the village quick survey and Focus Group Discussion. Our universe of the study was all migrant households from which either one or more members are migrating from the village and working outside and remitting money to their homes. Thus we have covered 360 households as our effective sample for intensive study from the 12 villages located in 6 blocks of 6 districts in the state of Odisha.

In pursuance with the first objective we conducted a survey of the primary migrant households with the help of a structured interview schedule. The interview schedule provided for the identification of the respondent household along with his socio-economic and demographic profile of the household. This included the particular of land holdings, his labour disposition, residential houses, livestock and consumer durables, income, expenditure and indebtedness of the household etc.

We also collected information on the primary migrant from the source area who is remitting money. The questions includes the status of the primary migrant, reason for migration, his destination, recruitment process, type of work, amount of remittance, transfer process, decision in spending the remittance money etc.

In pursuance of the second and third objectives of studying the socio-economic impact of remittances on the well being of the migrant households and village community, the questionnaire contained questions on the pattern of end use of remittance, economic social and labour market, impact of remittances, along with impact on the village community at large. Analysis on the data obtained from the survey was done by using simple statistical tools like percentage, average, tables and charts. The study is by and large a participatory study and hence it is descriptive in nature.

## **5. Findings**

### **5.1. Socio-economic Profile of Migrant Households**

The study has covered 360 migrant households those who are remitting money to their houses in the six districts of Odisha. Out of these 360 respondents we have covered in our sample 45% are male and 55% are female headed households. Social class wise 35% of the households belong to ST category, 29% SC, 27% OBC and 9% belong to

general category households. As far as the educational attainment is concerned 54% of respondents were illiterate, 35% have attended up to primary level and rest 9% were up to high school level. The occupational structure of the households shows that 60% of the households were labourers, 18% were farmers and 9% were employed in petty business.

The size of the land ownership shows that 42% of the households are landless and only 58% households own 0.85 acres of land in average.

The cropping pattern shows that paddy is the principal crops since 89% households cultivate paddy. 47% households cultivate pulses, 27% cultivate vegetables and 9% cultivate oil seeds. Majority of the sample households do not own agricultural implements. Only 14% own bullocks and 25% own plough. It is noticed from the field study that 72% of the households sell their labour in the casual labour market where as only 28% household employ casual labour. It is noticed during the field study that 51% of the respondents houses are tile-ceiling, 29% are thatched houses and 20% of the houses are concrete ceiling. 83% of the households own mobile, 44% own TV, 20% own watch, 17% own bike in the households.

It is noticed that in almost all the districts remittance money dominates the total annual income of the households. The average annual income of the households was Rs. 61,416/- and 63% of this income is from remittances.

Looking at the indebtedness, it is seen that 57% of the households are indebted households. For 56% households, village moneylender is the source of finance, for 43% of the households' friends, for 26% banks and for 21% cooperative society was the source of finance. The main purpose of indebtedness was for 68% households to meet the consumption needs, for 67% to meet the medical and health expenses, for 16% repayment of the old loans, for 13% the marriage of self, son or daughter, and for 11% the construction of the houses.

## **5.2. Migration and Remittances to the Migrant Households**

In studies on remittances based on migrant households at the origin, basic socio-economic and demographic information of the primary migrants who are remitting to the family has been an integral part of the study. In the majority of the cases the relationship of the migrant with the respondent was father and son (37%) followed by husband and wife (32%). 97% of the primary migrants are male and 3% are female. 68% of the migrants reported their marital status as married and 31% of the married migrants were accompanied by their wives.

When probed about the destination of migration stream we got very interesting results. 88% of the migrants are inter-state migrants, migrating for the southern cities like Bangalore, Karnataka, Vishakhapatnam, Thiruvantapuram and Chennai etc. Not a single one has gone outside the country. The principal cause of migration as has been reported from the sample villages are to repay the outstanding loan of the house (48%), followed by unemployment in the place of origin (38%), landlessness (27%) and social discrimination (2%). When asked about the pull factor, 70% reported that better income in the place of destination is the cause of their migration.

In case of rural urban migration social capital plays an important role in the migration process. Hence in the majority of the cases friends were the guides for migration (44%), where as another 42% have migrated on their own. Only in case of 12% migrants unlicensed agents were the agency for recruitment and for another 2%, the approved agents were the recruiters. As far as finance for the migration is concerned in case of 41% of the migrants they themselves finance their migration where as 34% of the cases family members have financed the migration, 12% of the migrants have taken loan for migration and equally another 12% migrants have taken advance from their employers.

Educational level of the primary migrant is an important variable in the study of migration and remittances. 27% of the migrants are illiterates, 53% are educated up to primary level, 17% secondary level, 1% higher secondary level, 1% graduation level and 5% are having some low technical skill. Given such educational standard it is not surprising that the occupational distribution of the migrants gives a dismal picture. 73% of migrants involved in low skilled daily wage labour where as 19% are low skilled factory workers. Only two migrants from Cuttack district are petty business men, two migrants are executives and 2 migrants from Sundergarh are teachers. 95% migrants are in contract jobs, meaning there by, there is no job security and 94% of the migrants are in private jobs. Given the nature of their jobs 95% of the migrants those who are remitting money have planned to come back to their native place.

Our field study reveals that 18% of the household received within Rs. 20,000/-, 52% of the households received Rs. 20,000/- to Rs. 40,000/-, 25% of the household received remittance within Rs. 40,000/- to Rs. 60,000/-. Only 3% of the migrant households receiving Rs. 60,000/- to Rs. 80,000/- and 2% received remittance above Rs. 80,000/- per annum. 79% of the households received remittances through formal channels like banks and post offices. 11% of the migrant households received the remitted money through private operators, 8% through co-workers. In 19% of the cases the migrant himself carry the



amount while visiting the house. As far as the frequency of receive of remittance is concerned, 32% of the migrant households receive remittance monthly, 14% quarterly, another 14% once in a year. In case of 58% of the migrant households the head of the household either father or mother receives the remittance money and 39% of the cases the wife receives the remittance amount. Almost all the migrants have kept the link with their family members by regularly visiting them.

### **5.3. Impact of Remittances on Migrant Households**

The respondents in the study were asked about the use of remittances they have been receiving from their kith and kin. One can infer from their response that there are multiple uses of the remittances in almost all the sample districts. 97% of the households use remittances for consumption purpose, 66% use remittances for medical purpose, 46% spend the amount on education of the children and 40% spend the amount of remittance on purchase and repair of their houses. Only 7% household spend the remittance money on purchase and improvement of land and 6% on purchase of livestock, 6% households spent the remittance money on purchase of gold and other 2% on purchase of consumer durables. Thus it is not true that the remittance money is spent on conspicuous consumptions. 29% of the households could be able to save the remittance amount in the banks.

### **5.4. Economic Impact of Remittances on Migrant Households**

An attempt was made to assess the change in the economic position through the perception of the respondent households. It was revealed that 79% of the respondent households responded positively about the changing nature of household expenditures. Remittances have increased their consumption capacity and they have diversified their expenditure pattern. Remittance has led to better economic condition in case of 77% of the sample migrant households. Remittance has also led to increase in savings for 29% of the households, and 23% of the households could be able to change their investment pattern. The most important impact of remittances was that 62% of the households could be free from the debt of burden. In the perception of 74% of the households, they were better than the households who do not receive remittances.

### **5.5. Social Impact of Remittances on the Migrant Households**

There was positive social impact of remittances due to better family tie because the head of the household decided about the amount to be remitted (62%) and how the amount to be spent (54%). The result of the survey also shows positive impact of remittance on the level of education and health of the remittance receiving

households. Again for 54% of the households, their social position in the village has enhanced since they are receiving remittance regularly.

### **5.6. Impact of Remittance on Labour Market and Village Community**

One of our hypotheses was that the remittance receiving household would stop supplying their labour in the village labour market. However, 92 % of the households have not withdrawn their labour from the village labour market even if they are receiving remittance money. Thus the households are too poor to withdraw their labour from the labour market. For 70% of the households the wage rate has not increased due to labour circulation and use of seasonal migrant labourers. However 60% of the remittance receiving household reported that their bargaining power in the village labour market has increased. Another positive impact of remittance is that it has stopped the patron-client relationship in the village labour market. So far as the village community is concerned, there is no direct spill-over effect of the remittances to the village community which sends the migrants. However, there is indirect benefits accrues to the non-migrant households in the form of increasing employment and income when the migrant households spend their remittance and purchasing consumer goods and consumer durables.

## **6. Conclusions**

From the above findings of the study it can be concluded that internal migration and remittances in Odisha is a household survival strategy. Major part of the remittances spent on basic subsistence need of the household in all most all the six districts of the state we have studied. In a state where there is high landlessness, dominance of small and marginal peasants, huge unemployment wide spread mass poverty, debt ridden peasants; migration and remittances for them is blessing in disguise. Remittance has lead to positive economic outcome in terms of increasing household expenditure, better economic condition, increasing in saving pattern and reducing the household indebtedness. This is a positive form of social transformation. Remittances are household strategy to counter backwardness.

The empirical result also provides positive social impact of remittance on the households. Remittance leads to better educational facilities and better access to health and medical facilities. Households receiving remittances feel better in the village social standing. Remittances are safety net for them.

Migration is an integral part of modern capitalist development. Hence migration and remittances impact to a great extent on changing the production relation. One noteworthy feature of the study is that even after migration and remittance the migrant households have not

withdraw their labour from the village labour market. However as expected the wage rate in the village labour market has not increased due to the migration and remittances. This is partly due to mechanisation of agriculture and partly due to labour circulation and use of seasonal migratory labour as replacement labour. However, remittances have raised the bargaining strength of the migrating and remittance receiving households. Remittances have set the labouring household free to sale their labour in the village labour market or to migrate. Now there is no attachment with village rich peasants or patriarchal ties or patron-client relationship. This is the dynamics of remittances in changing the rural structure.

One shortcoming of this study is that it has collected data on migrant households from the source area. So that what is happening to the migrants those who are remitting money at the destination is not finding place in the report. Hence the situation of the remitter at destination has remained untold.

To conclude, the results of this study suggest that future research on internal migration and remittances should collect data from both the source area as well as the destination of the remitter for better understanding of its impact on the remittances receiving households.

## **7. Recommendations of the Study**

### **7.1. Need for more research on Internal migration and Remittances**

In the recent years large numbers of studies are available on international migration and remittances. Since internal migration is now recognised as an important factor in influencing socio-economic development, this is an under research area. The domestic household remittance market was estimated to be in range of Rs. 45,000/- to Rs. 50,000/- crores or around \$ 10 billion in 2007-08, and states like Utter Pradesh, Bihar, Rajasthan, West Bengal, Odisha top domestic remittance receiving states ( Tumble 2011). Hence more study on migration and remittances are necessary in order to better understanding of its impact on the remittance receiving households, village community and village labour market in the source area.

#### **7.1.1. Data based on Migration and remittances should be strengthened at state and district level.**

Though there is a labour and employment department in government of Odisha with plethora of government officials like labour commissioner, Director of labour and Employment etc there is no data base at state level or district level on labour migration and their remittances to the state. Hence, database on labour migration and remittances should be strengthened for better analysis and understanding.

## **7.2. Provide cheap and accessible remittance services to the remitter as well as remittance receiving households.**

The Rangarajan Committee on financial inclusion included remittances as financial service to provide to the poor at a lower cost (GoI, 2008). Through a number of facilities are available for international remittances such facilities are not available to the internal migrants to remit money safely and quickly. Most of the internal migrant sending areas are so backward that they do not have minimum financial infrastructure like bank, ATMs, microfinance institutions. That is why most of the remitter sending money through friends, relatives or co-workers which is known as informal way of sending money. Hence the study recommends to setup financial infrastructure in rural migration prone areas.

## **7.3. Create new Saving and Investment Opportunities at the source area**

The nationalized bank should be gear up at the heavy migration sending and remittances receiving areas to create awareness among the remittance receiving households about the product available for saving and investment. Thus bank can play an important role in channelling remittances to a more productive way by mobilizing the small savings of the remittance receiving households. In the absence of banking facilities in rural areas a number of chit fund companies have swindle money from small saver in Odisha. State can protect small savers from such unscrupulous financial swindlers.

## **7.4. Protect the remitter by strengthening the legal structure to ensure minimum conditions of work**

Remittance automatically would not deliver economic development and social well being. Hence the state is to create a conducive atmosphere for the migrant to work in a decent work condition and remit money. Legislative laws, rules, regulations, statutes are there for governing hiring, terms of employment and condition of employment of the migrant labourer. Particularly Child Labour (Prohibition and Regulation) Act 1980, Contract Labour (Regulation and Abolition) Act 1970, Minimum Wage Act 1948, Equal Remuneration Act 1976, Bonded Labour System Abolition Act 1976, Inter-state Migrant Workers (Regulation of Employment and Condition of service) Act 1979 are there to protect the interest of the workers . But these laws are not being implemented in their proper spirit. Often the employers were violating them with the willing approval of the government. Hence the study recommends for the strict implementation of these existing laws by creating appropriate institutional and administrative mechanism. This would ensure better working condition and more remittances.

### **7.5. Ensure Social protection measures in order to set free saving and investment and consequently economic development of the place of origin**

This study does not recommend for minimizing migration and remittances or totally stopping it. Neither they are desirable nor are they possible, for, as the society develops migration and remittances would increase. Particularly after globalization and liberalization of the economy state is following an outward oriented, market driven export led growth strategy. Instead of taking human development it has taken material development as an integral part of development policy. This policy has put tremendous impact on the world of work. It has introduced the flexible labour market policy, where labour market has become in formalized and segmentation and discrimination has taken place in the labour market. Hence employment of typical, non standard, part-time, home working and casual type has increased (Nath 2008). This is what is known as accumulation via a low road to capitalism where accumulation is taking place through cheapening of labour cost (Srivastav 2011a). Hence, what the study recommending, is to ensure government intervention in the form of increasing social welfare, providing much needed social security measures like old age pension, widow pension, public services like education and health facilities, food stuff through public distribution system, housing facilities through Indira Awas Yojana, sustainable livelihood at place of origin etc. These are the precondition for getting better result from migration and remittances. Remittances alone can neither change the structure of the society nor ensure economic development, if major portion of the remittances would spend on consumption needs. With state intervention in the economy in the form of providing social welfare and social security, these households would not spend much on consumption needs or health, education and housing. They would leave with more remittance money for increasing saving, investment and level of economic activities.

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