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Usage pattern of remittances sent by migrants to their families



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Abstract

Remittances are the amount of money or other utility items sent as payment or gift to someone back at the place of residence. Present study was conducted with the objective to study the pattern of sending the remittances and its usage by the migrants' household. For conducting the study migrant labourers from Bihar were selected and interviewed in Ludhiana and their corresponding households in Bihar were also interviewed. Migrant labourers in Ludhiana who were resident of any of the three districts of Bihar namely Nalanda, Samastipur and Muzaffarpur were selected and from each district 40 households were selected making a total of 120 households in Bihar and 120 respondents in Ludhiana. Results revealed that the average amount of money sent by migrants to their families was Rs. 6891.66 per month. The main use of remittances was in saving for future followed by children's education, purchase of land, clothes, marriage purpose, house construction, health and food. It can be concluded from the study that remittances play a major role in development of the households of migrants.

Keywords: Bihar, remittances, migrants, migrant households, Ludhiana

Introduction

The movement of people from one area to another is an important and characteristic phenomenon of the population residing in developing regions of the country. Every part of country that has undergone modernization and industrialization has simultaneously experienced major population redistribution. Such movements exert a persistent influence on the social, economic, political and demographic structure of both the sending and receiving regions (Khan 2010) [1]. The migrants send sizeable amount of income on a regular basis to their families in the native villages either directly to their wives or elder male members (Parikh 1986, Sahu and Das 2008) [3, 5]. They want their hard earned money to be sent in a fast and safe mode (Sen 2007) [6]. It was found that migrant's choice of mode for sending money to the households was not based on cost but was driven by access to the services. In formal financial institution the cost of remittance is the lowest but the access to the service is not friendly to the migrants whereas in the informal institution the associated cost is higher but they preferred to use these channels due to convenience and flexibility (Ramamurthy 2010) [4]. There was a great need of cheaper, quicker and simpler mode of financial services to the poor to increase access and decrease cost of sending and receiving the remittances of even smaller amount more frequently to support the families left behind (Sahu and Das 2008) [5]. In this study, remittances refer to the amount of money and materials sent by migrants to their family members in Bihar. Present study was conducted with the following objectives:

- To study the Pattern of sending remittances in the form of money and utility items by selected migrants.
- To study the usage of remittances by the migrants' families

Methodology

In the present study, purposive sampling technique was used to select 120 migrants from Bihar. The household belonging to the selected migrants in only three districts of Bihar state, 40 from each district namely Nalanda, Samastipur and Muzaffarpur were selected. Thus making the total sample of 240 (120 migrants from Ludhiana city and their corresponding 120 households in Bihar where they were sending the remittances). Specially structured interview schedules, one for migrants in Ludhiana and another for their head of households back in Bihar were constructed. Before putting the research instrument of investigation into actual use for data collection, interview schedule was pre-tested on five respondents each from Punjab and corresponding families in Bihar making a total of ten respondents.

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On the basis of experience gained in pre-testing, necessary modifications were incorporated and the schedule was finalized for data collection. The collected data was analysed with the help of frequency, percentage, mean and standard deviation.

Results and Discussion

Pattern of remittances sent by respondents

This category presents the information regarding amount of money sent as well as mode and frequency of sending the money by migrants to their families. Results in Table 1 reveals that maximum number of respondents (40.00%) sent Rs. 4500 to 7000 per month to their families followed by Rs. 7000 to 9500 (36.67%), Rs. 2000 to 4500 (14.17%) and Rs.

9500 to 12000 (9.17%). Average amount of money sent by migrants to their families Rs. 6891.66 with standard deviation of \pm 2254.01. The preferred mode of sending money by maximum number of respondents was bank (94.17%) followed by relatives/friends (85.00%), ATM (18.33%) and mobile transfer (6.67%). Regarding frequency of sending money, it was observed that maximum number of respondents (40.83%) was sending money on monthly basis followed by after two months (22.50%), after three months (13.33%), after five months (12.50%) and after four months (10.83%). Sen (2007) [6], reported that migrants sent their remittances in the form of money order from post office, demand draft by bank and through informal sources like physical carrying of cash by themselves or their relatives and friends.

Table 1: Pattern of sending remittances in the form of money by selected migrants n=120

Pattern	Category	Frequency	Percentage
Amount of money sent, Rs. / month	2000-4500	17	14.17
	4500-7000	48	40.00
	7000-9500	44	36.67
	9500-12000	11	9.17
Average amount of money sent + SD, Rs.	6891.66+2254.01		
Mode of sending money*	Bank	113	94.17
	ATM	22	18.33
	Relatives/Friends	102	85.00
	Mobile transfer	8	6.67
Frequency of sending money	Every month	49	40.83
	After 2 months	27	22.50
	After 3 months	16	13.33
	After 4 months	13	10.83
	After 5 months	15	12.50

* Multiple responses

Remittances sent by migrants in the form of materials were also studied and are presented in Table 2. It was observed that they used to send utility items, gaming items and durable goods. Some of the materials like, utility items and gaming items were sent annually whereas, durable goods were sent once in a life time. Utility items were sent in the form of clothes and footwear. Maximum number of respondents sent the clothes (35.83%) of price less than Rs.1000 and footwear (22.50%) of price Rs. 500 to 600. Average amount of money spent per year on purchasing the utility items was Rs. 1104.77 with the standard deviation of \pm 392.18. Among gaming items

maximum number of respondents sent bat/ball (40.83%) followed by football (11.67%) and carom board (5.83%). Average amount of money spent per year on purchasing the gaming items was Rs. 646.25 with the standard deviation of \pm 375.23. Regarding durable goods, maximum number of respondents was sending blanket (99.17%) followed by sewing machine (47.50%), mobile phone (36.67%), television (25.83%), motor bike (24.17%) and bicycle (20.00%). Average amount of money spent per year on purchasing the durable goods was Rs. 3494.02 with the standard deviation of \pm 4276.02.

Table 2: Pattern of sending remittances in the form of materials by selected migrants n=120*

Materials	Items	Cost	Frequency	Percentage
Utility items (annual)	Clothes	Less than 1000	43	35.83
		1000-2000	24	20.00
		2000-3000	16	13.33
	Footwear	Less than 500	13	10.83
		500-600	27	22.50
		More than 600	23	19.17
Average money spent on utility items \pm SD (annual)	1104.77 \pm 392.18			
Gaming items (annual)	Bat /ball	400-500	49	40.83
	Football	200-300	14	11.67
	Carom board	400-600	7	5.83
Average money spent on gaming items \pm SD (annual)	646.25 \pm 375.23			
Durable goods (life time)	Television	5000-10000	31	25.83
	Blanket	600-1200	119	99.17
	Mobile Phone	3000-6000	44	36.67
	Vehicle	2000-4000	24	20.00
		40000-50000	29	24.17
	Sewing Machine	4000-6000	57	47.50
Average money spent on durable goods \pm SD (Life time)	3494.02 \pm 4276.02			

*Multiple responses

Average amount of money sent by migrants to their families was Rs. 6891.66 per month. The preferred mode of sending money by maximum number of respondents was bank. Regarding frequency and sending money, it was observed that maximum number of respondents were sending money on monthly basis. Remittances sent by migrants in the form of materials were utility items, gaming items and durable goods. Utility items were sent in the form of clothes and footwear. Average amount of money spent per year on purchasing the utility items was Rs. 1104.77. Average amount of money spent per year on purchasing the gaming items was Rs. 646.25. Average amount of money spent per year on purchasing the durable goods was Rs. 3494.02.

Usages pattern of remittances received by the household

Remittances received by the families of migrant labourers were being used in fulfilling their basic requirements. Table 3 shows that the main use of remittances was in saving for future (100.00 %) followed by children's education (75.83 %), purchase of land (63.33 %), clothes (55.83%), marriage purpose (52.50%), house construction (49.17 %), health (25.83%) and food (24.17 %). In a similar study done by Mehra (2012)^[2] it was found that the remittances sent by migrant labourers were used mainly for house construction, medical treatment, education of children and buying land. Singh and Kaur (2006)^[7] also reported that the remittances sent by the migrants had contributed towards children's education, marriages of siblings and clearing their debts. The graphical representation of usage of remittances sent by selected migrants to their families is displayed in fig.1.

Table 3: Usage of remittances sent by selected migrants to their families n=120*

Usage	Frequency	Percentage	Rank
Saving for future	120	100.00	I
Children's education	91	75.83	II
Purchase of land	76	63.33	III
Clothes	67	55.83	IV
Marriage purpose	63	52.50	V
House construction	59	49.17	VI
Health	31	25.83	VII
Food	29	24.17	VIII

*Multiple responses

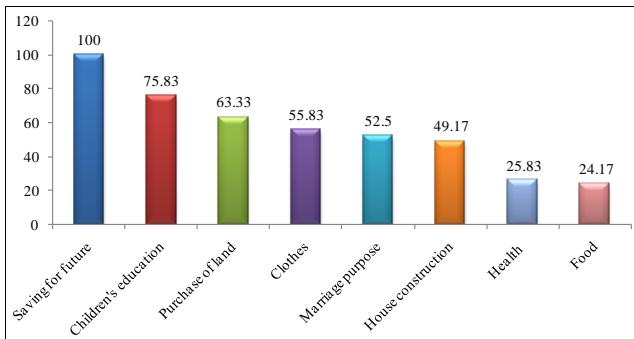


Fig 1: Usage of remittances sent by selected migrants to their families

Conclusion

Average amount of money sent by migrants to their families was Rs. 6891.66 per month. The preferred mode of sending money by maximum number of respondents was bank. Regarding frequency and sending money, it was observed that maximum number of respondents were sending money on

monthly basis. Remittances sent by migrants in the form of materials were utility items, gaming items and durable goods. Utility items were sent in the form of clothes and footwear. Average amount of money spent per year on purchasing the utility items was Rs. 1104.77. Average amount of money spent per year on purchasing the gaming items was Rs. 646.25. Average amount of money spent per year on purchasing the durable goods was Rs. 3494.02. The main use of remittances was in saving for future (100.00%) followed by children's education (75.83%), purchase of land (63.33%), clothes (55.83%), marriage purpose (52.50%), house construction (49.17%), health (25.83%) and food (24.17%). Therefore, it can be said that remittances plays a major role in development of the households of migrants.

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