



Remittances and sustainable development: An analysis in the context of India

Anisur Rahman¹, Mohammed Taukeer²

¹ Professor in UGC-HRDC, Jamia Millia Islamia, New Delhi, India

² G B Pant Social Science Institute, University of Allahabad, India

Abstract

Remittances are the core of the development of both the macro and micro economy of India, with its contradictions, discrimination and challenges. As a result, the flow of remittances determines the economy's function according to the mode of remittance utilisation in migrant households. Therefore, the primary argument of this paper is based on an analysis of the dilemma surrounding the nexus of remittances and development within the context of development economics. Methodology of the paper is based on analysis of unit-level data of secondary sources like the World Bank, IMF, RBI and NSSO. Findings of the study show that social remittances play a crucial role in the reading and functioning of economic remittances within the boundaries of limitations of the remittances-based economy in India. Therefore, the paper gives a base for developing an understanding of remittances in development practices in India.

Keywords: Remittances, development, micro impact, sustainable development, India

Introduction

Remittances: Meaning and Concept

The definition of personal transfers of remittances comprises "all current transfers in cash or in kind made or received by resident households to or from non-resident households." (World Bank Group, 2016). The total remittances represent both economic and social benefits of remittances, comprising the sum of items a+b+c+d, while personal remittances include the sum of items a+b+c (Table 1).

The Government of India's National Sample Survey Office (NSSO, 2007 ^[12] 2008) defines remittances as payments made to households by their former members who have relocated overseas or inside India in the form of cash or other items. Only former household members who had moved out at any point in the past were considered out migrants, and any money they transferred during the previous year was considered remittances. The market value of the various types of remittances received by recipient households was taken into account when estimating the value of the received remittances (Government of India, 2010 ^[13], p. 14). Remittances are divided into two categories by the Centre for Development Studies (CDS) in Kerala, India: "total remittances" and household remittances. The amount of money that migrant households spend on consumer goods is used to estimate household remittances, and external data from the Ministry of Overseas Indian Affairs and the Reserve Bank of India (RBI) is used to estimate overall remittances (Zachariah & Rajan, 2012, pp. 60-61). There were a total of 19912836 million migrants in GCC states in 2010 and it continuously increased from 1990 to 2010 due to a huge trend of migration from the rest of the world to GCC states. Among the South Asian countries, it is notable that there are a total of 18.1 million South Asian (Table 2).

Table 1: Type of Remittances

Total Remittances: a+b+c+d			
Personal Remittances: a+b+c			D
A	B	C	
Personal transfers (standard component in balance of payment)	Compensation of employees less taxes, social contributions, transport, and travel	Capital transfers between households	Social benefits

Source: World Bank Group, Migration and Remittances Fact Book 201

Table 2: Trends of stock of south Asian migrants in GCC states

Origin Countries	1990		2000		2010	
	Number	Per Cent of Total	Number	Per Cent of Total	Number	Per Cent of Total
South Asian Countries						
Afghanistan	169818	2.1	179601	1.8	290985	1.5
Bangladesh	868071	10.6	1102772	11.0	2345627	11.8
India	1955742	23.9	2739058	27.2	6441256	32.3
Nepal	181494	2.2	191943	1.9	392998	2.0
Pakistan	902311	11.0	1128309	11.2	2306422	11.6
Sri Lanka	302154	3.7	293588	2.9	517340	2.6
Sub Total of South Asian in GCC States	4379590	53.6	5635271	56.0	12294628	61.7
Sub Total of Rest of World in GCC States	3786785	46.4	4425097	44.0	7618208	38.3
Total	8166375	100.0	100,60,368	100.0	19912836	100.0

Source: Compiled and analysed by Author from United Nation Migrant Stock by Origin and Destination, 1990-2010

According to World Bank (2016)^[17], India received world largest remittances from GCC states because according to

Naufal & Ali (2010)^[10], GCC states are major remittance-sending countries due to huge numbers of unskilled and

semi-skilled migrant labourers who work as temporary migrant labourers in the bottom segmentation of the labour market in Gulf countries. GCC states are major remittances-sending countries to India due to the huge stock of Indian migrants in GCC states.

Mode of Remittances from GCC States to India

There were various sources for transfer of remittances from abroad to India through commercial banks, money transfer operators (MTOs), foreign exchange bureaus, cooperative banks and post offices. Among the money transfer systems (MTO), Western Union and MoneyGram are the prominent modes for transfer of remittances to India. Apart from India-

post and Internet-based transfer system, Western Union played a crucial role in the transfer of remittances to India from abroad, but Western Union is the highest in the segmentation of the remittances market across the globe(Afram, G.Gabi, 2012 ^[1], p.46-50).

In India, online electronic wires/swift provided an important way for the transaction of remittances from abroad to India. Out of the total remitted to India, nearly 61.5 per cent of the remittances were transferred by electronic wires/swift followed by 22.1 per cent through direct transfer to bank account, 6.9 per cent through cheque, 5.9 per cent through other mode, 3.0 per cent through drafts, rest less than 1.0 per cent remitted through debit/cards and money order (Table 3)

Table 3: Mode of Inflow of Remittances in India in 2013

Mode used for inflow of remittances in India	Share of Mode in Percentage
Electronic Wires/Swift	61.5
Direct Transfer to Bank Account	22.1
Cheque	6.9
Drafts	3.0
Debit /Credit cards and Money order	0.5
Other	5.9
Total	100.0

Source: Reserve Bank of India 2013

In India, nearly 45.0 per cent of the remittances were above Rs 100000, followed by 37.0 per cent of the remittances that consisted of less than Rs 50,000. It is reflected that frequent remittances and smaller amounts of remittances are used on items of consumption, while less frequent and larger remittances are used in investment in land property and equity shares. In terms of frequency of remittances, out of the total remittances, nearly 60.0 per cent of the remittances were received once a quarter, followed by 48.0 per cent of the remittances was received with a frequency of two months. Out of the total inflow of remittances, nearly 57.0 per cent of the remittances were received in US dollars, followed by 16.0 per cent in Riyal/dirham (Reserve Bank of India, 2013 ^[18], p. 113-117). Funds are transferred to India either through electronic means (such as SWIFT) or via demand drafts. In recent times, numerous banks have started

providing money transfer services, which has grown into a significant industry. Approximately 40% of remittances to India are directed to the states of Kerala, Tamil Nadu, Punjab, Andhra Pradesh, and Uttar Pradesh, which rank among the highest in receiving international remittances. Andhra Pradesh primarily receives its remittances from the United States, while Kerala's main source is the UAE, and Punjab predominantly gets its funds from Canada, as many individuals from these states migrate to these nations. Tamil Nadu has the broadest variety of remittance origins due to its large Tamil communities in several countries, such as Australia, Canada, France, and the United Kingdom, with Malaysia, Singapore, and the US being the top contributors of remittances.

Analysis of Inflow of International Remittances in India since 1976 up to 2015

Year	Inflow of Remittances in India in Million(\$)	Total Global Inflow of Remittances in Million(\$)	Remitted to India in Per Cent of Total Global	Annual growth rate in inflow of remittances in India
1976	643	11069	5.8	--
1977	935	16830	5.5	45.4
1978	1161	22356	5.1	24.1
1979	1441	28222	5.1	24.1
1980	2761	35814	7.7	91.6
1981	2302	34887	6.5	-16.6
1982	2622	36041	7.2	13.9
1983	2662	36578	7.2	1.5
1984	2293	35361	6.4	-13.8
1985	2472	34556	7.1	7.8
Total	19291	291715	6.6	

Out of the total inflow of global remittances of \$ 291,715 million since 1976 up to 1985, India received a total \$ 19,291 million in remittances, which accounted for 6.6 per cent of total remittances. During the ten years, India received an average \$ 1929 million in global remittances Source: World Bank, 1976-1985

per year. The quantity of inflow of remittances in India was gradually increased from \$643 million in 1976 to \$2761

million in 1980. The average inflow of remittances was \$ 1388 million per year between 1976 and 1980. India received 7.7 per cent of the total \$35,814 million global inflow of remittances in 1980, and it increased by 91.6 per cent relative to 1979. There were ups and downs in the inflow of remittances in India between 1981 and 1985, but India received an average \$ 2470 million in remittances per

year during these five years, relative to an average \$ 1388 million per year between 1976 and 1980 (Table 4). India received a total \$34012 million in remittances since 1986 up to 1995, which accounted for 5.1 per cent of total Global remittances of \$ 662127 million during this period. India received an average \$ 3401 million in remittances per year from 1986 to 1995. India received the highest 6.8 per cent of the total global remittances of \$ 85677 million in

1994, and the total inflow of global remittances in India increased by 65.9 per cent in 1994 relative to 1993, when India received \$ 3527 million in remittances. India received the largest remittances after 1990 because the average estimated remittances were \$ 4359 million per year since 1991 up to 1995, relative to the average \$ 2443 million remittances per year since 1986 up to 1990 (Table 5 and Figure 1).

Table 5: Inflow of Remittances in India since 1986 to 1995

Year	Inflow of Remittances in India in Million(\$)	Total Global Inflow of Remittances in Million(\$)	Remitted to India in Per Cent of Total Global	Annual growth rate in inflow of remittances in India
1986	2243	40459	5.5	-
1987	2663	48817	5.4	18.7
1988	2317	52361	4.4	-13.0
1989	2610	54749	4.7	12.6
1990	2382	64034	3.7	-8.7
1991	3294	67754	4.8	38.3
1992	2896	75215	3.8	-12.0
1993	3527	75211	4.6	21.8
1994	5855	85677	6.8	65.9
1995	6224	97889	6.3	6.3
Total	34012	662127	5.1	

Source: Compiled and Analysed from Remittances inflow data of World Bank 2015

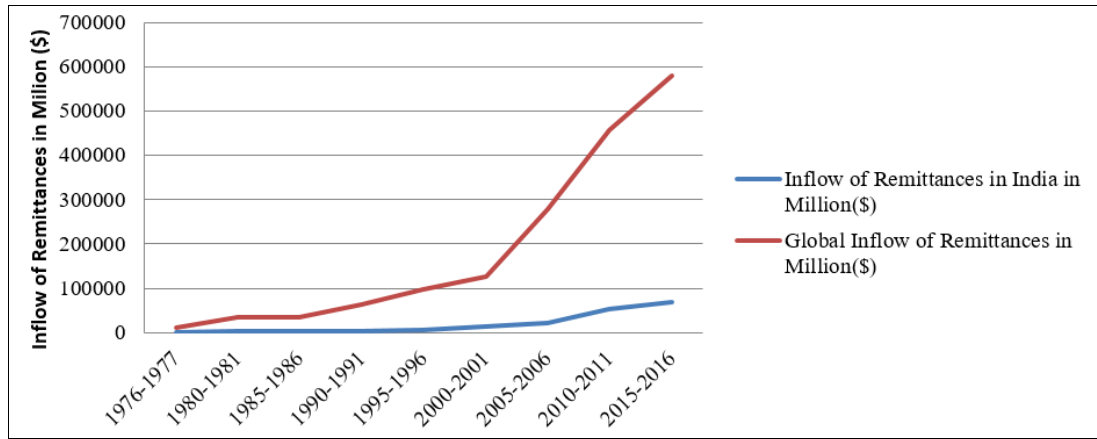
India received a total \$ 144370 million remittances from across the globe between 1996 and 2005, which accounted for 9.0 per cent of the total global \$ 1589719 million remittances. India received an average \$14370 million remittances per annum from 1996 to 2005. India received an average \$ 10508 million in remittances per annum during the five years from 1996 to 2000, while the average remitted

was \$ 18366 million per annum during the last five years from 2001 to 2005. India received the highest \$ 22125 million in 2005, which accounted for 7.9 per cent of the total global remittances of \$ 279851 million in 2005. India received the highest proportion of remittances in 2003 with 10.7 per cent of the global inflow of remittances of \$ 197183 million (Table 6 and Figure 1).

Table 6: Inflow of Remittances in India since 1996 to 2005

Year	Inflow of Remittances in India in Million(\$)	Total Global Inflow of Remittances in Million(\$)	Remitted to India in Per Cent of Total Global	Annual growth rate in inflow of remittances in India
1996	8763	102,763	8.5	
1997	10334	117,242	8.8	17.9
1998	9477	114,005	8.3	-8.3
1999	11122	121,671	9.1	17.4
2000	12845	126,750	10.1	15.5
2001	14229	140,339	10.1	10.8
2002	15707	163,489	9.6	10.4
2003	21015	197,183	10.7	33.8
2004	18753	226,426	8.3	-10.8
2005	22125	279,851	7.9	18.0
Total	144370	1589719	9.0	

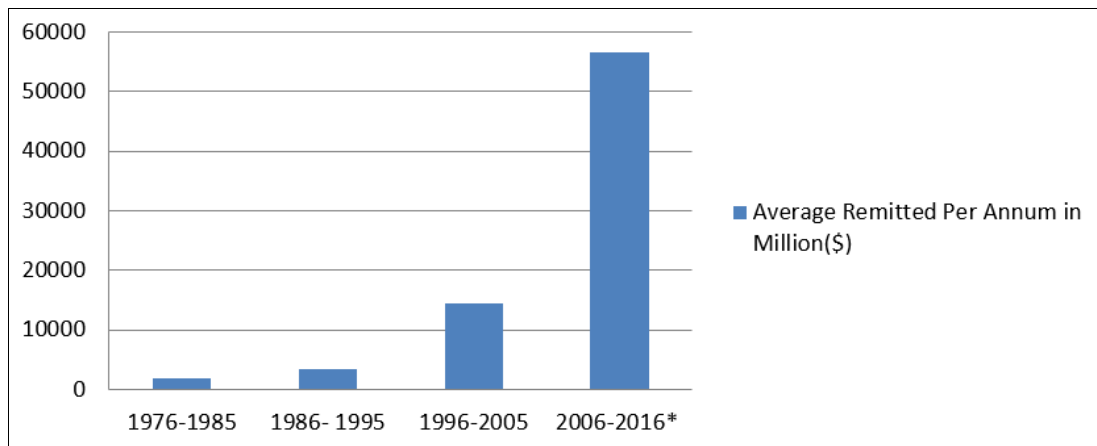
Year	Inflow of Remittances in India in Million(\$)	Total Global Inflow of Remittances in Million(\$)	Remitted to India in Per Cent of Total Global	Annual growth rate in inflow of remittances in India
2007	37217	392477	9.5	31.4
2008	49977	452735	11.0	34.3
2009	49204	422820	11.6	-1.5
2010	53480	457897	11.7	8.7
2011	62499	512310	12.2	16.9
2012	68821	533140	12.9	10.1
2013	69970	557083	12.6	1.7
2014	70000	583000	12.0	00.4
2015	68910	580594	11.9	-1.5
2016	62744	573551	10.9	-8.9
Total	621156	5390210	11.5	



Source: Computed by author from World Inflow of Remittances Matrix since 1976 to 2016

Fig 1: Inflow of Remittances in India in Five Years Interval since 1976 to 2016

The decadal average inflow of remittances in India is gradually increased since 1976 to 2016. It was \$ 19291 million during the 1976 -1985 followed by \$ 3401.2 million in 1986-1995;\$14437 million during 1996-2005 and 56,468 million in 2006-2016 (Figure 2).



Source: Computed by author from World Inflow of Remittances Matrix since 1976 to 2016

Fig 2: Average Remitted on Ten Years Interval in Million (\$)

Country wise Analysis of Inflow of Remittances in India in 2015

United States of America was the world’ largest remittances sending country with \$ 56.3 billion across the globe in 2015 followed by The Kingdom of Saudi Arabia (KSA) which sent \$ 36.9 billion remittances across the globe. Out of the top ten remittances corridors, United Arab Emirates to India, United States to India and Saudi Arabia to India were existed by consequentially fourth, fifth and sixth largest remittances corridors in 2015(World Bank Group 2016).

There were regional variations in inflow of remittances to India. Six member countries of Gulf Cooperation Council (GCC) of Middle East was the prominent remittances sending countries in India USA, Canada and Australia and Nepal neighbouring country of India as well as member of country of South Asian Association Regional Cooperation (SAARC) was also in remittances sending countries to India in 2015.India received world largest remittances with \$ 68,910 million which constituted 11.8 per cent of the total outflow of \$ 581,640 million remittances across the globe. United Arab Emirates was the largest source for inflow of remittances to India followed by United States of America, Saudi Arabia, Kuwait, Qatar, United Kingdom, Oman, Canada, Nepal, Australia and Bahrain. These countries

accounted nearly 90.0 per cent of the total inflow of remittances in India and rest of the remittances were sent by rest of the world. Among the top remittances sending countries namely, United Arab Emirates, United States and Saudi Arabia accounted 53.2 per cent of the total inflow of remittances to India in 2015(Table 8).

Table 8: Inflow of Remittances in India from abroad in 2015

Major remittances sending countries	Volume of remittances in million(\$)	Per cent of total
UAE	13,745	19.9
USA	11,736	17.0
Saudi Arabia	11,253	16.3
Kuwait	4,688	6.8
Qatar	4,292	6.2
United Kingdom	3,895	5.6
Oman	3,259	4.7
Canada	2,913	4.2
Nepal	2,890	4.1
Australia	1,944	2.8
Bahrain	1,341	1.9
Subtotal (a)	61,955	90.0
Subtotal from the rest of the world (b)	6,955	10.0
Total:(a)+(b)	68,910	100.0

Source: World Bank Remittances Matrix Data 2015

Inflow of Remittances in South Asia from Countries of Gulf Cooperation Council (GCC) in 2015

There were estimated total 2.2 million temporary migrant labourers in the Gulf countries up to year 2013. Total numbers of migrant labourers of three major South Asian countries were 12,885,764 in the Gulf countries comprising to 68, 28,957 Indians, 31,472,251 Bangladeshis and 29,165,556 Pakistanis. These three South Asian countries accounted 57.6 per cent of the total migrant labourers in the Gulf countries and rest belonged to other countries of the world (International Labour Organisation 2015, p.6).

The huge labour force of temporary labour migrants led to growth in the countries of Gulf cooperation council in Middle East region. Temporary migrant labourers cannot obtain citizenship nor majority of the labourers allowed to keep family as well as accumulate own property during the migration in the Gulf countries. These determinants ensured the huge outflow of the remittances from Gulf countries into temporary labour sending developing countries. India was the major source for supply for fill the demand of temporary unskilled and semi-skilled migrant labourers in the labour market of Gulf countries (Naufal and Termos 2010, p.37).

It is analysed that in the Middle East region, six oil producing member countries of Gulf Cooperation council remitted total \$108985 million to across the globe which accounted 18.1 per cent of the total out flow of global

remittances of \$ 580594 million in 2015. Among them, Saudi Arabia sent largest \$ 46,982 million to across the globe followed by \$32,425 million followed by United Arab Emirates (\$32,425 million), Kuwait (\$11,663 million), Qatar (\$10,721 million), Oman (\$4516 million) and Bahrain (\$2698 million) to across the Globe (World Bank 2016).

Three South Asian countries namely India, Pakistan and Bangladesh received \$ 60,472 million remittances from GCC countries which accounted 55.3 per cent of the total out flow of remittances of \$108,985 million. Among them, largest remittances were received by India followed by Pakistan and Bangladesh and rest 44.7 per cent were received by rest of the world (Table 9)

Table 9: Out flow of the Remittances from Gulf Countries to India, Pakistan and Bangladesh in 2015

Receiving Countries	Received Remittances in million (\$)	Per cent of Total
India	38,578	35.3
Pakistan	13,466	12.3
Bangladesh	8,428	7.7
Sub-total (a)	60,472	55.3
Sub-total (b)	48,513	44.7
Total =(a)+(b)	1,08,985	100.0

Source: World Bank Remittances Matrix Data 2015, self analysed

Table 10: Inflow of Remittances in India (In Million Dollar and Per Cent of Total) GCC countries namely – Saudi Arabia, United Arab Emirates, Kuwait, Oman, Bahrain and Qatar are the major source of inflow of remittances in India because these six GCC states remitted more than fifty per cent of total inflow of global remittances in India (Table 10).

Countries	2013	%	2014	%	2015	%	2016	%
Bahrain	1265	1.8	1281	1.8	1341	1.9	1216	1.9
Kuwait	4712	6.7	4665	6.6	4688	6.8	4173	6.7
Oman	4669	6.7	3101	4.4	3259	4.7	2957	4.7
Qatar	3999	5.7	4072	5.8	4292	6.2	3769	20.0
UAE	12563	18.0	12845	18.2	13745	19.9	12575	20.0
Saudi Arabia	10771	28.4	10737	15.3	11253	16.3	10225	16.3
Total Remittances from GCC	37978	54.3	36700	52.1	38577	56.0	34915	55.6
Total Remittances from Rest of World	31992	45.7	33689	47.9	30333	44.0	27829	44.4
Total	69970	100	70389	100	68910	100	62744	100

Source: Computed by Author from World Remittances Matrix in selected years since 2013 to 2016

Utilization of Internal and International Remittances at Root

Both internal and international remittances were sent by migrants to their households at the root in India. In India, people are involved in both internal and international migration for employment, but a larger number of people are involved in internal migration relative to international migration. In India, nearly 29.0 per cent of the population was migrants, comprising rural-urban and male-female differentials. Nearly 46.0 per cent of the rural out-migrants were involved in the intra-state migration, the same as inter-state migration, and the remaining 8.0 per cent were involved in the cross-border migration.

In the case of urban male-out migrants, nearly 50.0 per cent were involved in the intra-state migration, followed by 33.0 per cent in inter-state migration and the remaining 17.0 per cent in cross-border migration(NSSO 64th round survey, 2007-2008).

In India, there were regional variations in the inflow of internal and international remittances. Out of the total international remittances, highest 29.4 per cent of the

remittances were received by Kerala followed by 15.2 per cent in Maharashtra, 7.5 per cent in Tamilnadu and 6.3 per cent in Punjab while out of the total domestic remittances in India, Uttar Pradesh received highest 19.7 per cent of the remittances followed by 12.5 per cent in Bihar, 11.0 per cent in Rajasthan and 7.9 per cent in West Bengal (Tumbe, 2011, p.12&16). In 2014, Kerala received Rs 71. 142 crore remittances across the globe. Among them, Christian migrant households received 39.6 per cent of the total remittances, followed by 36.2 per cent in Muslim migrant households and 24.2 per cent in Hindu migrant households. On average, Muslim migrant households received Rs 1,44,000 as remittances in the 12 months ending February 2014, followed by Rs 1,15,000 in Christian migrant households and only Rs 57,000 in Hindu migrant households(Zachariah & Rajan, 2014, p.70). International male migrants sent an average of four times the amount of remittances from abroad relative to internal male migrants to households at the root, but in the urban areas, both internal and international male migrants sent more remittances relative to rural migrants (Table 11).

Table 11: Average Remitted Amount per Migrants in Rural-Urban Differentials

Rural Areas		Urban Areas	
Average remitted amount per internal migrants	Average remitted amount per international migrants	Average remitted amount per internal migrants	Average remitted amount per international migrants
13,000	52,000	28,000	73,0000

Source: NSSO 64 the Round Survey, 2007-2008

Migrant households spent more on consumption relative to all households in both rural and urban areas. Average annual consumer expenditure was nearly Rs 38,000 for all rural households, compared to an average annual expenditure of nearly Rs 41,000 in migrant households. In the Urban areas, migrant households expended an average of nearly Rs 80,000 annually on consumption relative to average Rs. 65,000 annually for all households (Table 12).

Table 12: Average Annual Expenditure in all Households and Migrant Households in Rural-Urban Differentials

Rural Areas		Urban Areas	
Average Annually Households Expenditure for all Households	Average Annually Migrant Households Expenditure for all Households	Average Annually Households Expenditure for all Households	Average Annually Migrant Households Expenditure for all Households
38,000	41,000	65,000	80,000

Source: NSSO 64 the Round Survey, 2007-2008.

Migrant households expended a high proportion of the remittances on food items in both rural and urban areas, consequently 76.0 per cent and 71.0 per cent. A significant proportion of the migrant households spent on health, followed by education, in both rural and urban areas. In the rural areas, 10.0 per cent of the households used remittances for debt repayment and 13.0 per cent of the migrant households used remittances for saving (Table 13)

Table 13: Utilised Remittances (internal and international) by Migrant Households in Per cent

Items	Rural Areas	Urban Areas
Food	76	71
Health	38	36
Education	31	34
Debt-Repayment	10	-
Saving	-	13

Source: NSSO 64 the Round Survey, 2007-2008.

In India, a vast majority of the international remittances were utilised by recipient households for family maintenance regarding food, education and health, followed by deposit in banks, investment in land property, investment in equity/shares, social/religious function and other activities. The high share of remittances was used for investment in metropolitan cities of India, namely Hyderabad, Bangalore, Mumbai, Lucknow, Kolkata and Jammu (Reserve Bank of India 2013 [18], p.115). Kerala is the leading state in receiving remittances from Gulf countries. About 94.0 per cent of the households used remittances for consumption, followed by 60.0 per cent of the households used remittances for education, 11.0 per cent of the households used remittances for buying a building,

and less than 2.0 per cent of the households used remittances for starting a business at root (Zachariah and Rajan 2007,p.44).

Role of remittances in nexus of migration and development

Migration is a chain of development from individuals through to households and communities to the economy of migrants’ sending countries (International Organisation for Migration, 2013, p.31). Migration contributed to the sustainable and inclusive economic growth and development in both host and home countries. Remittances were the key to the nexus between migration and development because remittances improved the livelihoods of families and communication through investment of the remittances in education, health, sanitation, housing and infrastructure (United Nations, Department of Economic and Social Affairs, 2015 [7], p.2).

International migration is a multidimensional phenomenon for the socio-economic development of countries of origin, transit and destination, which involves coherent and comprehensive responses about the process of development. The sustainable development “Agenda 2030” ensured international cooperation on safe, orderly and regular migration with full respect of human rights and human beings across the globe. Apart from this, this agenda sustained the flow of remittances with minimum transaction cost across the globe. Therefore, it ensured the reduction of transaction cost of remittances by less than 3 per cent as well as eliminated such remittances corridors where the cost of transaction of remittances was higher than 5 per cent (United Nations, 2015 [7], p.7-18).

Migration maintains the development, including two ways: first, filling the gap of demand and supply of labourers for production, as well as the inflow of remittances, improving the socio-economic development of migrant households, as well as the economy of remittances-receiving countries. Migration not only transfers the economic remittances but also transfers the skills and ideas to the root with returned migrants. These processes established a system of commercial and cultural link between the root and destination (United Nations Conference on Trade and Development, 2010, p.25).

Migrants play a crucial role in the development of their country as well as their households (Harris, 2005, pp. 4591-4595). Temporary migrant labourers play a crucial role in the socio-economic development of their home and host countries. They do not send financial remittances but also return to their root with new skills and jobs and social remittances of host countries (Portes, 2008 [14], p.19-37). Remittances are an important part of the process of migration and development, which brought new ways for socio-economic development in the poor developing countries (Kapur, 2004 [9], p.1-34). Remittances produce a multiplier positive socio-economic impact in the root (Hass, 2007, pp. 25-26).

Impact of socio-economic remittances on rural transformation

Remittances are a key livelihood strategy for migrant households in rural areas, as well as a means of social security and stability. It is demonstrated that remittances have enhanced economic development, social security, and stability in the rural areas of Bangladesh. Migration from

Bangladesh to Saudi Arabia is the result of maximising the risk of migration and failure of the local labour market. Households sent their selected member to Saudi Arabia to maximise the income of households and minimise the economic and social risk at the root. The inflow of remittances from Saudi Arabia positively increased the expenditure on food consumption and opportunities of education for members of households at the root.

The remittances are the key to the development of migrant households as well as the economy of Pakistan. Pakistan received the largest remittances from Saudi Arabia, followed by the United Arab Emirates, the United States, other GCC countries and the United Kingdom (Ghayur, 2016^[5], p.15-16). The socio-economic impact of Gulf migration increased the mobility of migrants and their families. Inflow of remittances from the Middle East contributed to the enhancement in income of households, and migrant households expended a vast majority of the remittances on items of consumption. Apart, return migrant labourers invested their skills and savings to start a new business at the root. Therefore, the socio-economic status of migrant households was improved by migration to Gulf countries (Arif, 2016^[2], pp. 284-285).

Indian Diaspora communities play an important role in the socio-economic development of their country as well as the community and households at the root. These communities contributed to development through three ways: (1) transfer to private remittances to their households, (2) transfer of collective remittances to their roots known as "diasporas philanthropy" comprising to Punjabi and Gujarati diasporas sent collective remittances to root for development of their community, (3) foreign direct investment(FDI) of remittances in India (Upadhaya & Ruttern, 2012^[1], p.54-62). Patel diaspora also contributed to the development of their root, namely Javalpur village in Mehsana district of Gujarat, through diaspora philanthropy. This village is known as *Dollariya gaon* (Dollar village) because the inflow of remittances from the United States positively changed the socio-economic scenario of the village as well as migrant households (Basu, 2016^[3], p.56-61).

Gulf migration and remittances created a physical culture among migrant households in Kerala. The socio-economic status of migrant households was better than that of non-migrant households and internal migrant households. A vast majority of the migrant households used the remittances on items of consumption, followed by education, repayment of debt and repair and construction of their residential building (Zachariah, Mathew and Rajan 1999,p.21-28). The impact of Gulf migration produced a multiplier impact of remittances on socio-economic development in remittances-receiving households at the root. A vast majority of the remittances were used by migrant households in real estate, consumer electronics, and expensive cars. Kerala accelerated in the socio-economic development through better management of remittances and skills of return migrant labourers (Zachariah and Rajan, 2015, pp. 24-27). The impact of migration changed the structure of the economy and the pattern of income in the rural areas of Bihar. The upper caste used to receive high income from remittances, as well as engage in non-agricultural activities at the root. The impact of migration transformed the agrarian economy into a capitalist system and also increased the wage rate of labourers at the root. It led to an increase in

income of households and reduced poverty in rural Bihar (Datta 2016^[3], p.92). The impact of Gulf migration positively changed the economic, social, cultural and political development in migrant households at the root in Bihar. Remittances were used for the development of migration-prone zone villages as well as migrant households. It also led to prosperity in migrant households, which created a demonstration culture at the root of the migration-prone zone in rural areas of Bihar (Rahman 2001, pp. 167-168; Rahman, 2010)^[15, 16].

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