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बेहतर भविष्य के लिए क्षमता निर्माण  
Capacity Building for a Better Future

A Report on  
**Causes and Consequences of Out-Migration  
from Middle Ganga Plain**

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highwages  
landlessness  
hunger  
flood  
indebteness  
poverty



## Chapter 9 Remittance and Utilization Patterns

### 9.1 Key Findings

90% of migrant households receive remittances in form of cash during the year preceding the survey.

The share of socio-economically disadvantaged and female headed households is high amongst the recipient households.

Nearly a sixth of the respondent migrant households also receive remittances in kind.

55% of respondent households receive remittances on a monthly basis.

89% of the remittances are done through the formal banking systems.

Spouses receive the remittances in 61% of the households in Bihar as against 45% in Eastern UP.

Mean annual remittances that migrant household in MGP receive is Rs. 40,087 and ranges from Rs. 96,088 for international to Rs. 35,242 for internal migrant households.

50% of the migrant households in Bihar receive less than Rs 12,000 in a year as against a corresponding 30% in Eastern UP.

Both internal and international migrant households in Eastern UP receive substantially higher remittances than their counterparts in Bihar.

In a majority of the households, the remittances are used for daily household expenditure, medical care, education of children, festivals and social ceremonies, housing and loan repayment

Nearly 30% of respondent households are able to use the remittances for creating assets and for investments

**One** of the most important outcomes of migration is the remittances sent back by the migrant that affects the receiving household in multiple ways including the educational opportunities for children, the lifestyle and consumption patterns of the stay back members, as well as the overall economic growth and development of the household. The term remittances in the context of this research study encompass all transfers, both cash and kind made by the migrant member to the household back in the village of origin. Previous research and existing literature have shown beyond doubt that remittances are vital for economic growth and provision of better livelihood opportunities, more so in developing countries. Remittances not only assist in the creation of wealth and assets for the receiving household, but also provide opportunities to access better education, health, and quality nutrition for all members of the receiving household.

According to the World Migration Report 2020 (IOM 2019), India received the largest share of international remittances (USD 78.6 billion of USD 689 billion) in 2018. An estimate by the NSS in 2007-2008, puts the total remittance sent by migrants in India at about Rs. 439.5 billion, of which two-third is sent by internal migrants and the remaining by international migrants. Remittances play a significant role in providing sustenance for the poor, especially in regions where migration is the dominant livelihood strategy (Katz & Stark 1986; Katz & Stark 1986; Adams & Page 2005). These studies conclude that households that receive remittances are financially better than those that do not receive remittances. According to Kumar and Bhagat (2012), remittances comprise half to a third of the household expenditure and are usually spent on food, health care, children's education, and consumer goods.

In the Middle Ganga Plain, where more than half the households opt for migration as a strategy for livelihood, there is a paucity of data on remittances in terms of amount, details of persons receiving, frequency, mode of transmission, and utilization. In this chapter, data on remittances is analysed to fill the gaps in the literature.

## **9.2 Details of Recipient Households by Background Characteristics**

Approximately 90 percent of the migrant household across the study area received remittances during the year preceding the survey (Table 10.1). Bifurcation by type of migration shows that a higher percentage of international migrant households (94%) have reported receiving remittance than internal migrant households (88%). The pattern remains similar across Eastern UP and Bihar. The data shows that although most households receive remittance, the share of the poor and marginal households is higher. To illustrate further, more than 90 percent of Muslim households (92%), ST (92%), SC (91%), OBC (90%), landless (91%), nuclear families (90%), and female-headed households (96%) receive remittances when compared to Hindu households (88%), the 'other' caste category (83%), joint or extended families (86%) and male-headed households (77%). The pattern remains similar across Bihar and Eastern UP. However, in comparison to Bihar, a higher proportion of households in Eastern UP owning more than 1 acre and headed by males receive remittances.

*Table 9.1: Percent of households received remittances one year preceding the survey in the study area by their background characteristics (%)*

<b>Background Characteristics</b>	<b>Bihar</b>	<b>Est UP</b>	<b>MGP</b>
<b>HH received remittances</b>	88.0	89.7	88.4
<b>Migration type</b>			
Internal	87.6	89.0	88.0
International	93.9	97.2	94.0
<b>Religion</b>			
Hindu	86.9	89.5	87.6
Muslim	92.0	90.8	91.8
<b>Caste Category</b>			
ST	94.7	85.0	91.9
SC	89.3	93.7	90.6
OBC	89.4	90.9	89.7
Others	83.3	79.8	82.6
<b>Family Type</b>			
Nuclear	90.2	90.6	90.2
joint or extended	84.2	88.6	85.7
<b>Landholding</b>			
Landless	90.4	93.5	90.9
< 1 acre	89.0	90.7	89.5
≥ 1 acre	71.6	83.3	77.0
<b>HH Headship</b>			
Male	75.4	82.5	77.4
Female	95.7	96.5	95.9
<b>Migrant HH received remittance (n)</b>	794	848	1642
<b>Total migrant HH</b>	<b>907</b>	<b>945</b>	<b>1852</b>

### 9.3 Pattern of Remittances received by the Households

As is seen from Table 9.2, more than half of the households in the MGP (55%) receive monthly remittances as do those in Bihar (55%) and Eastern UP (54%) while 23 percent of households across the MGP receive it every quarter (25% in Bihar and 22% in Eastern UP). Seven percent of respondent households across the study area receive a six-monthly remittance, six percent annually while nine percent receive remittances as and when they require it. The percent of households across Bihar and Eastern UP receiving remittances at the above frequency remains similar to that across the MGP. The data further shows that the type of migration (international or internal) does not have a bearing on the frequency of remittances as this remains similar across both types of migrant households. The fact that more than half of the respondent households in the study area receive monthly remittances indicates their heavy reliance on remittances.

The person who receives the remittances is usually the one who controls and plans the household expenses. Developing insights into this is essential for a deeper understanding of the effect of migration on the households at the source villages. An examination of the data revealed that in Bihar, the spouse receives the remittance in more households (61%) than parents (35%). However, in Eastern Uttar Pradesh, nearly equal percent of households have reported parents (48%) and spouses (45%) receiving the remittances. This could be because a larger percentage of migrant families in Eastern UP belong to joint and extended families (66%) making it easier for parents to receive the remittances.

*Box 9.1: Best practices for transfer of remittances*

*In the digital age, the traditional form of money transfer through friends/relatives and money order have been replaced by the banking system. With availability of mobile phones and IT services, gradually migrants have started using the online payment system for transfer of the remittances. In the study are, about 90 percent of the households receive remittances through banks. Migrants perform peer to peer remittance transfers through their mobile devices using apps like Google Pay, UPI, M-Pay, Paytm etc. at the place of destinations. At the other end, private service agencies authorized by the local banks like grahak seva kendra, play a key role in transferring remittance to the families at the source villages. With a nominal service charge of 1 percent of the total remittance, the migrant's family receives the money instantly. Digitization of the banking sector has made transactions more convenient and user friendly irrespective of literacy status of the migrants and their families.*

The digitization of the finance and banking sector has resulted in one significant change with regard to the mode of transmitting remittances. Money orders through the Post Officers were the primary means for transferring remittances in the 1980s and 1990s. However, the data highlights the fact that nearly 90 percent of the respondent households (89% across the MGP, 93% in Eastern UP, and 84% in Bihar) receive remittances through the banking system implying a preference for formalized modes of remittances. It is interesting to note that friends and relatives were the preferred mode of remitting money for some households in Bihar (13%) and internal migrant households (12%) across the MGP.

*Table 9.2: Pattern of remittances received by households in Bihar, Est UP, MGP, and by internal and international migrant households*

	Regions			Migration Type	
	Bihar	Est. UP	MGP	OM	IM
<b>Remittances received</b>	80.7	86.0	83.0	81.6	88.5
<b>Frequency of remittances</b>					
Monthly	55.2	54.5	55.1	54.5	60.9
Quarterly	24.9	21.8	23.2	24.5	18.4
Half-yearly	6.6	7.4	6.5	6.7	9.2
Annually	4.7	8.2	6.4	5.8	3.4
When required	8.6	8.2	8.8	7.4	9.0
<b>Mode of transfer</b>					
Friends/relatives	13.4	5.5	9.6	12	2.4
Through Bank	83.8	93.0	88.6	85.9	91.8
Other formal sources	2.7	1.4	1.3	1.6	4.7
<b>Received by</b>					
Parents	34.9	48.3	41.7	37.8	48.2
Spouse	60.9	45.4	52.4	58.0	40.0
Children	1.6	2.0	2.0	1.7	2.4
Other family members	2.6	4.3	3.8	2.1	9.9
<b>Remittances in kinds</b>	14.0	19.7	17.9	15.0	21.6
<b>Total (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total (n)</b>	<b>786</b>	<b>863</b>	<b>1,649</b>	<b>1542</b>	<b>107</b>

**Note: OM- Internal migrant IM-international migrant**

## 9.4 Remittances in Kind

When migrants visit the home, they bring some essential household goods, utensils, clothes, suitcases, and other household items which can be considered to be remittances in kind. Apart from cash transfers, nearly one-sixth of the MGP households receive remittances in kind. The share of households receiving remittances in kind was higher in Eastern UP (20%) than in Bihar (14%). Similarly, more international migrants (22%) provide remittances in kind than the internal migrants (15%).

## 9.5 Remittances in Internal and International Migrant Households

The data shows a clear link between the frequency of receiving remittance and the type of migration. A higher percentage of international migrant households (89%) have reported receiving remittance than internal migrant households (82%). An analysis of the frequency of receiving remittance reveals that a higher proportion of international migrant households receive remittance every month (61%) than internal migrant households (55%) while a relatively higher proportion of the internal migrants send remittances every quarter (25% as against 18% of international migrants). In internal migrant households, the spouse receives the money while in international migrant households, parents of the migrants are the main recipient of remittances.

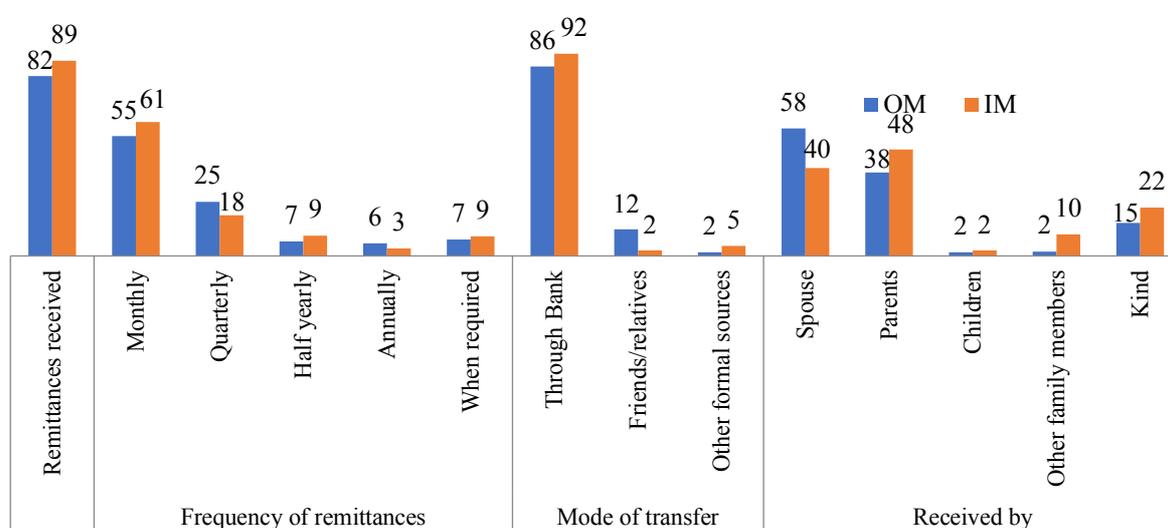


Figure 9.1: Percentage of remittances recipient households by migration type

## 9.6 Mean Remittance

The mean remittance is calculated for total migrant households and remittances recipient households. Appendices 4a and 4b present the mean remittances received by total migrants and remittance recipient households respectively. Here, only migrant households that received remittance in the year preceding the survey are considered. The amount of remittance depends

on several factors that include the earning and saving capacity of the migrants as well as the economic need of their families in the source villages. Across the MGP, the mean remittance of a remittances recipient migrant household was Rs. 40,087 per annum which comes around Rs 3,340 per month. The corresponding amount for international migrant households at Rs.96,088 was two and half times more than that of internal migrant households (Rs 35,242). A key factor for this difference could be the fact that international migrants earn in currencies that have a higher value than the Indian rupee. Migrant households in Eastern UP received Rs 55,541 which is Rs 20,000 more than the average remittances received by the households of Bihar (Rs 35,042). Similarly, international migrant households in Eastern UP received Rs 60,000 more remittances than their counterparts in Bihar.



Figure 9.2: Mean remittances received by the household by their background characteristics

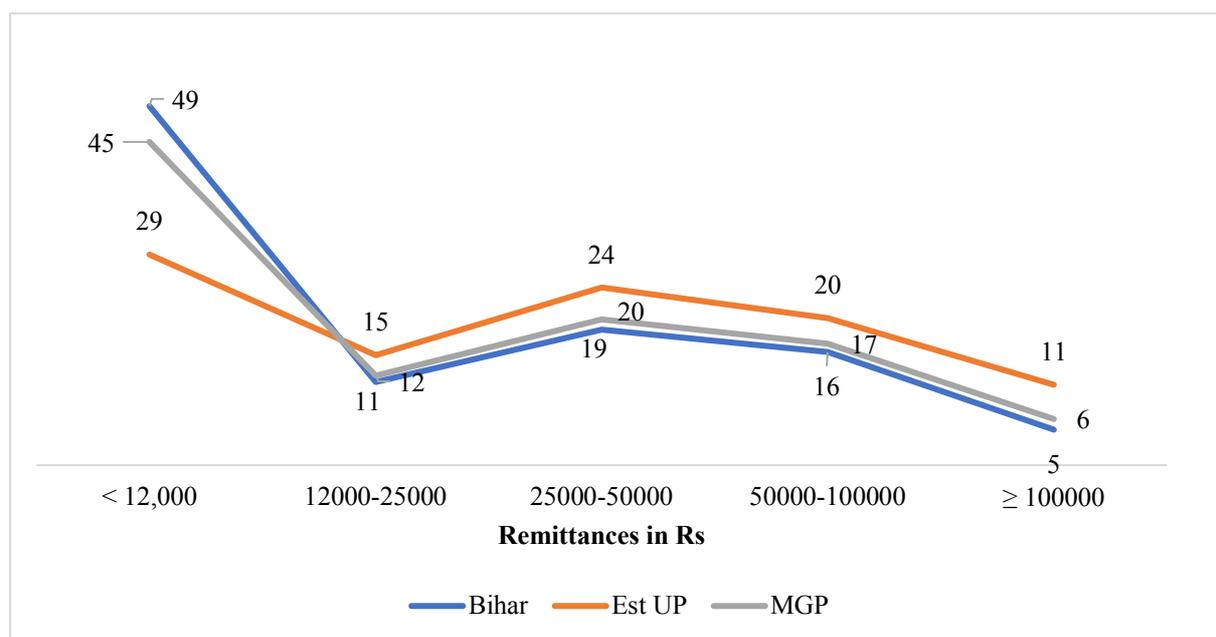


Figure 9.3: Percent distribution of migrant household by the range of remittances received

The data shows a variation across the socio-economic groups (Figure 9.1 and Appendix4a). Muslim households, households from the open or other caste groups, those owing more than an acre of land and those that had joint/ extended families have reported relatively higher remittances. However, the women-headed households receive lower amounts (Rs. 10,000 lesser) of remittances than the male-headed households.

Figure 9.3 presents a distribution of households across the amount of remittances received. The pattern of the remittances received remains similar across both states. More than half of the recipient households in Bihar and 30 percent in Eastern UP have reported receiving less than Rs 12, 000 per annum. The share of the households rises with an increase in the remittance and one-fourth of the households in Eastern UP and two-fifth of the households in Bihar receive remittances between Rs 25000 to 50000 annually which drops to 11 percent and 5 percent respectively when the remittance amounts reach one lakh rupees or more.

### **9.7 Patterns of Remittance Utilization**

Literature has pointed out the role of remittances in the economic development of migrant households and the entire village as well. Remittance utilization has been classified into four categories (Figure 9.4):

1. Household expenditure/ family needs that include daily household expenses, education expenses, health and medical expenses as well as expenses for social events like marriage (including dowry), funerals and similar events.
2. Investment and other related expenses which cover construction and repairing of the house, purchase of land, leasing out the land on cash, and purchasing ornaments.
3. Agricultural expenses that encompass hiring labour, purchasing agricultural equipment, seeds and fertilizers.
4. Other household purchases that included the purchase of household goods like television, motorcycle, mobile

About 61 percent of households use remittances for daily needs and consumption. Slightly less than two-thirds (63 %) of MGP households use their remittance for medical and health care expenditure. The other important expense for which remittances are used is the education of children (56% of households). Asset creation is another area in which remittances are used. More than half of households use the remittance for construction and renovation of houses and purchasing household goods. Only one-fourth of households in the study area use remittance for agriculture-related expenses.

### ***Remittances used for household needs***

In the study areas, remittances are mostly used for household expenditure which incorporates daily household needs such as food (61%), medical care (63%), education of children (56%), and social ceremonies (52%). However, in Bihar, the use of remittance in all the categories of household expenditure is higher than in Eastern UP.

### ***Investments***

About half of the households use remittances for construction or repairing of the houses. Around 30 percent of the households use remittances to purchase livestock, land, and/or hire the farmland on rent. Many landless and marginal farming households use remittances to rent farmland to increase and diversify the family income. Thirty-five percent of households also use remittances for purchasing ornaments. A small percentage of households from Eastern UP use the remittance as an investment by purchasing land (20%), leasing or renting land (17%), and purchasing livestock (19%) as compared to households in Bihar (34%, 31%, and 34% respectively)

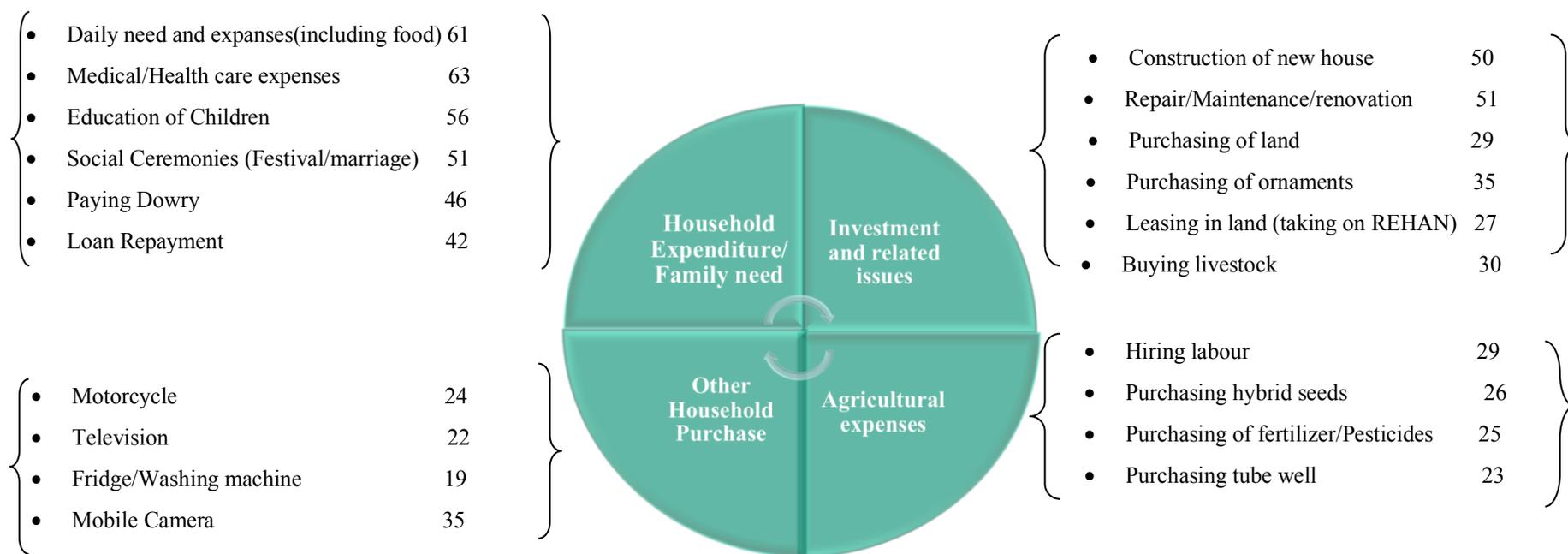
### ***Other household purchases***

There is not much variation between Bihar and Eastern UP in remittance utilization patterns related to purchasing household goods such as a motorcycle, television, or fridge. Forty percent of households from Bihar use the remittances for procurement of mobile as compared to 25 percent in Eastern UP.

### ***Agricultural expenses***

The percentage of remittance utilization under this head is low when compared to other heads such as investments and household purchases. Nearly two-thirds of households in MGP use their remittance for purchasing seeds (26%) and fertilizers (25%). A comparison of Bihar and Eastern UP reveals that a higher proportion of households from Bihar use their remittance for agricultural expenses than those in Eastern UP.

Thus, remittances play an important role in maintaining and sustaining the migrant families in most households in Bihar and Eastern UP. However, the reliance on remittances is higher in Bihar, particularly for daily household needs and investment in housing, land, and livestock. The use of remittance for other household purchases and agriculture is low overall with little difference between households in Eastern UP and Bihar.



**Figure 9.4: Distribution of households by the use of remittances in different categories in MGP**

Table 9.3: Utilization pattern of remittances received by the household (in %)

	Regions			Migration type	
	Bihar	Est. UP	MGP	OM	IM
<b>Household and other expenditure</b>					
Daily need and expenses (including food)	62.0	55.9	60.5	60.3	63.5
Medical/Health care expenses	65.4	57.0	63.2	63.1	65.3
Education of children	56.8	53.6	56.0	55.3	66.7
Social ceremonies (festivals/gifts to relatives)	53.0	47.5	51.5	50.9	62.5
Paying dowry	47.9	38.9	45.6	44.4	62.5
Loan repayment	44.6	35.4	42.3	41.6	54.2
<b>Investment</b>					
Construction of new house	55.7	34.1	50.2	48.9	70.1
Repair/Maintenance of house	56.0	36.7	51.0	49.8	69.1
Purchasing of land	31.7	19.8	28.7	28.6	30.5
Purchasing of ornaments	39.7	23.1	35.4	35.2	39.2
Leasing in the land (taking on REHAN)	30.5	17.4	27.1	27.3	25.8
Investment in buying livestock	33.7	18.8	29.9	30.2	25.0
<b>Other household purchases</b>					
Motorcycle	24.9	22.7	24.4	24.0	30.9
Television	21.7	22.0	21.7	21.7	22.1
Fridge/Washing Machine	19.2	16.4	18.5	18.6	16.5
Mobile/Camera	38.9	25.1	35.4	35.5	34.4
<b>Agriculture</b>					
Hire labourer	27.5	33.3	29.0	29.5	21.9
Purchase hybrid seeds	24.4	30.7	26.0	26.6	16.7
Purchase fertiliser/pesticides	22.8	30.2	24.7	25.3	16.5
Purchase tube well	23.6	19.4	22.5	22.5	21.9
<b>Total(n)</b>	<b>786</b>	<b>863</b>	<b>1,649</b>	<b>1542</b>	<b>107</b>

Note: OM- internal migrants IM-International migrants

## 9.8 Patterns of Remittance Utilization across Internal and International Migrant Households

The patterns of remittance utilization differ in terms of the periodicity of remittances. The present study reiterates that international migrant households receive two and a half times higher remittances than internal migrant households, the utilization pattern in internal and international migrant households is also different.

Around 70 percent of international migrant households use remittances for construction and repair of the houses as compared to 50 percent of internal migrant households. Around two-thirds of both internal and international households use remittances for daily household expenses and consumption as well as medical expenses and health care. A higher proportion of international migrant households use remittances for the education of children, social ceremonies, dowry arrangements, and repayment of loans than their counterparts in internal migrant households. A relatively higher proportion (23-30%) of internal migrant households use remittances for hiring labour or purchasing seeds and fertilizers as compared to 17-22 percent to international migrant households.

## 9.9 Conclusion

Migration is usually driven by the absence of local livelihood opportunities and poverty, as is the case with the respondent households in the Middle Ganga Plain region. In such circumstances, remittances sent by migrant family members are the sole source of income for 48 percent of the recipient households, while it is a means of diversifying the household income for the remaining 52 percent. A majority of the households in Bihar receive less than Rs 25,000 annually, which reflects the low earning capacity of migrants, most of whom are engaged in unskilled work. Remittances received by the households are barely sufficient for their day-to-day needs; hence their use for long-term investment is limited. The most frequently mentioned use of remittances relates to daily household needs, medical expenses, and education of the children. Thus, the families of migrants rely heavily on remittances for their survival. Despite the relatively low sums that are remitted, it is the remittances that keep families afloat, providing them with food security, educational opportunities for children, and access to health care for members. Without migration and the resulting remittances, the conditions of these families would undoubtedly be worse. The following three chapters through light on the consequences of migration on children, women, and elderly members of the migrant households.

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