

Impact assessment of overseas worker's remittances on left behind households of international migrants in Azad Jammu & Kashmir, Pakistan

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Abstract: International migration is happening almost all over the world. A huge proportion of people are living permanently outside their countries for the sake of earnings. The current study was conducted to assess the impact of remittances on left behind families of overseas workers in Azad Jammu & Kashmir (Pakistan). The objectives of the study were to explore the utilization patterns of remittances and their socio economic impact in the study area. The current article uses the data from the survey of 300 households of District Mirpur (Azad Jammu & Kashmir). Multistage sampling technique was utilized to select the sample from the study area. The statistical analysis of data relies on correlation analysis which depicts the rational utilization of remittances by left behind households in the study area.

Key words: *Remittances; Socio economic impact; Left behind Households; International migrants*

1. Introduction

The mobility from one geographical boundary to other is called migration. Approximately 175 million people are outside their countries which fulfil third percent of overall population of the world that is estimated to be 250 million in 2050 (Quartey, 2006).

Overseas migration inflows and out flows has been noticed in Pakistan during the last and half decade which was geared up by familial, economic and political inspirations. Pakistan is found 5th largest country of people migration all over the world. The factors contributing in migration are numerous such as high unemployment rate, insecurity, lack of educational and health facilities, law and order situation, etc. (Wahba, 1991).

The remittances are increasing with the passage of time and contributing a lot in development of Countries from all over the world. A huge variation has been recorded; the volume of remittances has increased from 58 billion dollar to 160 billion dollar in only a short period of time from 1995 to 2004. There are some factors which are responsible for this increment and growth of remittances. The most influencing factor is the rise in migration. (World Bank, 2006).

The impact assessment of remittances on household level has been explored by many researchers. Higher economic status of the families leads towards the human capital formation. The health and literacy status of the families increased. The elderly people receive

incentives in the form of remittances when they are not capable to earn money for their personal expenditures (Tasneem Siddiqui, 2012).

Numerous studies have been conducted in Pakistan to assess the impact of remittances (Adams, 1998 and Arif, 1999). They are significantly important for the social assets and social services in community (Ghosh, 2006) development in communities (Sorensen and Pedersen, 2002) and a major contribution in minimizing the economic inequalities in the community (Canales, 2002).

Some negative impacts are associated with the remittances. The household members become passive recipients and their dependent behaviour affects the household economy (Meins, 2007) and they don't bother to work due to idleness (Bridi, 2005). Another unfavourable negative effect of migration is the brain drain which minimizes the state taxes (Adams, 2003). Problems of morality are also associated with the remittances (Chami et al, 2005). Remittances create economic inequality which leads towards the jealousy within and outside the families (Ravanilla and Robleza, 2003)

The main empirical challenge in this paper is to highlight the socio economic impact of overseas workers remittances on their left behind families at the country of origin, as migration and remittances are closely interlinked with each other. The paper examines the socio economic impact of remittances by using interview schedule which provides useful information regarding remittances.

The following objectives were targeted in current study:

- a) To identify the utilization patterns of overseas worker's remittances by left behind households in Azad Jammu & Kashmir.
- b) To assess the socio economic impact of overseas worker's remittances on families left behind in the study area.

2. Literature review

This section of the paper is devoted to relevant review of literature on impact of remittances on left behind households of overseas workers in Pakistan as well as in other parts of the world.

Demurger and Xu (2011) explored that researchers are busy in investigating the impact of remittances and international migration on left behind households from the few recent years in developing countries. Some of the studies indicated that migration proves beneficial for communities and left behind families because of the increment in income and lifting up the liquidity constraints on investment. As Gilani et al, (1981) conducted a study and founded that greater part of remittances (62%) spent on consumption while only (38%) of the remaining is invested or used for saving purpose. (Yang, 2006) also reported the utilization of remittances in Mexico for consumption purpose.

Remittances are closely linked with the economic growth (Giuliano, 2008; Jongwanich, 2007; Catrinescu *et al*, 2006; Fayissa and Nsiah, 2008) and poverty alleviation (Adams and Page, 2005; Lucas, 2005) of the countries, as (Iqbal & Sattar, 2005) concluded that international workers remittances are found as third largest contributor in economic growth in Pakistan.

Alcaraz et al, (2012), Amuedo-Dorantes et al, (2010) and Calero et al, (2009) reported in their studies that remittances have significant impacts on education of the left behind children, as the financial transfer lift up the liquidity constraints (Taylor et al, 2003) and allow the households to spend more money for the better schooling of their children. (Edwards and Ureta, 2003) articulated in a study that remittances are invested in health and education sector and positive effects noticed by decrease in school

dropout and (Cordova, 2005) increase in school attendance and literacy rate.

Overseas worker's remittances play a significant role in overall improvement in quality of life (Khan, 2010) and provide better health and nutrition facilities (Hildebrandt and McKenzie, 2005). Remittances are widely consumed to fulfil the basic household needs such as clothing, education, health and food (Ratha and Shaw, 2007 and Garcia, 2005). Remittances and health are closely interlinked with each other direct or indirect as (Lopez, 2005 and Duryeas et al, 2005) highlighted a reduction in infant mortality.

Chimhowu et al. (2003) found relationship between remittances and employment when utilized for the purchasing of land and housing, the researcher further says in a long run when remittances are invested in human capital formation it creates employment opportunities in the future.

Latif and Ashfaq (2013) noticed an increment by 41% in household expenditures of remittances recipients families and increase by 31% of food expenses. Adams and Cuenca (2010) articulated that remittances receiving households in Guatemala invest more on Education as productive investment.

3. Materials and methods

The current study was conducted to assess the impact of remittances on left behind families of international migrants. Universe of the research was District Mirpur of Azad Jammu & Kashmir which consist three tehsils in administrative setup; Chakswar, Mirpur and Dudhyal. A multistage sampling technique was used to draw the sample (Beissel-Durrant, 2004). At the first stage District Mirpur was selected for the study which comprised three tehsils which were very vast and difficult to enumerate. At the second stage, one tehsil named Mirpur was selected at random basis. Thirdly, the 6 union councils were selected through simple random sampling technique. At fourth step the households were selected through convenient sampling and the data was taken by the head of household or next to household. A baseline survey was conducted in the study area to identify the international migrants before the data collection.

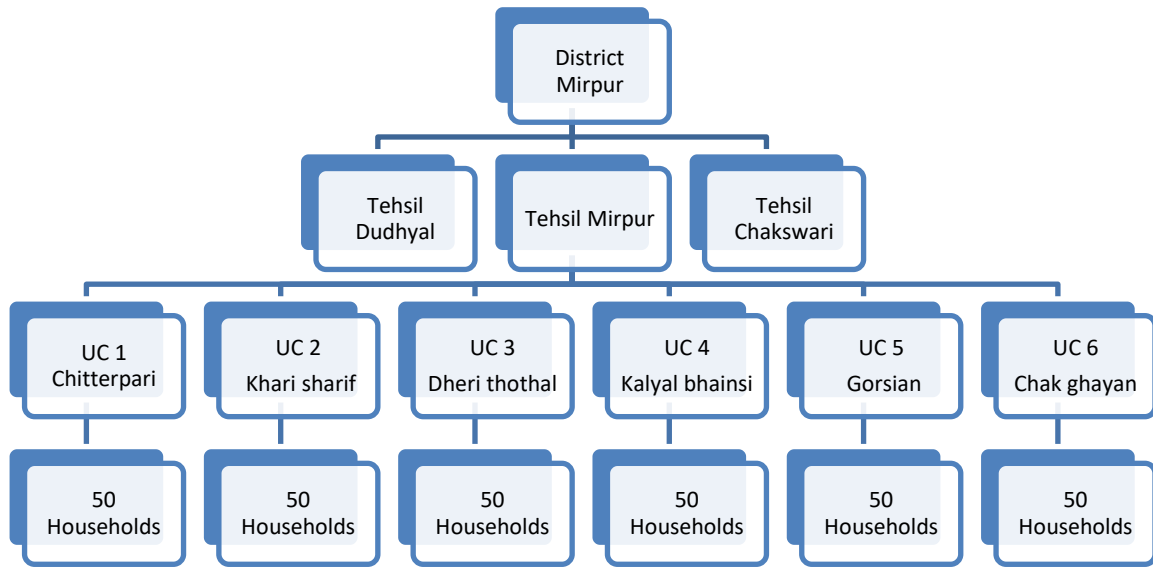


Fig 1: Sampling

A sample of 300 households were enumerated by using interview schedule consisting questions related to remittances, utilization patterns, sources of sending remittances and their socio economic impacts on left behind families. The gathered primary data from the emigrant's households was analysed by inferential and descriptive statistics.

4-Results and discussion

Prevalence of investment in agricultural land, residential land, construction/reconstruction of

houses, and construction of shops is important. Most of the households 73.7% have reported that they have not invested in purchase of agricultural land. A minute response of only 38% said they have purchased house, 32% have invested in maintenance of house while 33.3% of the total households made investment in purchase of shops. As many as 52.7% spent on family healthcare and these findings are in line with the results of Taylor *et al.* 1996 and Russell 1986.

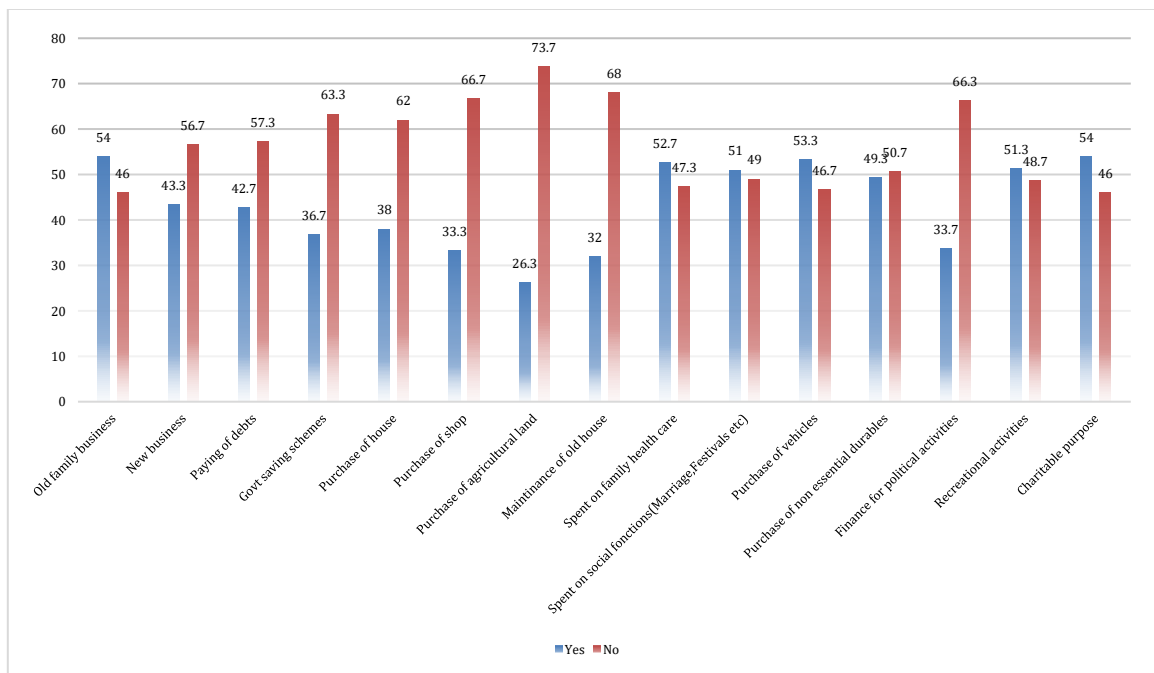


Fig 2: Utilization patterns of remittances

The gathered data from the household's interviews illustrates that the number of

vehicles owned by the household has been increased as 53.3% of the sample households

has spent on purchase of vehicles, 51% spent on social functions(marriage, festivals etc), 33.7% finance for political parties while 51% of the total sample spent on recreational activities.

Remittances have improved the overall quality of life as most of the sample households now own consumption durables like (AC,

refrigerator, TV etc) as 49.3% have purchased these durables. Similar results are also reported by Massay and Basem 1992. The last component of the above graph is an account of the expenditure for charitable purpose. The data reveals that a huge proportion of 54% spent remittances for this purpose.

Table 1: Pearson correlation between Remittances and Educational status of emigrants

Relationship between Remittances and Educational status of emigrant		Educational status of the emigrant	Remittances
Educational status of the emigrant	Pearson Correlation	1	.272**
	Sig. (2-tailed)		.000
	N	300	300
Remittances	Pearson Correlation	.272**	1
	Sig. (2-tailed)	.000	
	N	300	300

The above table no 1 illustrates association among two variables: Remittances and Educational status of emigrants. The calculated P value is .000 and r=.272 which depicts there is

significant relationship between both variables. As the level of education increases it resulted in higher income level.

Table 2: Pearson correlation between Remittances and land holding

Relationship between Remittances and Land holding		Remittances	Land holding
Remittances	Pearson Correlation	1	.206**
	Sig. (2-tailed)		.000
	N	300	300
Land holding	Pearson Correlation	.206**	1
	Sig. (2-tailed)	.000	
	N	300	300

The above tabulated data of table 2 represents association between remittances and land holding. The calculated value of P=.000 and r=.206 which describes strong positive

relationship between the two variables. The flow of remittances is affecting the land holding of immigrant's households in the study area.

Table 3: Pearson correlation between Remittances and vehicle possession

Relationship between Remittances and vehicle possession		Remittances	Vehicle possession
Remittances	Pearson Correlation	1	-.142*
	Sig. (2-tailed)		.014
	N	300	300
Vehicle possession	Pearson Correlation	-.142*	1
	Sig. (2-tailed)	.014	
	N	300	300

The above table 3 demonstrates relationship between remittances and vehicle possession. The calculated value of P=.014 and r=-.142

which shows there is negative relationship between the two variables.

Table 4: Pearson correlation between Remittances and household expenditures

Relationship between Remittances and Household expenditures		Remittances	Household Expenditures
Remittances	Pearson Correlation	1	.243**
	Sig. (2-tailed)		.000
	N	300	300
Household Expenditures	Pearson Correlation	.243**	1
	Sig. (2-tailed)	.000	
	N	300	300

The tabulated data of table 4 consist on relationship between two variables of remittances

and household expenditures. The calculated value of P=.000 and r=.243 which tells that there is strong

relationship. As the remittances started coming from overseas country in sample households, their household expenditures increased.

5. Conclusion

The sample households have made a rational use of overseas remittances as channelling their income in purchasing of agricultural land, construction/reconstruction of houses, spending on family health care and charity etc. The productive investment propelled the income growth because it has multiplier effects. Remittances provide a relief towards economy in the study area as the local economy is not much developed to provide enough chances for employment to job seekers. There is a dire need of productive utilization of remittances as the left behind migrant's households should be mobilized and provided some sort of business advisory services for productive investment of remittances.

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