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## Remittance and its Pattern of Use by Migrant Households: An Analysis Based on NSSO Unit Level Data

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### Abstract

The present paper analyses the inflow of remittance and its pattern of use by the migrant households of West Bengal on the basis of NSSO unit level data. In case of West Bengal, the internal remittance is higher than the international remittance and the less developed districts received more remittance than the developed districts. Scheduled Castes and Scheduled Tribes households received lesser amount of remittance than the others, while the Muslim households received more remittance. The higher land holding classes also received more remittance than the lower land holding classes. The pattern of use remittance in West Bengal is distinct. The migrant households spent more on consumption compared to non-migrant households. The migrant households mainly spent their remittance on the food consumption. While the female headed migrant households spent larger share of their remittances on the other household consumption and education. The study also finds that the educational status of remittance receiving households is significantly higher than the remittance non-receiving households.

**Key words:** Migration, remittance, pattern of use of remittance, West Bengal

### 1. Introduction

Migration though a part of active livelihood strategies, is also determined by social context, norms and structures, household composition, gendered ideologies, caste structure and social contracts and networks which determine who migrates and who can profit from opportunities arising elsewhere (Bora 1996). The Census 2011 estimates the total number of migrants in all duration and all ages is about 450 million in whole India and 33 million in the state West Bengal.

Migrants' remittances, an old age-old phenomenon, have assumed great importance over the last decade in development studies. With the incidence of international and internal migration increasing, remittances are considered to be an "important and stable source of external development finance" for household in the source regions (Ratha 2003), reducing transient poverty, and at times, even structural poverty (Kapur 2004). At the same time, remittances can also lead to financial dependency, divert attention from productive investments, and due to the self-selection nature of migration, increase inequality in source regions.

Data of 64<sup>th</sup> Round of the NSS (2007-08) suggest that on an average the annual consumption expenditure for rural areas was approximately INR 38,000 as compared to INR 41,000 for rural households getting remittances in India and annual consumption expenditure for urban areas was approximately INR 65,000 as compared to INR 80,000 for urban households getting remittances in India. The proportion of remittance receiving households in West Bengal had been increasing rapidly and it was approximately 9 percent of total households.

NSSO's 64<sup>th</sup> Round Survey on Employment, Unemployment and Migration in 2007-08 assumes great significance, as it collected nationally representative information on remittances at the household level for the first time. Subsequently, the NSSO published a report titled

“Migration in India: 2007-08” in June 2010, presenting detailed information on migration and remittances across various socio-economic attributes.

In this background the present paper analyses the inflow of remittances, the factors that affects the remittances and the pattern of use of remittances in the context of West Bengal.

## 2. Inflow of Remittances to West Bengal

The remittances are two types – international and international. In case of West Bengal the internal remittance is higher than the international remittance. In 2008-09 the volume internal remittance was INR 2633 crore, while amount of international remittance was only INR 208 crore. The remittances, both internal and international, widely varied across the districts of West Bengal (Table 1).

**Table 1 Percentage share of Remittance Received at the district level in West Bengal**

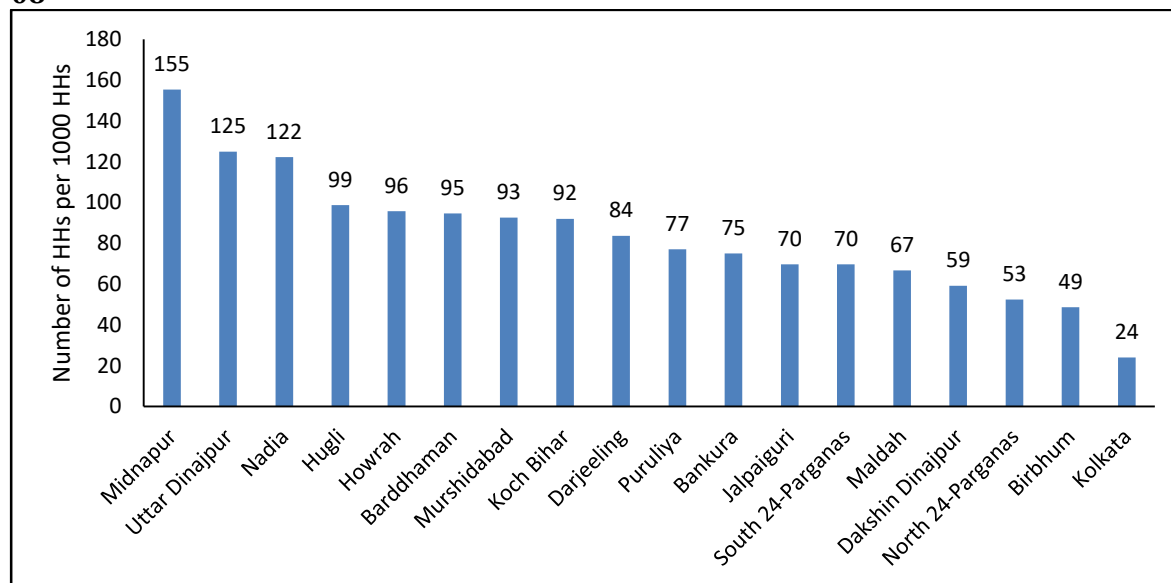
Districts	International	Internal	Grand Total
Darjeeling	2.43	3.69	3.60
Jalpaiguri	2.86	1.72	1.81
Koch Bihar	0.04	1.96	1.82
Uttar Dinajpur	0.00	2.16	2.00
Dakshin Dinajpur	0.11	0.78	0.73
Maldah	0.11	2.20	2.04
Murshidabad	6.31	6.43	6.42
Birbhum	0.11	2.76	2.57
Bardhaman	5.99	7.84	7.71
Nadia	39.68	8.07	<b>10.38</b>
North 24-Parganas	11.30	14.27	<b>14.05</b>
Hugli	3.55	9.03	8.63
Bankura	0.00	2.85	2.64
Puruliya	0.09	1.29	1.21
Midnapur	1.76	16.74	<b>15.64</b>
Howrah	4.39	6.21	6.07
Kolkata	20.54	5.39	6.50
South 24-Parganas	0.76	6.60	6.18
Total	100	100	100

Source: Computed from NSSO (2007-08) unit level data.

Among the districts of West Bengal the undivided Midnapur had the highest percentage share (16 percent) of remittance received. North-Twenty Parganas occupied the second position with 14 percent share, followed by Nadia (10.4 per cent), Bardhaman (8 per cent) and Mushidabad (7.5 per cent).

Out of total number of households in West Bengal, nearly 10 per cent of total households received remittances in rural areas in contrast to about 5 per cent of households in urban areas. The average amount of remittances received by the rural households was INR 12410 as compared to INR 29288 by the households in the urban areas. On the whole the average amount of remittance received by the households in West Bengal was INR 17883.

The number households received remittances per 1000 households across districts of West Bengal for the rural and urban areas are shown in Figure 1. The number of remittance-receiving households (per 1000 households) was highest in Midnapur (155) followed by Uttar Dinajpur (125) and Nadia (122). The number remittance receiving households as well as the percentage share of remittance receiving households was higher in the rural areas compared to the urban areas in all districts except Kolkata and Dakshin Dinajpur (Table 2).

**Figure 1 Number of Households (HHs) Received Remittances per 1000 Households, 2007-08****Table 2 Number of Households Received Remittances per 1000 Households across Districts of West Bengal, 2007-08**

	Rural	Urban	Total
Midnapur	163.4	90.6	155.3
Uttar Dinajpur	125.6	118.9	124.9
Nadia	127.7	101.6	122.2
Hugli	115	59.8	98.7
Howrah	135.1	35.6	95.7
Bardhaman	123.7	39.3	94.7
Murshidabad	95.7	72.5	92.6
Koch Bihar	93.6	68.2	92
Darjeeling	80.4	90.8	83.6
Puruliya	79.5	53.7	77.1
Bankura	79.1	26	75.1
Jalpaiguri	70.5	62.9	69.7
South 24-Parganas	72	59.7	69.7
Maldah	69.3	31.9	66.7
Dakshin Dinajpur	56.4	103.5	59.2
North 24-Parganas	61.7	43.5	52.5
Birbhum	50	35.3	48.7
Kolkata	0	24.1	24.1

Source: Computed from NSSO (2007-08) unit level data.

### 3. Remittance in Relation to the Characteristics of Migrant Households in West Bengal

The remittance received by the migrating households significantly varied across different attributes relating to the location and socio-economic status of households. The results of the test of proportion for the differences of remittance received across different indicators are presented in Table 2. The remittance received is significantly differing in the rural and urban areas, particularly remittance received in the rural areas is higher than that of the urban areas. Similarly,

relatively less developed districts received more remittance than developed districts of West Bengal. Remittance received also significantly varied across social groups as well as religions. Scheduled Castes (SC) and Scheduled Tribes (ST) households received lesser amount of remittance than non-SC and ST households. Among different religion Muslim households received more remittance compare to other religion like Hindu, Christians and others. The amount of remittance also varied across different land holding classes. Relatively higher land holding classes (Medium and Large scale) received more remittance than lower land holding classes (Table 3).

**Table 3 Test of Proportion for the Difference of Remittance Received in West Bengal across different Indicators**

<i>Indicators</i>		<i>P<sub>1</sub></i>	<i>P<sub>2</sub></i>	<i>(p<sub>1</sub> - p<sub>2</sub>)</i>	<i>τ</i>
<b>Sector</b>	<i>Rural</i>	0.100			
	<i>Urban</i>		0.049	0.051	79.969***
<b>Districts</b>	<i>Less developed</i>	0.098			
	<i>Developed</i>		0.077	0.021	46.850***
<b>Social Group</b>	<i>SC &amp; ST</i>	0.080			
	<i>Non SC &amp; ST</i>		0.091	-0.011	-22.448***
<b>Religion</b>	<i>Hindu</i>	0.085			
	<i>Other than Hindu</i>		0.095	-0.011	-21.132***
	<i>Muslim</i>	0.097			
	<i>Non-Muslim</i>		0.084	0.013	25.545***
	<i>Christian</i>	0.056			
	<i>Other than Christian</i>		0.087	-0.031	-9.386***
	<i>Other Religion</i>	0.056			
	<i>Except Other Religion</i>		0.087	-0.032	-7.587***
<b>Land holding pattern (in hectare)</b>	<i>Less than .005(Marginal)</i>	0.076			
	<i>lager than 0.005</i>		0.091	-0.015	-26.839***
	<i>0.005 to 0.01(semi small)</i>	0.0747			
	<i>Other than semi-small holding</i>		0.094	-0.019	-38.452***
	<i>0.02 to 0.4(small)</i>	0.098			
	<i>Other than small holding</i>		0.082	0.016	34.312***
	<i>0.41 to 0.2 (medium)</i>	0.112			
	<i>Other than Medium holding</i>		0.084	0.028	43.096***
	<i>Area above 2 (large)</i>	0.244			
	<i>Below large holding</i>		0.086	0.158	85.540***

Source: Computed from NSSO (2007-08) unit level data.

Note: \*\*\* 1%, \*\* 5%, \* 10% level of significance respectively

The results of the comparison between the households with remittance received and the households without remittance received are presented in Table 3. The average age of the head of household is significantly differed between the remittance receiving households and remittance non-receiving households. It was relatively higher for remittance receiving households. Households that received remittance have a less probability to be headed by a male member and it indicates that migrants are mostly males. It is also evident that households receiving remittance are likely to be smaller in size. The households receiving remittance have female members as head and they also have more likely elderly people as family heads. It, therefore, appears that households that received remittance depend more on the income available from remittance. It is also clear that the educational status of the members of remittance receiving households is significantly higher than that of remittance non-receiving households across all levels of education say, primary, secondary, higher secondary, graduate and technical degree or diploma. Remittance receiving households in the rural areas is higher than that of the urban areas of West

Bengal. The remittance receiving households are much lower compared to that of remittance non-receiving households in rural and urban areas.

**Table 4 Test of the Different between With and Without Remittance Recipient Households**

Variables	With remittances		Without remittances		Mean Differences
	Mean	SD	Mean	SD	
<b>Characteristics of household</b>					
Age of household head	49.89	13.71	45.43	13.41	4.47***
Male-headed households	0.67	0.47	0.91	0.29	-0.24***
Female-headed households	0.33	0.47	0.09	0.29	-0.24***
Household size	4	2	4.30	0.20	-0.30***
No. of children age up to 6 years	0.34	0.47	0.38	0.49	-0.40***
No. of children aged 7-18 years	0.55	0.50	0.58	0.49	-0.03***
No. of member aged 19-59 years	0.96	0.20	0.97	0.17	-0.01***
No. of member aged above 60 years	0.33	0.47	0.24	0.43	0.09***
Illiterate	0.65	0.48	0.65	0.48	0.00***
Primary education	0.76	0.43	0.75	0.43	-0.01***
Secondary education	0.48	0.50	0.47	0.50	0.01***
Higher secondary	0.10	0.30	0.11	0.32	-0.01***
Graduate	0.10	0.30	0.12	0.33	-0.02***
Diploma	0.01	0.09	0.010	0.10	0.00***
<b>Region</b>					
Rural	0.10	–	0.90	–	-0.80***
Urban	0.05	–	0.95	–	-0.90***
<b>Household expenditure</b>					
Monthly consumption	4108.89	11986.86	3291.02	3791.87	817.86***
Monthly per capita expenditure	1348.8	5932.62	852.42	837.61	496.38***

Source: Computed from the NSSO 64<sup>th</sup> round (2007-08) unit level data

Note: \*\*\* Significance at 1% level

The migrant households spend more on consumption compared to non-migrant households. The monthly consumption expenditure (both per capita and aggregate) is significantly higher for the remittance receiving households compared to the non-remittance received households (Table 4).

#### 4. Pattern of Use of Remittance in West Bengal

The NSSO collected information of the uses of remittance by the remittance receiving households. There are three levels of use of remittance – first use, second use and third use. They are classified on the basis of the descending order of use of remittance. The households used remittance in thirteen different purposes (as listed in Table 5).

**Table 5 Distribution of percentage use of Remittances by Households**

Items	First Use	Second Use	Third Use
Food	75.6	2.1	2.8
Education	0.9	21.1	4.1
Durable goods	0.8	12.2	6.6
Healthcare	5.7	20.7	10.8
Other Consumer expenditure	6.2	21.5	17.7
House & improve housing	4.5	3.2	4.6
Debt repayment	1.5	2.2	2.9
Marriage and other ceremony	1.6	0.7	0.0
Working capital	0.2	0.2	0.1
New entrepreneurial	0.0	0.0	0.0
Saving and Investment	1.4	1.1	2.5
Others	1.4	0.6	1.1
Not Available for Uses	0.0	14.4	46.7
Total	100	100	100

Source: Computed from the NSSO 64<sup>th</sup> round (2007-08) unit level data.

As regards the pattern of use of remittance in West Bengal it was found that the households mainly (first use) spent remittance on expenditure on food and it was about 75.6 per cent. The households were found to have the second use of the remittance mainly on other household consumption expenditure (21.5 per cent), healthcare (20.7 per cent), and education (21.1 per cent) and for purchasing durable goods (12.2 per cent). Out of these female headed households spends larger share of their remittances on other household consumption expenditure and education for their children. Out of total remittance receiving households about 47 percent households have not much money left out after spending on the first and second purposes. The pattern of use remittance in West Bengal differs from other states like Kerala where a greater proportion is used for purchasing land and building buildings (Zachariah and Rajan, 2011). In the state of Orissa, a large portion of remittances were used for marriage, ceremonial expenses and improving housing conditions. In Tamil Nadu there was a greater use of remittances for debt repayment and education (Valatheeswaran, 2016). In most of the North-Eastern states greater use of remittances were mostly on education, while in Goa and most of the Union Territories they were primarily spends on saving and investment purposes (Tumbe, 2011).

The monthly consumption expenditure pattern of with and without remittance receiving households is shown in Table 5. The average monthly expenditure of remittance receiving households was INR 4109. For the households without remittance it was relatively low (INR 3291).

**Table 5 Consumption Expenditure Pattern of With and Without Remittance Received Households**

Items	Households With Remittance		Households Without Remittance		Mean Difference	t-value
	Mean	SD	Mean	SD		
Food Expenditure	2095.0	6215.4	1761.1	2003.8	333.9***	67.3
Other household Consumption	1044.1	4322.4	859.1	2967.2	185.0***	52.8
Medical Expenditure	374.6	1552.3	222.5	698.1	152.1***	122.3
Educational Expenditure	170.3	461.0	171.4	421.6	-1.1***	-2.9
Consumption on Durable Goods	424.9	1766.7	276.9	451.9	148.0***	105.3
Total	4108.9	12671.5	3291.0	5020.9	817.9	80.7

Source: Computed from the NSSO 64<sup>th</sup> round (2007-08) unit level data.

Note: \*\*\* Significance at 1%, \*\* at 5% level of significance.

The average monthly expenditure of the households with remittance is significant higher than that of the households without remittance across all items of consumption except education. It indicates that the remittance has played a significant difference in the expenditure pattern of remittance received households.

## 5. Conclusions

In case of West Bengal the internal remittance is higher than the international remittance. Relatively less developed districts received more remittance than developed districts of West Bengal. Scheduled Castes (SC) and Scheduled Tribes (ST) households received lesser amount of remittance than non-SC and ST households. Among different religions Muslim households received more remittance compare to the other religions like Hindu, Christians and others. The amount of remittance also varied across different land holding classes. The higher land holding classes received more remittance than the lower land holding classes.

Households that received remittance have a less probability to be headed by a male member in their household and this indicates that migrants are mostly males. It is also evident that households receiving remittance are likely to be smaller in size and have female members as head. The educational status of the members of remittance receiving households is significantly higher than that of remittance non-receiving households. The pattern of use remittance in West Bengal is distinct. The migrant households spend more on consumption compared to non-migrant

households. The migrant households spend their remittance mainly on consumption of food. While the female headed households spends larger share of their remittance on other household consumption and education for their children.

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