

# Innovations

## The Impact of International Labour Migration on Income and Expenditure Patterns of Migrants Families in East Godavari District, Andhra Pradesh, India

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**Abstract:** *The pursuit of work is the main reason for labour migration from one region to another. International remittances increase household income and reduce poverty levels in developing countries. The study examines the impact of migrant's remittances on the income and expenditure patterns of the migrant's families in the East Godavari district of Andhra Pradesh. The study adopted a survey research method. The respondents were selected by using convenient and simple random sampling methods. The formulated hypotheses were tested with the use of a t-test statistic. In order to explore the impact of migration on income and expenditure levels, a two-sample paired t-test was used to study the effect of migration on migrant's families before and after migration. From the findings of the study and the tested hypotheses, it was discovered that there is a significant positive effect of migration on the income and expenditure patterns of the respondents in the study area. The study therefore offers some policy recommendations.*

**Keywords:** *Labour, Remittances, Income, Expenditure*

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### I. Introduction

India is a significant contributor to the world's skilled, semi-skilled, and unskilled labour migrants. Labour migration has direct and indirect repercussions on migrants' households, as well as the economies of both the origin and destination countries. Migration is a global phenomenon. Migration has its roots in the beginning of humankind. There are two types of migration: internal migration and external migration. People migrate externally when they move from one country to another. Internal migration, on the other hand, takes place within a country's regions. Migration can occur voluntarily or involuntarily. Voluntary migration is defined as the movement of people from one region or country to another in order to earn livelihoods. Additionally there is involuntary migration, often known as forced

migration, which results from natural disasters, conflicts, illnesses, etc. The root causes of migration are explained by push and pull factors. The factors which are inspiring individuals to leave their homeland are push factors like drought, conflict, fewer job opportunities, and low standard of living. Pull factors, which are attractive forces to individuals to move to new areas. Pull factors include higher wages, higher standard of living, political liberty, attractive social life (Lee, 1966).

History reveals both voluntary and involuntary migration to and from India, both internal and external. However, in the last three to four decades, voluntary movement abroad has increased in popularity because of the intricacy of modern living and the rapid changes in socioeconomic conditions. Globalization has caused the labour or workforce to relocate from one location to another or from one region to another on a national scale, in search of better employment opportunities. The pursuit of work is the main reason of labour migration from one region to another. Even if an individual has no preference between the two places in terms of employment prospects, migration may occur. In that situation, the wage differential between the two regions influences migration direction. Labourers migrate from a low-wage rate region to a high-wage wage rates region. Continuous migration fosters competition among potential workers, lowering the wage rate. This approach will continue until the wage gap between the two regions is minimized. Thus, labour migration can bring the two regions' wages into equilibrium (T Sanyal & K Maity, 2018).

The International migrants have increased significantly over the past two decades. According to the 'International Organisation for Migration's World Migration Report 2024, International migrants worldwide was estimated to be nearly 281 million people living outside of their country of birth in 2020, from 153 million in 1990. There is a significant increase in share of International migrants in the world population which was constitutes 3.6 per cent of the world population in 2020, compared to 2.8 per cent in 2000 and 2.3 per cent in 1980. Nearly two third of the International migrants were labour migrants (UNDESA, 2021). The Indian Diaspora consists of an estimated more than 30 million Indian migrants around the world.

Remittances sent by migrants have a direct impact on the lives of the migrants' families by improving consumption patterns, raising savings and investment levels, raising living standards, decreasing poverty, offering social security to low-income households, and lowering the unemployment rate in the origin country's economy. International Remittances increases the level of household income and reduces the depth of the poverty levels in developing countries. The remittance receiving households consume and invest their remittance earnings; the international remittances spend less on consumption goods like food and more on investment items like education and housing (Adams, 2005). Over the past two decades,

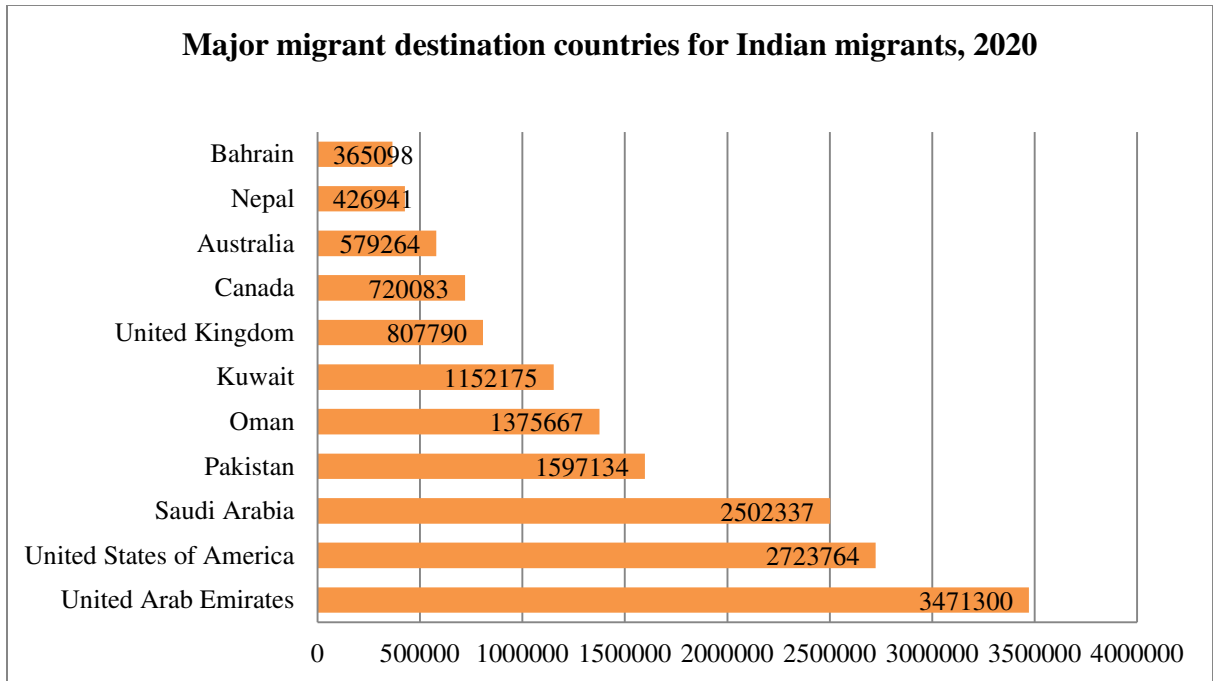
research on migration has examined how remittance flows and migration affect recipient country's development. In certain cases, remittance inflows have been proven to be beneficial by providing credit in nations with fragile financial systems, encouraging self-employment and thereby replacing microcredit, stabilizing domestic output, reducing poverty, and increasing school enrollment. Remittances are a reliable source of income for many households in developing countries (S R Sutradhar, 2020).

Since 1990, with the LPG policy, liberalised India has seen a significant increase in labour migration not only to its traditional destinations such as the United States of America (USA), the United Kingdom (UK), and Canada, but also to Germany, France, Belgium, Australia, New Zealand, Japan (East Asia), and Singapore, Malaysia (South East Asia). This has resulted in a dramatic increase in the percentage of Indians migrating to other countries over the past few decades.

According to the latest estimate by World Bank 2024, India received the highest remittances from overseas about (\$119.5 billion) in the world; it contributed 3.5 percent of India's national GDP in 2022-23 compared to (US\$2.3 billion) in 1990 followed by Mexico (66.2\$), China (49.5\$), Philippines (39.1), Pakistan (26.6\$). Remittance inflows as relative share of gross domestic product of (GDP), the top five countries were Tonga (40.6%), Tajikistan (39.1%), Lebanon (30.7%), Samoa (28.4%), Nicaragua (26.8%) (World Bank, 2024). Remittance is an intermediate determinant of the consequences of migration (Zachariah, Mathew, & Rajan, 2001).

## **II. Major countries of destination with reference to India**

According to the world migration report 2024, the top ten destination countries for the international migrants are United States of America, Germany, Saudi Arabia, Russian Federation, France, Canada, Australia and Spain. On the other hand, India placed first among the world countries in having a large number of migrants from origin countries, followed by Mexico, the Russian Federation, China, the Syrian Arab Republic, Bangladesh, Pakistan, Ukraine, the Philippines, and Afghanistan (IOM, 2024).



Source: UNDESA, 2021

It is noteworthy that five out of the major migrant destination countries belong to the Gulf Cooperation Council (GCC), underscoring the significance of these countries for Indian migrant labour. According to the UNDESA 2020 estimate, there are more than 30 million Indian Diasporas spread across 134 countries. With over 9 million Indian migrants spread across the Gulf countries, the Gulf region is the major corridor for labour migration. As a result, it is clear that one-fourth of the total Indian Diaspora is concentrated in the GCC region. In India, the major states of origin for low-skilled women migrating to Gulf countries are Kerala, Tamil Nadu, Andhra Pradesh, and Maharashtra. Almost 90 percent of the total Asian women migrants are employed in the service sector, primarily as domestic workers (Shah, 2004). In the study area, it was observed that the majority of migrants chose Gulf countries as their destination countries, and very few chose other countries.

### III. Statement of the Problem

Migration between borders is a complex issue with numerous consequences. It can benefit the economy of both the receiving and sending countries, as well as teach individuals from other cultures to understand and accept one another. In the last five decades, the world has seen a significant rise in international migration and remittances, with global migration and remittances expected to reach 281 million and \$831 billion, respectively, in 2022, with India accounting for the lion's share of both emigrant volume and remittance value. In summary, around 3.6% of the world's population is living outside of their nation of origin. India is the world leader in international labour migration and remittances. India receives a significant

proportion of overseas remittances, which are crucial for the Indian economy. It plays a significant role in international migration as both a country of origin and destination.

The pace of migration has changed in recent years. Some affluent countries that previously relied on unskilled and semiskilled labour are now seeking an increasing number of skilled workers for their labour markets. Skilled and unskilled labourers in India are leaving for different countries where they are potentially compensated better for their services. A large number of unskilled and semi-skilled Indian workers were relocating to Gulf countries and sending remittances to their family members. These remittances frequently account for a sizable amount of household incomes. As a result, migrants families standard of living is substantially increased as they can afford better housing, healthcare, education, and other necessities. The remittances from the international migrants are important for both families of migrants and the balance of payment of their country of origin. The remittances contribute significantly to the gross domestic product and foreign exchange earnings of developing countries (A Azeez & M Begum, 2009).

In India, the largest number of international migrants is from Kerala, followed by Tamil Nadu, Andhra Pradesh, Maharashtra, and Rajasthan. On the other hand, in Andhra Pradesh, the districts of Kadapa, Chittoor, East Godavari, and West Godavari witness a high number of international migrants. The present study seeks to examine the impact of international migration on the income and expenditure patterns of the migrant's families in the East Godavari district of Andhra Pradesh, India.

#### **IV. Objectives and Methodology**

The primary objective of the present study is to examine the impact of migration on household income levels and how remittances influence households' expenditure patterns in the study area. The study was based on both primary data and secondary data. Primary data was collected through a pre-tested schedule. The researcher uses this design to analyze international migrant remittances and household expenditure patterns in the East Godavari district of Andhra Pradesh. This approach is employed because it focuses on obtaining respondents' perspectives and thoughts on the research problem while simultaneously enabling the researcher to select a subset of the study population.

The study employed convenient sampling method and simple random sampling. A convenient sampling method was employed to select three mandals in the East Godavari district. The simple random sampling method was used to select 100 respondents from each selected mandal, for a total of 300 samples collected for the study. Secondary data was obtained from various research journals, government websites, books, etc. The collected data was tabulated and analysed by using MS Excel and SPSS. A two-sample paired t-test was used to test the hypotheses.

## V. Empirical Analysis

The analysis explains the socio-economic characteristics of the migrants, what motivates them to migrate, and the economic impact of migration on the migrants' families. Economic motivation becomes decisive only when there are substantial differences between income earned at home and abroad. It is evident that migration has benefited migrant's families by enabling them to attain higher levels of income, change consumption patterns, and acquire assets compared to non-migrant families. The inflow of remittances has significantly reduced the poverty levels of migrant households.

### Socio-Demographic Characteristics of the respondents

**Table 1: Demographic characteristics of the respondents**

<b>Gender</b>		
<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	161	53.67
Female	139	46.33
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Age</b>		
<b>Age Group</b>	<b>Frequency</b>	<b>Percentage</b>
Below 30	80	26.67
31-40	157	52.33
41-50	49	16.33
51 & above	14	4.67
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Education</b>		
<b>Education Status</b>	<b>Frequency</b>	<b>Percentage</b>
Illiterate	39	13.00
Primary	145	48.33
Secondary	94	31.33
Higher Education	15	5.00
Professional	1	0.33
Diploma	6	2.00
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Family Size</b>		
<b>Family Size</b>	<b>Frequency</b>	<b>Percentage</b>
1-3	84	28.00
4-5	172	57.33
6 & above	44	14.67
<b>Total</b>	<b>300</b>	<b>100.00</b>

Source: Primary data

The data presented in Table 1 provides information on the socio-demographic characteristics of the respondents. The data reveals that the gender distribution shows a slightly higher proportion of males compared to females, i.e., 53.67% of migrants were male and 46.33 were female. On age distribution, the largest group is 31–40 (52.33%), comprising more than half of the total population. The next significant group is below 30, representing 26.67%, followed by 41–50, which accounts for 16.33%, while the smallest group is 51 and above, making up only 4.67%. On the educational status of migrants, nearly half of the population has a primary education level (48.33%), followed by secondary education (31.33%). A significant portion of the population is illiterate (13.00%), and a small percentage of the population has higher education (5.00%), followed by professionals (0.33%) and diplomas (2.00%). This indicates that a significant proportion of migrants have a basic education. It was further observed that the majority of families have 4-5 members (57.33%), followed by 1-3 (28.00%) and 6 and above (14.67%). Most families have between 4 and 5 members, indicating a tendency towards medium-sized families in the study area.

**Process of migration and Remittance Characteristics**

In the dynamic process of migration, the motivation of emigrants is decisive. Indian migration to other countries obviously revolves around better employment prospects, which are, of course, not available in the home country. People migrate to other countries to earn enough money to overcome their squeezing economic difficulties, rather than to accumulate financial security.

**Table 2**  
**Distribution of respondents by the Remittance characteristics**

<b>Causes of Migration</b>		
<b>Causes of migration</b>	<b>Frequency</b>	<b>Percentage</b>
Unemployment	90	30.00
Poverty	33	11.00
High Income	71	23.67
Better Employment	61	20.33
To repay debt	41	13.67
No land/shortage of land	4	1.33
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Occupation of migrants in abroad</b>		
<b>Occupation</b>	<b>Frequency</b>	<b>Percentage</b>
Domestic workers	129	43.00

Construction workers	48	16.00
Drivers	34	11.33
Industrial workers	40	13.33
Others	49	16.33
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Duration of stay</b>		
<b>Duration(In Years)</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 5 years	135	45.00
5-10	143	47.67
11-15	18	6.00
16-20	2	0.67
21-25	2	0.67
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Monthly income in abroad</b>		
<b>Monthly Income</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 20000	2	0.67
20000-30000	115	38.33
31000-40000	101	33.67
41000-50000	49	16.33
51000-60000	15	5.00
61000 & above	18	6.00
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Remittances</b>		
<b>Total Remittances (Rs.)</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 200000	9	3.00
200000-300000	101	33.67
310000-400000	121	40.33
410000-500000	46	15.33
510000 & above	23	7.67
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>Frequency of remittances</b>		
<b>Frequency of sending remittances</b>	<b>Frequency</b>	<b>Percentage</b>
Monthly	180	60.00
2-3 months	118	39.33
More than 3 months	2	0.67
<b>Total</b>	<b>300</b>	<b>100.00</b>

Source: Primary Data



Table 2 provides a valuable insight into the migration and remittance characteristics of respondents. It is found that economic reasons dominate the desire to migrate. The data reveal that the majority of the respondents reported economic difficulty as the most important factor behind their migration. The primary cause of migration is unemployment, which accounts for 30.00%. High income (23.67%) and better employment opportunities (20.33%) are also significant motivators, followed by repaying debt (13.67%), poverty (11.0%), and a shortage of land (1.33%). It is evident that the majority of the respondents are unskilled or semi-skilled workers in the study area. The dominant occupation among migrants in the study area was domestic work, constituting 43% of the total. A notable proportion of migrants were construction workers (16.00%), drivers (11.33%), and industrial workers (13.33%). A significant proportion of migrants were working in various occupations in the category of others (16.33%). Further, the data reveals that the majority of migrants have stayed abroad for less than 10 years (92.67%), with the majority staying between 5 and 10 years (47.67%). The majority of migrants earn between 20000 and 30000, comprising 38.33%, followed by 31000–40000 (33.67%). The income group 41000–50000 constitutes 16.33% of the migrants, while the income groups 61000 and above and 51000–60000 represent 6.00% and 5.00%, respectively. Only a small proportion, 0.67% earns less than 20000. The largest proportion of migrants sent total remittances fall within the 200000–400000 range (74.00%). Remittances over 50000 are relatively rare (7.67%). This indicates that the majority of migrants fall within the middle-income brackets, with most sent significant remittances back home, particularly in the 200000–400000 range. Remittances were sent almost at regular intervals, either once a month, once every two months, or more than that. The majority of migrants send remittances monthly (60.00%), and a significant proportion send remittances every 2-3 months (39.33%), while only a small proportion of migrants opt for more than 3 months in the study area.

**Migrant’s family monthly Income before and after migration**

**Table 3**

**Distribution of migrant’s families by monthly income before migration and after migration**

<b>Before Migration</b>		
<b>Monthly Income</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 5000	160	53.33
5000-10000	119	39.67
10001-15000	13	4.33
15001 & above	8	2.67
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>After Migration</b>		
<b>Monthly Income</b>	<b>Frequency</b>	<b>Percentage</b>
Below 20000	2	0.67
20000-30000	125	41.67
30001-40000	111	37.00
40001-50000	41	13.67
50001 & above	21	7.00
<b>Total</b>	<b>300</b>	<b>100.00</b>

Source: Primary Data

Table 3 provides a detailed breakdown of the income distribution among migrant families before and after their migration. In the study area, before migration, the majority of migrant’s families (53.33%) had a monthly income of less than 5000. A significant portion (39.67%) earned between 5000 and 10000, and very few had incomes between 10001 and 15000 (4.33%), and a higher income range of above 15001 constitutes only 2.67%. After migration, the majority of migrant’s families earn between 20000 and 30000 (41.67%) and 30001-40000 (37.00%). The higher income range of 40001–50000, comprising 13.67% of migrant’s families, indicates that migration has led to significant economic benefits for households, with most experiencing a considerable increase in their monthly incomes in the study area. Analytically, the data highlights a positive change in the financial status of migrant families after migration, with a significant number of migrant families shifting from low-income to higher-income groups. This improvement reflects the

motivations behind migration, such as better employment opportunities and higher income potential.

**Migrant’s family monthly expenditure before and after migration**

Table 4 provides a detailed insight into the distribution of monthly expenditures for migrant families before and after their migration in the study region. Analyzing the data, several noteworthy patterns and shifts emerge:

**Table 4**  
**Distribution of migrant’s families by monthly expenditure before migration and after migration**

<b>Before Migration</b>		
<b>Monthly Expenditure</b>	<b>Frequency</b>	<b>Percentage</b>
Below 3000	67	22.33
3000-6000	196	65.33
6001-9000	35	11.67
9001 & above	2	0.67
<b>Total</b>	<b>300</b>	<b>100.00</b>
<b>After Migration</b>		
<b>Monthly Expenditure</b>	<b>Frequency</b>	<b>Percentage</b>
Below 5000	7	2.33
5001-10000	204	68.00
10001-15000	74	24.67
15001-20000	15	5.00
20001 & above	4	1.33
<b>Total</b>	<b>300</b>	<b>100.00</b>

Source: Primary Data

In the study area, there is a noticeable increase in monthly expenditures after migration. Before migration, the majority of migrants families spent between 3000-6000 (65.33%), followed by a significant portion spent below 3000 (22.33%), a smaller group had expenditures between 6001-9000 (11.67%), and very few spent above 9001 (0.67%). After migration, the data reveals a substantial shift in expenditure, with 65.33% of migrants families spending between 5001 and 10000, followed by 10001–15000 (24.67%), 15001-20000 (5.00%), and very few spending above 20001 (1.33%). Analytically, post-migration, the majority of individuals spend between 5001 and 10000, whereas prior to migration, most spent between 3000-6000. Expenditures below 5000 have decreased significantly to 2.33% post-

migration, indicating that there is a significant increase in the monthly expenditures of migrant’s families. In summary, there is a notable shift from the low expenditure range to the middle and high expenditure range, indicating an improved standard of living post-migration, as reflected in their increased monthly spending.

**Paired t-test results**

To examine the impact of migration on respondents' income and expenditure requires a robust statistical analysis. A two-sample paired t-test was performed to compare the income and expenditure patterns of respondents before and after the migration.

Under the claim the null and alternative hypothesis are,

For the Income variable,

H<sub>0</sub>: There is no significant difference between the income levels of the respondents before and after migration.

H<sub>1</sub>: There is a significant difference between the income levels of the respondents before and after migration.

Expenditure variable,

H<sub>0</sub>: There is no significant difference between the expenditure patterns of the respondents before and after migration.

H<sub>1</sub>: There is a significant difference between the expenditure patterns of the respondents before and after migration.

To rigorously test these hypotheses, the research employed the Paired t-test procedure. This statistical approach enables a thorough investigation into the significance of changes in income levels and expenditure patterns following migration, providing valuable insights into the potential economic implications of the migration process on the surveyed population.

The test results are as follows:

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	After Income	49060.000 0	300	33243.7496 3	1919.32878
	Before Income	10396.666 7	300	3963.79799	228.84998

Pair 2	After Expenditure	15786.6667	300	9974.27237	575.86488
	Before Expenditure	6806.6667	300	2752.18774	158.89763

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	After Income - Before Income	38663.3333	33118.97054	1912.12466	34900.40649	42426.26017	20.220	29	.000
Pair 2	After Expenditure - Before Expenditure	8980.0000	10177.66589	587.60781	7823.62915	10136.37085	15.282	29	.000

The paired t-test conducted on the Income and Expenditure variables have yielded compelling results. For Income, the calculated test statistic ( $t = 20.220$ ) and the P-value is (0.000), which leads to reject the null hypothesis with a high level of confidence ( $P < 0.01$ ). This rejection indicates a significant change in the income levels of respondents before and after migration.

Similarly, for Expenditure, the test statistic ( $t = 15.282$ ) and the p-value is (0.000) provides robust evidence to reject the null hypothesis at a significance level of 0.01. This rejection indicates that there is a significant change in expenditure patterns of the respondents after migration.

These findings underscore the significant positive impact of migration on the income levels and expenditure patterns of the respondents in the study area.

## VI. Conclusion and policy recommendations

Migration plays a significant role in developing countries and it is important to discuss the impact of migration on the origin countries. The study examines the impact of migrant’s remittances on the income and expenditure patterns of the

migrant's families in the study area. In order to explore the impact of migration on income and expenditure levels, two sampled paired t-test was used to study the effect of migration on migrant's families before and after migration. In summary, the study found that there is a significant positive effect of migration on the income levels of the migrant's families. Similarly, the migration significantly influences the expenditure patterns of the migrant's families in the study area.

Migration had more positive economic ramifications than ever before, and public policies need to be addressed to capitalize from this movement across borders for the nation's economic growth. However, we must disregard the problems that migrants experience both before and after migration in their countries of origin and in the destination countries. There are so many reports that the living and working conditions for Indian migrant labourers in the GCC are harsh. As well, violations of human rights against Indians are reported in the case of domestic workers. To positively strengthen Indian migration, the government of India should take the necessary measures to protect the workers' well-being. The government should raise awareness among the migrants about the benefits of using remittances for investments in a productive manner rather than consumption and educate them about their rights, the legal migration process, and the potential risks associated with informal channels.

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