

REMITTANCES AND SUSTAINABLE LIVELIHOODS IN SEMI-ARID AREAS

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Can migrant remittances be a viable and sustainable livelihood solution for households in semi-arid areas? The present study attempts to examine the impact and potential of remittances from rural migrants in providing a viable livelihood diversification and investment option in rural areas. Focusing on the migration pattern in selected villages of semi-arid and drought prone districts of Andhra Pradesh, India, the paper argues that remittances do provide a scope for accumulation of wealth and asset creation for households in addition to providing basic consumption needs. If this wealth is to become a viable sustainable private investment option in rural areas there is a need to address some policy, institutional factors and other dynamics whereby the remittances become more a productive instrument; instead of just a means for reducing household poverty.

INTRODUCTION

Remittances are a positive outcome of migration. Remittances, the portion of a migrant worker's earnings sent back from the destination of employment to the origin of the migrant, play a central role in the livelihood of many households and have become a focal point in the ongoing debate concerning the viability and sustainability of this livelihood option.

The role and importance of remittances in the international migration of skilled workers from developing countries like India and others, has been widely studied and recognized for its contribution towards foreign exchange earnings and macroeconomic stability etc. However, remittances generated by internal migration mainly from rural to urban and rural to rural areas have been overlooked or had limited attention. Policies have often tended to ignore migration, or have the

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implicit or explicit aim to reduce migration and as a result the trend has been to consider migration as undesirable and problematic in academic, press and policy debates (De Haan, 1999). The result of this is to ignore the vital livelihood activity of the migrants and further worsen their plight by depriving them of opportunities and rights in the work place and reducing the chance of liberation from the poverty trap.

The present paper attempts to shed light on some of the issues, such as, the pattern of remittances and how it has affected the livelihood status of the migrants in a semi-arid context. By analysing the nature, form and characteristics of the migration from the sample villages, the paper examines the remittances earned and their utilization patterns. It does not attempt an evaluation of either positive or negative aspects of migration, instead, it studies the role of remittances: in addressing concerns of livelihood; and, as a source of rural investment so as to enhance the positive externalities of the capital. Assuming that the households utilize their remittances in varied activities, the paper looks into how much of the remittances are utilized as productive investments and focuses on the constraints encountered by the migrants in saving and getting good returns for the investments made using remittances. The paper argues that remittances have provided a strategy for poor households to escape poverty, and also have potentially adequate scope to become viable rural investment tools provided the required policy, institutional and social security support systems are in place. Such an analysis can help formulation of policies for recognition of migration remittances not only as a vital livelihood option but also an avenue for rural investments especially in geographically disadvantaged areas.

The existing literature on migration has focused on various issues and the economic aspect has been found to be the most important determinant in rural to urban migration, particularly in developing countries. Traditional microeconomic models of migration were founded on theories related to individual optimizing behaviour that viewed rural-urban migration as the result of large differences in employment opportunities and income (Todaro, 1969; 1976), in the "new" economics of migration the emphasis is on the family and family strategies as crucial elements in migration decisions (Stark, 1982; 1991). Families see migration as a form of portfolio diversification in which remittances play an important role. Families first invest in migrants leaving, but they do so in the expectation of returns in the form of remittances. Migration is also undertaken as a survival strategy in which the temporary or long-term migration of people from a household is seen as a way for the household to maximize its chances for survival in an uncertain environment by diversifying its sources of income (Bilsborrow, 1998; Massey and others, 1993;

Stark, 1991). However, migration takes place both as individual optimization behaviour and family strategy.

Although some of these factors of migration are common throughout the world, migration in semi-arid regions is predominantly influenced by geography and climate. Erratic rainfall, a poor natural resource base and recurring droughts are such a common phenomenon in these parts that they become the overarching context within which migration takes place. The worsening state of dry land agriculture created by drought, recurring crop failures and a lack of livelihood diversification leads to distress and survival migration (Krishnaiah, 1997; Rao, 1994; Ravindra, 1989 and Reddy, 1990). The remittances from migration play a vital role in providing sustenance for the poor, and indeed, migration is the dominant livelihood strategy (Conroy and others, 2001; Mosse and others, 2002 and Prasad, 1997). In regard to the utilization of remittances, evidence of productive farm or non-farm investment is scarce but a number of studies do report such investment by a small percentage of migrants and return migrant households (Krishnaiah, 1997; Oberai and Singh, 1983; Sharma, 1997; Rogaly and others, 2001). Again, remittances contribute to the welfare and improved livelihood of the receiving household – be it in terms of basic necessities such as food, clothing, or better health and education; thereby building human and social capital or to a smaller extent in terms of savings or business investments (Sander, 2003). Several studies have observed that migrants have been able to escape poverty using their experience and migration has changed from being purely for survival in the past to a strategy for accumulation of capital now (Deshingkar and Start, 2003; Mitra and Gupta, 2002; Rogaly and Coppard, 2003).

It is evident from the literature that remittances do provide a much needed livelihood option during periods of stress and are utilized for several purposes, including, productive and social purposes. However, in the past, relatively little attention has focused on the question of how remittances are used by the households and the impact of the remitted money on the livelihoods of the migrants. Due to the lack of official data available for estimating remittances from rural-urban migrants, accurate analysis of remittance utilization is inadequate. Perhaps because of these failings, most remittance studies have tended to take a dim view of the economic impact of remittances: these studies have found that the bulk of such income transfers are spent on consumption and not on investment in rural assets. Here in this study, we have made an attempt to gather information on the varied activities in which remittances are used. We contend here that contrary to the popular belief that remittances being used predominantly for social and consumption purposes, they are also used for productive purposes related to

investment in agriculture and non-farm activities, all in the context of semi-arid areas.

This paper is divided into four sections. Section one provides a contextual overview of the study area and methodology used for undertaking the study. Section two enumerates the nature and characteristics of migration in the sample villages. Section three deals with patterns of remittances and their utilization in sample villages and also discusses the factors that limit the earning and utilization of remittances at both the migrants destination and origin. Section four evaluates the potential for remittances to become viable rural investment tools and throws light on the necessary institutional and policy changes.

I. CONTEXTUAL OVERVIEW OF THE STUDY AREA

In the semi-arid areas in Andhra Pradesh, where often only a single crop is sown in a year and drought is a regular phenomenon, migration in its many forms and patterns – seasonal/distress, rural-to-rural, rural-to-urban – is common. Both of the study districts, Mahaboobnagar and Anantapur, are, among the most backward districts in Andhra Pradesh and have very poor socio-economic indicators. Chronically drought-prone, the districts have huge tracts of unirrigated land which mostly have only a single sowing season. The irrigated area as a percentage of the total cropped area in these two districts is as low as 16.9 per cent in Anantapur district and 23.8 per cent in Mahaboobnagar, while the corresponding figure for the entire state is 42.5 per cent (Directorate of Economics and Statistics, 2003). As a result the productivity from agriculture in these rainfed areas is becoming increasingly risky, as there is drought every alternate year (Deb and others, 2002). Given the inability of agriculture to fully guarantee livelihood security, supplementary sources of livelihood and household diversification strategies have assumed importance. Seasonal migration by households of people in the two districts has emerged as an important strategy for survival and food security.

The study was carried out in four villages namely Thimmayapalli (Addakal mandal) and Rangapur (Achampet mandal) of Mahaboobnagar district, and Sivarampet (Kuderu mandal) and Chinnababaiahpalli (Somandepally mandal) of Anantapur district.

Table 1. Demographic profile of the sample villages

Name of the village	Population			No. of households of various categories				
	Male	Female	Total	SC	ST	BC	OC	Total
Thimmayapalli	719	699	1 418	22	228	108	1	359
Rangapur	1 136	1 145	2 281	40	455	170	26	691
Sivarampet	341	306	647	7	6	118	45	176
Chinnababaiahpalli	205	197	402	45	0	8	22	75
Total	2 401	2 347	4 748	114	689	404	94	1 301

The caste composition of the households differs across the sample villages as seen in table 1. In both Rangapur and Thimmayapalli, the scheduled tribe (ST) population is more. There is a correlation between the numerical strength of a caste group and migration. In Rangapur, there are 455 ST households followed by 170 backward caste (BC) households and 40 scheduled caste (SC) households and 26 other caste (OC) households. In Thimmayapalli there are 228 ST households, followed by 108 BC households, 22 SC households and 1 OC household. In the two villages of Anantapur district, BCs (Sivarampet) and SCs (Chinnababaiahpalli) are the majority. In Sivarampet, there are 118 BC households followed by 45 OC households, 7 SC households and 6 ST households. In Chinnababaiahpalli, there are 45 SC households followed by 22 OC households and 8 BC households. There are no ST households in this village.

Methodology

The field study employed both qualitative and quantitative methods that used data collection instruments such as household surveys, extensive discussions and compiling life history with members of migrant households. The villages were selected on the basis of their poor natural resource endowments (percentage of irrigated land relative to total cultivable land is less than 10 per cent), and limited livelihood diversification. Further, all four villages also had a tradition of migration, which was an important livelihood option for most poor households in these villages. The use of qualitative tools like interviews, first-person narratives and life histories have been made for this study. The study was divided into three phases beginning with a survey of relevant literature. This was followed by a pre-study survey and a final phase of intensive field study. During the final phase the researchers stayed on site for a fortnight, accessing information from 100 households (25 in each of the four sample villages) through focus group discussions, interviews with key informants, in-depth semi-structured interviews of households. Local non-governmental organizations, reports and official data were also accessed for additional information.

During the field study the researchers accessed information from a sample of 25 households covering different socio-economic categories, in each of the four villages of both districts, selected on a random sampling basis (wherever required purposive sample was carried out). Participatory rural appraisal (PRA) methods were also used in identifying the different socio-economic groups in the village; big, medium, small, marginal farmers and landless (table 2). Female members in the small and marginal categories were selected from the sample households in the villages for the study.

Table 2. Sample households

Type	Thimmayapalli	Rangapur	Sivarampet	Chinnababaiahpalli	Total
Large farmers	3	5	2	2	12
Medium farmers	2	3	2	2	9
Small farmers	14	8	5	4	31
Marginal farmers	4	5	10	12	31
Landless	2	4	6	5	17
Total	25	25	25	25	100

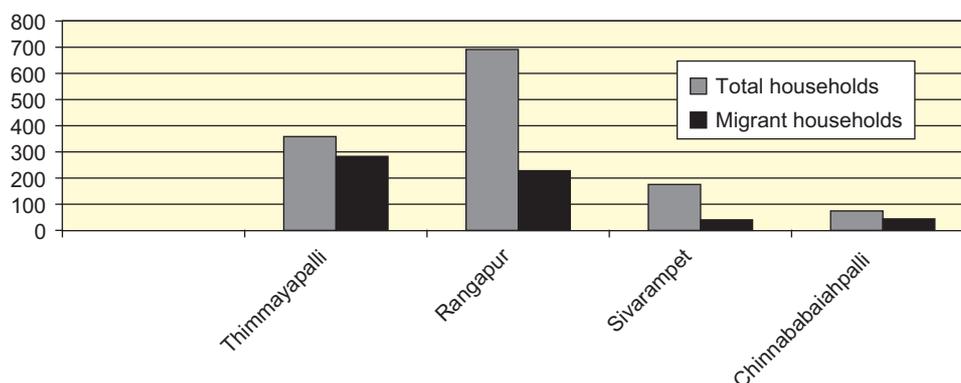
* In Thimmayapalli and Rangapur: marginal farmers < 3 acres; small farmers 4-5 acres; medium farmers 6-10 acres; large farmers > 10 acres.

In Chinnababaiahpalli and Sivarampet: marginal farmers < 5 acres; small farmers 5-10 acres; medium farmers 10-15 acres; large farmers > 15 acres.

II. OVERVIEW OF MIGRATION

Migration for paid employment is a regular feature across all the sample villages. The dominant form of migration across the four villages is rural to urban migration (97 per cent), although, on a lesser scale, rural to rural migration is also found. While the households in Mahaboobnagar mostly migrate to Mumbai and Hyderabad, the migrants from Anantapur district show a preference for Bangalore and Anantapur town.

In the four study villages, the estimates of migrant households as a percentage of total households varied considerably. As shown in figure 1, while migration was high in Thimmayapalli (79 per cent) and Chinnababaiahpalli (59 per cent), it was relatively moderate to low in Rangapur (33 per cent) and Sivarampet (23 per cent). The wide variation in the percentages of migrant households among the different villages is largely due to the differences in their resource endowments, livelihood diversification and social mechanisms. Both Thimmayapalli and Chinnababaiahpalli villages have hamlets that are predominantly inhabited by homogenous population groups, for example. STs in Thimmayapalli and SCs in

Figure 1. Extent of migrant households in sample villages (No.)

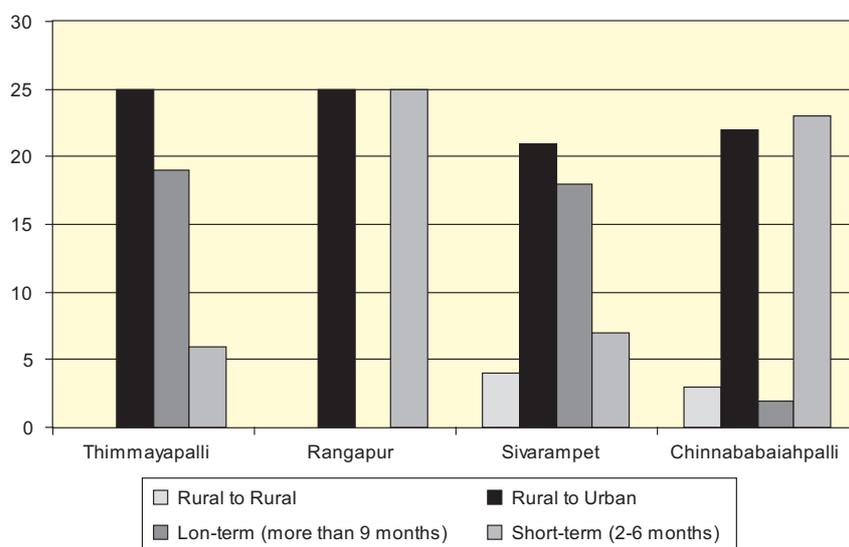
Chinnababaiahpalli. These groups are mostly dependent on wage labour. On the other hand, Rangapur and Sivarampet are better endowed and there is greater livelihood diversification.

Both long-term and short-term migrations are found in the sample villages (figure 2). Short-term (2-6 months) migration is high in Rangapur (25 per cent) and Chinnababaiahpalli (23 per cent), while long-term migration (9 months or more) is high in Thimmayapalli (19 per cent) and Sivarampet (18 per cent) villages. As revealed, long-term migration has increased from earlier years because of constriction of livelihood options due to persistent drought, which is more evident in the poorly endowed villages of Thimmayapalli and Sivarampet.

Nature and characteristics of migrants

As mentioned earlier, the dominant form of migration in both of these districts has been rural to urban migration. This form of migration is seen to be intra-district and inter-state in the study villages. Seasonal migration for agricultural activities is also an important form of rural to rural migration, with agricultural wage labour migrating to neighbouring areas that have good irrigation facilities in search of employment. However, this form of migration was not dominant in the study villages because of a persistent drought for the last three years, which affected agricultural employment in most regions of these districts.

Further, most inter-state contractual migrations are either entire family migrations or husband and wife as a unit migrating for livelihood, while short-term migrations consist mostly of a single male migrant going in search of work with the

Figure 2. Nature and duration of migration of households

family staying at home. The migrant returns home occasionally with remittances to provide for needs of the family.

The study revealed that a majority of the migrants (90 per cent) used social networks as channels for migration rather than the contractual system. The overall dependence of migrants on middlemen/agents has declined over the years, and people have started migrating on their own. But during the initial years, migrants went through the contractual labour system, over time they have built up their networks, and today they migrate largely through these networks. This support system is an important factor for first time migrants at their destination. Regular migration to the same destination helped migrants establish contacts there, especially in places like Mumbai, Hyderabad and Bangalore. Migrants from the study villages in both districts used these established social networks instead of labour contractors for migration. The presence of friends or relatives in the urban area acted as an influencing factor in the decision to migrate. It enabled access to information related to employment opportunities, reduced transaction costs and ensured initial support at the destination.

As it is the case elsewhere in the country, migrants were predominantly male (80 per cent) for both rural to rural and rural to urban migrations. However, there were certain variations within rural to rural and rural to urban migration.

When agricultural labourers migrated to irrigated areas, the women of the family also joined the men, and they migrated as a unit. This was the case both for intra-district rural to rural seasonal migration as well as inter-state seasonal migration. Additionally it was a common characteristic among contractual labourers going for inter-state migration for longer periods (usually nine months) for canal and dam works in Karnataka and Maharashtra. Unlike rural to rural migration, rural to urban migration had fewer women participating unless the labour work was contractual in nature.

Table 3. Characteristics of migrants

Characteristics	Thimmayapalli		Rangapur		Sivarampet		Chinnaba Baiahpalli		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Age										
Below 15 years (working)	1	0	0	0	0	0	1	0	2	0
15-25	4	1	3	2	1	0	3	1	11	4
25-35	10	3	12	3	12	3	15	2	49	11
35-45	4	1	2	1	4	2	2	1	12	5
50 and above	1	0	2	0	3	0	0	0	6	0
Total	20	5	19	6	20	5	21	4	80	20
Education										
Primary (1 st to 5 th class)	5	2	4	2	3	1	6	2	18	7
Secondary (6 th to 10 th class)	0	0	5	2	0	0	2	0	7	2
Higher (intermediate and above)	0	0	1	0	0	0	1	0	2	0
Illiterate	15	3	9	2	17	4	12	2	53	11

In both streams of migration, poverty was the driving force and migrants predominantly were from the lower social strata like SCs, STs and BCs (95 per cent). The migrants were mostly landless labourers and marginal farmers trying to eke out a livelihood under distressed conditions. Table 3 shows that most of the migrants were in the 25-35 years age group (60 per cent) followed by of 35-45 years (17 per cent). Children in the 5-10 years age group accompanied the family if the entire family migrated, mostly in the case of seasonal and contractual works, to take care of infants at the destination, and, if there were no infants, they were left behind in the village under the care of grandparents or close relatives. Most of the migrants in both the rural to rural and rural to urban streams were unskilled and illiterate (64 per cent) followed by those with very little education up to primary level (25 per cent).

Migrant Employment Patterns at Destination

Mainly, the migrants from the villages reported three types of employment, wage labour, self-employment and contract employment. Around 80 per cent of the migrants are involved mainly in the building/construction sector, canal and dam work, road-laying cable-laying work as wage labourers. The self-employment category mostly consists of skilled workers and artisans who constitute around 10 per cent of migrants. Most self-employed skilled workers are found in building construction activities as masons, statue makers, stone grinders, mechanics, drivers, rickshaw pullers and other activities, mostly in urban centres and big cities. In the third category, contract employment, most migrants are found working as watchmen in apartments in towns and cities, bell-boys in hotels and lodges, women maid-servants in houses and petty-jobs in business establishments and offices. This category of employment is semi-skilled and perceived to be slightly better than unskilled contractual and casual wage labour employment both in terms of earning potential and quality of work, this in turn increases the potential amount of remittances.

III. PATTERN OF REMITTANCES

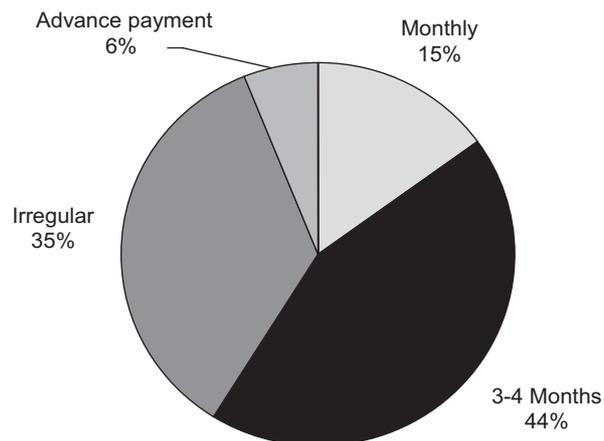
Remittances are the transfer of money by migrants to their households from the destination or the savings they bring home when they return to their villages. The study found that migrants send remittances home through several means such as money order, through the contractor, neighbours, co-workers or relatives.

It was found that seasonal and contractual labourers make regular and substantially greater remittances than short-term migrants. While most seasonal agricultural labourers return at the end of every season with their savings, the contractual labourers migrating, particularly from Mahaboobnagar district, for earth-moving work and road laying, get their payments in advance, which is used for either clearing debts, domestic consumption or investment in agriculture. The study found that in both districts, the majority of members (75 per cent) migrating during the last 15 years had not been able to save much due to the high cost of living at the destination. The hierarchy of expenses for migrants are food, rent for living and other expenses, such as health. As they were not covered under social security system and without a ration card they could not avail themselves of the benefits and hence they have highest expenditure for food. On the rent front, an average family spent around Rs. 300-400 for a one room hut in the outskirts of cities like Mumbai and Hyderabad.

Other major determinants of remittances are the size of the household, number of dependents (elderly people and children) and purpose (clearing debts, productive investment, consumption, among others). Large families usually send more members to urban areas to increase earning potential while the rest of the family take care of the household agricultural activities. Factors controlling the amount and duration of remittances are determined by the availability of work and the financial necessities at home. The duration of migration also mattered as staying for long periods especially in places like Mumbai, Hyderabad and Bangalore enabled migrants to earn more.

Regarding the regularity of remitting money (figure 3) from the 100 sample households, 15 households received remittances every month. The average amount sent was around Rs. 450 per household per month. 44 households received small amounts or migrants brought the money with them when they returned every three or four months. This latter category consisted of the relatively short-term migrants (six months and less) who went for work and returned with Rs. 3,000 to Rs. 4,000 in savings. 35 households were receiving remittances irregularly. This category again usually consisted of short-term migrants who went to nearby places. In six households the remittance was in the form of advances collected under the contract labour system before travelling to the destination. In Thimmayapalli and Rangapur villages of Mahaboobnagar district, the contractor usually paid around Rs. 6,000 as an advance, which he deducted from the total earnings of the migrants after completion of the work. If the advance exceeded the total earnings, the

Figure 3. Frequency of remittances by migrants



labourer had either to repay the balance money or continue to work for the same contractor in the next season/year.

Reasons for enhanced income at destination and better remittances:

The study revealed that while in some instances accumulation was possible through remittances, in other instances there was a whittling away of meagre resources, thereby reverting back to the poverty trap. Overall, it appeared that migrants who were away for longer periods and migrated through the social network were able to accumulate resources. For instance, in Thimmayapalli, some of the migrants who went to Mumbai have invested in *kholis* (small one-room tenements) in Kalyannagar, near Mumbai from which they earn rent. Some migrants graduated from unskilled to skilled workers.

One of the major factors leading to the accumulation of assets was the repetition of migration to the same destination. Long-term migration to places like Mumbai, Hyderabad and Bangalore enabled migrant households to accumulate. The relatively higher wages (100-120 rupees per day) in those places and long periods of stay resulted in higher returns, which were invested in the diversification of income streams.

Learning new skills at the destination helped the migrant to earn better wages. In some cases casual construction workers picked up new skills to become skilled labourers. For instance one migrant from Thimmayapalli migrated to Hyderabad (in 2000) for manual unskilled work (digging and lifting materials), over a period of time, he learnt how to mix cement and sand in a machine. Presently, at the construction site, he supervises the mixture of construction materials. This promotion also raised his wage per day by 20 to 30 rupees. Others have picked up new skills, such as; hollow cement brick making, masonry, weaving and photography, which have led to better employment opportunities and higher earnings.

The absence of contractors and middlemen, particularly in Mumbai, information sharing, and limited initial expenditure (because they stayed with fellow villagers at the destination initially) were reported to be contributing factors for accumulation, particularly in Thimmayapalli and Rangapur villages.

Mode and Patterns of Deployment of Remittances

In the districts households used remittances for various purposes as listed in table 4. Thirty-nine households spent the remittances on household consumption. Due to continuous drought in the study areas, the households spent more on buying food items from the market and often paid more for the goods.

**Table 4. Remittance utilization pattern
in sample households**

<i>Purpose of utilization</i>	<i>No. of households*</i>
Agricultural investments	37
Household consumption	39
Clearing debts	45
House construction	12
Meeting health costs	42
Social functions expenditure	21

*Note: Total No. of households is more than 100 as remittances are put to use for more than one purpose.

The table shows that the major category on which remittances were spent was the repayment of debts. Around 45 per cent of households used the remittances to clear debts. In some cases, it was the primary reason for migration. The members of the sample households revealed that there are four main causes of debt prevalent in the villages. These included borrowing for: agricultural purposes; health; boring of wells; marriages and festivals. In the absence of formal institutional credit to cater to the varied needs of migrants, private moneylenders have been used, but are the last resort due to the steep price in terms of high interest rates. The drought from the last three years has aggravated the situation as more and more family members have taken loans and invested them in agriculture, borewells and other inputs, however without realizing any substantial returns. It was estimated in the group discussions in the sample villages that 90 per cent of the borewells failed in Thimmayapalli village, followed by 45 per cent in Sivarampet, 70 per cent in Chinnababaiahpalli and 30 per cent in Rangapur.

Another situation where remittances were utilized was health: 42 per cent of the migrants spent their earnings on health both at the destination and at the origin. Households also spent money on health, using remittances and loans from moneylenders, often falling into debt as revealed in the focus group discussions and household surveys. As a result of the unhygienic conditions in which migrant workers are forced to live at the destination, they fall victim to all sorts of chronic diseases like diarrhoea, tuberculosis, jaundice and malaria. Their health is also affected by the poor quality food, the long working hours and the nature of their work, which often includes doing demanding, heavy manual work. They are deprived of public health facilities at the destination due to their temporary status, and visiting private hospitals is expensive and therefore not affordable. They carry these diseases with them when they return to the village.

Apart from general diseases there are other occupational hazards and accidents, which have a bearing on the health of the migrants, these incur high expenditure for treatments. During the focus group discussions it was reported that there were a number of cases wherein the migrants themselves or their children had suffered from various kinds of accidents, often without any compensation and spent large sums on treatment at private hospitals.

Thirty-seven households invested the remittances in agricultural activities, which included the purchase of land and agricultural inputs like seeds, fertilizers and digging wells. Particularly in Thimmayapalli village, it was found that the long-term migrants to Mumbai invested their income in buying additional land and digging wells (around 76 per cent of the households). It can be seen clearly in the villages that in spite of the accumulation of resources through long periods away, migrants who invested their remittances in agriculture-related activities still failed to get returns due to continuous drought. The main barriers reported by the households include the limited knowledge applicable to various income generating activities, coupled with marketing constraints and the general business environment. Institutional credit facilities to supplement remittances in order to initiate enterprises are inadequate and the lack of information about credit sources, complicated bank procedures and the prevalence of corruption make credit inaccessible to households. Even if credit is available, it is often provided only to specific areas for investment which are ill suited to the needs and capabilities of recipients. Lack of market information regarding supply and demand makes it difficult for household to sell their products. Inadequacy, lack of managerial capacity and the skills to initiate potential non-farm activities are another detriment which discourages small and marginal farmers from venturing into new activities.

Remittances also went toward meeting the social expenditures of the households such as marriages and festivals. A sizeable number of households (21 per cent) spent their remittances on marriages and festivals. It was revealed in the field survey that the incidence of dowry is very high in the villages and in the sample households. On average, dowry figures ranged from Rs. 15,000 to Rs. 20,000. The same is also the case of the expenditure for various festivals in the villages. To pay debts incurred by these functions they migrate and periodically pay off the loans. With high interest rates this has become a vicious circle from which the households have not been able to escape.

Remittances were sometimes invested in house construction (twelve households). Mostly in the case of long-term migrants.

Productive investment of remittances

In the study villages, it was found that members undertake various farm and non-farm activities. Around 37 per cent of migrant households invested their remittances in buying land and boring wells. A large number of households also invested remittances in buying livestock in the villages of Thimmayapalli and Rangapur. In Chinnababaiahpalli and Sivarampet villages, some members of the migrant households went into vegetable vending. Though diversification outside agriculture is limited some migrants have acquired new skills in tailoring and weaving at their destinations (five households), which were put to use in their villages after their return. In a few instances, migrants have invested their remittances in buying tractors for the village, which they rent out, or auto rickshaws for local transportation, one migrant household has set up a small *kirana* (grocery) shop in the village. Many migrants have supplemented the lumpsum amount of remittances with additional loans from private companies to undertake income-generating activities, like buying tractors. Three members from Thimmayapalli village have gone on to become moneylenders in the village after returning from their long stay in Mumbai. These investments in non-farm sectors have not only provided the migrant households regular income and opportunity to escape from poverty but also enabled them to provide options (even if the options were limited) for others in the village.

The reasons elicited by migrant households for limited non-farm activity according to the migrant households are:

- (a) Lack of awareness about various non-farm investment opportunities
- (b) Limited or non availability of required market linkages
- (c) Absence of any institutional support either from Government or non-governmental agencies.

Factors limiting higher migrant income and contributing to low productivity of investments from remittances

As discussed earlier there were several causes for the lack of capital accumulation by the households reported in the study. There were a very few instances (12 out of 100 migrant households) where the migrants saved enough to improve their living standards. But in most instances remittances served the purpose of meeting existing requirements such as domestic consumption, clearing of old debts and the like. Some of the remittances went into productive investments, especially in agriculture. The study revealed that one of the primary reasons for lack of accumulation was the irregular availability of work at the destination, since

the labour market was inundated with cheap labour. Due to overcrowding and the depressed job markets in the urban centres, on average the migrants indicated that they get 15-18 days work in a month.

The lack of skills was found to be another detrimental factor in getting higher wages and regular employment in urban centres as more than 90 per cent of the migrants were without any skills. The scope and opportunity for learning new skills were limited as migrants were engaged in the same kind of manual work year after year.

Health is another area of concern. Nearly 50 per cent of the migrants spent their earnings both at their destination and at their origin. The households utilized the remittances and took further loans often falling into debt due to expenditure for health and as a result of accidents at the work place. This was revealed in focus group discussions.

Clearing earlier household debts accrued due to various productive and social purposes was one of the areas where the remittances were used by a majority of the migrant households.

For social functions like marriages, households spent a large amount paying dowry and other expenses. Festivals incurred even higher expenditure.

Diversification outside the agriculture sector was very rare in the study areas. Lack of awareness as to how to invest and in which non-farm activities is a major constraint for the development of alternate livelihoods in these areas. Support from Government and other agencies is limited.

IV. CONCLUSION AND RECOMMENDATIONS

Remittances are a crucial source of income for the families of poor migrants in semi-arid areas. The study shows that a number of factors limit the extent of remittances by reducing the earning of migrants at the destination; lack of adequate skill sets, lack of access to critical services such as water, sanitation, health, education and the lack of social security measures such as access to the public distribution system and ration cards. This in turn limits their ability to send remittances home. Even the limited remittances that are sent home are mostly used for meeting pre-existing household expenses such as health costs. Analyzing the pattern and utilization of remittances shows that they provide much needed financial support to households located in a marginal environment suffering persistent drought and distress conditions. In addition to using remittances for loan repayments and purchasing food many migrants use the remainder of the

money they save when they return for productive purposes, both farm and non-farm. However, as noted, the single biggest end use of remittances is to the welfare and improved livelihood of the receiving households in terms of basic necessities such as food or clothing, thereby, building human and social capital. To a smaller extent remittances also contributed to savings or investments in smaller enterprises and is also used for informal lending in the district or region.

Only a small portion of remittances gets invested in assets such as the construction of a house, procurement of agricultural land or livestock. In very few instances, and to a limited extent, remittances are utilized for micro-enterprises and non-farm investments. Evidence shows that investing remittances in agriculture; buying land, boring wells and investing in agricultural inputs also failed to provide returns due to persistent drought. There are instances of families going back to poverty trap despite bringing adequate remittances back home. Those few households that have diversified their remittance investments into non-farm activities have had better returns on investments which have demonstrated sustainability. Benefits are concentrated at the individual or household level and the spillover effects into the local economy are limited because of the absence of institutional, policy and market mechanisms appropriate to enhancing income generation potential at the destination or non-farm investment avenues at home.

There is a felt need to improve access to services for the migrants at their destination, which will enable them to be more productive. Extending the public distribution system at the destination even for the limited periods for which migrants are staying at the destination would lower expenditure and enable greater savings. Improving the migrant workers access to health facilities is one of the critical considerations for Government. In places which attract high levels of seasonal and also long-term migration such as Mumbai, there is a need to have attention focused on meeting the requirements of migrants and to build their income generation potential.

Similarly, at the point of origin, as the majority of remittances are used to repay loans borrowed from money lenders at high interest rates there is need to explore the possibilities of engaging self help groups to create a social fund, which would provide loans with lower interest rates and develop access to institutional credit. This would lessen the debt burden of households. Increasing the investment opportunities at the origin, excluding agriculture, would not only increase the extent of remittance inflows but also enhance the livelihood options for other poor households in the villages. Multiple options such as vocational training, increasing information flows regarding rural investment opportunities, the provision of loans from financial institutions, developing market linkages for at least some

selected non-farm products and services need to be explored by Government and non-governmental agencies. The development of entrepreneurial competence would definitely enhance investment in productive activities that can generate a return, as opposed to investing in lands or boring more wells. Proactive thinking and action on the part of different agencies would go a long way to not only making migration a livelihood option but also to creating viable and sustainable investment opportunities for semi-arid regions of India.

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