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Review Paper

Impact of Foreign Remittances on Indian Economy and Upliftment in Social Status of Migrant Families Left Behind in Migrant's Native Land

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ABSTRACT

India has the number one position as the recipient of foreign remittances, whereas China is the second largest competitor of India in receiving foreign remittances. Kerala (19%), Maharashtra (16.7%), Karnataka (15%) and Tamil Nadu (8%) these states from south India that received 58.7% of foreign remittances, out of 100 cent foreign remittances received by India. These figures are given as per the survey conducted by the RBI in 2013 on eight countries worldwide, such as; the United Arab Emirates, United States, Saudi Arabia, Qatar, Kuwait, Oman, the United Kingdom and Malaysia (around 82% remittance recipient by India). These types of remittances are mainly used in family maintenance (59.2%), savings in the banks (20%), investments in the property market & share market around (8.3%) and the rest 12.5% used for other purposes. In India, it is very popular nowadays, where people go to abroad and settle down in a foreign country for employment purposes, but their family members are left behind in India and that individual remits the money for his family's survival. This process has a great impact on the rest of the family members. Whereas, transformation in their lifestyles such as food habits, language, dressing sense and customs. Also, improvement in educational standards and social status. In this paper, the researcher focused on the impact of foreign remittances on the Indian Economy and families of NRI residing in India by using secondary data and a literature review. As well as shows the impact of foreign remittances on individual growth and upliftment of the socio-economic status of a migrant family left behind in the origin land of a migrant.

Keywords: *Globalization, Migration, Remittances, Indian Migrants, Economic Upliftment, Social Transformation*

Migration is generally known as the movement of people from one residence to another, whether permanent or temporary, for a substantial period (Keeley, 2010). Different scholars have understood the term "migration" in different ways. Migration is a "movement motivated by the individual willingness to risk the unknown of a new home and breaking from a familiar social universe for the sake of adventures, achievement of ideals, or to escape a social system from which he has become alienated" (Peterson, 2010). According to a second definition of migration provided by the United Nations Organization (UNO), migration is "Migration is a form of geographical mobility

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between one geographical unit to another, generally involving a change of residence" (Mishra, 2018). The United States of America (USA) Census Department focuses primarily on two terms: movers and migrants. When people leave one country and move to another, this is referred to as "migration," while when people move from one location to another, they are considered "movers" (Ibid.).

The migration of people from one nation to another in search of employment is not a new event and has been recorded in early history. The large-scale forced migration starting from the slave trade to industrialization led to a movement of the nineteenth and twentieth-century documents that migration had been a part of the past. The change in emigration laws in the 1970s shifted migration from streams of manual and unskilled workers to those of skilled workers and professionals (Gill, 2009). Moreover, it is becoming necessary due to expanding businesses from the local level to the global level, where trade liberalisation policy is required; the improvement of a transportation facility; an improved communication network; and multiport cultures, which also play a vital role in the improvement of several migrations (Keeley, 2010).

A universally accepted scientific definition of labour migration has yet to be developed. However, migrant workers are the driving force behind labour mobility, as defined by the International Labor Organization (ILO). "… all international migrants who are currently employed or unemployed and seeking employment in their present country of residence." (ILO, 2015). The International Labor Organization predicts that in 2019, 169 million people will be migrant workers. (ILO, 2021). With 24.2% in Northern, Southern, and Western Europe; 22.1% in Northern America; and 14.3% in the Arab States, more than two-thirds of migrant workers were located in countries with high per capita incomes (ibid.). Approximately 41.5 per cent, or 70 million, of the world's migrant workforce in 2019 were women (ibid.). There were 99 million male migrant labourers or 58.5% of the total (ibid.). Women make up a lesser fraction of international migrant workers than men do because they make up a smaller fraction of international migrants (47.1%) and have a lower labour force participation rate than males (59.8% vs. 77.5%). Over the course of a decade, 86.5% of migrant workers were between the ages of 25 and 64. In 2019, migrant workers ages 15–24 made up about 10% of the total (Ibid.). These types of migration result in increasing the global flow of the economy, which is known as foreign remittances. These remittances are useful for the migrant family as well as countries where foreign remittances balanced the foreign exchange recipient nations.

International Monitory Fund (IMF) states that "Remittance represents household income from foreign income arising mainly from the temporary or permanent movement of people to those economies." These transactions of remittance have a significant impact on the receiving country in two ways; one is individual growth and another- is impact as a whole country such as GDP growth, reduction of poverty, unemployment, improvement in lifestyle and better education of the family members left behind in the native land of migrants. These types of foreign remittances are received in a balanced mode of income, which is earned by the labours who do not have their own residence in the host country. World Bank report indicates that when a country faces economic challenges and political unstable in this situation those citizens residing or working in a foreign country, these migrants help their nation's citizens by an increase in the number of remittances. This paper focuses on the various dimensions of foreign remittances and shows the importance of remittances in the development of the finance system of a country.

It is argued that the movement of labour helps to reduce income inequality across the world. It "helps to relieve population pressure, alleviates unemployment, funnels remittances to the country of origin, and may contribute to the diffusion of new technologies and ideas, either when the migrants return home or when exchanges of information take place" (Mittelman, 2000). Even though the remittances are used for direct consumption by the family of the migrants, it will create an indirect multiplier effect in the local context, as this will create demand for local products and services (Portes, 2007).

The benefits of migration in the development of the host countries, such as the return migration, flow of remittances and diffusion of technology should be pitted against the benefits of the receiving countries. The latter can recruit young migrants to meet the demand for labour in an elderly population. They do not need to pay high wages and pensionary benefits to attract them to the jobs and can replace them with short-term and younger migrants, thus being able to earn economic benefits. They also have the advantage of recruiting young skilled personnel with the latest training and technological knowledge (Khadria, 2007).

To see remittances as a substitute for development has been questioned. The remittance might be beneficial for the individual, household or locality, but not necessary so for the nation. Uses of remittances are channelled into "substantial savings and investment in housing, land purchase, consumer goods, and repayment of personal debts" (Mittelman, 2000). Most of the remittances are spent on buying consumer products, and luxury imports, and only a small part is used for productive activities (Mittelman, 2000). The indirect multiplier effects of remittances and the increase in demand for local market production are generally modest when seen from the perspective of the national aspect of the sending country. Even though remittances follow a cumulative pattern, the development patterns in sending nations will not come at par with the levels of destination countries, as they are structurally different.

The reduced unemployment and fiscal benefits experienced by the sending side are only short-term. The source nations can productively use the remittances for building national infrastructure, but the government has to play an important role in undertaking such initiatives to support productivity in the country. The short-term benefits like a reduction in unemployment arising due to migration can lead to a slowdown of the government's engagement in 'autonomous national development'. Moreover, in the instances of the whole family migrating, there will be no chance for use of the remittance in productive activity. In the case of cyclical migration, however, this situation will be different as the return of the migrants will supplement the productive use of the remittances on the sending side (Portes 2007).

The World Bank (2011), India was the highest remittance recipient country in 2010, amounting to 55.0 billion US dollars, followed by China ($51.0 bn), Mexico ($22.6 bn), Philippines ($21.3 bn), France ($15.9 bn), Germany ($11.6 bn), Bangladesh ($11.1 bn), Belgium ($10.4 bn), Spain ($10.2 bn), and Nigeria ($10.0 bn). The workers' remittances and compensations of employees received by India from 2002 to 2010. In the last decade, India has seen a large rise in remittances received. When this rise is seen as a share of the GDP, it amounted to 3.2 per cent of the total GDP share of India in 2010. In 1990-91, remittances constituted 0.7 per cent in 1990-91 as a share of GDP at market prices. The share became 3 per cent in 1999-2000, and since has hovered around 2 to 4 per cent till 2010 (World Bank, 2011). The worker's remittances and compensation of employees are received as per cent of GDP by India (World Bank, 2012).

The worker's remittances and compensation of employees received as per cent of GDP did not exceed 4 per cent in the decade of 2001-2010. Among the remittances received, an un-estimated amount flows back from India to the receiving nations such as the UK, USA and Australia in the form of fees paid by overseas Indians studying in different educational colleges and universities based in these countries (Khadria, 2007). The mid-1991 balance of payment crisis faced by India was solved 'slowly but steadily' by the remittances received from the Indian workers in the Gulf, and remittances have 'supposedly contributed positively to the Indian economy' (Khadria, 2007).

The case of Kerala must be considered in the context of remittances earned. In 2011, 2.28 million Kerala emigrants lived outside India, an increase over the years from 1.36 million in 1998. The Non-Residential Keralites (NRK), which includes both the categories of emigrants and return migrants, were 3.43 million in number in 2011. Around 27 per cent of the households in Kerala had at least one NRK. In every 100 households in Kerala in 2011, there were 43.7 NRKs. In 2007, Kerala received 20 per cent of all-India remittances (Research Unit on International Migration 2009). The total remittance received by the state of Kerala in 2011 was Rs. 50,000 crores and Rs. 63,315 per household. In 2011, the total remittance to the state was found to be more than twice the annual expenditure of the state government and amounted to more than 60 per cent of the public debt of the state (Zachariah & Rajan, 2012).

According to Zachariah & Rajan (2012: p. 2), the trend of emigrants from Kerala living outside India might in fact "slope downward" by 2015. The decline in the number of total emigrants and emigrants per household at most of the emigration centres of Kerala has been observed in the Kerala Migration Survey 2011. The main reasons for this are believed to be the demographic transition in Kerala, and the wage gap between the labour market in Kerala and the Gulf countries. Almost 85 per cent of the migrant population of Kerala belonged to the 20-40 age group. On the other hand, the wage gap for unskilled labourers has weakened significantly, and now unskilled workers can manage to have similar earnings as in the Gulf. Also, during the same period, the cost of emigration has increased considerably.

Migration of Keralites, especially in the Gulf region, had been a major 'development factor' in this southern state of India, which is also known for its development model. Once a 'poor and industrially backward economy', major economic changes have taken place since the mid-1970s caused by the inflow of remittances from the Gulf (Prakash, 1998). Kerala is also the only state in India to have come up with a Non-resident Keralites' Affairs (NORKA) department which addresses the grievances of the non-resident Keralites in 1996.

Grievances addressed by it include dangers to the lives and property of the migrants' families living in Kerala, tracing of persons gone missing in other nations, getting adequate compensation from the employers, discrimination and harassment from employers, any cheating or fraud done by placement agents, education of the children of NRKs, increase in flights between certain countries etc. It has also set up the Non-Resident Keralites Welfare Agency to serve the purpose of executing schemes for the benefit of NRKs. This agency will also help in channelling the know-how and resources of the non-residents (Government of Kerala, 2012).

The flow of emigrants from India has been male-dominated. In the case of Kerala, the migrants were also mostly male; in 2011, only 14 per cent of the Keralite migrants were females. The Keralite young population commonly aspires to "migrate to the Gulf, earn a lot of money and live happily ever after" (Zachariah & Rajan 2004: p. 55). Migration is considered the "single-most dynamic factor in the development scenario" of Kerala (Zachariah, Mathew, & Rajan 2000: p. 6). It is believed that migration has "contributed more to poverty alleviation in Kerala than any other factor", as was found in a study conducted in 2000 (Zachariah, Mathew, & Rajan 2000: p. 4, Government of Kerala, 2012).

Prakash (1998) found that most of the Keralite migrants are from poor households, migration has helped in the reduction of poverty in the state. As a significant share of the migrants used to be not employed before migration, it has also reduced unemployment in the state since the mid-1970s. Results from a survey conducted in 1987 by the Department of Economics and Statistics (DES) of the state of Kerala had shown that most of the remittances were used for purchasing land, building construction of buildings etc., and only a little of it was used for productive investment. A major share was spent on collecting assets like gold jewellery, motor vehicles, pump sets and durable products, and also education and repayment of loans. The migrant households were able to have better income, consumption and asset position than the non-migrant households.

On the other hand, prices of "land, construction materials, consumer goods, food articles, rent and charges on health, education, transport etc." have increased because of migration, which "adversely affected the non-migrant households, especially those belonging to poor, middle class and fixed income groups" (Prakash, 1998). The migrants, instead of putting the remittance into productive activities and investments, were more bent on spending the excess on "lavish hospitality, conspicuous consumption and the building of large, showy houses" (Kurien, 2009). There has been a reference to the wealth of migrants in popular Indian literature as well. The skilled human resources of the state were being drained by migration. Nursing is only one of the 'critical occupations' seriously depleted in the state by migration. Corresponding to 100 nurses in the state, 39 nurses were living abroad (Zachariah & Rajan, 2012).

Consumerism has been considered to have "gone amok" in Kerala as migration affected significantly the possession of consumer durables by all three religious' communities of Kerala. The supposed multiplier effect of the remittances, instead of benefitting the local economy has leaked out to other regions (Zachariah & Rajan, 2004). Zelizer (1989: p. 342) argues that "while money does indeed transform items, values and sentiments into numerical cash equivalents, money itself is shaped in the process. Culture and social structure mark the quality of money by institutionalising controls, restrictions and distinctions in the sources, uses, modes of allocation, and even the quantity of money" (Zelizer, 1989). Money, once it becomes acquired by the household, becomes "none fungible" and its uses, allocation etc. would be shaped by not the market rules, but by the domestic rules (Zelizer, 2002).

The foreign remittances are thus given a social meaning by the migrant communities, and seen differently from local income. Kurien (2009: p. 195) found in her case study on the use of remittances in three Kerala villages that the remittances are seen as "easy money" and "not fully earned" by the migrant communities, and therefore differentiated from money earned by other means. It was observed that depending on the different socio-cultural orientations of these villages, the patterns of remittance usage like consumption and investment varied locally. Conspicuous consumptions by the migrants are carried out to indicate the change in the status of the family. George (2000: p. 152) calls the remittances sent by the nurses to their home state of Kerala as “nurse money”.

Nurses are seen as ‘faithful senders of remittances’ (ICNM, 2007). They are ‘more likely to be remitters’ and ‘remit larger amounts than other migrants’ (Connell & Brown, 2004). According to evidence from a survey conducted by Buchan, Jobanputra, Gough, & Hutt (2005) in London amongst nurses who arrived in England after 2000, most of the nurses were the sole earner in their families and more than half of the nurses sent money home regularly. The nurses from the Philippines and South Africa remitted a quarter of their income regularly. It has been also found in another study that the remittances sent by the nurses can make a substantial contribution to the income of the home side. For example, the remittances sent by Samoan and Tongan nurses working in Australia were much more than the initial investment in their nursing training (Connell & Brown, 2004).

In India, many young girls join nursing to earn high remittances by working abroad. A major segment of the remittances sent by the Indian nurses are used for their dowries. Giving dowry constitutes an important part of the marriages of nurses. Large dowries are often seen as necessary to have professionally educated family members as sons-in-law (Eapen & Kodoth 2002, Gill 2009). Dowry rates have significantly increased in Kerala. Demands for ever-larger dowries have been caused by a rise in the consumption of goods and services. The process of international migration facilitates such internalization processes which in turn, facilitate the international migration processes (Saradamoni, 1994).

Nurses who migrated abroad might take pride in their ability to offer large amounts of dowries, as reported in the cases of Keralite nurses in Italy (Gallo 2005). Nursing migration helps in reinforcing the prevalent dowry systems (Walton-Roberts 2012). The remittances earned by nurses are not only used for paying her future dowry but also for different family purposes such as buying new land, building a house, funding the study of siblings etc. Thus, the prospects of international migration induce many families to send their daughters into nursing. Most of the research indicates the importance of foreign income in the economic development of developing nations. Various studies measure the volume of remittances and their utilization by the migrant family in their origin land. Global agencies such as the International Monitory Fund (IMF) and the United Nations (UN) regularly publish figures about foreign remittances in their reports. The report of the World Bank indicates that the remittances sent by unskilled or skilled labour working abroad, contribute to the progress of a country specifically to the poorest (World Development Finance, 2005).

Outcomes of most of the studies indicate that the maximum utilization of remittances used in house construction. It is also observed that the construction of new houses is a factor that creates a job in construction (Singh, 2001). The formal transformation of foreign remittances in the previous history is around 200 million global movements of the amount is around 760 billion US dollars 50 per cent increase in the small tenure of five years in 2004 (World Bank 2005). Further, the informal transfer of foreign remittance money is around 300 billion US dollars (LCIM, 2005). Unrequited transfer of foreign remittances by people living abroad to their native land supports the balance of payment, but first preference is given to macro-level needs instead of micro-level household needs. The inflow of remittances directly contributes to the Indian GDP by around 0.6 per cent. Transfer of remittance from the EU to India is 8 billion US dollars, whereas outflow of the remittances is just 500 million US dollars. 20 per cent of Indian migrants transfer remittances for savings in Indian banks.

Perhaps, the UK and Germany played a vital role in the flow of remittances in India by Indian migrants.

India is the world's largest remittance-receiving nation. It is also the world's second-largest host in domestic remittances flow, whereas foreign remittances recipient dependency mainly on Kerala, Punjab and Goa. On the other hand, Bihar, Uttar Pradesh and Rajasthan represent as hosts in domestic transfer in the Indian market. Most of the recent studies show the positive impact of the creation of wealth and accumulation of assets (Samual, 2006). As well as playing an important role in reducing the school dropout rate in the teenage group of students (Muller & Shariff, 2009).

As per the National Sample Survey Organization (NSSO) report, 2010 expenditure behaviour of remittances recipient (RR) states Kerala, Punjab, Goa and Maharashtra on consumer goods, education, marriages, ceremonial occasions and health care products and services. Perhaps, 10 per cent is used for debt repayment, 9 per cent of remittances recipient (RR) is used for house renovation and 6 per cent remittances recipient (RR) is used for saving or investment purposes. In addition to the prior sentence international remittances are also responsible for creating inequality by providing more capital for consumer goods or investment purposes. Out of 100 per cent foreign remittances, 43.5 per cent billion US dollars is privately transferred to India recorded by the Reserve Bank of India in 2007-08. However, out of 100 per cent of recipients of foreign remittances, 50 per cent of remittances are used for maintenance, 43 per cent local with divestment for Non-Resident Indians for saving purposes, and 6 per cent used for personal gifts and charity/religious charity.

Table No.1 Foreign remittances inflow to India from 1975 to 2013

Year	**Remittance**	**% of GDP (US$)**	**Year**	**Remittances**	**% of GDP (US$)**
1975	429,883,698	0.40%	1995	6,222,996,094	1.70%
1976	642,343,811	0.60%	1996	8,765,693,359	2.20%
1977	934,415,894	0.80%	1997	10,330,964,840	2.40%
1978	1,164,776,733	0.80%	1998	9,479,300,781	2.20%
1979	1,437,018,555	0.90%	1999	11,124,281,250	2.40%
1980	2,756,975,586	1.50%	2000	12,883,465,820	2.70%
1981	2,301,415,527	1.20%	2001	14,273,018,550	2.90%
1982	2,617,671,387	1.30%	2002	15,735,736,330	3.00%
1983	2,660,081,543	1.20%	2003	20,999,150,390	3.40%
1984	2,294,750,488	1.10%	2004	18,750,376,950	2.60%
1985	2,469,209,229	1.00%	2005	22,125,089,480	2.70%
1986	2,239,903,076	0.90%	2006	28,333,642,280	3.00%
1987	2,665,414,307	0.90%	2007	37,216,755,275	3.00%
1988	2,315,296,143	0.80%	2008	49,977,276,916	4.10%
1989	2,613,844,482	0.90%	2009	49,203,912,009	3.60%
1990	2,383,739,990	0.70%	2010	53,479,960,083	3.10%
1991	3,289,109,375	1.20%	2011	62,499,075,445	3.40%
1992	2,897,425,537	1.00%	2012	68,820,517,838	3.70%
1993	3,522,788,086	1.20%	2013	69,970,360,847	3.70%
1994	5,856,694,336	1.80%			

Source: (World Bank).

The above table shows the figure of remittances inflow of foreign remittances to India from the period of 1975 to 2013. Remittance transferred to India in 1975 is 429,883,698 US$ which is around 0.40% part of Indian GDP. It increased doubled in 1978 1,64,776,733 US$ around 0.80% role in GDP growth. Further, it increased tremendously in 1994 where the figure is 5,856,694,336 US$ above the three times inflow, compared to 1975 figures of remittance inflow to India. Again, the inflow is on rising in 2003, in this year it was 20,999,150,390 US$ and 3.40% part of Indian GDP growth. Foreign remittance inflow to India is continuously increasing and it crossed the figure of 49,977,276,916 US$ in 2008 playing a big role in the Indian economy at 4.10%.

In addition to the prior sentence, the inflow of remittance fluctuates and slows down in growth but the 2012-2013 still figure showing stability in 2012 (68,820,517,838) US$ and 2013 (69,970,360,847) US$ inflow of remittance to India and value of GDP growth is 3.70%. The inflow of foreign money to India is on the rise sent by skilled and semi-skilled migrants, working abroad in different sectors for instance: The banking sector, the IT Industry, the Service sector and labour-force working in the agricultural sector. "Importance of remittance and its impacts on Indian Economy" as per the Ministry of Overseas Indian Affairs (MOIA) reports approximately 25 million migrants working and settling abroad to send money to the homeland. As well as many households depend on remittance money in India. One another factor is also increased the amount of remittance to India, the US$ vale much stronger than the Indian rupee and its increasing dependency on Indian banks for saving purposes (Guru, 2017).

Due international migration of girls from India has positive and negative impacts, which leads to consequences of the shortage of marriageable young girls who are migrating outside the country which leads to gender imbalance, and a shortage of working women for the nation. However, the positive impact of the international migration of young Indian working girls and women, before marriage they are helping their family by sending money. However, in the case of a girl, it is beneficial until she gets married for the country in the growth of GDP (Kumar, 2022). India is the largest populated country in the globe. There is a large proportion of LGBTQ students who are migrating towards foreign countries to attain education and seek part-time employment opportunities (Kumar, A., Gill, R. & Verma, N. 2023).

As we know the world economy has largely affected during the COVID-19 pandemic. Same time Indian economy is also exaggerated due to the deportation of NRIs due to the spread of the COVID-19 pandemic. Resulting, these NRI part-time working students and working NRI individuals lost their jobs, became unemployed and failed to send remittances to their families. Moreover, the negative impact of the COVID pandemic was those students who are planning to migrate to foreign countries for education with part-time jobs and employment opportunities (Gill, R. & Kumar, A. 2021). In northern India cross-regional marriages are not limited to domestic territory, also happening by crossing international borders over the globe (Kumar, A. 2024).

World Bank report indicates that the remittances transferred by unskilled or skilled labour working in a foreign land, contribute to the growth of the country specifically to the poorest (World Development Finance, 2005). The maximum usage of foreign money for the construction of houses and become an important factor in creating a job in the construction field (Singh, 2001). The formal transfer of remittances in history it was around 200 million, but last 5 years. global flow remittances are increased by 50% amounting to 760 billion of

US$. (World Bank 2005). The transfer amount of foreign money informally is around 300 billion US$ per (LCIM, 2005). Unrequited transfer of foreign money by Indian migrants working abroad to their homeland supports the balance of payment and also contributes to the Indian GDP by around 0.6 per cent.

The transfer of remittances from the EU to India is 8 billion US dollars, whereas the outflow of the remittances is just 500 million US dollars. 20% of people of Indian origin transfer money to their native land for saving purposes in India. The UK and Germany have an important role in the transfer of foreign money. India is the largest remittance recipient country in the world as well as in domestic remittance flow. The highest, foreign remittances inflow states of India are Kerala, Punjab and Goa. On the other hand, Bihar, Uttar Pradesh and Rajasthan represent hosts in domestic transfer in the Indian market (NSSO, 2010).

The report shows the expenditure behaviour of foreign money-receiving states Kerala, Punjab, Goa and Maharashtra, on commodity, education, ritual functions and health maintenance products. It is observed that out of 100% remittances, 10% were used for debt repayment, 9% for house reconstruction, and 6% for saving and investment purposes. According to the RBI report (2007-08) out of 100% foreign money, 43.5% billion US$ is transferred to India secretly. In addition to the prior sentence, out of 100% foreign remittances, 50% was used for maintenance, 43% for saving, and 6% was used for gift and charity purposes. It is observed that the inflow of foreign remittance to India from the period of 1975 was 429,883,698 US$ (0.40%) part of Indian GDP, further, it has been consequently on the rise (69,970,360,847) US$ and now it's contributed 3.70% part of Indian GDP 2013. The importance of the Banking Sector, IT Industry, Service Sector and labour force working in the agricultural sector transfer money.

CONCLUSION

Today, we are living in the phase of globalization where people migrate to foreign lands from different parts of India to fulfil their dreams and other reasons. Migrants, when entering the host countries and after passing time adjust themselves in a foreign land, but during this span, they face a lot of problems in adjusting to the new environment, different food, diverse culture and language as one of the major barriers to communicate with local people at foreign land. Apart from this, it is not quite easy to forget about their cultural traits and habits. These migrants are emotionally attached to their motherland. This migrant transfers remittances to their family member or relatives living in their homeland.

This process has a great impact on the migrant family and contributes directly or indirectly to reducing poverty. As well as, it's affected by creating inequality in society by increasing consumption of household goods, improvement of living standards, renovation or new construction of houses, and bank balance increased due to foreign remittances received by the NRI's family in comparison to non-migrant families in origin land. Though we can these are the major cause which improves their social status in society. Foreign remittances also play an important role due to their large contribution to the GDP growth of India. Kerala, Punjab and Maharashtra are the largest recipient states of foreign remittances in India due to huge international migration to Gulf countries, Canada, USA, UK and Germany. These are major countries throughout the world from where a large number of Indian-origin people live and transfer remittances to family & relatives left behind in their origin land. Apart from this, foreign remittances also played a vital role in balancing the outflow of money from India to foreign nations.

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