

**AN ASSESSMENT OF THE VOLUME OF WORKERS REMITTANCES
AND THEIR SOCIO-ECONOMIC IMPACT IN RECIPIENT REGIONS
OF NORTH-WEST FRONTIER PROVINCE, PAKISTAN
(A CASE STUDY OF DIR DISTRICT)**

Munir Khan*, Tariq Rahim*, Mir Kalan Shah*, Anwar Alam****
Muhammad Naeem** and Jehan Zeb***

ABSTRACT

The main objective of the study was to analyze the impact of remittances (home as well as foreign) on the socio-economic development of the District Dir, NWFP. The study embraces three distinct but inter-related subjects, i) Migration situation, ii) volume and utilization pattern of migrant's remittances and iii) investment behavior of these migrants. For this purpose a Sample survey was conducted in 12 villages in Upper Dir District, where 73 sample households were interviewed in October 2004. The findings of the study show that number of migrants is continuously rising, and the home remittances as well as foreign remittances are the main stay of the sample households. These remittances are productively utilized and have a positive impact on the sample households as well as on the sample villages as a whole. Increase in income level of beneficiaries has been quite significant over that obtaining in pre-migration period. Return migration is offset by outflow presently but it is a potential problem. The main hindrance in the way of the migrant is the huge initial expenses involved in migration process i.e. the purchase of visa, air ticket and work permit. For this purpose the migrants resort to private sources or sell out their fixed assets. As the migrants are contributing Rs. 2357 million per annum to the rural economy of the district Dir, the study recommends that formal credit institutions must allocate some funds for this purpose so that the intending migrants may not face finance problem. Moreover, the government must start some training programmes for the returned migrants so that they may start their own enterprises.

Key words: Dir, Enterprise, Migrants, NWFP, Pakistan, Remittances, Socio-economic impact

INTRODUCTION

Migration, which is population mobility within and outside given geographical boundaries, has occurred invariably in the past, and continues to occur regularly in the present times as well. It causes numerous impacts upon the social and economic lives of the migrants as well as their families. Mass physical movement of human beings has always attracted the attention of social scientists of various kinds, in the field of demography, sociology, psychology or economics. They have been eager to discover the possible causes for migration and its likely impacts on locals, the migrants, and their families. The migration literature shows that this interest has been quite strong now for nearly a century (Rees, 1977).

Broadly speaking, migration can be categorized into two classes. Internal migration, where people move within a given social system; and international migration, where people cross the internationally recognized geographical and political boundaries, which separate one country from the other (Peterson, 1978).

Evertt Lee was the first sociologist to provide a theoretical explanation for migration. He propounded the "push-pull" theory according to which there are

certain "push" factors, which compel people to move out of their place of origin as a result of either bad climate, poverty, famine, war or religious and political persecution. In contrast, "pull" factors attract people to move out in their search for new opportunities or for a better life (Lee, 1966).

Another explanation, provided by the human capital model, posits that the individuals' decisions to move depend on the hope of being better off at the place of destination in relation to the existing circumstances at the place of origin. The individual compares the potential future benefits with the current costs of migration, and if the balance tilts in favour of the former, the individual decides to migrate (Davanzo, 1980). In other words, migration is considered as a human capital investment, which will yield net future gains.

Todero (1976) has expressed similar views also. He considers age, length of residence, occupation, and distance as the main factors contributing in the decision to migrate. If the net costs of these factors are less than the expected future returns from migration, people decide to move.

Research indicates that the migration usually brings

* Institute of Development Studies, NWFP Agricultural University, Peshawar – Pakistan
** Institute of Business and Management Sciences, NWFP Agricultural University, Peshawar – Pakistan
*** Hazara University, Mansehra – Pakistan
**** Department of Sociology and Anthropology, University of Peshawar, Peshawar – Pakistan

about changes in the lives of migrants and their families. Migrant's incomes tend to increase; they are exposed to new experiences and new ideas about social, cultural, political and economic values of the host countries, as well as those of the other emigrant's co-workers from various parts of the world.

Migrant workers on their regular visits back home tend to transmit their foreign-acquired experiences and ideas to their family members. Modernization theory in sociology emphasizes the transference of so-called modern ideas from the developed, industrialized world to the developing, traditional world. The theory's assumption is that such transference will inevitably lead towards a better and more civilized life (So, 1990). Emigrants, on their visits, also bring back with them the latest and modern consumer goods — electronic and electric goods and a variety of other modern merchandise. Some studies have shown that the bulk of the remittances are spent on basic consumer goods, in addition to housing, land, debt payment and education (Appleyard, 1989). Economic factors play a critical role in the social structure of a community. A majority of the emigrants and their families have found an unprecedented opportunity to raise their standards of living and patterns of consumption. The increased income from abroad has also helped in raising the social status of the left-behind families within the communities of their residence (Connell, 1984; Burki, 1984).

In the present day world, material well-being and resource maximization have assumed importance and priority over many other things. One consequence of this has been the large numbers of young people migrating to different countries of the world in search of better-paid jobs. Pakistan is a case in point. Quite a large number of its workers have been regularly migrating to the oil-rich but labour-scarce Middle Eastern countries, especially since the early 1970s. This has had profound socioeconomic impacts both on the people and the country (Gilani *et al.*, 1991).

Migration caused by economic considerations is usually linked with significant volumes of remittances — the portion of migrant worker's earnings sent back from the country of employment to the country of origin. Remittances according to Boyd (1989), indicate the existence of social networks across space; induce economic effects in the sending areas; and they are vehicles for sending back important messages about cooperative opportunities and standards of living, thereby stimulating future migration.

Remittances play an important role in the economic development of a country like Pakistan, which has low rate of saving and investment. Some studies have shown that the bulk of the remittances is spent on basic consumer goods, in addition to housing, land, debt payment and education (Appleyard, 1989; Faeamani, 1995; Walker and Brown, 1995; Arif, 1999).

While almost all rural areas of Pakistan are experiencing the phenomenon of rural-urban migration, district Dir of North West Frontier Province, Pakistan, particularly stands unique in this respect. The district is heavily dependent on out of district income i.e., the money sent by Dir inhabitants working in and outside Pakistan. According to District Census of Rural Settlement (DCRS) Dir 1998, out of total 1037 villages, 803 (77%) villages had migrants. The total number of migrants, as in 1988, was 57,432 (11,551 abroad and 45,881 in Pakistan) and the number per village was 72. The post – 1988 period witnessed a continuous increase both in the number of emigrants from, and the number of villages experiencing emigration in, Dir district. A similar trend has been observed in the inflow of remittances to the district.

Outflow of manpower on this scale, and the corresponding inflow of remittances, would normally bring in their wake a host of socio-economic impacts in the migrants sending localities in general and the migrants' left behind households in particular. The nature and magnitudes of these impacts need be studied to bring out their implications for future planning. Conceived in this context, the problem focused by this study is: How has this migration affected the households and the areas in which these households are located? What are positive and negative impacts of migration? What are their implications for formulations of policies in the context of emigration, utilization of remittances, and mitigation of negative impacts? These are the major problem areas that needed to be studied empirically, leading to the present study.

Objectives

Conceived in the context of the aforetasted problem area, the main objectives of the study are to:

- i. determine the nature and extent of migration — focusing emigration, from the study area;
- ii. collect, collate and analyze data on social, economic, demographic and other relevant characteristics of emigrants and their households;
- iii. inquire into the amount of remittances and their utilization pattern;

- iv. identify and analyze socio-economic impacts of emigration on the affected households and the localities in Dir district and;
- v. recommend measures for better utilization of remittances for the uplift of the rural masses.

MATERIALS AND METHODS

For achieving the above mentioned objectives, two tehsils of the upper Dir District viz; Dir and Barawal, which have high concentration of out migration were chosen for in-depth analysis in the year 2004. In these two tehsils, there are a total of 247 villages out of which 165 (i.e., 66.80%) villages have reported a large number of persons working in different countries. A list of villages was prepared from the DCRS (district census of rural settlements). A total of 12 villages, six each from the two tehsils, were selected on the basis of purposive sampling method. The sample village selection was made subject to the conditions, that i) the selected villages be almost similar in terms of population and number of households, ii) socio-economic condition, and iii) a significant number of migrant households exists in these villages, so that a representative sample be obtained for the district.

In the 12 sample villages, 73 sample households of the emigrants were selected randomly for interview.

RESULTS AND DISCUSSION

Profile of Migrants

The survey of households of migrants, as already stated, was conducted in 12 villages where 73 sample households, which have men currently working abroad, were interviewed. These sample households have 87 emigrants and 26 out-migrants - i.e. in-country workers. The study's main focus is on emigrants – overseas workers. Their profile is presented in this section.

Age Distribution

The age brackets of 21– 30 and 31 – 40, taken together, account for bulk of in country as well as the overseas workers. However, the concentration of migrants is relatively heavier in the 21-30 years bracket which is in line with the generally held perception that the relatively younger persons have better chances of employment abroad. The age distribution of the two categories of workers is given in Table II.

The age distribution pattern of emigrants suggests that contrary to the overall emigration situation in the country the emigration process in Dir District is

continuing unabated. A heavy representation of the 21-30 and 31-40 age group is indicative of that.

Literacy Rate

It is interesting to note that the in-country worker's literacy level is higher – 54%, than of those working abroad, which is 40%. Relevant statistics are given below in Table III.

The pattern is in conformity with the type of manpower in demand abroad. As will be seen later, most of the emigrants are employed as ordinary labourers – the jobs for which literacy is not required. It has been reported by the emigrants that the wage rate in the Middle Eastern countries is continuously declining due to excess supply of labourers. This could be another important factor explaining why the literates are not attracted to these job markets as much as the illiterates are.

Occupations

The distribution of migrants by reference to their occupations before and after migrations is shown in Table IV. Quite a visible contrast can be observed in the table under reference in this respect. Before migration as many as 53% migrants were jobless, and those who were working were mostly labourers and farmers. After migration, there was no jobless persons and the heaviest concentration of them was found in "Casual labourers" category (71%) followed by those working as drivers (19 %).

Monthly Income of Migrants

Emigrants' average monthly income is Rs.10, 017. The corresponding figure for in-country workers is Rs.2020. Comparative data are given in Table V.

Distribution of overseas and in-country workers (Table VI) by income group shows contrasting patterns. It is relatively more skewed in the case of emigrants as compared to in- country migrants.

Sources of Financing Emigration

All of the emigrants financed their ticket and other expenses for overseas journey from non-institutional sources. Besides their own savings, most emigrants borrowed money from relatives and friends, and many resorted to sale of land, to finance visa and ticket.

Income per Household

During 2003-2004 the sample households' income averaged at Rs.135,138 or Rs. 11,498 per month, in the study area taken in general. Table VII shows the annual per capita income was Rs. 11,262 or Rs. 958

per month, for an average HH size of about 12 persons.

Contribution of Remittances to Household Income

The sample households were found heavily dependent on overseas and in-country workers remittances which accounted for 82% and 13 % respectively of their total income during the reference period (year 2003). The sample household's income from their transport and trade enterprise – accounting for two percent of their annual income, can also be credited to remittances, as initial investment in these enterprises was mostly made possible by remittances. Thus, it can be rightly claimed that workers remittances – especially those from abroad, are backbone of the recipient areas economy.

Total Remittance Inflow

Based on the emigration and out-migration trend in the study universe, the average annual remittances per worker from abroad and from within Pakistan, as revealed by the survey, it is estimated that during 2003-2004, the total volume of remittances to the two selected tehsils (Barawal and Dir) would be of the order of Rs.599 million; from overseas Rs.288 million and from in-country Rs.311 million as shown in Table IX.

Utilization of Remittances

In the previous section it was noted that i). workers remittances (2003-2004) from abroad and within Pakistan accounted for as much as 94 percent of the receiving households income from all sources, ii) average monthly income per household (2003-2004) was Rs.11,262 and iii) the total inflow of remittances to the study area (2003-2004) would be of the order of Rs.288 million from overseas and Rs.311million from within the country. Although per capita income of emigrants' households is well below the national average, it is reported to be substantially higher than their income before migration of their family members. Thus, while migration has not yet brought a great abundance of money to the households concerned it has certainly ushered in an era of relative prosperity. The beneficiaries say that they are much prosperous now than before. Migration generated prosperity – by the local standards, is finding expression in enhanced consumption and productive outlays of the concerned population.

Land Ownership

A larger number of the sample households own land now than before. Previously 62% of the sample households owned land, while the existing corresponding figure is 75%. In pre-emigration period the sample households owned about 227

jareeb of land, while their existing holdings are 269.5 jareeb. Combined data for both the tehsils are given in Table X.

The picture emerging from this survey confirms the common knowledge, and widely observed tendency in the country, that buying land is one of the first things the households of emigrants do with their enhanced income.

Livestock

A larger number of sample household's own livestock now than before. Put in figures, previously 49 sample households had livestock, while now the corresponding figure is 65 meaning an increase of 29%. The average number of livestock owned by the livestock owners has, however, declined. The overall number of livestock with the sample households, however, increased from 312 to 387 showing a 24% increase. The global figures are given in Table XI.

Education

The trend towards education has significantly increased among the sample households. This is attributed, among other things, to increase in their income. This can be observed from the fact that in the pre-emigration period per household school enrollment of children was reported as 2.91 while this figure rose to 4.12 in the post emigration period, an increase of 42%. It seems that among other things investment in education is one of the priorities of the sample households.

Vehicles

Table XII reveals that the number of vehicles owned by sample households has not increased substantially after their working members' migration. In the pre-migration period the 73 sample households had no vehicles, while the existing corresponding number is only three. Although most households still do not have a vehicle, the existing number owned by them can be called large considered in the overall context of Dir district's socio-economic situation.

The three vehicles owned by the sample households, are used for commercial purposes. They are operating in Dir district.

Consumption Durables

Most of the sample households do not possess consumption durables such as refrigerators, air conditioners, televisions, etc., but the number of those who now own these is considerably larger than pre-migration period. As will be seen in Table XIII, the number of sample households with refrigerators has increased from 7 to 28, and that of TV owners

from nil to 17. None had an air conditioner previously and now.

Investment in Residential Land/Construction

No investment in residential land, commercial land, commercial construction, and reconstruction of houses was reported by the sample households. This was contrary to the pre-survey expectation.

However, most of the families of migrants have effected improvements in their houses, which are consequently more livable now than before. Extravagance in this sector was not observed and that is a healthy sign.

Change in Current Expenditure

Besides outlays on consumption durables and education, the current expenditure of the sample household has also increased. It was observed during the survey that the living standard of the households has reasonably improved, which is a clear sign of increase in current expenditure.

Commercial/Industrial Enterprises

Two sample households have set up enterprises – both financed by the migrants. Both of these are one-person enterprises. Total investment is Rs.100,000 or Rs.50,000 per enterprise (Table XIII).

Income from these enterprises accounts for only about two percent of the households' income from all sources. Both are small general merchant shops. The present number of these off-farm local sources of income and employment is small, but it is an important development pointing to a gradual but a

sure trend towards productive utilization of savings which is playing a pace making role in development process.

CONCLUSION AND RECOMMENDATION

Migration from Dir District - the study area, has had, on the whole, highly positive and lasting socio-economic impacts. Increasing outflow of workers is relieving pressure on the local job market. The money sent home by migrant workers has not only helped improve standard of living of the recipient households, but has also been instrumental in generating income and employment locally on a substantial scale through the acceleration and multiplier effect.

The migration process needs be accelerated, and it is equally important to rationalize the utilization pattern of remittances. To this end, the government need to establish advisory services for the intending migrants, provide financial support – credit to help meet migration costs, establish counseling services for investment of remittances facilitate re-entry of returned migrants, in productive enterprises and maintain close liaison with the migrants and their household. So as to help them in case of need. Migration is beneficial not only for the migrant's household, but also for the entire economy of the migrant sending area. It is in this perspective that the government of Pakistan should view afore stated recommendations, and pursue these on high priority agenda.

Table I. Sample Frame

Study Area	Total villages from where migration took place	Sample villages	No.of HH in sample villages	No.of emigrant HH	No.of total emigrants	Sample respondents
Upper Dir	165	12	1528	1021	1417	73

Source: District Census of Rural Settlements 1998, Dir.

Table II. Workers distribution by age groups in the study area

Age Group (years)	In-country workers (%age)	Emigrants (%age)
< 21	19	1
21 – 30	46	46
31- 40	31	37
Over 40	4	16
All age groups	100	100

Source: Based on Field Survey

Table III. Literacy rates of migrant %age

Locality	Literacy percentages	
	In-country workers	Emigrants
Dir	54	40

Table IV. Pre and Post emigration occupation classification of emigrants

S. No.	Activity/Occupation	Pre-emigration (%age)	Post-emigration (%age)
1.	Jobless	53	-
2.	Labourers	21	71
3.	Farming/Gardening	20	1
4.	Drivers	1	19
5.	Shopkeeper	2	1
6.	Butcher	3	3
7.	Mechanics	-	-
8.	Electricians	-	1
9.	Salesman	-	2
10.	Other jobs	-	2
	Total	100	100

Table V. Average monthly income of overseas and in-country workers

Locality	Average monthly income of workers	
	Overseas	In-Pakistan
Upper Dir	10017	2020

Table VI. Distribution of in-country and overseas workers by monthly income groups

Monthly Income (Rupees)	Percentage of workers	
	In-Country	Overseas
Up to 2000	54	-
2001 – 3000	42	-
3001 – 4000	-	-
4001 – 5000	4	1
5001 – 7000	-	9
7001 – 9000	-	26
9001 – 10,000	-	44
Over – 10,000	-	20
All groups	100	100

Table VII. Average income per sample household and per capita income in year 2003-04

Locality	Total Income	Income during the year		Income per month	
		Per Household	Per Capita	Per household	Per capita
Upper Dir	10565100	135138	11498	11262	958

Source: Based on Field Survey

Table VIII. Source-wise income of sample households during 2003-04

S. No.	Source	Income	
		Rs.	%
1.	Farming	384700	3.64
2.	Industry	-	-
3.	Trade	30000	0.28
4.	Transport	180000	1.70
5.	Rent of land	-	-
6.	Rent of property	-	-
7.	Earnings of in-country workers	1350400	12.78
8.	Overseas remittance	8620000	81.60
Total		10565100	100

Table IX. Total estimated volume of workers overseas and home remittances to study area in 2004

Study Area	Total Workers (1998)		Per worker remittances to sample household in 2002		Total estimated remittances of all workers to study areas		
	Overseas	In-country	Overseas (Rs)	In-country (Rs)	Overseas (ml. Rs)	In-country (ml. Rs)	Total (ml Rs)
Upper Dir	2924	11810	198046	50662	288.089	311.465	599.554

Sources: District Census of Rural Settlement of District Dir, 1998.

Table X. Land owned by sample households

S. No.	Particulars	Unit	Pre-emigration	Existing
1.	Land owning sample households	Number	45	55
2.	Land owned	Jareeb	227	269.5
3.	Area owned per owner	Jareeb	5	4.9
4.	Area per sample household in general (Row 2 ÷ 140 household)	Jareeb	3.16	3.69

Table XI. Livestock holdings of sample households

S. No.	Particulars	Pre-emigration	Existing
1.	Number of sample households with livestock	49	65
2.	Total livestock head owned	312	387
3.	Average holdings of livestock owners (row 2 ÷ row 1)	6.36	5.95

Table XII. Vehicles possessed by sample households

Locality	Total sample Households	Number owned							
		Car		Pickup		Truck		Total	
		Before	Now	Before	Now	Before	Now	Before	Now
Study Area	73	-	-	-	2	-	1	-	3

Table XIII. Selected consumption durables possessed by sample households

Locality	Total house holds	Sample	Refrigerator		Air Conditioner		Television	
			Before	Now	Before	Now	Before	Now
Total study Area	73		7	28	-	-	-	17

Based on Field Survey

Table XVI. Enterprises of sample households

S. No.	Particulars	Unit	Total Study Area
1.	Total sample households	#	73
2.	Sample households with enterprises		
2.1	Number	#	2
2.2	% age of total sample h.h.	%	0.027
3.	Number of enterprises setup	#	2
4.	Total investment	Rs.	100,000
5.	Investment per:		
5.1	Enterprise	Rs.	50,000
5.2	Sample household (over all verages)	Rs.	1370
6.	Manpower employed		
6.1	Family	#	2
6.2	Hired	#	-
6.3	Total	#	2

Source: Based on Field Survey

REFERENCES

- Appleyard, R.T.1989. Migration and development: myths and reality. *Intl. Migration Rev.* 23: 486-499.
- Arif, G.M. 1999. Remittances and investments at the household level in Pakistan. *Pak. Instt. of Dev. Econ. Islamabad, Pakistan. Res. Report Series*, 166, (ii + 37) : 36 p.
- Boyd, M. 1989 Family and personal networks in international migration. *Recent Dev. and New Agendas. Int'l. Migration Review.* 23(3): 638-65.
- Burki, S.J. 1984. International Migration: Implications for labour exporting countries. *The Middle East J.* 38(4):668-684.
- Connell, J. 1984. Status of Subjugation? Women migration and development in South Pacific. *Intl. Migration Rev.* 18 (4): 964-983.
- Davanzo, J. 1980. Repeat Migration: International costs and location-specific capital. *The Rand Corp. California.*
- District Census Report of Rural Settlements of District Dir. 1998. Bureau of Statistics, Planning & Dev. Deptt. NWFP, Pakistan.
- Faeamani, S.U.1995. The impact of remittances on rural development in Tongan villages. *Beulah College, Nuku'alofa, Tonga. Asian and Pacific Migration.* 4:1, 139 - 155; 17.
- Gilani, Ijaz., M.F. Khan and M. Iqbal. 1991. Labour migration from Pakistan to the Middle East and its impact on domestic economy. *Res. Report No. 149. Pakistan Instt. of Dev. Econ. Islamabad, Pakistan.*
- Lee, E. 1966. A theory of migration demography. pp. 47-57.
- Peterson, W. 1978. International migration. *Annual Rev. of Sociol.* 533-575.
- Rees, P.H. 1977. The measurement of migration from census data and other sources. *Envir. & Planning.* 9: 247-272.
- So, A.Y. 1990. social change and development: Modernization, dependency and world system theories. *Newbury Park: Sage Public.*
- Todaro, M.P. 2007. Economic development in the third world. *Longman Press New York.*