CHAPTER – I
INTRODUCTION
1.1 Introduction

International migration is a global phenomenon; it is growing in its size, scope and complexity and impacts. Migration is both a cause and effect of a broader development process and it can be considered as a positive force for development, when supported by the right type of policies. Today there are an estimated 232 million migrant workers around the world. Globalization, demographic shifts, conflicts, income inequalities and climate change encourage many more workers and their families to cross borders in search of employment and security. These migrant workers are becoming the source of income, contributing to growth and development in their countries.

Labour Migration can be hugely effective in improving the income, education and participation of individuals and families, and enhancing their children’s future prospects. There is wide variety of migrants moving across the borders starting from highly skilled professionals to political refugees. It is employment opportunities which are basically responsible for migration. The migration is beneficial to both the origin and destination countries. The diversity of these individuals and the rules that govern their movement makes human mobility one of the most complex issues facing the world today, especially in the midst of the global recession. Migration process is actually a complex challenge in terms of governance, migrant protection, developmental linkages and international cooperation.

In the era of globalization, there are many challenges posed by labour migration. At the same time globalized world have many opportunities as migration means moving up of the whole life of a human being including skill, culture, families, etc. Though the primary motive of migration remains economic, this may not be the only factor influencing labour migration, the choice of destination sometimes influenced by non-economic factors also.

The migration affects multiple aspects of livelihoods and identity rather than financial flows alone. In all job categories of trained man power like skilled/professional, semi-skilled, and unskilled and in business activities, India is considered a greater reservoir. In physiological terms migration means human movement of people from one place to another which is not of a casual nature as a
visit or a tour. Migration is necessarily a pre-emptive move; it is the survival instinct that makes humans to seek better prospects.

Migration is an indication of basic social change. The migration process has tended to have a profound effect on both the areas from which the migrants come and the areas in which they finally settle. He or she brings with him or her norms, values and attitudes and, over a course of time, learns those of the people of destination. If he or she visits his or her home quite frequently, he or she carries back many of the ideas from the new place. The migrants become an instrument of social and cultural diffusion. Migration is a process of normal population adjustment and equilibrium. In most nations there are areas of higher birth rates and of lower birth rates and also areas of expanding opportunities for employment and stationary or declined economic opportunities. A shift of population from declining economic opportunities to areas with expanding opportunities acts as a device for maintaining social and economic balance among communities. Migration results in a change in population structure. During a period of rapid industrial development the volume of migration received in a community may be very substantial.

The past few decades have seen tremendous change and diversification in the nature of international labour migration. International labour migration is defined as, “the movement of people from one country to another for the purpose of employment”. Today there is an estimated 232 million people working as international labour migrants. Today in the globalized economy labour migration taken an important place with migrants workers earning US$ 542 billion in 2013, which is expected to rise to $681 billion in 2016 (World Bank report). More than 70% of the remittance flows to the developing countries and these remittances are the lifeline for many developing countries.

Majority of the international labour migrants who are from developing countries are contributing the growth of their home country by sending their remittance. Asia-Pacific is the destination region which is receiving maximum remittance. That is 45% of the global total. Latest estimates show that India received a 71 millions $ workers’ remittances in 2013 and tops the chart, for Bangladesh remittances provides vital protection against poverty.
“Labour Migration refers to the movement of people from one geographical location to another, either on a temporary or permanent basis” (Ekong 2003). It is the rural to urban migration within the country and migration from developing to developed countries which is prominently visible. Migration is a selective process. It not only affects the individuals but also the families. The reasons for migration differ from one migrant to another.

The migration defined here is permanent migration. It is distinguished from the ‘temporary’ and the ‘short distance moves’. All such temporary movements begin and ultimately terminated in the same place or community but, being studied from many disciplinary positions are identified by a confusing variety of terms: return migration’, ‘transhumance’, ‘commuting’. These terms refer to circuits of movement by individual and small groups between points of origin and destination and lack any declared intention of a permanent or semi-permanent change in residence.

According to concise Oxford dictionary, “migration means to move from one place country or town to another, Thus migration is the movement from one place to another within the country or outside it”.

United Nations multilingual demography dictionary defines migration as, “a form of geographic mobility or special mobility between one geographical unit and another, generally involving a change in residence from the place of origin or place of departure to the place of destination or place of arrival.”

According to the United Nations Commission on the Protection of the Rights of all migrants’ workers and members of their families, “a migrant worker is a person who is to be engaged, is engaged, or has been engaged in a remunerated activity in a state of which he or she is not a citizen”.

A migrant worker is defined in the ILO instruments as, “A person who migrates from one country to another (or who has migrated from one country to another) with a view to being employed otherwise than on his own account, and include any person regularly admitted as a migrant for employment”.

The United Nation (UN) defined, “migration as a form of geographical or spatial mobility between one geographical unit and another. It involves a change in residence from the place of origin or departure to the place of destination”.
National Sample Survey Organization (NSSO, 2008) defined migration as “A household member whose last Usual Place of Residence (UPR) any time in the past was different from the present place of enumeration was considered as a migrant member in a household.”

Population studies define, “migration implies a permanent or at least a semi-permanent change in the place of residence of an individual from one location to another.”

“A person is considered as a migrant by place of last residence, if the place in which he is enumerated during the census is other than his place of immediate last residence.” (Census of India, 2001)

1.2 Significance of the Study

Labour Migration is a worldwide phenomenon. We can see labour migration in international, national and regional level also. Migration not only transforms physical presence, but also has impact on culture of the migrants, income of the family, Income of the country (remittance), international trade, health of the children and women, labour efficiency and technology, policy of host country and receiving country also.

International labour Migration trends have seen many changes in the era of globalization, both of them are influencing the growth of migration population throughout the world. This type of migration increases the economic growth of the world. This trend initiates the new policy approach in developing and developed countries.

In India, Skilled and unskilled labourers are going to other countries where they are getting higher remuneration for their work. In the same way some of the unskilled and semi-skilled workers from the neighboring countries are coming to India for getting higher wage, safety and security of their lives. In this way international labour migration is considered as an important factor which places a determining role in the economic development of India.
1.3 Statement of the Problem

Migration is one of the leading concerns in the present day world. In this globalized era migration flows are not only increasing enormously and highly diversified. Migration trends in recent period have changed its pace. Some of the developed countries which are demanding unskilled and semiskilled labourers are now demanding more and more skilled workers for their labour market. Migrant’s remittance is nowadays one of the significant sources for the national income. Most of the developing countries are depending on the remittance for the development of their nation. In the same time international labour migration is creating many challenges to the source and destination countries to manage and promote the international labour migration. Managing the international labour migration and protecting the exploitation of migrants with proper policies and programmes is one of the social responsibilities of the nationals. In this work efforts are made to understand the significant role played by international migrants, their contribution to the national income, the role of government to protect them from all types of atrocities particularly with reference to child and women migrants and role played by national governments and international organizations to safeguard the interests.

1.4 Objectives of the Study:

The present study has the following objectives:

1. To examine the composition and trends in international labour migration with reference to India.
2. To identify the significant push and pull factors which determines the labour migration of India.
3. To study the impact of remittance on GDP of Indian economy.
4. To Compare pre and post liberalization international labour migration with reference to India.

1.5 Hypotheses of the Study:

1) There is gender disparity in international labour migration flows with reference to India.
2) Population, Gross Domestic Product and Exchange Rate are significantly influenced Emigration and Immigration.
3) Remittance and GDP have a long run relationship between each other.
4) Remittance has Granger Causality with respect to GDP.
1.6 Methodology

1.6.1 Source of data:

This study is completely based on secondary data which has been collected from International Labour Organization, World Bank Databank, UN Department of Economic And Social Affairs, Oxford School of Migration Studies, International Migration Organization, and International Monetary Fund, people Movein (website), United Nations Population Division, Government of India’s different ministries and Reserve Bank of India.

1.6.2 Data analysis and statistical techniques:

The following methodology has been used to analyze and interpret the data.

Third chapter deals with the Determinant of International Labour Migration with reference to India. Gravity model has been used for analyzing the Determinants of International labour migration. The variables which are included in the analysis are language, Gross Domestic Product, exchange rate, population distance of both origin and destination country. The period of data analyses this purpose range between 1990-2013. Feasible Generalized Least Square (FGLS) technique is used for analyses.

In the fifth chapter, an attempt has been made to exhibit the relationship between Gross Domestic Product and Remittance. The data collected for the study is from 1975-1976 to 2012-2013. The period has been fixed based on the availability of data. Since the time series have used in the analysis, the necessary checks were taken to test the stationarity of the data. The ADF tests were conducted to find the stationarity of the data. The Johansen’s cointegration models were used to find the long-run stable relationship between Gross Domestic Product, Remittance, Gross Capital Formation, Exchange Rate, FDI, and Openness. To find the disturbances in the short run relationship, the Vector Error Correction model has been used. The Granger causality tests were conducted to find causality between selected variables.

**The Models Used for Feasible Generalized Least Square (FGLS):**

To analyze the determinants of emigration and immigration, following models were used

\[ M_{ijt} = \beta_0 + \beta_1 (S_{ijt}) + \beta_2 (N_{it}N_{jt}) + \beta_3 \text{dist}_{ij} + \epsilon_{ijt} \]  

\[  \text{(1)} \]
Where, $M_{ijt}$ represents migration from country $i$ to country $j$ at time $t$; $S_{ijt}$ indicates GDP per capita of destination country relative to source country; $N_i$ represents population of the source country $i$, whereas $N_j$ represents population of the destination country $j$. $\text{dist}_{ij}$ represents distance (in km) between two countries, source and destination country. Normally distributed error term is given by $\epsilon_{ijt}$.

\[
EM_{ijt} = \beta_0 + \beta_1 S_{ijt} + \beta_2 N_i N_{jt} + \beta_3 \text{dist}_{ij} + \beta_4 \text{Ex}_{ijt} + \beta_5 \text{relg}_{ijt} + \beta_6 \text{lang}_{j} + \beta_7 \text{block}_{jt} + \epsilon_{ijt}
\] (2)

\[
IM_{ijt} = \beta_0 + \beta_1 S_{ijt} + \beta_2 N_i N_{jt} + \beta_3 \text{dist}_{ij} + \beta_4 \text{Ex}_{ijt} + \beta_5 \text{relg}_{ijt} + \beta_6 \text{lang}_{j} + \beta_7 \text{block}_{jt} + \epsilon_{ijt}
\] (3)

Where, $EM_{ijt}$ stands for emigration from country $i$ to $j$ at time $t$, $IM_{ijt}$ represents immigration from country $i$ to $j$ at time $t$, the variables are population, GDP and exchange rate of origin and destination countries, religion of destination countries, block, language of the destination countries. The detailed methodology explained in chapter III.

**The model used for ADF test:**

ADF test has been conducted to find the stationarity of data with the models

\[
Y_t = \phi Y_{t-1} + \epsilon_t \quad \text{------------------------} (4)
\]

$Y_t$ represents the variable in consideration for ADF test. The variables are Exchange rate, FDI, Capital Formation, GDP, Openness and Remittances, the detailed methodology explained in chapter IV.

**The Models for Cointegration Test:**

To find the long run stable relationship two non-stationary variables co integration test has been done with same order of cointegration. The following model used for co integration.

The following co integration tests were used in the methodology developed by Johansen (1991, 1995) performed using a group object or an estimate (Vector Auto Regressive) VAR object. Consider a VAR of order $P$:

\[
y_t = A_1 y_{t-1} + \ldots + A_P Y_{t-P} + BX_t + \epsilon_t \quad \text{------------------------} (5)
\]

Where $y_t$ is a K-vector of non-stationary I(1) Variables, $X_t$ is a d-vector of determinants variables, and $\epsilon_t$ is a vector of innovations.
**Trace test statistic:** the likelihood ratio statistic (LR) for the trace test ($\lambda_{\text{trace}}$) can be specified as:

$$\lambda_{\text{trace}}(\gamma) = T \sum_{i=\gamma+1}^{k} \log(1 - \lambda_i)$$  \hspace{1cm} (6)

**Maximum Eigenvalue Test:** “The maximum eigenvalue test ($\lambda_{\text{max}}$) which is test to examine the null hypothesis of exactly $\gamma$ co-integrating relations against the alternative of $\gamma+1$ Cointegrating relations with the test statistic”:

$$\lambda_{\text{max}}(\gamma, \gamma + 1) = T \ln(1 - \lambda_{\gamma+1})$$  \hspace{1cm} (7)

The detailed methodology is explained in chapter IV.

**Vector Error Correction (VEC) Model:**

As defined “A vector error correction (VEC) model is a restricted VAR for use with the non-stationary series that are known to be co-integrated. The VEC has cointegration relations built into the specification so that it restricts the long run behavior of the endogenous variables to converge to their co-integration relationship while allowing for short-run adjustment dynamics. The cointegration term is known as the error correction term since the deviation from long-run equilibrium is corrected gradually through a series of partial short run adjustments”.

The following VEC model is used for test:

$$y_t = \alpha_0 + \delta_0 x_t + \delta_1 x_{t-1} + \alpha_1 y_{t-1} + \varepsilon_t$$  \hspace{1cm} (8)

Where $y_t$ is dependent variable, $x_t$ is the independent variable $y_{t-1}$ and $x_{t-1}$ are lagged values of $y_t$ and $x_t$ respectively $\alpha_0$, $\alpha_1$, $\delta_0$, and $\delta_1$ are parameters, and is the error term assumed to be $\varepsilon_t \sim \text{iN}(0, \sigma^2)$, the detailed VEC methodology is explained in chapter IV.

**Granger Causality:**

Bivariate regression of the form of models used for the causality test:

$$y_t = \alpha_0 + \alpha_1 y_{t-1} + \ldots + \alpha_j y_{t-j} + \beta_1 x_{t-1} + \ldots + \beta_j x_{t-j} + \varepsilon_t$$  \hspace{1cm} (9)

$$x_t = \alpha_0 + \alpha_1 x_{t-1} + \ldots + \alpha_j x_{t-j} + \beta_1 y_{t-1} + \ldots + \beta_j y_{t-j} + u_t$$  \hspace{1cm} (10)

The detailed methodology for the bivariate granger causality is explained in Chapter IV.
**Technique of Data Analysis:**

The data have been analyzed by using appropriate statistical and econometric tools; gravity model used in the third chapter for factors of determinates for immigration and emigration of international labour migration, time-series Vector Error Correction Model (VECM) approach of stationarity test, cointegration test, Unit root test and Granger causality Tests were used in the fifth chapter. STATA used for regression model. Eviews 7 used for unit root co integration and causality test and excel packages are used for analyzing data.

**1.7 Chapter Scheme**

**Chapter I: Introduction**

Chapter one was introductory in nature. Definitions and concepts of migration, significance of the study objectives hypotheses, methodology with chapter scheme of the study are included the chapter.

**Chapter II: Theoretical background with review of literature**

The second chapter, theoretical background with review of literature gives a theoretical background to the study with review of literature. This chapter refers to the five different theories of international labour migration. The review of literature has been classified into four groups, based on these reviews, an attempt has been made to find the gaps and these gaps are very useful in setting objectives and to prepare methodology of the study.

**Chapter III: The Composition and Trends in International Labour Migration with Reference to India**

An attempt has made to looks into the composition and trends in International Labour Migration with reference to India. Chapter also includes the gravity model for immigration and emigration with reference to India.

**Chapter IV: Push and Pull Factors of International Labour Migration with reference to India**

Chapter IV analyzes the Push and Pull factors of international labour migration with reference to India. And impact of globalization on international labour migration was also studied under this chapter.
Chapter V: Impact of Remittance on Indian Economy

This chapter analyzed the trends, composition of labour remittance with reference to India, by using co integration technique, VEC model and Granger causality test.

Chapter VI: International Labour Migration Policies; with special reference to India

Chapter VI analyzed the international labour migration policies of the international labour migration stakeholders, migration policies of selected developed countries and Asian countries, international labour migration policies of India and recent incentives of Government of India.

Chapter VII: Summary, Suggestions and Conclusion

Chapter VII presents the major findings of the study, hypotheses testing based on which some policy recommendations were made, it also includes conclusion of the study.