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Editor's Note.

EMEA College of Arts & Science, Kondotti (Affiliated to the University of Calicut), is an institution under Ernad Muslim Educational Association formed with the objective of establishing educational institutions to cater to the needs of socially and educationally backward sections of the community. Now, this college is the main centre of higher learning in Ernad area of erstwhile Malabar region which remained backward due to historical reasons. With the setting up of the post graduate department of Economics, the institution has opened up new vistas for the study of new trends and emerging areas of economic and social importance.

International Journal of Advanced Research in Emerging Disciplines (IJARED) is a new venture of the department which is planned to publish annually along with the provisions for special issues whenever it is required. The journal aims at providing a platform to young researchers, teachers and academics of colleges, universities and institutions to express divergent views on various issues of academic and social importance exploring the emerging ideas in the fields of humanities. IJARED will be regularly published in the month of June and will be a fully refereed journal. Emigration, regional issues and other studies of interdisciplinary importance are identified as the thrust areas including others. IJARED welcomes contributions from the relevant disciplines.



Private Tuitions in Public Education: A Study of Socio-economic Dimensions

Dr. A. ABDUL SALIM

Abstract

Education is a powerful tool of socio-economic change. This realisation has come to the people of Kerala from very early times. As a result, people started sending their children to educational institutions which resulted in the universalisation of school education. In the present context of fast growing knowledge economy and severe competition for jobs, quality education becomes a necessity not only for competitive success but also for sheer survival. So education is eagerly sought after and many families go into debt consequent on sending their children for quality education. If their students are not getting the quality education in regular schools and colleges alone, they also send their children for private or special coaching. Normally only well-off parents can afford to send their children to private tuition. But it is quite surprising to find that even the middle and poor class parents manage to afford the huge cost of private tuitions at the sacrifice of other demands on their income. Though there is no dearth of studies relating to various aspects of education in Kerala, no studies exist on various socio economic dimensions of private tuitions in public education. This is the context in which we take up this study. The present study looks in to the additional financial burden of students due to private tuition and its role in the family budget in the case of different socio-economic groups. It also examines the factors for the pursuit of private tuitions and compares the performance of students who avail private tuition with those who don't avail it.

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1. The Problem

Education is a powerful tool of socio-economic change. This realisation has come to the people of Kerala from very early times (see Jeffrey, 1992; Salim and Nair, 2002). As a result, people started sending their children to educational institutions which resulted in the universalisation of school education. In the present context of fast growing knowledge economy and severe competition for jobs, quality education becomes a necessity not only for competitive success but also for sheer survival. So education is eagerly sought after and many families go into debt consequent on sending their children for quality education. If their students are not getting the quality education in regular schools and colleges alone, they also send their children for private or special coaching.

Parents/students now have a feeling that good results in examination can be obtained only with the additional help of private tuitions. And the parents are spending and willing to spend big amount of money for this. Normally only well off parents can afford to send their children to private tuition. But it is quite surprising to find that even the middle and poor parents manage to afford the huge cost of private tuitions at the sacrifice of other demands on their income. This is probably in the hope that their children would benefit by receiving good education through private tuition. Most of the parents in this category assume quality education of their children as catalyst in future economic progress and upward social mobility. In fact parents belonging to very poor background and depressed communities squeeze their family budget for sending their children for private tuition.

For private tuition, students go to the houses of teachers, Tuition centres and Parallel colleges. They charge high tuition fees which vary across regions and courses. These centres make large amount of profits though their investment is next to nothing. At present, there exists innumerable number of these 'teaching shops' with only benches, blackboards and teachers; but no other facilities. The great menace is that a large number of teachers working in the regular government and aided colleges in Kerala directly or indirectly support these tuition centres. These teachers, thus mint huge amount of extra income out of this. Though some parents are aware of the fact that it is the same teacher paid out of their taxes, who also squeezes them in the name of private tuition. But they do not respond to this injustice. Though there is no dearth of studies relating to various aspects of education in Kerala, no studies exist on private tuitions in public education. This is the context in which we take up this study.

Through this study, we attempt to seek answers to the following questions:

Who goes for private tuitions?
How much do they pay for it?
What is the role of private tuition fee in family finance?
What is the socio-economic background of these students?
What are the factors leading the students to go for private tuition?
Does the performance of students undergoing special coaching, better than that of others who do not?

2. Objectives

With these questions in mind, we set the following objectives:

1. To evaluate the additional financial burden of students due to private tuition and its role in the family budget.
2. To study the socio-economic background of students .
3. To examine the factors for pursuit of private tuitions and
4. To compare the performance of students who avail private tuition with those who don't avail it.

3. Method of Study and Sources of Data

The study uses analytical and statistical methods. No secondary data are available on this. So the data required for the purpose of the study were collected by an in depth field survey of 200 final year students and 40 teachers(20 from the Arts and Science colleges and 20 from the tuition centres). In order to compare the performance of students, two categories of students (100 students who avail private tuition and 100 students who do not avail private tuition) are selected. Structured interviews and focus group discussions were used for extracting information. Principals of regular institutions and private tuition centres were also interviewed. The students belonged to B.A, B.Sc., B.Com., M.A and M.Com. courses. The performance of the students was compared by verifying the final year examination results of 2009.

4. Scope of the Study

It is expected that the study would furnish information to the planners at the local and state levels on this aspect of the present educational system which has largely remained unnoticed.

This knowledge would prompt the parents to work as pressure groups to bring order and rectitude in school and college campuses. Thereby the quality of teaching in these campuses can be improved and the parents can save a large amount of money which they spend for private tuitions. These local resources can be used for developing facilities in the public institution. In the following section, we discuss the major findings of the study.

5.1 Parental Costs of Private Tuitions

This section discusses parental costs of education by its components (for a discussion on the theory and estimation of costs of education, see Salim 1997). It also presents the additional financial burden of students due to private tuitions and the role of private tuitions in the family budget.

Parental cost is defined as the expense incurred by the households for higher education. It is classified into direct parental cost and indirect parental cost. The major components of direct costs are fees including examination fees and special fees in the regular colleges, private tuition fees and costs of books, stationery and travel. It also includes donation given to the PTA, hostel expenses and additional expenditure on food, clothes, entertainment and cosmetics. Indirect costs refer to the earnings forgone by the students while receiving education. The field study reveals that only a few students in the age group (17-22) go for some part-time jobs. Others do not go for any employment. Hence the indirect cost of higher education per student is treated as zero. A detailed discussion of the indirect costs of education is beyond the scope of this study.

Our field data show that the average parental cost of education is higher for those availing private tuition than those not availing this (Table1). The students in the first category spent 41% higher than those in the second category. The students who make use of private tuition along with their regular classes allocate nearly 36% of the total costs towards private tuition fees. Regular college fees constitute only 12% of the total expenses. Average regular fees are low because a large number of students get fee concessions in the regular colleges. Further, academic costs containing fees, books and stationery consist of nearly 60% of the total costs. But in the case of non-private tuition students, academic costs constitute only 41% of the total costs. It is interesting to find that non-tuition students spend more on books, stationery and entertainment while in the case of all other items, the other category spend more. The additional expenditure on food, clothes, entertainment and cosmetics comes to nearly 22% for the first category while it comes to 34% for the second category. Higher spending on education by the first category is quite natural because of fees for private tuition.

Table 1
Annual Average Parental Cost of Education per Student, 2009

| Components | Private Tuition | | Non Private Tuition | |
|----------------------|-----------------|---------|---------------------|---------|
| | Number | Percent | Number | Percent |
| Regular fees | 1556 | 11.7 | 1385 | 17.7 |
| Private tuition fees | 4836 | 36.4 | nil | nil |
| Books | 875 | 6.6 | 1125 | 14.3 |

| | | | | |
|---------------|-------|-------|------|-------|
| Stationery | 695 | 5.2 | 710 | 9.0 |
| Travel | 1050 | 7.9 | 955 | 12.2 |
| Donations | 540 | 4.1 | 320 | 4.1 |
| Hostel | 250 | 1.9 | 162 | 2.1 |
| Food | 627 | 4.7 | 570 | 7.3 |
| Clothes | 1136 | 8.6 | 972 | 12.4 |
| Entertainment | 710 | 5.3 | 750 | 9.6 |
| Cosmetics | 450 | 3.4 | 390 | 4.9 |
| Others | 560 | 4.2 | 508 | 6.4 |
| Total | 13285 | 100.0 | 7847 | 100.0 |

Source: *Field Survey, 2009.*

5.2 Capability of the Parents and Private Costs of Education

This section discusses the paying capacity of those who avail private tuition and those who do not. In order to find out the capacity of parents to bear the cost of higher education, the share of family expenditure (E) to family income (Y), the share of education expenditure (EE) of the student to family income and the share of education expenditure to family expenditure are worked out. Table 2 indicates that in the private tuition category, the parents spend almost 68% of the total family income while in the second category, more than 83% of the income is spent. The surplus income of the former is higher than those of the latter. Then the paying capacity of the parents of the students undergoing private tuition is higher than their counterparts.

Table 2
Family Expenditure as Percentage of Family Income, 2009

| Category | Private tuition | | No Private Tuition | |
|----------|-----------------|--------------|--------------------|--------------|
| | % of E to Y | % of EE to Y | % of E to Y | % of EE to Y |
| SC/ST | 74.3 | 12.5 | 96.4 | 6.5 |
| OBC | 71.8 | 16.9 | 87.5 | 11.8 |
| General | 65.7 | 27.1 | 72.5 | 24.5 |
| All | 68.1 | 19.4 | 83.2 | 13.6 |

Source : *Calculated from the field data, 2009.*

Table 2 also shows that almost 19% of the total income is spent for education of the student undergoing private tuition while nearly 14% of it is used for the education of the other category. A caste-wise analysis reveals that parents belonging to all the three groups in the second category are left with less surplus income than those in the first category. In the case of SC/ST, parents in the first category spend almost two times that of the second category. OBC parents spend 5% higher for the private tuition of their children and other parents including forward castes spend 2.6% higher. The share of education expenditure to income is significantly lower for SC/ST and OBC than that of

the other communities. Both the surplus income and the share of education expenditure to income show that parents belonging to the SC/ST and OBC communities are not capable of allocating larger proportions of their incomes for the education of their children. This is one of the major reasons for the poor representation of students belonging to SC/ST and OBC in the private tuition centres.

The financial burden of the higher income groups as compared to the lower income groups is low. Table 3 shows that percentage of education expenditure to income of the private tuition group is 19.4% while it is 13.6 in the other group. The highest income group in the first category spend only 10.6% and the other group allocated only 6.5% of income for the student. The third income group in the first category spends 27.5% and second category spends 20.3% of the total income on the education of the child. It shows that the capability of the higher income classes in bearing private costs including private tuitions is higher than the lower income groups.

Table 3
Average Family Income (Y) and Education
 Expenditure (EE) by Income Groups (Rs. '000)

| Income Groups | Private Tuition | | | Non Private Tuition | | |
|---------------|-----------------|-------------|-----------|---------------------|-------------|-----------|
| | Income | Expenditure | % of EE/Y | Income | Expenditure | % of EE/Y |
| Below 40 | 31.7 | 6.5 | 20.5 | 27.8 | 4.6 | 16.5 |
| 40-60 | 52.6 | 11.5 | 21.9 | 48.2 | 5.8 | 12.1 |
| 60-80 | 73.5 | 20.2 | 27.5 | 67.5 | 13.7 | 20.3 |
| 80-100 | 89.8 | 18.5 | 13.9 | 81.2 | 7.6 | 9.4 |
| Above 100 | 145.4 | 9.4 | 10.6 | 101. | 66.6 | 6.5 |
| All | 82.5 | 16.0 | 19.4 | 53.4 | 7.3 | 13.6 |

Source: Field Data, 2009.

The capability of the parents and the extent of their educational burden becomes more clear by the indicators like the proportion of family education expenditure to total family expenditure. Table 4 indicates that the proportion of education expenditure to family expenditure is 18.9% for the private tuition students while it is 23.2% for the non-private tuition students. Further low income parents are forced to allocate a larger proportion of their family expenditure for the education of the child in both the categories. High income parents in both the categories spend hardly 12% of their family expenditure for the higher education of the child.

Table 4
% of Education Expenditure to Total Family Expenditure by Income Groups

| Income | Private Tuition | No Private Tuition |
|-----------|-----------------|--------------------|
| Below 40 | 23.3 | 32.7 |
| 40-60 | 25.6 | 24.3 |
| 60-80 | 19.5 | 21.4 |
| 80-100 | 11.8 | 10.1 |
| Above 100 | 5.3 | 4.9 |
| All | 18.9 | 23.2 |

Source: calculated from the field data, 2009.

5.3 Factors for the Pursuit of Private Tuitions

It is observed that the burden of higher education to low income parents is high. For a number of students belonging to rural areas and SC/ST, the mounting private cost must be really squeezing their family finances. One of the reasons for the lower proportion of students from the low income families for private tuition is their inability to finance it even at the existing rates of fees. The study shows that economic background is one of the major factors that prompt the parents to send their children for private coaching. Households are found to spend more on higher education as their income rises. Further, among the students not availing private tuitions, the majority are SC/ST and OBC. Other than income, education and occupation of the parents also determine the demand for private tuition. Among the students going for private tuitions, 66% belong to parents of high level occupations while in the other group, 64% belong to parents of low level jobs. It is also found that private tuition is eagerly sought after by the students belonging to middle level occupations.

Student's accessibility to parent's human capital also influences the demand for private tuition. For many parents, they have no time to properly monitor the education of their children. Naturally then the economically well off parents send their children to tuition centres. It is found that almost 63% of the students in the private coaching category belong to second or third generation parents. Many parents of the students availing private tuition work at places far away from their homes. Then the children's accessibility to the parents' human capital is very low. Therefore in the hope of giving better education to their children, they send them to tuition centres.

It is reported by the students that a large number of teaching hours in the regular colleges are lost due to student strikes, Student's Union activities, bus strikes and hartals. So syllabus gets pending and the teachers

are not able to 'cover' the syllabus effectively. This compels the students to resort to private tuitions. Absence of proper academic climate disturbs proper coaching in the regular colleges. Many students flock in college in the absence of better avenues. Some female students are married and they are pre-occupied with many household affairs. These females are irregular in the classes. The 'wanderers' and 'irregulars' in the campus adversely affect campus discipline. Therefore the students who are serious in studies, go for private tuitions.

It is evident that the teachers in the regular colleges are more qualified and permanent teachers with good salary and service conditions. But it is surprising to find that some of these teachers are not committed to their profession; they are not serious of either class room teaching or research. Even the mandatory requirements of monitoring attendance, seminars, assignments and term test papers are not properly done or conducted. Naturally, then the students are forced to go for private tuitions.

Further private tuition becomes a habit for many students. They are in the habit of it right from their school days. Tuition culture is less among the students from the rural areas. It is also observed that for three fourth of students undergoing private tuition, Malayalam was the medium of instruction in their school studies. The change of medium at college level results in not digesting properly the lectures and text books. Then the students go to private tuition centres where the lessons are explained in English and then translated to Malayalam. The examination oriented coaching, translation method of lectures and regular compulsory test papers in the tuition centres are great help in overcoming many of their learning problems.

Educational performance of students which is analyzed in terms of their examination results indicates that the students undergoing private tuitions fared better than their counterparts. Very few students in the first category fail in the examination and this category holds the largest number of first classes. Non-private tuition students, barring some exceptions, fared poorly in the examination. Several reasons like the high pupil teacher ratio, non-committed teachers, poor socio-economic background of the students and absence of remedial coaching in the regular colleges are reported as the major reasons for these. Therefore, it is high time the educational planners and administrators of Kerala have to look into the reasons for the pursuit of private tuitions and formulate some corrective measures.

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Foreign Remittances & its Macro Economic Impact on Indian Economy

K. S. Hari

Abstract

Foreign remittance from the emigrant Indian's abroad is a major item in the balance of payment of the country. India is one of the largest recipients of foreign remittances in the world. The present study tries to examine the macro economic impact of foreign remittances on Indian economy during the period 1970-2009-10. The study mainly makes use of the balance of payment statistics published by the reserve bank of India. Our analysis indicates a quantum jump in the remittances flowing to the Indian economy during the post liberalization period. These inward remittances help the economy as a shock absorber for the large scale trade deficit the country is having.

I. Introduction

International migration occurs when the citizens of a country cross their national boundaries and stay in the host countries for a certain period of time for various purposes especially for employment and education. This will have a significant developmental impact on the guest as well as the host countries; economically, politically and socially. When it comes to migration and development, both are said to be interdependent on each other because of the link which exists between them. Like, migration can help in the development process of any country and development can affect the migration and migration policy. In fact, migration, with the help of remittances, can contribute positively to the developmental activity of a country, including economic growth, poverty reduction, social empowerment and technological progress.

According to the International Organization of Migration (2008), there are more than 200 million migrants around the world today and there is enough evidence to show that the rate of international migration has actually increased at a time when the world is getting more globalised. The total number of citizens that have emigrated from India is about 10 million, which works out to just about a per cent of her population

India now has the distinction of being the largest remittance (in absolute terms) receiving country in the world. There has been a tremendous growth in private transfers to India from just about USD 2 billion in 1989-90 to about USD 52 billion in 2009-10. The sheer size of these transfers could be understood from the fact that even in 2007-08 when India had record net FDI inflows, private transfers still accounted for over 1.2 times the Net FDI to India. Further, remittances now account for about 5.63 per cent of India's GDP although in 1991 it accounted for just 0.8 per cent. They have offset India's merchandise trade deficit to a large extent, thereby keeping the current account deficits modest through the 1990s. Remittances are also one of the least volatile inflows in either the current or capital accounts of India's BoP.

The literature on migration identifies four channels through which migration can actually impact the economic performance of the sending country. The first channel captures how the prospect of emigration affects the expected return on human capital. The central idea is that the prospect of emigration increases human capital investments, but a fraction of the additional human capital chooses not to leave or does not qualify to leave. The second impact is the absence of highly skilled migrants from the sending country. Research on the absence channel has the longest pedigree. The fo-

cus is on how the absence of part of a country's skilled nationals affects the domestic economy. The third channel focuses on the role of the diasporas as a source and facilitator of international business and remittances. This is a burgeoning literature that includes survey work on diasporic networks, empirical estimation of the effect of diasporas and trade, and theoretical exploration of the intermediation function. The general finding is that diasporic networks have a significant effect on international business. Finally, work on the return channel has concentrated on the determinants and selectivity of, and the impact of emigration on returnee's human capital and earnings. In the present paper we focus on the third channel of remittances and its macro economic impact on Indian Economy.

The paper is divided into five sections. Given the introductory section, in the second section we discuss the key objectives and methodology of the study. A historical perspective of migration and remittances to the Indian economy are explored in the third section. In the fourth section we examine the long term trends in remittances to the Indian economy and its macro economic impact. The fifth section examines the causative factors behind the remittance boom to the Indian Economy and the final section concludes the study.

II. Importance of the Study, Objectives and Methodology

The broad objective of the study is to examine the trend in long term remittances to the Indian economy during the period 1971-2008. We have taken the starting period as 1971, because the phenomenon of International migration actually started around that time period with large inflows of laborers from India to Middle-East countries. During this period, the increase in oil price led to economic boom there which subsequently increased the demand for labor in those countries.

As far as the role of remittances is concerned, the most immediate and direct benefit of International migration is the remittances that the migrants send to their home countries. It is estimated that remittance transfer to developing countries are around USD 328 billion which has more than tripled in the last 10 year period (Sasikumar & Hussain, 2007). Since it is more than any other type of stable foreign investment, such a large amount has acquired special importance for the Indian economy. It is increasingly recognized that substantial gains from remittances can be realized in terms of growth, investment, human capital formation, technological advancement and poverty reduction, if it is utilized effectively. More precisely, that gain from remittances can be realized at both the macro level (effects on the national economy) and the micro level (to the recipient region and house-

holds).

At macro level, the most immediate impact of remittances is on the volume of foreign exchange reserves. Remittances, as an important source of external finance, can serve as an engine of economic growth. Since remittances are the part of balance of payment (BoP) accounts, the increase in it can reduce the BoP deficit (particularly current account deficit) of the country (remittances have provided significant support to India's current account in the BoP for the last three decades). Reduction in BoP deficit can create conducive environment for foreign investment in the country. Apart from that, it can also solve the problem of financial constraint faced by many small scale enterprises in India (through effective financial institutions by utilizing migrant family's small savings). The expansion of small scale enterprises (also through increase in consumption expenditure by households) can increase the indirect tax revenue of the government. All of these have positive impact on the overall GDP of the country as a whole. However, there are some negative incentive effects acting at macro level. If remittances are relatively large and a large share is spent on non-tradable (particularly housing and land) - the country is likely to suffer from Dutch disease effect which results into appreciation of real exchange rate, rendering export less competitive (Kapur, 2003).

At micro level (regional and household level), remittances have had a considerable impact on regional economies within India. The most recognizable example is that of Kerala. A study (Kannan and Hari, 2002) for Kerala concludes that remittances to Kerala's economy were around 21 per cent of the state income in the 1990s. It also reports that an increase in per capita income as a result of remittances has contributed to an increase in consumption expenditure in Kerala.

At the household level, the impact will be on the lives of the migrants' families (as it has been found by many studies that remittances may improve the income distribution and quality of life beyond what other available development approaches could deliver). The migrant's family can utilize the money to raise their standard of life by investing in consumption, education, health and some other productive activities (investment in agriculture inputs if the family is traditionally engaged in agro-based activity). All of these expenditures have multiplier effect. Because, as evidenced from many studies, the money which the migrants send to their home countries are used for consumption (durables and non-durables both), education, health, asset creation (building house and buying lands), loan repayments, small investments, savings etc. If these remittances are used for consumption purpose like for buying various commodities of daily uses, it can de-

velop and expand the manufacturing sector of the country by increasing the demand for the goods from this sector. The increase in the demand from that very sector results into increase in the production which again results into increase in the demand for labor. The employment of the remaining unemployed labor in the manufacturing sector will increase their income level. The increase in the income level of the labor employed will further expand this sector. This process keeps on going. But if the remittances are invested in some productive activity within the household like investment in agriculture for buying some inputs or starting an entrepreneurial activity by setting up a business, the impact will be much stable on the income level of the household.

The impact of remittances can also be realized beyond the family of the migrants. As we know that the money that the migrants send to their home country is not spent completely. Some parts of it is deposited in the bank also. Hence, the migrant's saving in the bank can serve as a mean for financing loan to other households. In a way, we can say that remittances provide capital to small entrepreneur and thereby encourage entrepreneurship.

Given the above discussion on the role of remittances at the macro and micro level, the present study can be justified on following grounds:

- There has never been such comprehensive study from the period 1971-2008. The earlier studies are either from 1971-1990 (Nayyar, 1994) or from 1990-2005 (Sasikumar & Hussain, 2007) for India.
- With this paper, we are also going to discuss the role of remittances as a source of external development finance.
- Along with the analysis, this study is going to cover some regulatory aspects of remittances and some development over the year which is responsible for flow of remittances through formal channels rather than informal channels.

The method of estimating remittances is direct. In the balance of payment statistics published by the Reserve bank of India (RBI) in 'RBI Handbook of Statistics on Indian Economy', remittances can be identified as credit in the current account as 'net private transfer'. In addition to that, 'IMF's Balance of Payment Statistics' is also one of the important sources. The RBI's data on private transfers are available for the period 1990-2008, and the IMF's data are available for 1975-2008. For this study, we will be focusing only on the aggregate remittances from RBI only.

One limitation of the reported data for remittances is that it is probably un-

derestimated because it does not include remittances sent through informal channels. Such transactions are often known as “hawala” . In some countries these flows are estimated to be very high. For India, estimates have put the remittances through hawala at about USD 6 billion a year (Reddy, 1997). But due to changes in the policy of government and increase in the use of formal channel in the 1990s, the problem of underestimation has almost gone significantly.

After estimating remittances, the data on India’s macroeconomic variables like gross domestic product at market price, gross domestic saving, gross domestic capital formation, total volume of exports, imports and foreign direct investment, foreign institutional investment, foreign exchange reserve were compiled from various issues of ‘RBI Handbook of Statistics on the Indian Economy’. The compilation and analysis of these macroeconomic variables is necessary because of their significant impact on the economy as a whole and their direct/indirect link with remittances in particular.

III. Historical Perspective on Migration and Remittances to Indian Economy

Migration of labor across national boundaries is not new for India and it began centuries ago. The contact with the Persian Gulf region and south-east Asia, in terms of both trade in goods and movement of people, goes back several centuries. The migration of workers on a significant scale came much later, to begin within the colonial era and then in independent era. In independent era, the first phase of international migration began in the early 1950s which was characterized by a movement of persons with technical skills and professional expertise to the industrialized countries like USA, UK, and Canada etc. on a much smaller scale. The second phase of International migration was largely to the oil-exporting countries of the Middle-East. It began in mid 1970s and peaked in early 1980s as the dramatic increase in the oil price led to economic boom in these labour scarce countries. A large number of labors who migrated during this period were both unskilled and semi-skilled who were engaged in manual or clerical occupations and their migration in these areas was temporary in nature (Nayyar, 1994).

The third phase of international migration has no any limitations. Due to globalization and liberalization policy of the government, the volume of international migration has spread all over the world. The main reason for the phenomenal increase in the volume of international migration

in the 1990s is basically the information technology (IT) revolution which created numerous opportunities outside India.

III. Trends in Remittances: The Quantum Jump in the Globalization Era.

In the balance of payment statistics, remittances to India can be identified as credit on account of net private transfer in the current account. Based on these estimate of remittances, a time series data from the period 1971-2008 has been constructed which is given in table 1.

Figure 1 Trend in Remittances to Indian Economy

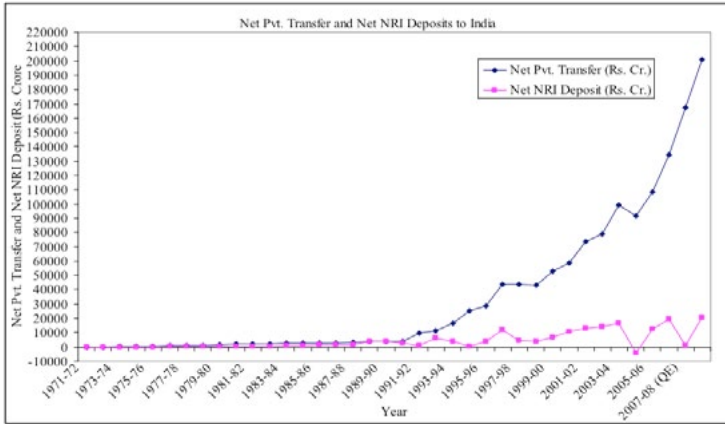


Table 1: Net Private Transfers (Remittances) and net NRI deposits to Indian Economy (Rs. Cr.)

| Year | Net Pvt. Transfersz (Remittances) | Net NRI Deposits | GDP at MP (Constant Price 1999-00) | Remittances as percentage of GDP |
|---------|-----------------------------------|------------------|------------------------------------|----------------------------------|
| 1971-72 | 104 | 0 | 525584 | 0.02 |
| 1972-73 | 99 | 0 | 522698 | 0.02 |
| 1973-74 | 146 | 0 | 540045 | 0.03 |
| 1974-75 | 229 | 0 | 546443 | 0.04 |
| 1975-76 | 441 | 36 | 596428 | 0.07 |
| 1976-77 | 755 | 167 | 606301 | 0.12 |
| 1977-78 | 1102 | 200 | 650311 | 0.17 |
| 1978-79 | 1093 | 156 | 687435 | 0.16 |
| 1979-80 | 1754 | 162 | 651430 | 0.27 |
| 1980-81 | 2125 | 178 | 695361 | 0.31 |
| 1981-82 | 2025 | 206 | 737078 | 0.27 |

| | | | | |
|---------|--------|-------|---------|------|
| 1982-83 | 2417 | 383 | 762622 | 0.32 |
| 1983-84 | 2637 | 709 | 818288 | 0.32 |
| 1984-85 | 2967 | 879 | 849573 | 0.35 |
| 1985-86 | 2701 | 1767 | 894041 | 0.30 |
| 1986-87 | 2976 | 1650 | 936671 | 0.32 |
| 1987-88 | 3499 | 1840 | 973739 | 0.36 |
| 1988-89 | 3841 | 3636 | 1067582 | 0.36 |
| 1989-90 | 3798 | 4000 | 1131111 | 0.34 |
| 1990-91 | 3712 | 2756 | 1193650 | 0.31 |
| 1991-92 | 9382 | 1008 | 1206346 | 0.78 |
| 1992-93 | 11226 | 6097 | 1272457 | 0.88 |
| 1993-94 | 16514 | 3780 | 1333123 | 1.24 |
| 1994-95 | 25417 | 539 | 1421831 | 1.79 |
| 1995-96 | 28660 | 3821 | 1529453 | 1.87 |
| 1996-97 | 43969 | 11894 | 1645037 | 2.67 |
| 1997-98 | 43765 | 4325 | 1711735 | 2.56 |
| 1998-99 | 43242 | 4060 | 1817752 | 2.38 |
| 1999-00 | 53132 | 6709 | 1952035 | 2.72 |
| 2000-01 | 58811 | 10561 | 2030711 | 2.90 |
| 2001-02 | 73633 | 13127 | 2136651 | 3.45 |
| 2002-03 | 79229 | 14424 | 2217133 | 3.57 |
| 2003-04 | 99165 | 16869 | 2402727 | 4.13 |
| 2004-05 | 91971 | -4439 | 2602065 | 3.53 |
| 2005-06 | 108565 | 12457 | 2844942 | 3.82 |
| 2006-07 | 134608 | 19574 | 3120031 | 4.31 |
| 2007-08 | 167501 | 706 | 3402716 | 4.92 |
| 2008-09 | 203209 | 20431 | 3609425 | 5.63 |

Source: RBI Handbook of Statistics on the Indian Economy, 2009-10

From Table 1 and Figure 1, it is clear that the magnitude of remittances to India increased steadily during the 1970s; remained more or less flat in the 1980s and picked up sharply in the 1990s (the sharpest increase took place during 1991-97). The remittances to India increased approximately 20-fold during the period 1991-2008, making India the largest recipient of remittances..

There are many factors which could be attributed for such a phenomenal rise in remittances during the period 1971-2008:

- The phenomenal rise in remittances resulting from international labor migration until the mid-eighties may be attributable entirely to the economic boom in the oil-exporting countries and the associated inflow of remittances from Indian workers in the Middle-East. But from the 1980s, the share of the Middle-East countries in the total remittances declined from 77 per cent to around 61 percent in 1990-91 to and further to 22 per cent in 2003 (Sasikumar & Hussain, 2007). The reason for such a decline in the share of Middle- East could be attributable to the geographical spread of the

migrants throughout the world.

- From the early nineties, the increase in remittances has been astonishing (see figure 1) which is due to the liberalization of the exchange rate system fuelled by the large number of Indian professional migration to the USA due to information technology revolution. The market determined exchange rate regime and current account convertibility instituted since the early 1990s have had a considerable influences on remittances inflows . The liberalized exchange rate caused the remittances to flow through formal channels rather than informal channels (one of the reason for increase in remittances figure) .

- In the 1990s, migration to USA, Canada, and Australia increased significantly, particularly of information technology professionals. The professional migration to USA seems to have massively preferred the remittances route to the NRI deposits which could be contrasted with the 1980s when NRI deposits (due to interest rate differential and exchange rate guarantee) were the preferred mode of the professional migrants. With gradual withdrawals of the incentives structures for NRI deposits, there was a strong shift to remittances. The speculative nature of these deposits was reflected in the massive fluctuations in the net NRI deposits in the 1990s (see table 1). Due to the massive fluctuations and speculative nature of the NRI deposits, remittances have become a preferred mode of transfer for short term investment (Sasikumar and Hussain, 2007).

The period after independent was followed by a fixed exchange rate system. However, the adverse BOP situation in the beginning of the 1990s necessitated significant liberalization in the exchange rate management system. A dual exchange rate system was instituted under this 40percent of exchange earning have to be surrendered at an official rate determined by the RBI and the balance 60percent earning was to be converted at market rates.

It was argued that such policy initiative have significantly reduced and even nullified the premium commanded by unofficial exchange rate and thus acted as a major factor for channelising the remittances through formal routes (Debabrata and Kapur, 2003)

- Despite the financial crisis, there was sharp increase in remittances to India in 2008 in absolute term. The reason for such an increase in the remittances despite the crisis can be attributed to a switch regarding use of remittances from consumption to investment purpose. The falling asset price, rising interest rate differentials, and a depreciation of the local currency have attracted investment from the migrants (Ratha, Mahapatra and Silval, 2009).

- Remittances flows to all developing countries including India was expected to decline in 2009 due to the global financial crisis around the world

(But it actually increased from USD 44 billion in 2008-09 to USD52 billion in 2009-10). This argument was supported by the trend of reverse migration to India especially from the Middle-East countries in the period 2009-10. Middle-East countries couldn't escape themselves from the global financial crisis. The financial crisis around the world was one of the reasons attributed for Dubai-Crisis in December 2009 which is basically due to collapse of real estate sector in the Middle-East countries. The Dubai crisis, to some extent, adversely impacted the remittance flow to India especially the state of Kerala (Times of India, 28th Nov. 2009).

IV. Remittances as a source of external development finance

After discussing remittances in terms of numbers, we'll now discuss its impact on the developmental aspect. In recent period, remittances are said to be stable source of development finance and contribute significantly in the economic development of any underdeveloped country at both micro and macro level. At the macro level, it is the cheapest, largest, risk less and least volatile source of external development finance.

In table 2, we compared the remittances with other types of capital inflows like net NRI deposits, foreign direct investment (FDI) and foreign institutional investment (FII). It is largest in terms of foreign exchange reserve received. The share of remittances in terms of foreign exchange reserve is largest, even larger than foreign direct investment. As it can be seen from the table, remittances were 19% of total foreign reserve in 2009-10, which is rather low from the earlier period (see table) due to increase in the share of FDI, FII etc.

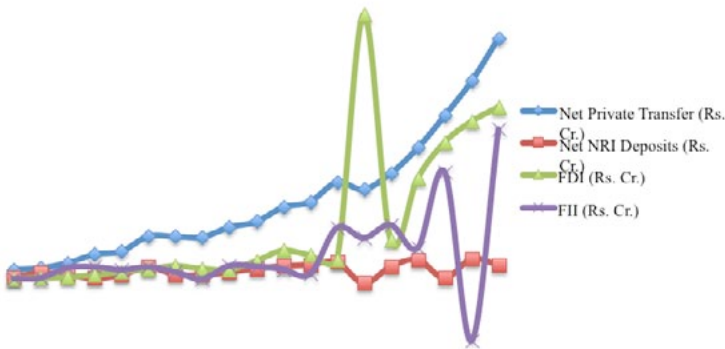
Table 2: Major Capital Flows to Indian Economy (Rs. Cr.)

| Year | Net Private Transfer (Remittances) | Net NRI Deposits | FDI | FII | Foreign Exchange Reserve | Remittances as percent of Foreign Reserve |
|---------|------------------------------------|------------------|-------|-------|--------------------------|---|
| 1991-92 | 9382 | 1008 | 316 | 10 | 23850 | 39.34 |
| 1992-93 | 11226 | 6097 | 965 | 748 | 30744 | 36.51 |
| 1993-94 | 16514 | 3780 | 1838 | 11188 | 60420 | 27.33 |
| 1994-95 | 25417 | 539 | 4126 | 12007 | 79781 | 31.86 |
| 1995-96 | 28660 | 3821 | 7172 | 9192 | 74384 | 38.53 |
| 1996-97 | 43969 | 11894 | 10015 | 11758 | 94932 | 46.32 |
| 1997-98 | 43765 | 4325 | 13220 | 6794 | 115905 | 37.76 |
| 1998-99 | 43242 | 4060 | 10358 | -257 | 138005 | 31.33 |
| 1999-00 | 53132 | 6709 | 9338 | 13112 | 165913 | 32.02 |
| 2000-01 | 58811 | 10561 | 18406 | 12609 | 197204 | 29.82 |
| 2001-02 | 73633 | 13127 | 29235 | 9639 | 264036 | 27.89 |
| 2002-03 | 79229 | 14424 | 24367 | 4738 | 361470 | 21.92 |

| | | | | | | |
|---------|--------|-------|--------|--------|---------|-------|
| 2003-04 | 99165 | 16869 | 19860 | 52279 | 490129 | 20.23 |
| 2004-05 | 91971 | -4439 | 271188 | 41854 | 619116 | 14.86 |
| 2005-06 | 108565 | 12457 | 39674 | 55307 | 676387 | 16.05 |
| 2006-07 | 134608 | 19574 | 103367 | 31713 | 868222 | 15.50 |
| 2007-08 | 167501 | 706 | 140180 | 109741 | 1237965 | 13.53 |
| 2008-09 | 203209 | 20431 | 161536 | -63618 | 1283865 | 15.83 |
| 2009-10 | 247112 | 14253 | 176304 | 153511 | 1259665 | 19.62 |

Source: RBI Handbook of Statistics on the Indian Economy, 2009-10

Figure 2: Major Capital Flows to Indian Economy



Remittances are also called the most risk less and least volatile source of external development finance due to several reasons. As it can be observed from figure 2, foreign capital tends to flow more in favorable time and less in bad time, the situation can be explained by taking the example of inflow of FIIs in recent times (there were large capital outflow during the recent financial crisis) in India. But, remittances tend to react less violently and even become countercyclical (increases in bad times). For example, remittances to developing countries continued to rise steadily in 1998-2001 when private capital flow including FDI declined in the wake of East Asian Crisis (see figure).

Like FDI and FIIs, remittances can also be a great source of development finance both at micro and macro level but with different mechanism. As we know, the remittances sent by the migrants are basically used for consumption, creating assets, small savings and investment. The investments may be in terms of investment in education, health or setting up some small business. The investment in education and health can have positive impact on the human capital formation which will be beneficial for both the country and the family as a whole. The small savings by the migrant's family can

be an investment for the industrial sector if the financial institutions utilize it properly (IMF, 2008).

Since, we are discussing the role of remittances as a source of development finance; it is worthwhile to discuss the role of microfinance institutions (MFIs) in facilitating remittance flow. As we know MFIs play a significant role at the grass root level in the development process by providing credit to the poorest. Investments/Deposits in MFIs by the migrants can solve the credit problems and facilitate the development process at the grass root level. For this to happen, the focus of policy would be to induce MFIs to capture remittances to be in turn used to fuel productive activities. The basic policy initiative would be to enable migrant's fund to be transferred to entrepreneurs through these financial institutions (Sasikumar & Hussain, 2007).

Lastly, it is also observed that continuous remittance flow can create positive environment for credit and make a country creditworthy. This will enhance the country's access to international capital market (FIIs) for financing infrastructure and other development projects (Ratha, 2007).

IV.1. Remittances and its significance with macroeconomic variables

Apart from micro level activities at household level, remittances influence macro level activity through multiplier effect arising as a result of household consumption and investment activity. Remittances that are invested in productive activities by the households directly contribute to the output growth i.e. GDP growth of the country. Through this section, we would analyze the size of remittances flow with the dimensions of macro-economic aggregates, such as national income, consumption, savings and investment.

Table 3 Remittances as a percentage of Macroeconomic variables

| Year | Remittances as Percentage of (see appendix) | | | |
|---------|---|------------------------------------|------------------------|----------------------------------|
| | GDP at Market Price | Private Final Consumer Expenditure | Gross Domestic Saving* | Gross Domestic Capital Formation |
| 1971-72 | 0.02 | 0.26 | 1.43 | 1.34 |
| 1972-72 | 0.02 | 0.23 | 1.27 | 1.22 |
| 1973-74 | 0.03 | 0.28 | 1.34 | 1.29 |
| 1974-75 | 0.04 | 0.36 | 1.86 | 1.77 |
| 1975-76 | 0.07 | 0.67 | 3.11 | 3.13 |
| 1976-77 | 0.12 | 1.11 | 4.36 | 4.72 |
| 1977-78 | 0.17 | 1.41 | 5.51 | 5.95 |
| 1978-79 | 0.16 | 1.28 | 4.63 | 4.61 |
| 1979-80 | 0.27 | 1.90 | 7.24 | 7.07 |

| | | | | |
|---------|------|------|-------|-------|
| 1980-81 | 0.31 | 1.90 | 7.91 | 7.33 |
| 1981-82 | 0.27 | 1.57 | 6.55 | 6.04 |
| 1982-83 | 0.32 | 1.71 | 7.15 | 6.65 |
| 1983-84 | 0.32 | 1.58 | 6.92 | 6.49 |
| 1984-85 | 0.35 | 1.61 | 6.53 | 6.09 |
| 1985-86 | 0.30 | 1.34 | 5.06 | 4.53 |
| 1986-87 | 0.32 | 1.31 | 5.13 | 4.62 |
| 1987-88 | 0.36 | 1.38 | 4.84 | 4.42 |
| 1988-89 | 0.36 | 1.31 | 4.41 | 3.86 |
| 1989-90 | 0.34 | 1.15 | 3.58 | 3.21 |
| 1990-91 | 0.31 | 0.98 | 2.86 | 2.50 |
| 1991-92 | 0.78 | 2.15 | 6.65 | 6.49 |
| 1992-93 | 0.88 | 2.29 | 7.03 | 6.47 |
| 1993-94 | 1.24 | 2.93 | 8.69 | 8.48 |
| 1994-95 | 1.79 | 3.90 | 10.27 | 9.80 |
| 1995-96 | 1.87 | 3.81 | 9.85 | 9.19 |
| 1996-97 | 2.67 | 4.96 | 14.04 | 13.29 |
| 1997-98 | 2.56 | 4.53 | 12.04 | 11.34 |
| 1998-99 | 2.38 | 3.86 | 11.09 | 10.60 |
| 1999-00 | 2.72 | 4.24 | 10.97 | 10.50 |
| 2000-01 | 2.90 | 4.39 | 11.78 | 11.49 |
| 2001-02 | 3.45 | 5.02 | 13.77 | 14.14 |
| 2002-03 | 3.57 | 5.11 | 12.25 | 12.82 |
| 2003-04 | 4.13 | 5.83 | 12.08 | 13.06 |
| 2004-05 | 3.53 | 5.00 | 9.22 | 9.10 |
| 2005-06 | 3.82 | 5.28 | 8.84 | 8.53 |
| 2006-07 | 4.31 | 5.83 | 9.13 | 8.85 |
| 2007-08 | 4.92 | 6.45 | 9.41 | 9.08 |
| 2008-09 | 5.63 | 6.98 | NA | NA |

Source: RBI Handbook of Statistics on the Indian Economy, 2009-10

*Gross Domestic Saving= Household Sector + Private Corporate Sector + Public Sector (At constant Price)

When we examine the above data carefully, we come across two inferences explained below:

- Remittances inflows are small in relative term with many macroeconomic variables, which is not surprising for an economy like India. It's small enough to be treated as negligible during the 1970-90 i.e. pre-reform era. But the period after 1990 i.e. post reform era witnessed a significance increase. The relative importance of remittances picked up after the economic reform period, when remittance inflows increased substantially (See table 1).
- Although small, remittances inflows are by no means insignificant; remittances were around 5.63 percent of GDP, 6.98 percent of private final consumer expenditure in 2008-09 and 9.41 percent of gross domestic sav-

ing and 9.01 percent of gross domestic capital formation in 2007-08. These proportions kept on increasing (though gross domestic saving and gross domestic capital formation fluctuated during 2003-07) through the period 1970-2008.

Hence it must be stressed that such equivalence provides a hypothetical comparison. As we know, remittances are not included in net factor income from abroad and hence do not even enter into national income accounting (Nayyar, 1994). What we are trying to say is that if all remittances had been used for consumption, saving and investment, they would have accounted for 6.98 percent, 9.41 percent and 9.01 percent of GDP respectively. But there is no evidence at macro level which would enable us to allocate remittances by usual use, to consumption, savings, and investment. As argued by Nayyar (1994) -

“It is neither feasible nor desirable to use evidence from micro level studies to distribute remittances between consumption and saving or investment at a macro level. The database is too much slender and uneven for the proportions to be used in a blow up exercise. What is worse, the result may be misleading. Such an approach can be attempted only if data are obtained through a systemic sample survey designed for the purpose; even then, the result would have to be interpreted with caution”.

Though the impact of remittances on income, consumption and investment seems to be marginal for the economy like India, but it is quite significant for the states like Kerala and some particular regions of India . As study by Kannan and Hari (2002) shows that remittance from migrants were 23 percent of NSDP in 2000 and there is also some possibility that in some district it might be around 40-50 percent of NSDP which might have experienced higher rate of migration.

Whatever the amount of remittances, it has the potential to raise the standard of living of the people from the migrants sending poorest regions by having an impact on their income, consumption and savings (discussed already). For these regions in Kerala, the major end use of remittances is household consumption, education, debt, construction and repair of buildings and bank deposits for 86 percent, 36 percent, 27 percent, 11 percent and 8 percent household respectively (Zachariah, et.al, 2002).

IV.2. Remittances and Balance of Payment (BoP)

The most important macro-economic impact of remittances is on the BoP (particularly current account) and through that on the economy as a whole. Hence, it is necessary to consider the magnitude of remittances

in the context of BoP. So, the significance of remittances in relation to the selected components of the BoP and their trend is given in the table 4. It shows that the relative importance of remittances inflow increased very rapidly during 1970s, reached peak level during 1980s but fluctuated after 1990s but at higher level. Remittances were around on average 6.5 percent of the total export in the early 1970s and 20-35 percent of the total export in 1980s which were sufficient to finance around 20 percent of import bill and 50 percent of balance of trade deficit on average. During 1990s and after, remittances remained in the range of 22-46 percent of export earning which were sufficient to finance around 27 percent of the import bill (2003-04) but 16 percent of the import bill after 2003-04 (due to increase in the import bill significantly). As far as financing of balance of trade deficit after 1990s is concerned, it was able to finance as much as much as double the deficit between the periods 1991-2003 (see table 4). But after 2003-04, the impact of remittances begins to decline due to massive increase in volume of external trade. The main reason for increase in the volume of external trade after 2003 is due to expansion of the economy and increase in the country's integration with the world economy.

Table 4 Remittances and Balance of Payments

| Year | Remittances as percentage of | | | |
|---------|------------------------------|--------|--------------------------|---------------------|
| | Export | Import | Balance of trade deficit | Current a/c receipt |
| 1971-72 | 6.47 | 5.70 | -48.08 | 4.83 |
| 1972-73 | 5.02 | 5.30 | 95.10 | 3.98 |
| 1973-74 | 5.79 | 4.94 | -33.80 | 3.04 |
| 1974-75 | 6.88 | 5.07 | -19.24 | 5.31 |
| 1975-76 | 10.93 | 8.38 | -35.90 | 7.54 |
| 1976-77 | 14.68 | 14.88 | 1095.79 | 10.28 |
| 1977-78 | 20.38 | 18.31 | -179.98 | 13.48 |
| 1978-79 | 19.09 | 16.05 | -100.78 | 12.27 |
| 1979-80 | 27.33 | 19.18 | -64.39 | 16.23 |
| 1980-81 | 31.67 | 16.93 | -36.40 | 17.16 |
| 1981-82 | 25.94 | 14.88 | -34.90 | 15.03 |
| 1982-83 | 27.46 | 16.91 | -44.03 | 16.26 |
| 1983-84 | 26.99 | 16.66 | -43.51 | 15.82 |
| 1984-85 | 25.26 | 17.32 | -55.04 | 14.84 |
| 1985-86 | 24.79 | 13.74 | -30.82 | 14.39 |
| 1986-87 | 23.90 | 14.81 | -38.93 | 14.36 |
| 1987-88 | 22.32 | 15.73 | -53.26 | 14.02 |
| 1988-89 | 18.99 | 13.60 | -47.99 | 12.33 |
| 1989-90 | 13.73 | 10.75 | -49.52 | 9.46 |
| 1990-91 | 11.40 | 8.59 | -34.90 | 8.08 |
| 1991-92 | 21.30 | 19.61 | -246.31 | 13.90 |
| 1992-93 | 20.91 | 17.71 | -115.90 | 13.91 |
| 1993-94 | 23.68 | 22.59 | -493.01 | 15.69 |
| 1994-95 | 30.74 | 28.25 | -348.34 | 19.33 |

| | | | | |
|---------|-------|-------|---------|-------|
| 1995-96 | 26.95 | 23.36 | -175.64 | 17.29 |
| 1996-97 | 37.01 | 31.65 | -218.72 | 22.56 |
| 1997-98 | 33.64 | 28.39 | -181.78 | 20.23 |
| 1998-99 | 30.94 | 24.25 | -112.09 | 17.42 |
| 1999-00 | 33.30 | 24.69 | -95.43 | 18.26 |
| 2000-01 | 28.89 | 25.47 | -215.41 | 16.74 |
| 2001-02 | 35.23 | 30.03 | -203.51 | 19.17 |
| 2002-03 | 31.05 | 26.66 | -188.33 | 17.30 |
| 2003-04 | 33.80 | 27.61 | -150.84 | 18.41 |
| 2004-05 | 24.50 | 18.36 | -73.15 | 13.39 |
| 2005-06 | 23.79 | 16.44 | -53.22 | 12.71 |
| 2006-07 | 23.54 | 16.02 | -50.09 | 12.36 |
| 2007-08 | 25.54 | 16.55 | -46.99 | 13.37 |
| 2008-09 | 26.50 | 15.57 | -37.73 | 13.43 |

Source: RBI Handbook of Statistics on the Indian Economy, 2009-10

Balance of Trade Deficit= Export-Import

* Current Account Receipt= Export + Invisible Receipt

More or less, the evidence seen in the above table shows that the remittances associated with international migration from India is indeed significant in the context of balance of payment. The remittances inflows made a macroeconomic contribution by financing a large part of balance of trade deficit and thus reducing the current account deficit at satisfactory level.

IV.3. Remittances and Exchange Rate

After discussing the impact of remittances on BoP, it's worth considering looking at the interaction between remittances and the exchange rate. As we know, there has been steady depreciation of rupee vis-s-vis US dollar during the first half of 1970s which almost eliminated the difference between the market exchange rate and the official exchange rate and due to this, there has been increment in the remittance inflow which is termed as 'windfall gain' due to depreciation of the domestic currency (Nayyar, 1994). This 'windfall gain' will induce the migrants to take advantage of that and send more money to home country. This will result into more investment by migrants in their home country (consumption will constitute lesser amount due to depreciation). In the case of India, the depreciation has significantly increased the remittances transfer via the formal channels (one of the reason for phenomenal rise in remittances after 1990) rather than relying on the informal channels.

However, there is also another side of the coin; large remittance inflow could cause the domestic currency to appreciate and therefore generate

a resource allocation from the tradable to the non-tradable sectors which adversely affect the competitiveness of tradable sector. This situation also raises concerns about the international position and sustainability of economies characterized by recurring trade deficits (Acosta et al, 2007). This phenomenon is known as Dutch disease.

V. Some Regulatory aspect regarding Remittances

Before discussing some of the regulatory issues, it is necessary to distinguish between remittances on the one hand, and repatriable deposits or portfolio investments on the other, as the degree and nature of government intervention varies significantly between them.

Till 1991, the government of India strictly regulated the exchange rate of the Indian rupee and imposed Foreign Exchange Regulation Act (FERA) , creating huge incentives to transfer money through informal, unregulated hawala network. There were also no incentives in the form of a premium exchange rate or in allowing the use of a proportion of remittances for imports (Nayyar, 1994). The introduction of market determined exchange rate and current account convertibility since 1991 as a part of the economic reform have had a significant influence on the remittances inflows. Such a change in the exchange rate system have significantly reduced and even nullified the premium commanded by unofficial exchange rate and thus acted as a major factor for channelising the remittances through formal routes (Debabrata & kapur, 2003).

The major formal channels involved in the transfer of migrants' savings are authorized dealers, money transfer companies and money changers. The main issue with these institutions is the cost of transferring remittances, which is the main issue for the selection of various channels for sending remittances . The high cost tends to discourage the migrants to send their hard earned saving through formal channels.

Apart from that, one of the major policy negligence regarding remittances is related to the proper utilization of remittances receipt. There has been almost no attempt to intervene in or to guide the use of domestic rupee resources provided in lieu of the remittances receipt of foreign exchange (Nayyar, 1994). The decision about utilization of remittances as between consumption, investment or some other alternative has been left entirely on the recipient or the returning migrant. However, in a market economy it's not possible to intervene directly in the utilization of these resources (except some changes in incentives).

However, as we know, migrants are better saver than investor. It is desirable to transfer their savings to investors through financial intermediaries. This can be done by providing extra incentive to migrants in the form of better interest rate on remittance receipt placed in specified assets or deposits. In case of the policy regarding repatriable deposits which is driven by changes in monetary policy and management of external finance requirements, it was extremely pro-active during the pre- 1990 period. A series of incentives were provided during this period to the NRIs to operate different NRI account . These incentives were provided with a view to augment the foreign exchange reserves of the country. These policy initiatives did have considerable impact on the NRI deposits during 1980s (see table 1). But since the 1990s, there has been complete reversal in respect of these policy initiatives (as can be seen fluctuations during 1990s from the table 1). The latest policy initiative is regarding treatment of NRI deposit at par with the domestic deposit as proposed in union budget 2004-05 (Sasikumar & Hussain, 2007).

Lastly, there is one of the important regulatory framework which we would like to discuss is the money laundering system . Money laundering poses serious threat to the financial system as well as integrity of the nations. A number of initiatives have been taken by international community to obviate such threats (Sasikumar & Hussain, 2007). In short, the crux of all the regulations has been to transfer all the financial flows (remittances as well as NRI deposits) via formal channels rather than informal channels.

VI. Conclusion and Recommendations

From the above discussion, it is clear that India has already achieved a large and sustained increase in remittances over the year due to phenomenal increase in the volume of international migration. The impact of remittances has been tremendous for both the household as well as the economy like India which is characterized by persistence of abject poverty and lack of opportunity for the abled one in every aspect of their life. Remittances, as a result of International migration, have emerged as one of the most fruitful panacea to get rid of such economic problems.

Since this study is concerned more of the trend and the analysis of remittances on various macroeconomic variables like GDP, private final consumer expenditure, saving, investment, balance of payment, exchange rate, FDI etc, the focus is basically on the potential macroeconomic and developmental impact of remittances at macro level. It was shown that there has been increasing trend in the remittances for the period 1971-2008. These increasing trends can be attributed to various factors like the shift-

ing from informal channels to formal channels, increase in the volume of international migration due to the economic reform of government of India and changes in the regulatory framework regarding international migration. These increases in remittances have influenced the foreign exchange reserve of India significantly which have the potential to affect many of the macroeconomic variables (analyzed in terms of percentage).

It was also seen that in a capital scarce country like India, remittances are not simply foreign exchange reserves which can be used to finance the balance of trade deficit or the current account deficit but also a counterpart in terms of source of external development finance (mechanism already discussed). It means remittances within the control of the government should be utilized to finance higher level of investment rather than consumption, if the objective is to maximize development benefits. But for this to be applicable in reality there is a need of the appropriate government policies on mobilizing and attracting migrant's remittances and redirecting them to formal channels. The government policies might be regarding providing fiscal incentives such as removing restrictions on repatriation of profits and eliminating needless licensing requirements. Apart from that there is also another important policy option for maximizing the development benefits of remittances is to channel remittances to small and micro enterprises through financial intermediaries as deposits rather than expecting migrant's to directly invest. In this case, the policy focus might be to induce micro finance institutions to capture remittances to be in turn used to fuel productive activities.

Apart from that, there is also a need to improve the infrastructure (physical as well as human) of the country so that remittances to reach at higher level trajectory. The higher level trajectory is needed for the capital and technological scarce economy like India. With the presence of adequate remittances as foreign exchange reserve, India can finance its need of capital for its economic development.

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TEACHING OUT OF THE BOX: THE ROLE OF TELEVISION AS MASS-EDUCATOR

Abdul Muneer V.

Abstract

This paper analyses the role and scope of television as mass-educator and explores how television performs its new function of 'edutainment'. It also traces the evolution and growth of educational television in India and abroad. Reviewing major national and international studies on educational television, the paper attempts to delineate the relative advantages and limitations of educational television. Analysing and comparing major contents and programme philosophies of Indian educational television channels with their foreign counterparts, the paper underlines the need for re-orienting such programmes on the popular genre, edutainment, for wider reach and deeper impact.

INTRODUCTION

It is universally accepted that the three basic functions of mass media are to inform, to entertain and to educate. The educational functions of the mass media are discussed in detail in Joseph. A. Devito's *Communicology*. As Devito argues rightly, media provide people with most of the information, and not school rooms. For instance, we have learned music, politics, film, art, sociology, psychology, economics, and a host of other subjects through the media and not necessarily by negotiating the school or college class rooms. We learn about places and events much more effectively from seeing a good movie than from reading a history text book. One of the nice things about learning from the media is that it is less "painful" than learning in schools [Devito, 1978].

Today, television is termed as the 'window to the world'. The very characteristics of the medium – it's huge, complex, costly, continuous and competitive -- supplement this coinage. Television is a mass entertainer, mass informer, mass persuader and mass educator. Hence, the television plays myriad roles in today's human life; it serves as a baby-sitter, a dinner guest, a teacher, a companion. It entertains and it informs us. To an extent, one may say that we are the creations of television.

OPERATIONAL DEFINITIONS

The key terms that relate to the inquiry of this paper include educational television (ETV), instructional television (ITV), edutainment and learning from television.

Educational Television (ETV):

It consists of commercial or public broadcast programming that target large audiences over wide geographic areas to provide instruction in a content or developmental area [Seels, et al.].

Instructional Television (ITV):

Programming that aims to achieve specific instructional objectives by students in school settings. In practice, it is usually referred to programming that is formally incorporated in to a particular course of study and presented to intact classes or groups of students or trainees. [Seels, et al.].

Edutainment:

This is a combination of 'education' and 'entertainment', and an understanding of the actual etymology of these two words can help explain its meaning. The word, education, derives from the Latin verb *ēducō* meaning

‘to lead out of’. Interestingly, the Latin word, *educātiō* originally meant ‘to assist at the birth of a child’; so, in modern times, the word more accurately means ‘to lead a person out of ignorance in to a re-birth of knowledge’ or ‘to encourage an individual’s growth and development’.

The word ‘entertainment’ also comes from Latin: ‘enter’ = among, and ‘tenere’= to hold. With an original meaning of ‘keeping up’ or ‘to maintain’, in today’s world, it means to ‘attract and hold the attention of an audience’. People’s attention is most easily attracted and held through engagement of their emotions. Not all entertainment is fun. Tragedies and horror stories can also engage the emotional attention of the audience and qualify, therefore, as entertainment.

Hence, when one puts together ‘education’ and ‘entertainment’, the meaning becomes ‘encouraging individual growth and development in a learning environment that commands and holds the emotional attention of the learners’. [Fossard, 2008].

Learning from Television:

Learning means changes in people’s knowledge, understanding, attitudes and behaviour due to intentional or incidental effects of television programming. Thus, learning can occur intentionally as a result of programming whose aim is to achieve specific instructional outcomes or incidentally through programming for entertainment or information purposes [Seels, et al.].

THE GREAT LIBERAL EDUCATOR

Groombridge (1972) advances the argument, envisaging television as potentially the great liberal educator of our times. He says television’s provision of sounds, images and narratives from a variety of social, cultural and geographical sources beyond the viewer’s immediate, everyday life experiences provides frameworks, within which audiences can compare, evaluate and assess their own position in the world. Thus, television ‘liberates’ people offering access to new ideas and new information [Groombridge, 1972]. As a medium, television is supposed to have cognitive, affective and behavioural effects on its viewers. And these aspects were the subject of discussion in a large quantity of research, which reported mixed effects. Hornik (1981), for one, suggests a number of hypotheses for the relationship between television viewing and achievement. He says, television may replace study time, create expectation for fast paced activities, stimulate interest in school related topics, teach the same content as schools, develop cognitive skills, that may reinforce or conflict with reading skills, and provide information concerning behaviours.

Milton Chen (1994), director for the Center for Education and Lifelong Learning at KQED in San Francisco, takes on many myths about the effects of television. He argued that to conclude that television is primarily responsible for “turning kids in to couch potatoes, frying their brains, shortening their attention spans, and lowering their academic abilities” is too simplistic. In his essay ‘Art, Mind and Brain: A Cognitive Approach to Creativity’, psychologist Howard Gardner (1982) argues that children are active transformers of what they see on television. He concludes that during early childhood years, television is a great stimulator.

THE LIMITATIONS

The idea that television can ‘educate’ has been contested and subject to considerable debate and scrutiny [Casey, et al. 2002]. First, television, it is argued, cannot ‘teach’ because it is widely perceived as being a recreational medium, used primarily for entertainment and relaxation. Second – and this criticism is closely related to the above point – television viewing has often been thought of a passive activity whereas the acquisition of skills and knowledge is believed to be an active pursuit.

Third, television presents a one-way flow of information whereby the viewer (learner) has little or no control over the pace and delivery of information. Fourth, television relies heavily upon what are traditionally thought of as being non-literate modes of teaching which are characteristically oral and visual.

Finally, as Crisell (1997) points out, the actual processes involved in extracting information from a highly detailed and ambiguous text can also be problematic for the transmission of knowledge. Over the years, there have been various research programmes designed to establish the extent to which the formal features of television (editing, graphics, camera work, music and narration) act as a distraction from, and interfere with, the processing of information for viewers.

One critical view that has persisted over the years despite contrary research findings is that the television image and its associated presentation effects are cognitively debilitating (Mander, 1978; Winn, 1977). The central assertion of this viewpoint is that the rapidly changing television image – enhanced by production features such as cuts, zooms, animation, and special effects – is cognitively mesmerizing [Seels et.al].

TV AS TEACHING TOOL

Marshall McLuhan, the man who delivered the now-clichéd, yet famous, dictum -- ‘medium is the message’ -- draws no sharp distinction between

television's role as an entertainment medium and as an educational tool. He does note, however, that traditional pedagogical techniques, developed during the print age and incorporating all the visual biases of print, became less effective with the advent of television. He calls for greater understanding of the dynamics of this powerful medium, its action on our senses, and its interaction with other media. Simply showing educators teaching on television, he claims, is a "useless overheating of the cool medium of television". Yet, there were some things he believes television can do what the class room cannot: "TV can illustrate the interplay of process and the growth of forms of all kinds of nothing else can." He advises teachers "not only to understand the television medium but to exploit it for its pedagogical richness" [Gordon, 1997].

Educational television covers a wide range of programming -- from pre-school age children's programmes to broadcast material targeting schools, colleges and universities, to documentaries and lifestyle programmes. With the emergence of cable, satellite and digital television, channels devoted to educational programming (such as Discovery Channel, History Channel, BBC Knowledge) have become regular phenomena of late. The increasingly diverse amounts of educational programming currently available across a variety of channels schedules confirm the status of television as not only being the central medium for popular entertainment, but also the central medium for the dissemination of popular information. [Groombridge, 1972].

In 1952, the US Federal communications Commission gave widespread recognition of educational television attributing the following scope of activities:

- a) liberal education and cultural improvement
- b) informal instruction for adults
- c) instruction at home and business
- d) children's programmes
- e) formal instruction for adult
- f) In-school instruction (Brown, et al., 1964).

REVIEWS OF RESEARCH ON EDUCATIONAL TELEVISION

The researchers who studied effects of educational television programmes have come out with different kinds of findings -- both positive and negative. Wilbur Schramm who reviewed 393 studies comparing educational or instructional television with conventional classroom teaching in schools and colleges supported the following generalisations.

1. In lower grades television has found greater success than in high schools or colleges

2. Television instruction appears to have been most successful in teaching mathematics, science and social studies and less so history, humanities and literature
3. Elementary school students seem to learn more from telecast instruction than do high school and college students
4. Attitude of college students towards televised instructions are less favourable than those of high school students
5. There appears to be more resistance to television teaching at the college level than at school stage. [Mohanty, 1984]

Because of its unprecedented success, 'Sesame Street', an American pre-school children's programme, has been the subject of numerous research programmes designed to elucidate the extent to which the programme teaches pro-social behaviour in young children. Comparative studies between groups of children who watched the programme on a regular basis and those who rarely (or never) watched it indicated the children who were regular viewers had a greater capacity for processing information, along with significantly more developed literacy and numerous competencies. [Huston, et al., 1992].

Some researchers have illustrated the negative effects of educational television. Their findings have revealed educational TV has offered significant benefits in comparison with traditional class rooms. In 1967, Reid and MacLennan reviewed 350 instructional media comparisons and found a trend of no significant differences when televised instruction was compared to face-to-face instructions. [Reid & MacLennan, 1967]. B. Ferguson (1984) analysed an edition of the BBC Programme 'Blue Peter' and found the programme to be an obstacle to the extension of knowledge. Far from 'opening up' the minds of its young viewers, 'Blue Peter' was ideologically reactionary, articulating imperialist, racist and sexist discourses. [Ferguson, 1984].

THE EVOLUTION OF EDUCATIONAL TELEVISION

All developed countries fairly well-developed educational TV services. Among them, England, Japan and the US have made significant progress. The British Open University Programmes and the US Public Television's School Programmes can be cited as good examples.

What are the major landmarks in the evolution of ETV? The state university of Iowa began the first educational television broadcasts in 1933. Educational broadcasting quickly grew, with several universities producing regular programmes and commercial stations broadcasting educational materials for the general public. During the 1950s and 1960s, other technical innovations emerged that expanded the flexibility and delivery of edu-

cational television. These included the development in 1956 of magnetic videotape and videotape recorders, the advent of communications satellites in 1962, and the widespread growth of cable television in the 1960s and 1970s. (Seels et al.)

The Indian Scenario

Ashok Chandra and co-authors have pointed out the high relevance of educational television in a country like India, which is large and diverse. They said in a country like India -- having a large population with diverse social, cultural and economic backgrounds dispersed over wide areas from sparsely populated hilly terrains to densely populated large metropolis -- broadcast television offers an excellent opportunity for the advancement of education. Its ability to bring in excellent teachers, noted personalities and top quality specialists directly to very large number of students allows considerable enlargement of the scope of distance education system to cover all types of distance education system to cover all types of education (primary, secondary, vocational, technical medical and general higher education) [Chandra et al., 1988]

The forerunner of educational television in India is none other than the SITE (Satellite Instructional Television Experiment). Aimed to exploit the potential of the mass media in education, it propagated ideals such as the need for family planning, improved farming, hygiene, nutrition and healthcare among villagers in six states of the country. That said, the beginning of educational television in India could be traced way back to the decision of Delhi Doordarshan in 1961 to broadcast curriculum-based lessons on science to improve standards in the teaching of Science at the secondary level. US-based Ford Foundation supported and financed. It was evaluated in 1969 by a UNESCO expert, Paul Neurath, who concluded ETV had amply proved its usefulness as 'an aid to the teaching of Science subjects' [Kumar, 2010]

In 1978, the Janata government set up a commission under BG Verghese to look in to the possibilities and potentials of educational broadcasting in India. The Verghese committee strongly recommended granting broadcast franchisees to educational institutions. Doordarshan, the official TV of the central government of India, has contributed much to the growth of educational television in India. According to the statistics of programme composition by format and content in 2003, Doordarshan had devoted 8.5% of total broadcasting time exclusively for educational broadcasting.

Program Composition by Format and Content – Doordarshan Channels (2003)

| Format | National network share (%) |
|-------------------------------|----------------------------|
| News and Current Affairs | 31.9 |
| General/Social Information | 2.4 |
| Serials/Plays/Skits | 30.4 |
| Culture | 4.7 |
| School & University Education | 8.5 |
| Film/Film based entertainment | 8.7 |
| Sports | 10.5 |
| Miscellaneous | 2.9 |

Source: Doordarshan – 2003, (Cited in Kumar, 2010).

Today, Doordarshan devotes at least 10% of its telecast time to educational or enrichment programmes for farmers, school children, youth and other groups. A further development has been the launch of an educational channel called Gyan Darshan by Doordarshan. The University Grants Commission's Higher Education Project was launched in August 1984 (known as countrywide class room), and is coordinated by the consortium for Educational communication (CEC), New Delhi, which is broadcasting ETV programmes across the country every week day morning and afternoon.

According to a 1993 ADMAR study, the UGC programmes have a viewership of over 19 million. Of these, 12 million watch them at least once a week, and around seven million are regular viewers, watching two to five transmissions a week, though only 45% regular viewers are students. The launch of a round-the-clock educational channel 'Gyandarshan' by Doordarshan has given a fillip to educational programming in English, Hindi and the regional languages. A private educational television channel called 'Topper' was launched in 2007 with the objective of coaching students for various schools and college examinations [Kumar, 2010].

The Weaknesses:

A key disadvantage of employing television for educational broadcasting is the high cost involved not only in the production and transmission of content, but for reception of programmes. Even today, a major share of the Indian public does not have access to such channels because of the lack of wherewithal. Though 'Gyandarshan' is exclusively meant for the educational purposes, it cannot be accessed by those who do not subscribe to the cable and satellite networks, since it is a satellite-beamed channel.

However, a good number of programmes telecast continue to be of foreign origin (mainly from Britain, United States, West Germany and Russia), though indigenous programs, produced at seven EMRCS (Educational Media Research Centres) and eight AVRCS (Audio Visual Research Centres) set up in different parts of the country are increasing their contribution steadily. [Kumar, 2010].

According to an NCERT (National Council of Educational Research and Training) survey on the utilization of educational TV in schools under the Delhi administration, only 38% of the 500 schools provided with receivers in the secondary classes for which lessons are telecast every week, switched on to the programs. Some of the reasons: poor maintenance of receivers, shoddy viewing conditions in the class rooms, indifference among teachers and students. [Kumar, 2010].

The Solutions

In India, the format and content of educational programmes are not up to the mark. A majority of them are not far better compared to their traditional counterparts. In order to grab the attention of the masses, such programmes should have entertainment. 'Edutainment' is one solution here. On the lines of 'infotainment', 'edutainment' is a hybrid term which describes the use of media entertainment techniques in educational services. 'Education' merged with 'entertainment' in the name of the democratisation and universalisation of knowledge, via the recasting of education from its 'modern' status as national-state institution to its 'post modern' status as customised learning services for sovereign and borderless consumers [Hartley, 2004].

There are several successful educational TV programmes in the Western countries that have been tailor-made for 'edutainment'. British television has maintained an excellent record of edutainment: David Attenborough on all thing living, Robert Hughes on art (an Australian living in the U.S., Hughes made several series for British TV), John Romer on archaeology, Howard Goodball's 'Big Bang' on music, Patrick Moore on astronomy, Delia Smith on cooking. Americans cover their own history fairly well, the 'civil war' series created an entire genre of similarly presented narratives. [Hartley, 2004]. It's high time India developed such programmes and created a solid infrastructure of edutainment which could benefit millions of its masses.

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PUBLIC-PRIVATE PARTNERSHIP IN URBAN SOLID WASTE MANAGEMENT AND ITS IMPACT ON THE RURAL PEOPLE

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Abstract

The Study is based on the findings of a field study conducted in Villappilsala, a village 14 kms away from Thriuvananthapuram City. The waste disposal plant for treating the Municipal Solid Waste generated in the Thiruvananthapuram City is located here. The study focuses on the health, environmental impacts and issues of basic rights arising out of the functioning of the plant on the local community and addresses the larger question of necessity for scientific and cost effective alternative methods of waste disposal in the city itself. The disposal of Solid Waste has become a problem calling for more attention in the wake of urban development, which is the consequence of more people settling in the cities. The issue of decentralised and scientific disposal of Solid Waste at household level and at the level of small groups of households is emphasised. The central issue thrown up by this study is the poorer sections of the village folk bearing the brunt of the consequences of the profligate consumption and callous waste disposal habits of the upper classes in the cities. Also, relying on public private partnership for delivering a basic responsibility of the state is highly questionable as per the experiences of the Solid Waste Management Plant in Vilappil.

1. Identifying the Magnitude and Dimensions of the Problem

Local authorities of almost all municipal corporations have been grappling with the problem of disposal of Municipal Solid Waste (MSW) in recent years. Increasing urbanisation, growing population and the consumption patterns of an emerging class of “nouveau riche” especially in cities have been contributing factors in exacerbating the already serious problem. Metropolitan cities are leaders in waste generation followed by other cities and towns.

The Capital of Kerala, Thiruvananthapuram, though not a metropolitan city, is witnessing garbage packed in plastic bags all street corners, especially near the monstrous looking municipal bins overflowing with putrefied waste. In the decade of 1990s, the pattern of residential construction in Thiruvananthapuram city underwent a rapid transformation as evidenced by mushrooming of flats. However, this trend atrophied with the slump in the real estate market in the latter half of 1990s. The Pepsi, Coke, Mineral water dominated consumption patterns spread infectiously. Plastic bags became the dominant packing material replacing covers made of old newspapers tied with coir (traditional industry in Kerala which is facing crisis). This change resulted not only in increasing quantities of municipal solid waste coming to the streets but also in increasing proportion of non-biodegradable inorganic waste in the solid waste. It is a fact that the quantity of waste generated is going up due to the process of shortening of life cycle of products as a part of the capitalist motive of profit accumulation. New advertisements introducing new products with minor up-gradations in short cycles of time makes useful assets redundant in a short span of time and it appears as waste (Strange, 2000). Many of the city dwellers resorted to mindless throwing of solid waste packaged in plastic bags in the streets. Though there are laws providing for prosecuting persons doing this, there has hardly been any effort, to implement this at the cutting edge level. It is an enigma wrapped in a riddle as to how such literate people who ought to be aware of the long term environmental degradation and health problems caused by garbage heaps in street corners of residential localities can do this. Equally astonishing is the fact that the local authorities have not made any attempt to begin a campaign on the need for segregation and source reduction of waste. After a quick round of the city, anyone would agree with the view that there could be no gainsay about the abysmally low level of environmental awareness of the ‘literate’ and ‘enlightened’ citizens in the city.

The Trivandrum City Corporation authorities (1995-2000) embarked upon a plan to convert organic waste into bio-fertiliser with private sector

participation under the Build-Operate-Transfer (BOT) scheme, utilizing technology supplied by the Excel industries, Mumbai. The plant is located in Villappilsala, a Grama panchayat, situated 14 Kms away from the city, inhabited mostly by poor people who are casual labourers and marginal farmers cultivating own land. The Thiruvananthapuram Corporation acquired the land in 1993 in Nedumkuzhi in Chevollar ward in Villappil Grama panchayat. Ever since the idea of locating the waste treatment plant there was mooted, there have been strident protests from the local people and they formed a joint action council to agitate for the closure of the plant. Given this background of magnitude and dimensions of the problem of solid waste management in Thiruvananthapuram city, we make an attempt here to analyse the result of the initiative taken by the Thiruvananthapuram Corporation to abate this problem by starting a biofertiliser factory at Villappilsala . Specifically we address three important issues viz.;

- 1) What is the impact of this on the local community of Villappilsala?
- 2) The question of making the village folk, whose lifestyle is much more environmental friendly, bear the brunt of the harmful impact of waste disposal of the cities; and
- 3) Has the opening of the plant helped to reduce the problem of waste disposal in Thiruvananthapuram city: the possible reasons and suggestions?

The study was undertaken much before the present struggle carrying on in the village demanding the closure of the plant. The issues discussed in this paper may help understand the historical background and severity problem faced by the local people, who were unable to unite previously; or were suppressed by the state and the market; that ultimately led them to stand together and fight for their justice.

2. IMPACT ON LOCAL COMMUNITY

There were promises that no environmental and health problems would be caused due to the functioning of the plant and adequate care and precautions would be taken. Ever since the factory started functioning, there have been reports that it has been causing environmental and health problems to the local community. The Joint Action Council of the local people has been agitating continuously demanding closure of the plant. To get a feel of the ground reality, a field study has been conducted in Villappilsala in December 2001. The methods of study were collecting information from households in the immediate vicinity of the plant, interviews with key persons in the locality, meeting with local groups like women's self help group and CSI church, data collection from primary health centers and

focus group discussions with the elected representatives of the Grama Panchayat and discussion with an environmental activist Dr. Satish Chandran, who had worked in that area . The study brought forth certain hazardous problems faced by the local community which are discussed in four heads viz., water contamination, health issues, problem of insect vectors and other issues.

a) Water Contamination

The local people are complaining that the dumping of waste in the factory site is polluting the ground water in places of lower elevation. Clause 2.1(d) of the agreement between the POABS group and the Thiruvananthapuram City Corporation states:

“Dumping Site’ (As per Annexure B) nearby to the plant ‘site’, POABS shall be entitled to appropriately use the demised land for dumping the ‘Process Remnants’ if any, in respect of which no levy, cess, taxes, charges of any nature what so ever shall be payable by POABS to Thiruvananthapuram Municipality Corporation. However, the cost of transport from Celrich Plant as well as labour cost for loading and unloading such Remnants to the said dumping site shall be borne by POABS.”

Remnants are mostly the inorganic non-biodegradable waste. This is increasing in proportion and its dumping in the site causes oozing of water content that is polluting the fresh water aquifer, Meenampalli thodu at its source. The dumping site is situated at an elevated place. From our discussions with the Panchayat representatives and officials of the Primary Health Centre, we could reliably understand that the water samples from the wells in some of the houses were tested by the water analyst of the government and the finding was that the well water has been polluted and is not potable. During the household visits, people told us that they once used to drink water and take bath in the aquifer . Later, cattle had died after drinking water from that. One youth showed wounds all over his body and complained that he got them after taking bath in the aquifer.

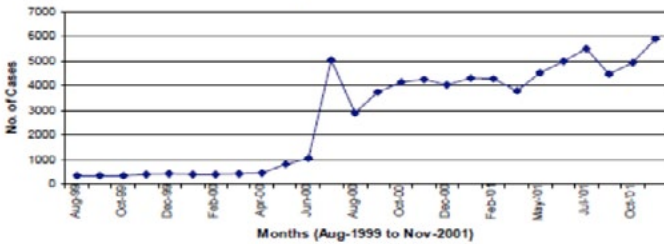
The agreement clause 2.1(d) cited above permits the plant management to dump inorganic waste instead of doing the scientific method of Sanitary Land Filling (SLF) , which requires the remnants to be reduced to the smallest practical volume and covered with a layer of earth at frequent intervals . Surprisingly, the corporation has gifted away on a platter its right to levy any penalty, cess or tax for environmental despoiling consequential to dumping, while failing to extract any assurance from the plant management on environmental protection. The officials of the State Pollution Control

Board who conducted a spot enquiry in the presence of local people, had found that the contaminated water from the factory site was coming out and polluting the water sources in the neighbourhood.

b) Health Issues: (Un)Clean Air to Breathe

The garbage is brought to the factory from the dumping yards of the corporation in the city after elapse of some time and is heaped in the outer circle of the plant for seven days, causing emanation of intense stench from the garbage. It also spills over to the road while being transported in open lorries. Moreover, birds and dogs quite often collect garbage from the dumping site of the plant and drops in the house premises and even inside wells. All these cause health problems to the members of the local community, especially respiratory problems. From the month wise data collected from the Villappil Primary Health Centre (PHC), for the period from August 1999 to November 2001, it was seen that there has been a marked increase in the incidence of acute respiratory illness in Villappil since June 2000 when the factory started its operation (Figure 1).

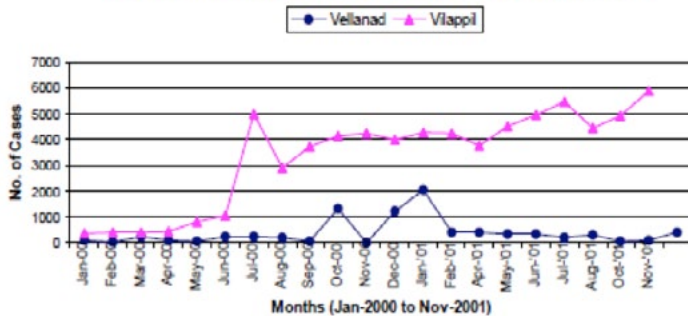
Figure.1
Month-wise Total Number of Acute Respiratory Illness Cases Reported in Villappilsala PHC from August 1999 to November 2001



The incidence of Acute Respiratory illness among the Villappilsala people show sustained increase since the factory started functioning. The total number of respiratory cases reported in Villappil PHC has increased from 341 in August 1999 to 5895 in November 2001 (about 1600 percent increase!). Further, we see that the number of respiratory cases reported in Villappil PHC is very high when compared to that in a neighbouring Community Health Centre (CHC) at Vellanad for the period from January 2000 to November 2001 (Figure 2) .

The data on respiratory illness in Vellanad CHC are available only from January 2000.is

Figure.2
Month-wise Total Number of Acute Respiratory Illness Cases Reported in Villappilsala PHC and Vellanad CHC from January 2000 to November 2001



extremely harmful. The stench emanating from the putrefied garbage causes nausea and loss of appetite among local people. According to Father Kanakaraj, priest of the CSI church in the area, the aged are suffering mostly due to this. The smell from the garbage is intense because the waste coming in lorries has already been in the dumping yards in the city for a considerable time. In the following sub-sections, we attempt to record the views and emotions of the local people as nothing else can be a better substitute for assessing the impact of the plant on the local community.

c) Problem of Insect Vectors

When we were going to participate in a self-help group's meeting, one person stopped us and invited to his house to see the swarm of flies in front of his house. He is a casual labourer and his family consists of 5 members. He has two daughters and one was married off the week before. Last month he was admitted in Villappilsala PHC for 5 days with respiratory problems. His wife and daughters are also having the problem. There is problem of flies and he lamented that the people who had come for the marriage left without eating. When we went there we saw the front room and the small yard of his house full of flies and we could experience what local people were talking about. The time was 5:45 P.M. and it was impossible even to think of having a glass of water, leave alone eating food. Not a bit of what we had heard was exaggerated, if we were to go by this experience. On a different day at 12 Noon we visited the house of David. His family consists of his wife, two children and himself. He was showing a large number sitting on his cow, despite applying neem oil. He showed us the large number of flies on the clothes that were spread for drying. Scores of flies were there sitting on the bowl attached to the rubber tree. Local people are finding it difficult to eat food and worst plight is that of women trying to give food to small children who keep running around the house. They use one hand for hold-

ing the plate and the other for driving away the swarm of flies. The question that bothers then is how to feed the children? Though there is not much problem inside the factory, due spraying of medicine, there is no abatement to the problem of flies in the neighbourhood of the plant. The presence of unusually large number of flies can most probably be due to the presence of the dumping site.

d) Other problems

On Sunday morning, we met local people numbering about 50 who came out of the CSI church after prayers. There was initial difficulty in establishing a dialogue. The local people are nowadays suspicious of outsiders and they consider all of them as, to say the least, unsympathetic to their cause. One or two gentlemen started talking and then we could interact meaningfully, with at least 10 men and 10 women. There was some reluctance to disclose their names and we were not particular about that. Their fear was that even by openly talking, they would be booked under some 'false' cases. This obviously could have been out of experience. The feeling of the people was totally against the plant. They want it to go lock, stock and barrel. Deeper issues are involved and it is not merely environmental pollution and other negative externalities from the plant. In the framework of neoclassical economics, externalities occur when one person's consumption affects the preferences of the other. The city dwellers' profligate habits of waste disposal have resulted in the 'necessity' for this plant. Following this logic, the very existence of this plant in Villappilsala is a negative externality for the local people.

The self-respect of the citizens has been hurt. The people to whom we talked on Sunday morning were emotional and irate over the treatment meted out to them. To gloss over this feeling and concentrate on certain aspects of the plant generated externalities only, will amount to missing the wood for the trees. We discuss this issue separately in this paper

3. Village bearing the brunt of City's Waste Management: Local Views and Certain Larger Issues

a) A Summary of views expressed by local people

The local people feel slighted about the way they were treated - first they were told that a medicinal plant garden was going to be started, later, the district administration told that the land was being measured and no waste treatment plant would be started there. All expectations were belied when the construction of the plant was started under heavy police escort and it was then that the local people felt helpless and betrayed. It is through news-

papers that they learnt about the real intention, i.e. starting of the waste disposal plant. They feel that their voice is not being heard with the attention it deserves because they are poor. They believe that feelings not indexed by money are not heard. They said that what was happening was something similar to what they have heard from history about colonisation. There is total lack of faith in the bureaucracy and the elected representatives and they are all seen as puppets of the factory management. They were very vocal in stating that their right to be treated as equal citizens as the residents of the city was not being recognised. They are not able to eat food because of the swarming flies, nausea caused by the stench emanating from garbage movement and noise pollution. They feel their basic right to life is being questioned.

There is seething anger towards city corporation officials, elected representatives and the police officials. They were very upset about some of the 'so called environmentalists' in not visiting the area even once despite being requested. They stated in anger that their books and poems should be boycotted. They are feeling that Villappilsala is being made the waste paper basket of the city. The members of the local community do not resort to throwing of waste on the streets, they asserted. They were also saying that had only persons belonging to a single religion or a community inhabited the place, the City Corporation or the government would not have dared to treat them like this. (So much said for the common man's perception of enlightened Kerala's 'secular' minded politicians.). The local people were also highly critical of the role played by the print and electronic media. According to them, the media have never bothered to report their views with the importance it deserved.

The local people complained that the Doordarshan, when it broadcasted the programme "Vivadaparvam", completely ignored the views expressed by them. They also stated that anybody, who wanted to understand the problems faced by them, should stay there for a few days. This suggestion is quite valid because the problems peak and ebb during different times in a day. The remark made by Shri. Stephenson, the elected representative of the Chevollar ward in which the factory is situated, is noteworthy: "There are residents' associations within the city who should organize local level waste disposal. If the corporation feels that the plant causes no environmental problems, why it is not being relocated within the city." Initially the corporation authorities wanted to build quarters for the employees along with the bio fertiliser factory. That has never been talked about again. The local panchayat has refused to renew the license to the factory through a resolution passed unanimously. The panchayat president Smt. Sujatha Johny, an activist in the agitation against the plant says that if the state government

has the political will the plant can be closed in no time.

b) Larger Issues to be Addressed

As already discussed, Villapilsala is a place inhabited by small farmers, casual labourers, and self-employed carrying on small time occupations. No single caste or religion is dominant in this Panchayat. The cross-section of the population, whom we met were very much perturbed over the location of the plant because they think that the city corporation authorities have chosen this Panchayat as it is seen as the least costly political and economic route. They feel hurt in not being treated as equal citizens in a democracy. The first reason for the anger is the creation of deliberate information asymmetry regarding the location of the plant there. Second is the ignoring of their protest by the civil society. City's waste disposal is considered a larger problem than their right for a healthy and peaceful life. The rising health expenditure is upsetting their already hamstrung family budgets. Still transporting waste out of the city continues. A clean city where comparatively richer sections live is sought to be achieved at the cost of misery to the village inhabitants. This is very much similar to the dumping of hazardous waste including computer waste by the rich countries of the north to the poorer counties. More puzzling is the all Kerala trend in solid waste disposal. Villapilsala is not an isolated example. The same has been happening in Kozhikode and Kannur and there have been strident protests from the village people and social activists. This raises a few important issues: i) The state, whether at the national, provincial or the local level, is subordinate to the concerns and interests of the better-off sections whose power of articulating their problems is stronger than the poor who are unorganised, ii) The indifference of the political organisations cut across ideological spectrum in recognising the problem of the village people, iii) The abysmal level of environmental consciousness of the educated citizens and iv) The dumping of urban waste in villages becoming a pattern in Kerala which has been acknowledged as a model in health, education and decentraliation. The question of governance, i.e. finding out feasible mechanisms for source reduction of waste and propagating them, implementing the required safeguards in running of the plant offer only partial solutions to the larger question. This is a kind of intrusion of the well-off by transporting their waste to the habitat of the villagers and thereby denying the latter clean water to drink and clean air to breathe. What is more dangerous is the lack of desired empathy with the problems of the affected people. The problem gets attention only when the transportation of waste from the city gets dislocated or when water supply to the city is disturbed. The day-to-day travails of the affected villagers are considered to be far less important. The fact that this is happening in a State like Kerala, which is internationally acknowledged for egalitarian reforms and organised fight for democratic rights and State pro-

visioning of basic needs is puzzling and what is more intriguing is the lack of political leadership to the local people, who can only attempt, most of the time vainly to make their voices heard. In a State where many alternatives have been experimented, a more people friendly waste management needs to be tried and this is possible only by the city population empathising with the village people. The fact which clearly emerges is that the functioning of the plant has caused environmental and health problems for the local community and, it is time to think of other alternatives for disposal of Municipal Solid Waste management in Thiruvananthapuram city.

4. Is there reduction in garbage littered in the city? Reasons and Suggestions

a) Impasse over the Functioning of the Plant

Even after the plant has been started, the streets of Thiruvananthapuram continue to be littered with waste packed in plastic bags. Though operational problems like lack of vehicles and security problem due to agitation by local people by Villappilsala are being cited as the reasons by the city corporation authorities, the root of the problem lies in lack of awareness and the will to segregate and reduce waste at source. This basic problem craves for attention, but does not get it, even after the first ever Build Operate and Transfer (BOT) agreement between the corporation and the private sector group has run into rough weather time and again. The plant authorities want assurance from the corporation that the bio-fertiliser manufactured there should be assured of a market and the corporation is in turn looking up to the government to lend a helping hand.

The inability of the City Corporation to supply 300 tonnes of garbage per day has also been a bone of contention between the plant and municipal authorities. This clause has come in for severe indictment by the State Assembly Committee on Environment. In the last one-and-a half years, the plant authorities have resorted to closure of the plant on more than one occasion and each time the city corporation and the state government gives them assurance on marketing outlets and quantity of garbage to be supplied, to end the stalemate, albeit temporarily. There was a later development that the Thiruvananthapuram District Panchayat agreed to purchase the bio-fertiliser manufactured by the plant. But some Panchayats including the Villappil Panchayat has expressed unwillingness to purchase this manure, according to an elected representative in the Panchayat. The plant is not functioning regularly for the past six months due to the lack of profitable marketing options for the fertiliser. Though the local people heave a sigh a relief that lorry loads of garbage are not driven into their peaceful hamlet, the Damocles Sword of reopening of the factory is hanging over

the Iovallo local community. The Villappil Panchayat's President, whom we met again when we revisited the area after an interregnum of one-year, was of the opinion that the local people's problems was not of any concern to the bureaucrats as well as elected leaders, who more than once pressurised her to renew the license to the plant. The non-functioning of the plant at least for the time being, due to the demands of the management for an assured market for the fertiliser has come as an unexpected boon to the local community. In the meanwhile, the dumping yards, with residential houses in the vicinity in the city are overflowing with garbage and this has led to protest from the residents' associations.

We also think that it is pertinent to raise the issue of private participation in a basic civic function like waste management. In view of this increasing magnitude of the problem, private initiatives are considered advisable. But the experience of Thiruvananthapuram shows that the government has to ensure market for the product of the waste management plant, agree to stringent conditions of compensation for non-delivery of requisite quantity of waste, and permit a free dumping of non-biodegradable waste causing pollution to water source. This is indeed a heavy price being paid. If the private partner claims compensation from the corporation for non-delivery of the specified quantity of waste per day, the amount to be paid @ Rs. 49900/- per day will at stratospheric levels compared to the resource base of the city corporation. The unfortunate aspect is that even when faced with such crises and pressure tactics from the BOT partner, the public authorities and even city residents fail to think of some simple, yet effective alternative mechanisms of garbage disposal, rather than treating the present mode of dumping it in Villappilsala or in some other place as a fait accompli. The later development of changing the management from the private party to another institution namely, the Centre for Environment Development also did not serve the expected job.

b) A Few Suggestions for Alternative Methods of Waste Disposal

A series of research projects conducted by KRPLLD, from 1996 to 2004, on Solid Waste Management for different districts of Kerala came up with the following suggestions: a) composting and biomethanation for biodegradable waste, b) household level vermin-composting, c) experiments on windrow composting, adaptation, d) trench and heap composting. Nair and Sudhir (2005), while synthesising the KRPLLD studies, argue that in a sustainable waste management regime, the focus must be on resources rather than the waste. According to them the responsible approach would be to eliminate the generation of waste wherever possible and to use the resources continuously and equitably. There are also a number of successful

stories around the state under the leadership of community organisations and local governments which embarked collective initiatives to manage the solid waste as well as to start paper bag producing units .

The argument of source-reduction presumes the participation and co-operation of the city dwellers. For that the City Corporation should think of ways to create awareness among the people. It should be recalled that the achievement of Surat as a model city in solid waste management was made possible by the full support and cooperation of the people. Dumping waste in a place outside the city without giving any thought to methods for source reduction will create more problems.

Thiruvananthapuram Corporation deals with the problem of disposal of municipal solid waste in a lackadaisical manner. The agreement entered into by the corporation with the POABS group to supply 300 tons of waste per day has apparently been made without any foresight and goes against the attempts to be made for source reduction. The corporation has not been able to supply more than 90 to 100 tons at any point of time and this has been averred in the affidavit filed by the State Pollution Control Board before the High Court of Kerala. It is to be seen that this agreement makes the corporation bound to supply a large amount of waste per day and pay compensation @Rs.49990 per day, if it fails to supply 300 tons of waste per day for a continuous period of ten days .

Pay-As-You- Throw principle can be considered. This is being implemented in some cities of the United States of America (USA). The services of voluntary organisations and residents' associations can be utilised to employ persons to collect garbage from household and deposit them into the bins whose keys will be with these persons. The corporation can sell bags of different storage capacities for garbage filling. The rates for higher storage capacity bags should be progressively increased to encourage source reduction. It is imperative that garbage deposited in these bags only should be collected. The people should be requested to segregate biodegradable and non-biodegradable waste. This will encourage segregation and source reduction of waste. As a consequence a marked reduction in the quantity of Municipal Solid Waste generated is expected which will make possible decentralised composting of organic waste. The non-biodegradable waste that cannot be reused and recycled should be deposited in Sanitary Land Fills (SLF), causing least possible damage to environment. The initiative of the municipal authorities could also be that of facilitators in negotiating with industries in buying back used batteries and tube lights for safe disposal (see Appendix 3 for some examples of items that can be recycled or reused).

For the city to become clean and green, the efforts at segregation, source reduction, recycling solid waste has to be practiced by the city residents and the City Corporation should encourage and facilitate these efforts with the co-operation of voluntary organisations and residents' associations. Dumping waste in Villappilsala will only result in making the villager who has been living in harmony with the nature, a victim of respiratory illness for no fault of his. Clean drinking water and right to breathe clean air of the residents of Villappilsala cannot be the price for a clean and green Thiruvananthapuram city. Alternative methods of waste disposal may require extra efforts. But cutting the corners to achieve the goal of clean city will have pernicious consequences, while the goal itself might remain a dream.

Appendix.1

Techniques of Data Collection

The technique of data collection we used in the present study was derived from both conventional as well as the unconventional research methodologies such as:

1) Interview at Household Level

For getting enough information about the problem regarding the plant, about 23 households around the plant boundary were interviewed with a checklist containing some areas of inquiry.

2) Discussions with Key Informant

Key informant was selected on the basis of few criteria, such as, the person should be from the area itself, he should be well versed with the existing situation and he should be able to give a balance point of view as a neutral person. Above all he could guide us with the information or can tell from where we can get the information (Michael. A. Agar, 1996). The main purpose here was to get proper overview of the situation. In the present study Mr. Stevenson, Chevvolloor ward member of Vilappil Panchayat and Father Kankaraj of CSI church were taken as key informants. The father is there in the study area for the past four years and has good understanding of the problem. Moreover, he is found to be not affiliated to any interest group.

3) Meeting with Focus Group

Unlike earlier technique, here a section of villagers were studied. The focus group under study includes all the members of Vilappilsala panchayat. They were asked to respond to different problems.

4) Discussions with Resource Persons

Resource person is person who can help in understanding particular situations of the area and also will act as a facilitator in information collection. In our study, Dr.Satish Chandran (Environmentalist) and the Doctor and staff of Primary Health Centre, Vilappilsala were selected as resource persons.

5) Discussion with RRA Groups

Here one homogeneous vocal group (self-help group) of the village and a group of people gathered in front of the CSI church of the area were studied. Here information was collected at the group level. The main focus here was on the reaction of group on the issues involved.

6) Secondary Information from Health Centres

It includes the official data as well as available literature on the subject. In our study

information regarding the incidence of respiratory illness of the people in the study area were collected from Villapilsala Primary Health Centre. For comparing this with a controlled group, same data were also collected from a neighbouring Community Health Centre in Vellanad, a village about five Kilometres away from Vilappilsala. Besides all these source of information, the available literature as well as the newspapers were also consulted as secondary source of information.

Appendix 2

The Processing of Municipal Solid Waste in the Plant

The solid waste received in the plant is treated by aerobic composting. As soon as the solid waste arrives at the plant it is unloaded on the treatment floor and spread out. An innoculum, which is a culture of different strains of bacteria, is sprayed on the solid waste and is laid to react with it. After that the solid waste is made into rectangular heaps. The treatment floor (it has a capacity to hold about 300 tons of waste, but presently they are treating on an average less than 150 tons of solid waste) is of circular dimension and the waste that arrives at the plant is heaped in a circular fashion. The fresh load of waste is heaped in the outer circle and is kept for seven days. After seven days the heap is turned inside to the next circle and again kept for seven days. Heaping the waste causes its temperature to rise to approximately 80 degree Celsius. The factory authorities claim that this would kill the harmful organisms, if any, in the waste. Each load of waste is turned in into four concentric circles with seven days period in each circle. This will take twenty-eight days and the load of waste is now ready for the pro-

cess of sieving and grinding leading to the production of the bio - fertiliser. After completion of twenty-eight days, the waste load loaded into a revolving cylindrical sieve of mesh size 35- mm. Here large particles contained in the waste load including plastic bags, which has not decomposed and other materials are removed. The output from this sieve is again passed through a 16-mm sieve and lesser large particles are again separated. The material that comes out of the 16 mm sieve is grinded to fine particles and this forms the bio - fertilizer. Prima facie this appears to be a sound process, even though the nature of the innoculum is not revealed. A pertinent question, which arises at this juncture, is where does the refuse from the process go. This is dumped in a "Dumping Site" as per clause 2.1(d) of the agreement between the POABS group and the Thiruvananthapuram Municipal Corporation. The geographic location of the dumping site is such that the wastewater that oozes out of the sweat percolate to the fresh water aquifer at its source, and polluting the only fresh water source that the local community has. There are three serious issues of grave concern that arise out of the operation of the plant, which obviously cannot be answered by the technological process.

- 1) The stench that emanates out of nearly 150 tons of solid waste when it is turned in is carried by wind and this causes discomfort to the local community. Besides, birds carry the waste materials from the heap and deposit it in the premises where people live polluting their surroundings .
- 2) The heaps are turned in (mostly carried during night hours) using a pocklaine, which generates sound beyond one's tolerance level .
- 3) The refuse from the plant comprises mostly non-degradable plastic, which ultimately end up in the dumping site polluting the fresh water aquifer.

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CONTRACT MIGRATION AND SEND- ING ECONOMIES: A REGIONAL EXPERIENCE

Dr. Shiby M Thomas

Abstract

Human migration is one of the dynamic experiences various civilizations of the world have experienced so far. Among the different types of migration contract migration is an issue that is to be discussed separately and comprehensively. The economic impacts contract migration for the sending economies involves various analytical issues ranges from micro level household impacts to macro level impacts on national income. The focus here is to analyze the economic impacts of contract migration in a regional frame work by analyzing the regionally relevant variables.

INTRODUCTION

The spatial movements of people called migration have begun since the development of modern human culture. The causes and consequences of migration had attracted the attention of sociologists, economists and policy makers. Migration creates history, it changes different human institutions, it is a factor that grows and retards economic development and all the civilizations of the world in different extend experience the impacts of migration in the vagaries of their growth and expansion.

The impacts of migration in the framework of economics have to be discussed in a comprehensive manner. The impacts of migration have to be studied in the dimensions of development, poverty eradication, income distribution, balance of payment and productive investment.

The present study discusses one of the current waves in migration, the contract migration which came into attention with the of gulf employment boom in 1970's. It is a type of migration that is facilitated by fast developing world. The exploration of oil in Middle East countries as well as the improvement in transport and communication facilities in the world over has created a situation congenial for this variety of migration. The contract migration has impact on both sending and receiving countries. It involves various complex issues to be analyzed. The discussion here carries out some of the main analytical issues and incorporates a sample analysis in order to make inferences about the extent of economic impacts of contract migration on a regional context.

The concept of contract migration

The contract migration is strictly a concept originated in the pathways of 20th century . People have been migrating to various countries especially to Middle East in search of employment based on a written or unwritten contract. It is mandatory that they have to return to the home country after the expiry of the contract. In the contract migration studies, therefore the impacts study should be based on not only on the withdrawal of people from the home country and their remittances from abroad but also on the subsequent reentry.

The analytical issues of contract migration.

An economic analysis of the impacts of contract migration in sending countries is not easy. The issues range from the microeconomic cost

benefit analysis of migration in the individual households to macro level impacts on the whole economy by means of contribution of national income and aggregate investments. The impacts of labour markets and the distributional aspects of remittances is another area where both micro level and macro level analysis interact. The impact of remittances on the balance payment analysis of sending nations is another area that is to be analyzed comprehensively.

Many scholars have discussed the analytical issues of contract migration in the frame work of economics. Among other scholars, Aswani saith and Deepak Nayyar has given a methodological frame work to analyze the migration to Middle East. This discussion is an attempt incorporates these methodological and analytical issues in the broad frame work of contract migration.

Cost and benefits to individual households.

In the case of contract migration, the migrants could not take the family along with theme selves. In the male dominated culture, usually the grown up male member is the bread earner and he has to go abroad. Consequently, the other members, especially the ladies have to look after the family affairs in home country. How this situation affect the family is a matter to be studied and several studies were published in this regard. A welcome sign in this regard is the women who have to bear the burden in the event of absence of their men may get the necessary empowerment to deal with the problems.

In the monetary cost aspects of migration an issue that may take into consider is that most of the migrants do not have the necessary finance to go abroad and get visa and other emigration documents, they may probably take loans from their friends and relatives on the assurance that it may be refunded immediately after getting the job in the receiving country. Whether this assurance can be fulfilled is a matter to be studied individually. The migration is beneficial to the households only if the migration and the consequent remittances resulted in fulfilling the long cherished dream of attaining a higher standard of living. This achievement is based on different factors like the parameters of standard of living of the migrants themselves and the level of qualification the migrant can offer to the host country etc. In order to study the costs and benefits of migration several similar factors are to be taken into consider for a complete micro analysis.

Labour market impacts of migration

The impact of migration on the labor market is a pertinent issue in the case of under developed countries. According to several analysis, under developed economies are characterized by a pool of surplus labour and migration may be regarded as necessary safety valve to push out the unemployment pressure in these countries. Another question that arises is whether the exodus of people created any labour and skill shortages. The rise in wages as a result of these labour shortages is another issue that is to be analyzed properly. Another probable reason for rise in wages is the improvement in income levels as a result of remittance and consequent rise in consumption and wage levels. Since the contract migration involves return, the subsequent impact on reentry also should be taken into consider while analyzing the labor market situations.

Distributional impacts of migration.

The impacts of migration on the income distribution involve very complex matters to deal with. Whether migration and consequent remittances has improved the condition of migrant families compared to the non migrant families. If such a thing happens it may affect adversely the case of income distribution. The welcome sign may arise if migration enhances the level of economic capability of the whole area. This should be studied on the growth, development and welfare perspectives.

The impacts on aggregate income ,consumption and investment

The macro level analysis of migration discusses on what is the share of remittances on national income and the components of national income. The remittances can be considered as net factor income from abroad and it is part of GNP calculation. But in a nation like India, the share of contract migration is very less. But in regional level, like the state of Kerala, where the contribution is approximately 30% percent of the state domestic product, it is a matter to be considered seriously. The extent and ways by which the remittances are spending out in the economy is a matter to be analyzed. The contribution of migrants in productive investment and employment generation should be studied in the perspective of growth and development.

One point of discussion here is that most of the remittances have been spent for unproductive investment like land purchase, house construction and marriage purpose etc. The difference between productive and unpro-

ductive investments is a matter of degree and what is needed is the comprehensive outlook on the way the different types of investment spending has created disturbances which place the economy in a higher level of growth and development. The multiplier generation of economic activities as a result of spending out of migration should be analyzed empirically. These changes include establishment of educational institutions in the locality, emergence of commercial establishments, modern hospitals etc. The improved economic conditions as a result of migration may affect not only the living standards of migrant families, but also the non migrant families.

The impact of migration on the balance of payment situation of a country is a matter not as explicit as other factors. One reason is that it is very difficult to separate the data regarding the changes in exports and imports as a result of migration. Sometimes remittances can be regarded as capital inflow, but how it can be incorporated into the balance of capital account is another area of complexity.

Regarding the overall impact of migration to an economy, what extend migration and consequent remittances has contributed to the price rise as well as wage increase is an area of interest. For example in Kerala ,where migration has contributed about 30% of state domestic product ,the wages and prices are high compared to other states, there is phenomenon of internal movement of people from other states to reap this advantage. The Middle East has a larger share in the contract migration, and it has created gulf centric socio economic culture in Kerala.

One another issue that is to be discussed here is that a large inflow of remittances from Middle East by means unofficial channels. It is a known matter but in the realm of analysis it remains as a hypothesis because there may not be any adequate strategies to study the impacts of black money in the economy, which is an important handicap as far as the study of Middle East migration is concerned.

These analytical issues arise when we study any aspect of the economic impacts on contract migration. The next part of the discussion verifies these analytical issues using a sample household study conducted by the researcher in the Malappuram District of Kerala.

Nature and characteristics of the sample

The method of simple random sampling has been adopted to collect the household samples. The samples have been taken from Malappuram

district of Kerala where there is large concentration of contract migrants to the gulf region. There are 800 households in the sample, but only 758 were located .A migration status data shows that 48 households (6.3%) are return migrant households, 158 (20.84%) are migrant households and 552(72.82%) are non migrant households (70.8%). In the sample households there are 4607 members including children, women and other dependents. Of these 198(4.28%) are contract migrants and 70 are return migrants (1.52%). The sample households were analyzed using the analytical framework discussed here. The balance of payment impacts cannot be included here because it can be studied only at the realm of international economics. The analysis based solely on the household sample data collected so that the discussion is limited to the factors that can be verified by the data of this sample only. The discussion here begins with the costs and benefits of migration.

Costs of Migration

The cost of migration involves social cost as well as monetary cost. The social cost is the negative effect created by the absence of migrant to the family and to the society. The monetary cost is the one time expenditure to go abroad like visa fee, commission to agent, travel expenditure etc. The social costs and psychological costs are difficult to measure due to the absence of suitable units of measurement. Here in our study, the data regarding monetary cost is taken, at the same time an attempt is made to incorporate some elements of social cost also.

The Monetary Costs of Migration

The various types of costs incurred while going abroad are travel expenditure, visa fee and commission to agents. According to the opinion taken from the travel agents and migrant’s relatives, approximately 50% of the expenditure go to visa fee. The visa fee ranges from RS 50000 to RS 100000. Travel expenditure constitutes 30% of the expenditure and commissions to agents come about 20% of the expenditure.

Table 1:Percentage distribution of different costs to go abroad

| Item | Percentages |
|----------------------|-------------|
| Visa fee | 50% |
| Travel expenditure | 30% |
| Commission to agents | 20% |
| Total | 100% |

Source: Primary survey

In the sample survey the researcher collected data about total expenditure from both migrants and return migrants .In total 268 people are included in this part of analysis. From the data collected it can be computed that a typical migrant incurs an average expenditure of RS 63227.6 for going abroad. This expenditure is considered as single period expenditure, which is incurred at the time of migration, unless the migrant returns and tries for another job abroad. Moreover, 60.07% of the total 268 persons has incurred an expenditure of RS 50000 and above for going abroad .The figures presented here correspond with the general notion of expenditure for migrating to the gulf countries. In most cases the expenditure is a one-time expenditure, which must be met by the migrant himself with the support of others. Some other expenditure will also be incurred as ticket fee if the migrant visits the home country by getting leave in the course of his job abroad. We consider it as occasional expenditure and not included in the total expenditure calculation.

Table 2:Distribution of one time monetary expenditure to go abroad

| Expenditure coded | No of persons | Percentages |
|-------------------|---------------|-------------|
| Not reported | 10 | 4.10 |
| Below 10000 | 9 | 3.35 |
| 10000-30000 | 44 | 16.42 |
| 30000-50000 | 43 | 16.04 |
| 50000-80000 | 86 | 32.09 |
| 80000-100000 | 23 | 8.58 |
| 100000 & above | 52 | 19.40 |
| Total | 268 | 100 |

Note: The figures in brackets are percentages and vertical summation approximated to 100%.

Source: Primary survey

Regarding the sources of expenditure, every migrant has more than one source for meeting the expenditure.51.49% used loans from relatives and 52.24% used gold sale or mortgage as sources of expenditure. Only 30.97% reported that they relied on own savings as one of the source. One important point to be noted here is that the initial remittances may be utilized for the repayment of different debts incurred for meeting the expenditure to go abroad.

Table 3:Distribution of the sources of expenditure to go abroad

| Source of expenditure | Percentages |
|---------------------------------|-------------|
| Own savings | 30.97 |
| Loans from other family members | 44.78 |
| Loans from friends | 51.49 |
| Gold sale or mortgage | 52.24 |
| Land sale | 19.03 |

Note: every individual has more than one source so the total do not add up to hundred

Source: Primary survey

A Brief Overview of the Psychological Costs of Migration

Though it is difficult to measure the psychological costs of migration, an attempt is made to get some indicators from our sample. The marital status distribution of migrants shows that 54.54% of the migrants were married at the time of emigration. 95% of the married migrants have left their spouses and children in the home country itself. Major share of the unmarried people also left their relatives in the home country. These figures indicate the psychological agony the migrant's spouses and relatives have to face when they are in abroad.

Table4:Marital status of migrants

| Married | Unmarried | Children | Total |
|---------|-----------|----------|-------|
| 108 | 84 | 6 | 198 |
| (54.55) | (42.42) | (3.03) | (100) |

Note: The figures in brackets are percentages and horizontal summation approximated to 100%.

Source: Primary survey

Another type of psychological cost that arises is that even though the migrants go abroad on job guarantees like sponsorship their arise some lag for getting employment after reaching as evident from the table. It is clear that 67.68% of migrants had a lag of 3-6 months for getting employment .This also gives some amount of psychological pressure on the migrant.

Table 5:Time lag for getting employment after reaching abroad

| Duration of time | Number of people | Percentages |
|------------------|------------------|-------------|
| 1-3months | 50 | 25.25 |
| 3-6months | 134 | 67.68 |
| 6-9months | 10 | 5.05 |
| 9-12months | 4 | 2.02 |
| Total | 198 | 100 |

Source: Primary survey

Further as evident from the sources of expenditure, migrants have taken loans from different sources. The psychological pressure as a result of being a debtor is another psychological cost of a migrant. The social cost of being a debtor is evident from the continuing suicide spree in Kerala.

The role of Remittance in the Sample Households

The role of remittances in the sample households are analyzed by taking the variables like the various sources of income to the households, the annual remittances to the households and the way of utilization of remittances.

Main Source of Income to the Migrant Families

With the assumption that remittances are the major source of income to the migrant families, questions were asked in the schedule about the other major sources of income to the migrant families along with remittances.

Table 6: Sources of income of the migrant families

| Income source | Number of households | Percentages |
|--|----------------------|-------------|
| Remittances only | 102 | 64.55 |
| Remittances and agricultural income | 20 | 13.51 |
| Remittances and wage/ salary of the other members of the household | 18 | 12.16 |
| Remittances and business / other sources | 8 | 5.41 |
| No remittances only other sources | 10 | 6.76 |
| Total | 158 | 100 |

Source: Primary survey

It is seen that 93.24% of the migrant households consider remittances as a major source of income along with some other sources. 64.55% reported remittances are their only source of income. Another notable point is that 6.76% of the migrant households are not getting income in the form of remittances. The analysis shows the importance the remittances from

abroad have in the case of migrant families
Sources of income of the non-migrant families.

In order to get a more clear account of the impact of remittances, an analysis regarding the sources of income of the non-migrant families is also made. A distribution of the sources of income of the non-migrant families is present in the table.

Table 7: Sources of income of non-migrant families

| Income source | Number of households | Percentages |
|---|----------------------|-------------|
| Remittances from migrants other than family members | 15 | 2.72 |
| Agricultural income | 163 | 29.53 |
| Wage/salary of the members | 300 | 54.35 |
| Business/other sources | 74 | 13.41 |
| Total | 552 | 100 |

Source: Primary survey

An analysis of the sources of income of the non-migrant families shows that 54.35% of the households depend on the wage/ salary of the members of the households. The dependence on agriculture is only 29.53%. An interesting point that is to be noted here is that 15 households indicated that remittances from migrants other than family members is their main source of income. The wages and business in the economy to an extent depend on the spending of income by the migrant as noted by various researchers. Thus we can say that the gulf remittances in an indirect way influence the non-migrant families also.

Yearly Remittances – An Analysis

In the sample survey, every emigrant household was asked whether any remittances came to the household one year before the survey. Most of the respondents have given the yearly remittances to the household. Even though there is greater possibility of under estimation, we have no other way but to rely on the data given by the respondents for making the analysis.

Table 8: Distribution of yearly remittances among migrant households

| Remittance coded | Number of migrant households | Percentages |
|------------------|------------------------------|-------------|
| Not reported | 10 | 6.33 |
| 10000-25000 | 9 | 5.69 |
| 25000-50000 | 120 | 75.95 |
| 50000-75000 | 10 | 6.33 |
| 75000-100000 | 5 | 3.16 |
| 100000&above | 4 | 2.53 |
| Total | 158 | 100 |

Source: Primary survey

It is inferred from this analysis that 65.67% of the households got an annual remittances of the range 25000-50000, very little households belong to the other ranges The average annual remittances is computed as only RS 43030.30. From these facts it is seen that majority of the households got only low or medium sum as annual remittances and so use of remittance other than day-to-day living is very limited.

Way of Utilization of Remittances

In order to find out the impact of spending of remittances on the economy, the way of utilization of remittances is discussed in this section. Every household has more than one way of utilization of remittances. The main ways of utilization are for day-to-day life (63.37%), education (40.59%), savings (33.54%) and the repayment of the debts (30.20%). The fact that each household has more than one-way utilization shows their optimality in the allocation of remittances to different uses.

Table 9: Ways of utilization of remittances

| Way of utilization | Percentage of respondents |
|----------------------------------|---------------------------|
| For day to day life | 63.37 |
| Education | 40.59 |
| To repay debts incurred | 30.20 |
| To purchase land | 23.42 |
| Dowry payment of relatives | 3.47 |
| To built/purchase/renovate house | 20.25 |
| Business | 10.13 |
| Deposit in banks | 33.54 |

Note: Each household has more than one way of utilization and so the total do not add up to 100%

Source: Primary survey

Impact of Remittances - A Final Assessment

The available data shows that only medium income is received as remittances by the migrant households. 93.25% of the migrant households depend on the remittances from abroad as their main source of income. At the same time the majority of the non-migrant households have to depend on agriculture or salary/or wages of the members for their sources of income. If there would have been no remittances, the families have to depend on their little holdings of land as well as the limited income or wages earned by the family members for the income for life subsistence. Thus remittances have considerably enhanced the income capability of migrant families.

Another point to be noted is that 63.37% of the households utilize the remittances for day-to-day life, which means daily consumption. This consumption is remittances induced consumption and which creates multiplier impacts in the economy. If this spending is not associated with corresponding development in the production sectors it may result in inflation also. The investments done using remittances are unproductive in the first sense like land and buildings, but they also because multiple spending activities if those who receive that spend out income from migrants utilize it for some productive purposes

Impacts on Consumption

An analysis of monthly consumption expenditure on different household groups shows that migrant households have an average expenditure of RS 3120.25 and return migrant households have an average expenditure of RS 1920.83 and non-migrant households have an average expenditure of RS 831.52. A proportional analysis shows that 66.67% of the return migrant households and 73.91% of non-migrant households have a monthly expenditure of below RS 1000. While in the case of migrant families, 73.91% of the migrant households are in monthly expenditure slabs more than RS 2000. This show that consumption expenditure of migrants have a definite impact on the economy

Table 10: Distribution of monthly consumption expenditure among household groups.

| Expenditure coded | Return migrant | Migrant | Non migrant |
|-------------------|----------------|-----------|-------------|
| Below 1000 | 32(66.67) | 13(8.23) | 408(73.91) |
| 1000-2000 | 10(20.83) | 33(20.87) | 121(21.92) |
| 2000-3000 | 5(10.42) | 29(18.35) | 10(1.81) |
| 3000-4000 | 0 | 36(22.78) | 10(1.81) |
| 4000-5000 | 0 | 20(12.67) | 3(00.54) |
| Above 5000 | 1(2.08) | 27(17.09) | 0 |
| Total | 48(100) | 158(100) | 552(100) |

Note: The figures in brackets are percentages and vertical summation approximated to 100%

Source: Primary survey

Major items of Monthly consumption Expenditure

The major items of monthly consumption expenditure of households were asked in the survey. Every household has more than one way of expenditure. Cent percent of the three households groups reported food as one of the major item of monthly expenditure. 21% of migrant households, 15% of return migrant households and 9% of the non-migrant households have monthly expenditures for cloth. 12% of non-migrant households, 9% of return migrant households and 3% of migrant households have monthly spending for cosmetics. However the proportional share of households who have monthly expenditures for paid dinner in places outside own home and visiting tourist places is very high in the case of migrant households compared to other groups of households. Thus the inference is that migrants have affinity for higher level of consumption according to rural standards compared to other groups of households.

Table 11: Percentages of household groups who undertake monthly consumption expenditures for various items

| Items of expenditure | Return migrants | Migrants | Non migrants |
|--|-----------------|----------|--------------|
| Food | 100% | 100% | 100% |
| Cloths | 15% | 21% | 9% |
| Cosmetics | 9% | 3% | 12% |
| Paid dinner in places outside own home | 20% | 55% | 12% |
| Visiting tourist places | 12% | 61% | 22% |

Source: Primary survey

Impacts on Investment

In the analysis of the way of utilization of remittances by the households, it is seen that 23.42% (37 households) have utilized the remittances for land purchase and 20.25%(32 households) have utilized the remittances for building/purchasing/or renovating houses and only 10.13% of migrant households (16) utilize the remittances for some type of business investment.

The distribution of land purchased using remittances show that the average land purchased by migrants is 15.27cents .A proportional distribution shows that 64.86% of the purchased land is below 15 cents and 100% of the land purchased is below 50 cents. This shows that most of the land purchased may be utilized for house plots and purchase of land for large-scale agricultural purpose is very low.

Table 12:Distribution of land purchased using remittances by the migrant households

| Land coded | No of households | Percentages |
|------------|------------------|-------------|
| 5-10 | 15 | 40.54 |
| 10-15 | 9 | 24.31 |
| 15-20 | 4 | 10.81 |
| 20-30 | 6 | 16.21 |
| 30-50 | 3 | 8.11 |
| Total | 37 | 100 |

Source: Primary survey

Distribution of the amount of remittances utilized for house construction /renovation /purchases activities shows that there is an average use of RS 125312.5. The proportional distribution shows that 81.24% of the total 32 emigrants spend out expenditure below RS 200000.This shows that housing activities of the migrants are a slow process and that remittance which set apart after meeting the essential needs is utilized for house construction. It can also be inferred that it takes years to complete the housing activities of the migrants, perhaps the whole term of the migrant in abroad is needed to get or construct a house.

Table 13: Amount utilized for house construction /renovation/purchase out of remittances by the migrant households

| Amount coded | No households | Percentages |
|--------------|---------------|-------------|
| 10000-50000 | 7 | 21.86 |
| 50000-100000 | 10 | 31.25 |

| | | |
|---------------|----|-------|
| 100000-200000 | 9 | 28.13 |
| 200000-300000 | 4 | 12.5 |
| 300000-400000 | 2 | 6.25 |
| Total | 32 | 100 |

Source: Primary survey

Only 16 (10.12%) migrant households reported that they have utilized the remittances for some type of business investment. Of these 10 households invest in taxi/truck business and 4 invest in small hotel business and 2 invested in furniture shops.

Impact of savings

Table14:Distribution of savings by the households out of remittances

| Type of savings | Percentages |
|---------------------------|-------------|
| Deposit in banks | 72% |
| Insurance/chit funds | 45% |
| Bonds/shares/mutual funds | 5% |
| Other types | 10% |

Note: Every household has more than one method of saving and the total do not add to 100.

Source: Primary survey

53 migrant households (33.54%) households reported that they have some type of savings out of remittances (table 6-5). Every household has more than one method of savings. The various methods used in savings are bank deposits (72%). insurance /chit funds (45%), bonds, shares and mutual funds (5%) and other types which means some type of local banks (10%). An inference here is the share of newly born saving cum investment schemes are very small here (only5%). Another point is that major part of the savings is in approved institutions so that the savings investment principle

Implications of Migration on Labour Market

In order to find out the implications of migration on labour market, we must study each labour market segment and estimate the demand and supply of labour. However in a broad framework we estimated that the rate of unemployment in the sample is 3.69%.

The occupational status at the time of migration shows that 160 mi-

grants (80.81%) were engaged in some kind of job at the time of migration. The question of withdrawal of these persons cause any reduction in output is studied only at specific product process level and that is not included in our study due to constraints of time and human effort. Another point is that before migration there were 32 jobless people (24 job seekers and 8 students) and all of them get some type of job abroad. If the 32 jobless people stayed home without employment the number of job seekers would have increased to 146 and the rate of unemployment would have increased to 4.72% instead of 3.69%. So the migration phenomenon has a clear influence on the reduction of unemployment in the region.

Migration and Skill Shortages.

The occupational status at the time of migration shows that the largest occupational group was coolies in the non-agricultural sector, which constitute 39.39% of the share. Employed in private sector comes second with 20.20% of the share and self-employed people who constitute 16.67% come third. There was no one among the migrants who had professional qualification. The skill composition of migrants was asked as an open-ended question and 20 reported as drivers, 12 reported as electricians, and 13 reported as plumbers. The rest of the migrants did not have any particular skill at the time of migration. In order to find out the skill shortages created by migration, the study should be at industry specific and product specific levels, which is beyond the scope of our analysis.

Table 15: Occupational status at the time of emigration

| Occupational status at the time of emigration | No of persons |
|---|---------------|
| Children | 6 (3.03) |
| Employed in Private sector | 42 (21.21) |
| Self employment | 33 (16.67) |
| Unpaid family work | 5 (2.53) |
| Agricultural labour | 2 (1.01) |
| Coolies in non-agric. Sector | 78 (39.39) |
| Job seekers | 24 (12.12) |
| Students | 8 (4.04) |
| Total | 198 (100) |

Return Migration and its Implications on Labour Market

The return migrants were asked to give their status in the labour market. About 45.7% of the return migrants reported that self-employment as their present day occupation. Another 32.9% reported their occupation as coolies in non-agriculture sector which means some type of daily wage basis jobs in industrial, construction or trade sectors. An important point to be noted is that when it was asked about their job abroad, only 7.1% of return migrants reported self employment as their occupation. But after return in the home country, 45.7% reported self-employment as their present day occupation. This means that a noticeable section of the return migrants may have got the necessary skills to undertake a self-employment venture from their exposure in gulf countries.

Table 17:Employment abroad

| | Frequency | Percent |
|----------------------------------|-----------|---------|
| Employed in State /Central Govt. | 3 | 4.3 |
| Employed in Private sector | 29 | 41.4 |
| Self employment | 5 | 7.1 |
| Coolies in non-agric. Sector | 32 | 45.7 |
| Household works | 1 | 1.4 |
| Total | 70 | 100.0 |

Source: Primary survey

Table 18:Present occupation

| | Frequency | Percent |
|------------------------------|-----------|---------|
| Employed in Private sector | 10 | 14.3 |
| Self employment | 32 | 45.7 |
| Agricultural labour | 1 | 1.4 |
| Coolies in non-agric. Sector | 23 | 32.9 |
| Household works | 3 | 4.3 |
| Retired | 1 | 1.4 |
| Total | 70 | 100.0 |

Source: Primary survey

Wage Rise, Labour Demand and Labour Replacement

In order to find out the impacts of these variables, some relevant questions were asked to the sample households. With regard to wage rise, a question was asked about whether the respondents experienced a wage rise during the last ten years. 90.6% of the people answered ' yes' and 9.4% of the people answered "do not know". Whether this wage rise is due to migration

or some other reason is a subject for another research problem. However several pointed out a correlation between rate of wage rise and rate of migration in their analysis.

Table 19:Wage rise

| | Frequency | Percent |
|------------|-----------|---------|
| Yes | 687 | 90.6 |
| Don't know | 71 | 9.4 |
| Total | 758 | 100.0 |

Source: Primary survey

The respondents were asked if they experienced any shortage of laborers like carpenter/mason/ plumber/electrician and common laborers. 54.6% of them answered that they did not have any such experience. But 29.55% of the people experienced the shortage of common laborer, 19.39% experienced the shortage of electricians, 17.54 %experienced the shortage of plumber and 10.68% experienced the shortage of mason and 12.4% experienced the shortage of carpenters .The majority opinion is that there has been no shortage, but it may be due to lack awareness of the respondents, especially women. From the above analysis we can infer that that there is shortage of skilled as well unskilled labour. We can attribute this phenomenon to the gulf migration and the consequent demand of skilled workers for construction activities by migrant families. The shortage of common labourer may be reasoned as due to the outflow of low skilled labour force to Middle East from Malappuram district.

Table 20:Opinion of sample households about the labour shortage

| Category of laborers | Frequency | Percent |
|----------------------|-----------|---------|
| No shortage | 414 | 54.6 |
| Carpenter | 94 | 12.40 |
| Mason | 81 | 10.68 |
| Common Labour | 224 | 29.55 |
| Plumber | 133 | 17.54 |
| Electrician | 147 | 19.39 |

Source: Primary survey

In order to assess whether there is any labour replacement after migration, question was asked about the inflow of Tamil migrants. 53.6% of the respondents reported

‘yes’ as the answer and 46.4% reported ‘no’ .The reason for inflow also has been asked and it was an open-ended question and no one answered

large exodus of gulf was the reason for the inflow of other state migrants. A point to be noted is that the large inflow of other states people to menial jobs is a general situation seen in every part of the state not only in gulf pockets. One reason for this is high wage rate in our state compared to their native place and gulf migration has contributed to the growth of wage rate.

Table21:opinion about the inflow other states migrants

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 406 | 53.6 |
| No | 352 | 46.4 |
| Total | 758 | 100.0 |

Source: Primary survey

Migration and income distribution

The impacts of migration on poverty and income distribution are complex nature and involve various issues. The methodology used here is to compare the income, wealth and living status of migrant, non-migrant and return migrant households. The variables used here are the household’s monthly income, land holdings and possession of consumer durables. This analysis gives us ideas about the distributional impacts of migration.

Monthly Income Distribution of Households

The average monthly income of a non migrant household is calculated as RS 4129.98 and that of a return migrant household is RS 5432.29. Migrant households have average monthly income of RS 12610.76. The average monthly income of migrant households is 305.35% higher than that of non migrants. This figure clearly shows that the migrant households have high-income status compared to other group of households and the non-migrant households are very far below to migrant households.

Table 22: Distribution of monthly income among household groups

| Income code | Migration Status | | |
|-------------|------------------|------------------------|-------------|
| | Return Migrant | Emigrant outside India | Non-migrant |
| NR | 1 (2.08) | 0 | 22 (3.99) |
| Below 500 | 0 | 0 | 5 (0.9) |
| 500-1000 | 0 | 0 | 20 (3.62) |
| 1000-2000 | 9 (18.75) | 1 (0.6) | 104 (18.84) |
| 2000-3000 | 9 (18.75) | 3 (1.9) | 109 (19.75) |

| | | | |
|-------------|------------|------------|-------------|
| 3000-5000 | 13 (27.08) | 9 (5.7) | 148 (26.81) |
| 5000-10000 | 10 (20.83) | 62 (39.24) | 121 (21.92) |
| 10000-15000 | 5 (10.42) | 36 (22.78) | 19 (3.44) |
| 15000-20000 | 0 | 23 (14.56) | 1 (0.18) |
| 20000-30000 | 0 | 21 (13.29) | 3 (0.54) |
| 30000&above | 1 (2.08) | 3 (1.9) | 0 |
| Total | 48 (100) | 158 (100) | 552 (100) |

Note: The figures in brackets are percentages and vertical summation approximated to 100%

Source: Primary survey

A proportional analysis of the three groups of households show that only 26.07% of non-migrant families are at monthly income levels RS 5000 and above .This proportion is 91.77% in emigrant families and 33.33% in return migrant families.

An analysis of variance (ONE WAY ANOVA) has been made and this shows that the calculated F value is greater than the table value. This analysis rejects the null hypothesis that there is no difference in sample means. Thus we can conclude that migration status is significant in the distribution of monthly income of the three groups of households.

Table23:Distribution land assets among household groups

| Land cod | Migration status | | |
|----------|------------------|------------------------|---------------|
| | Return Migrant | Emigrant outside India | Non –migrant |
| No land | 3 (6.25) | 7 (4.43) | 24 (4.35) |
| Below 5 | 6 (12.5) | 8 (5.06) | 82 (14.86) |
| 5-10 | 11 (22.92) | 27 (17.08) | 138 (25) |
| 10-15 | 2 (4.170) | 15 (9.49) | 75 (13.59) |
| 15-20 | 4 (8.33) | 20 (12.65) | 46 (8.33) |
| 20-30 | 4 (8.33) | 24 (15.18) | 63 (11.41) |
| 30-50 | 7 (14.58) | 20 (12.65) | 57 (10.33) |
| 50-100 | 3 (6.25) | 14 (8.86) | 28 (5.07) |
| 100-200 | 4 (8.33) | 8 (5.06) | 21 (3.80) |

| | | | |
|-----------|-------------|--------------|--------------|
| 200-500 | 3 (6.25) | 13 (8.23) | 14 (2.53) |
| Above 500 | 1 (2.08) | 2 (1.27) | 4 (.7) |
| Total | 48 (100) | 158 (100) | 552 (100) |

Note: The figures in brackets are percentages and vertical summation approximated to 100

Source: Primary survey

Distribution of Land Holdings

The average land holdings of different group of households show that non migrant families have an average holdings of 34.85 cents, return migrants have an average holdings of 42.93 cents and migrant families have an average holdings of 63.78 cents .So the distribution of land holdings is favorable to migrant families and unfavorable to non migrant families.

A proportional analysis show that that 83.51% of non migrant households, 72.45% of emigrant households and 70.83% of return migrant households possess less than 50 cents of land .It is to be inferred here that the main purpose of acquiring land is for residential rather than any farming purpose. However, the percentage of households who have no land or below five cents of land is 18.75% in return migrant households, 9.49% in migrant households and 19.20% in non migrant households. So the proportion of households who possess no land is high in the case of non-migrant households. An analysis of variance (ONE WAY ANOVA) has been made and this shows that the calculated F value is greater than the table value. This analysis rejects the null hypothesis that there is no difference in sample means. Thus we can conclude that migration status is significant in the distribution of land holdings of the three groups of households.

The other indicators like possession of house hold amenities and consumer durables, it is found that migrants have an advantage over non migrants in the possession of these items.

Comparison of Standard of Living Indices

A standard of living index has been constructed by taking arbitrary scores for different consumer durables .The index shows that 43.75% of return migrant households, 23.41% of migrant households and 57.79% of non-migrant households are on low SLI. Similarly 43.75% of return migrant households, 58.86% of migrant households and 32.43% of non migrant

households are on medium SLI. Moreover, 12.5% of return migrant households and 17.72% of emigrant households and 9.78% of non migrants are on high SLI. These figure shows that 76.59% of the migrant households are in medium or high standard of living index, 56.25% of the return migrants are on the same index and only 42.21% of the non migrants are in medium or high standard of living index. Here also the relative status of non-migrants is low compared to other group of households. Another point to be noted in this regard is that 43.75% of return migrant households and 23.41% of migrant households are still at a low SLI. The inference taken from this fact is that the main way of spending of remittance is for day to day living and the average family size of the sample is very high. We can conclude that migration in fact improved the economic condition of a major section of migrant community households otherwise they would have been also in low SLI.

As a conclusion we can say that non migrant households wealth and asset status are in a lower position compared to the migrant and return migrant households. The difference is very much evident in the case of income and landed property. The distribution of income and land is not in favour of non-migrant households in our sample. In the case of other indicators also the non-migrants are in a relatively lower status. There is some sort of economic division in the society between gulf people and others. But one point to be considered is that the higher income and wealth status bring about higher levels of spending and this creates multiplier effects in the economy. As a result, trade, commerce and infrastructure will get the necessary push to develop.

Conclusion

The analytical issues of contract migration are wide and multidimensional. In a single study it is very difficult to incorporate and discuss all issues involved. Each study has its own unique characters which prevents the use of whole analytical methodology. In our study with the assumption of certain factors constant we include the relevant factors to the maximum possible extent. From the sample survey we have conducted, it is seen that the economic impacts of contract migration to Middle East has both negative as well as positive impacts. The positive impacts are on various dimensions. The inflow of remittances and its impact on migrant households can be seen in the analysis. The income capability of migrants increased as result of remittances. The consumption, savings and investment out of remittances have created induced growth in the economy. The reduction in unemployment, creation of skills and relatives higher position in living standards is the other positive impacts in the economy.

The negative impacts are also many. The observed increase in land prices, wages and rise in the prices of essential commodities are some of the negative impacts. Most of the investments are in unproductive sectors like land and buildings. The economic division of the society between migrants and non-migrants as evident from the distribution of land, income, and assets among these groups of people is a major important negative impact of migration. However in spite of these negative impacts, the spending of remittances and the consequent increase in economic activity bring out beneficial multiplier effects in the economy which lead to growth and development of the society as a whole. The increase in prices and wages are indicators of the growth of the economy as suggested by various macroeconomic thinkers.

Notes and references

Here after the word migration in this article is referred to as contract migration

The oil exploration in the gulf region and consequent rise in construction activity in the early 1970's created large scale contract migration to the gulf region.

Aswani Saith has given an in depth study of methodological issues in the edited work of Rashid Amjad "To the Gulf and Back".

Deepak Nayyar has given a comprehensive account of the Indian experience of contract migration.

The cost benefit analysis is a planning tool; here costs and benefits are used in the word meaning by itself.

The district of Malappuram in Kerala state has specific socio economic and demographic features.

Like every other study based on household income data in this study also the fear people in revealing financial matters was a large hindrance.

The crude unemployment rate in the sample was calculated by the ratio between the jobless in the productive age group and the total people in the productive age group.

The Standard of Living Index of each household has been computed us-

ing arbitrary scores taken for various features of the households. The researcher followed the method adopted by National Family Health Survey India (NHFS-2) in 1998-99 by International Institute of Population Sciences (Mumbai)

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TRADE UNIONISM IN KERALA: TRENDS AND DEVELOPMENTS

Dr. T.V.Zacaria

Abstract

This paper is an effort to discuss the nature of trade union movement in Kerala. The growth of trade unions in Kerala was a part of national labor movement, which was an impact of world workers movement. However, the movement in Kerala has a unique history compared to other parts of the world. It was able to mobilize public support for the enactment of a series of labor legislations and thus to improve notably the physical quality of life of Kerala workforce. Meanwhile the vigor of working class in Kerala has taken another rather unfortunate turn, usually described as labor militancy that was marked as the prime reason for industrial backwardness of the state. The developments during the last three decades present the signs of fundamental changes in the working class behavior. Militancy seems to disappear. Contrary to classical Marxist theories on working behavior, class contradictions are likely to be replaced by class co-operation. The strong relationship between trade unions and political parties has become fragile. The disproportionate hold of organized sector over the unorganized or traditional segments seems to be the main reason for the growth of informal trade unions.

Trade Unionism in Kerala: Trends and Developments

As trade unionism in Kerala forms a part of national and international labor movements, any effort to study its origin, development and characteristic features would begin with a reference to those national and international developments, which induced the workers to form unions and associations for collective bargaining. Nevertheless, the movement in this state is unique for the way it influences the making of Kerala history. Its role in Kerala's industrial development has resulted in a mixed response. On the one side, it receives appreciation for a tremendous improvement in the physical quality of life of working classes. At the same, there are strong reservations regarding the militant behavior of the workers. Critics argue that Labor militancy is the main reason for the industrial backwardness of the state. The present paper is an attempt to understand the working class movement in Kerala with a special focus on its unique characteristic features. The paper is broadly divided into two parts. The first part presents a brief introduction to the idea and evolution of trade unionism whereas the second part discusses the major trends and developments in the working class movement in Kerala.

Trade unionism; An Introduction

The industrial revolution caused a number of structural changes in human relations. In the field of production, it completely changed the economic relationships that had existed in an agricultural civilization. The change in the production technique gradually culminated in the divorce between Labour and Capital. In addition to the working class, a new class of entrepreneurs also emerged along with the process of commercialization. The new polarization in the field of production during the period of industrial revolution induced the workers to organize associations for the purpose of maintaining or improving the condition of their working lives. The organizations of workers, formed in a particular trade or profession, to represent their interests and deal, as a group with employers are called trade unions (Webbs,1965)

The first person who wrote about trade unionism was Karl Marx. To him labor organizations are organized for resistance against capitalist oppression and exploitation. The birth of working class slowly led to the emergence of trade unions. Marx found labor organizations as an instrument to protect workers from Capitalist injustice such as unemployment, low wages or long hours of work and ultimately to abolish the system of wage slavery. Marx says "the political movement of the working class naturally has its

final aim the conquest of political power ... for this a previous organization of the working class is naturally necessary, which grows out of its economic force themselves”(Losovsky,1942). Obviously, Marx did not consider trade unions from a purely economic angle. He considered them as instruments for larger political struggle.

Contrary to Marx’s view, Lenin observed “trade union activity as an infantile disease of the working class and the faster they are cured of it the sooner they will reach adolescence and revolutionary maturity”(Macrids,1980). He believed that workers bargaining with capitalist through their trade unions would compel them to pay attention to improve their wages and them ‘economists’. George Bernard Shaw had also held more or less same view. In his work ‘Intelligent woman’s guide to socialism etc’ he said “trade unionists have no objection to the continuance of the capitalists method in industry, provided that labor gets the Lion’s share”(Subramannian,1967).

The neo-classical approach treats the trade unions as an offspring of Industrial revolution. They used to reject the argument of Karl Marx that the trade unions emerged in response to Capitalism. The Neo- classical thinkers like Clark Kerr, John Dunlop, Harrison and Myers hold more or less the same view. In 1960, Clark held that “industrialization everywhere creates organizations of workers, but they differ from widely in their function, structure, leadership and ideology”(Kerr,1960). Instead of international homogeneity theory of the classical thinkers, he stressed on the heterogeneous nature of international trade union movement. As a result, they observed five type of trade unions in the world namely-Dynastic type, middle class type, revolutionary intellectual type, colonial type and finally the nationalist type.

While the Dynastic type trade unions like to limit the union activity at the plant level middle class type seeks to expand the union activities among the people of ‘job control’. The latter also prefers the regulations on management at the local and industry level. The revolutionary intellectual type considers the workers as a ‘dependent class’. Here the trade union functions as the ‘agents of the government’ and ‘instruments of party’. The colonial type union tries to organize indigenou workers and participates in the freedom struggles against the colonial forces. Finally, the nationalist type trade unions stand for patriotism and national development. Here nationalism is the guiding principle and the union offers worker’s support in the industrial growth.

Based on the British experience, Sidney Webb and Beatrice Webb, famed historians of the British labor movement, jointly developed their the-

ory on trade unionism. Webbs defined trade unions as “a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives”(Webbs,1965) Webbs argued that industrialization caused the divorce between labor and capital, which in turn resulted in the emergence of working class, and hence trade unions. To them the trade unions seek to protect the workers from the evil consequences of industrial competition. Among Webb’s contributions to the labor movement, the concept of Industrial democracy deserves primary importance. In their book, ‘Industrial Democracy’ Webbs explains the emergence of trade unions and its functional aspect, collective bargaining as the democratization of industry. Moreover, the emergence of the concept of collective bargaining opened a new chapter of functional analysis in the history of labor-management relations.

As per the provisions of the Indian trade Union Act, 1926 a trade union is defined as “any combination, whether temporary or permanent, formed primarily for the function of regulating the relation (a) between workers and employers, or (b) between workers and workers, or(c) between employers and employers or for restrictive conditions on conduct of any trade or business. It includes any federation of two or more trade unions” (Trade Union Act,1926)

Trade Unionism in India

The waves of industrial revolution reached India, only in the second half of the 19th century with the expansion of Jute and Cotton textile industries. The first cotton mill in India was established in 1851 at Bombay and the first Jute Mill in 1855 in Bengal. To some extent, like in the case of western experiences, the industrialization resulted in the structural changes of Indian Society. The new class of workers migrated from Indian villages, were compelled to live in the midst of problems. Fortunately, contrary to the colonial policy of British masters, the Secretary of State appointed a Commission to study the evils of factory system of production in India. Based on the report submitted by this commission, the government of India passed the Factories Act 1881, which was the first step towards Labor Legislation in India (Mathur,1964).

The organizational history of Indian trade union movement started with the Bombay Workers Conference held in 1853. Narayan Meghaji Lokhandey, a social worker, was the main organizer of this first workers conference in India. It succeeded to adopt a petition demanding weekly rest, compensation for disablement and regular payment of monthly wages. Over 5000 workers, a cross section of Bombay working Class turned up to sign the petition. When the representatives of the workers finally pre-

sented this petition to the commissioner of factories, it became the first incident of collective bargaining in the history of Indian labour movement (Karnik,1966).

Later in 1864, Lokhandey himself organized Bombay Mill Hands Association, the first trade union in India. Though the association was organized for workers, it worked just like an organization for social welfare. It had limited qualities of a professional trade Union and served the social cause instead. During the next few decades similar type of associations were organized. The Amalgamated Society of Railway Servants of India and Burma (1897), Working Men's Institution, Calcutta (1905), Printers Union, Calcutta (1905), Postal Union, Bombay (1907) etc were the main worker's organizations of that time(Ibid).

The outbreak of First World War in turn resulted in the rapid growth of Indian industries. The increase in the demand for products caused more production and simultaneously more profits. Nevertheless, the wages remained more or less constant and due to the rise in the price level, the economic condition of the workers deteriorated day by day. It was in this crisis stage, B.P. Wadia, an associate of Annie Besant organized the Madras Labor Union (1919), which is regarded as the first modern type trade union in India (Arya,1985).

In 1920, the first national organization of trade unions- All India Trade Union Congress (AITUC) came in to existence. Though this event had helped the trade union movement to co-ordinate its nationwide activities, it in turn resulted in the institutionalization of Indian labor movement. The decades to come witnessed a process of crystallization leading to inter-union and intra-union rivalries. For instance, as an impact of the conflicts inside Indian National Congress, the Nagpur session of the AITUC (1929) end up in controversy. The moderate group walked out of the AITUC finding it impossible to accept the new policies, which were forced up on the organization by leaders who were pro-communist. This finally resulted in the formation of Indian Trade Union Federation (Later National Trade Union Federation), a new central organization of trade unions for the moderates. Later in 1931, the communists had also formed their own central organization viz. Red Trade Union Congress. Nevertheless, these two central organizations did not last for a long period. By the end of 1930's, once again, AITUC became the sole representative of Indian trade union movement(Karnik,1966).

The outbreak of Second World War created confusion within the national movement with an impact on trade union activities. The com-

munists under the leadership of M.N. Roy used to explain the war as an antifascist one and decided to support Great Britain and its allies. They also formed a new national organization of trade unions -the Indian Federation of Labour. Moreover, they carried out nationwide propaganda in favor of Great Britain. Whereas, Indian National Congress launched famous Quit India Struggle against British colonialism. The difference opinion between the nationalist and communist over the nature of Second World War gradually led to a vertical divide in Indian Labour Movement. Meanwhile the Delhi session (1947) of Indian National Congress decided to constitute a national organization of trade unions purely on congress line. As a result, the INTUC came in to the scene, which in turn resulted in a nationwide split of the Indian labour movement. The post independence period witnessed further divisions in the movement. This finally resulted in the formation of new central trade union organizations like Hind Mazdoor Panchayath (HMP), Bharathiya Mazdoor Saba (BMS), Center of Indian Trade Unions (CITU), the Trade Union Co-ordination Center (TUCC), United Trade union Centre (UTUC), National Federation of Indian Trade Unions (NFITU), National Trade Union Initiative (NTUI) etc (Ibid).

The post independence decades witnessed a series of labour legislations. However, it was the Trade Union Act 1926, which for the first time, recognized the right of workers to organize in trade unions for collective bargaining. The Industrial Disputes Act of 1947 was the main enactment of the post Independence period. The Act gave the power to the Government to refer disputes for adjudication to Industrial Courts. In addition, the act provided a permanent machinery of conciliation and adjudication. The other important legislations of this period were the Coal Mines Provident Fund and Bonus Schemes Act of 1948, the Coal Mines Labour Welfare Fund Act of 1947, Dock Workers Act of 1948, Employees State Insurance Act of 1948, Minimum Wages act of 1948, and Factories Act of 1948. In the fifties there were six labour Legislation Acts. Of these, the two notable Acts were the Employees Provident Fund and Family Pension Fund Act (1952) and Industrial Disputes (Banking Companies) Decision Act (1955). The sixties saw six major enactments like Payment of Bonus Act of 1965, the Maternity Benefit Act (1961) and the Personal Injuries (Compensation Insurance) Act of 1963. Industrial Disputes Act, Factories Act, Dockworkers Act, and Minimum Wages Act were the main Acts enacted during this period. "If these are spinal cord of labour legislation, its medulla oblongata is the Trade Union Act of 1926"(Pande,1974).

Trade Unionism in Kerala

Travancore Coir Factory Workers Union (TCFWU) was the first trade Union in Kerala. The union registered under the Travancore Trade

Union Act 1937 had represented 90 percent of the total coir workers in Aleppey. In 1938, the TCFWU launched a strike, for a special allowance, which was the first general strike in Kerala. The 26 daylong strikes finally succeed to achieve a special allowance of 6.25 per cent of basic wages. In addition to this economic achievement, the strike prompted the Travancore government to pass the Trade Union Dispute Act in 1938. Accordingly, the government appointed a Board of Investigation to conduct a detailed enquiry in to the trade disputes. As a result, the government constituted negotiating machinery known as Industrial Relations Committee to deal with problems connected with labour and management. This was a turning point in the history of working class movement in Kerala because it created a permanent system for collective bargaining. After the Independence, this Committee became tripartite in nature when the government nominees became a part of the process. Later years saw the tremendous growth of Kerala trade union movement into a powerful force with significant influence in the socio economic and political system of the state (Nair, 1973). Majority of the Unions in Kerala have affiliation with Central Organizations such as All Trade Union Congress (AITUC), Indian National Trade Union Congress (INTUC), Centre of Indian Trade Unions (CITU),Hindh Masdoor Saba(HMS), Bharathiya Mazdoor Sangh(BMS), United Trade Union Congress(UTUC) and National Trade Union Initiative(NTUI). Whereas some others are affiliated to regional organization of trade, unions like Swanthra Thozhilali Union (STU) and Kerala Trade Union Congress (KTUC).

Among the various studies on Kerala trade union movement, the work “the history of trade union Movement in Kerala” by Ramachandran Nair deserves special reference. It presents a comprehensive documentation of the history of the trade union movement in Kerala. To avoid unnecessary repetition, the present analysis is limited to those trends and developments, which are relevant to the subject matter of this study. Still these trends and developments constitute a vast area of information the discussion is specifically limited to issues such as labour militancy, social movement unionism, informalization, class co-operation and the issue of trade union-political party nexus. Labor Militancy

Labor Militancy is, perhaps the most controversial issue in the development discourse in the state of Kerala. The term labor militancy represents two divergent ideas. In the positive sense, it describes the qualities of a well-organized well- disciplined and a well-motivated trade union. It includes qualities like vigor, social commitment, sincerity, sacrifice, team spirit, fighting spirit etc. The advocates of this argument hold the view that it is with these qualities, the trade union movement in Kerala brought about

such a miraculous changes in the field of labor management relations. It was with the help of this fighting spirit of the working class, the common people in the state achieved many of its rights (Cherian, 2012).

Nevertheless, there is another argument that the 'trade union movements in Kerala, backed by political parties organized agitations and successfully pushes up wages and other emoluments of the labor employed in the organized sector'(Planning Board, 1999). The militant behavior of labor in Kerala has thus disturbs industrial production with the result that the comparative cost remains non- competitive and the region remained unattractive for industrial investment as compared to other parts. There are several stories exposing the negative mindset of the working class in Kerala. For example, the Workers at Indian Rare Earths Ltd near Kochi went on a strike protesting that the pappadams served with lunch at the canteen had shrunk in size.

The trade union leadership, particularly leftist leaders generally disagrees with this argument. They are of the view that the so-called labor militancy in Kerala presents an exaggerated image of Kerala trade union movement. They argue that there is a relatively higher degree of political awareness and mobilization among the working class in Kerala as compared to most other states in the country. The labor force in Kerala is more conscious of its rights. Presumably, there may be differences of degree in approaches in dealing with stiff-necked employers as compared to elsewhere. The workers in Kerala are generally capable of reacting favorably and performing well when led by a strong but sympathetic management.

Some labor economists hold a different view on labor militancy. Their argument is that the data on wage rate, labor productivity or industrial disputes does not support this thesis. Labor militancy, according to them, would naturally result in high wage rate, low productivity and higher number industrial disputes etc. A study on development experience in Kerala for a period of fifteen years (1971-86) ended with a conclusion that the industrial disputes in Kerala was on decline during the period. Similarly, the wage rate in Kerala was always below the national average. There was lag in labor productivity, which was attributed to the relatively low level of wage rate(Subramanian, 1990). The viewpoint builds its argument based on the data provided by the Central Statistical Organization (CSO).

Table 1: Wage Rate and Labour Productivity in Factory Sector

| Year | Kerala | | Tamil Nadu | | Karnataka | | All India | |
|---------|--------|-------|------------|-------|-----------|-------|-----------|-------|
| | WR | LP | WR | LP | WR | LP | WR | LP |
| 1970-71 | 1712 | 5296 | 2282 | 6623 | 2248 | 9283 | 2553 | 7444 |
| 1971-72 | 1705 | 5252 | 2408 | 6791 | 2452 | 9985 | 2762 | 7825 |
| 1973-74 | 2250 | 6394 | 3021 | 9048 | 3104 | 10367 | 3364 | 9943 |
| 1974-75 | 2523 | 8149 | 3663 | 11825 | 3635 | 12427 | 3826 | 12770 |
| 1975-76 | 2938 | 7843 | 4163 | 10776 | 3783 | 13309 | 4300 | 12783 |
| 1976-77 | 2875 | 8655 | 4166 | 12907 | 3807 | 14183 | 4357 | 14031 |
| 1977-78 | 2975 | 9981 | 4245 | 14335 | 4262 | 14220 | 4361 | 14663 |
| 1978-79 | 3978 | 12241 | 5116 | 16628 | 5113 | 22013 | 5355 | 16860 |
| 1979-80 | 4361 | 14920 | 5337 | 17134 | 5623 | 19978 | 5887 | 18222 |
| 1980-81 | 5024 | 16802 | 6034 | 19240 | 5917 | 19947 | 6524 | 19728 |
| 1981-82 | 5415 | 17783 | 6786 | 21685 | 6627 | 24093 | 7197 | 23838 |
| 1982-83 | 6390 | 22500 | 7501 | 25617 | 8300 | 26372 | 8155 | 26413 |
| 1983-84 | 7530 | 25342 | 8701 | 27868 | 10195 | 37343 | 9613 | 32696 |
| 1984-85 | 8566 | 33871 | 9193 | 34171 | 11444 | 34252 | 11093 | 34260 |
| 1985-86 | 10342 | 35566 | 10666 | 34900 | 12280 | 40782 | 12187 | 39982 |

Note: WR= wage per worker (Wage Rate), LP=value added per worker (Labor Productivity).

Source: Subramanian, K.K., Development Paradox in Kerala, Economic and Political Weekly, September 15, 1990.

The presence of labor militancy would naturally result in more number of industrial disputes. But the following table indicates that it was on decline.

Table 2: Industrial disputes in Kerala (1994-1997)

| Sl no | Particulars | 1994-95 | 1995-96 | 1996-97 |
|-------|--|---------|---------|---------|
| 1 | Number of dispute pending at the beginning of the year | 5324 | 4861 | 3303 |
| 2 | Number of dispute that arose during the year | 6155 | 5874 | 5274 |
| 3 | Number of disputes handled during the year(1+2) | 11477 | 10740 | 8577 |
| 4 | Number of disputes settled during the year | | | |
| | a) By voluntary negotiation by the parties | 2725 | 2381 | 1340 |
| | b) By conciliation | 1611 | 2017 | 1829 |
| | c) By withdrawal | 1787 | 2538 | 2150 |

| | | | | |
|---|---|---------|---------|----------|
| | d) Referred for arbitration | 0 | 0 | 0 |
| | e) Referred for adjudication | 493 | 501 | 447 |
| | f) Total number of dispute settled | 6616 | 7437 | 5766 |
| 5 | Number of disputes pending | 4861 | 3303 | 2811 |
| 6 | Number of disputes led to | | | |
| | a) Strike(including pending previously) | 50 | 23 | 26 |
| | b) lock outs(including ending previously) | 32 | 36 | 27 |
| | c) Total (a+b) | 82 | 59 | 53 |
| 7 | Number of workers affected due to | | | |
| | a) Strike | 41230 | 21224 | 20063 |
| | b) Lock out | 17068 | 14861 | 14313 |
| | c) Total(a+b) | 58298 | 36085 | 34376 |
| 8 | Man days lost | | | |
| | a) Strike | 1265380 | 561283 | 185223 |
| | b) lockouts | 1836990 | 1807195 | 12575530 |
| | c) total | 3102370 | 2368678 | 1433352 |

Source: (*Ibid*)

The labor policy documents issued by the LDF Government (2006-2011) led by V.S Achuthandan draws special attention in the sense that it contradicts with the generally accepted perceptions of mainstream left on labor militancy. It reads,

“It is a fact universally acknowledged that one of the impediments to the growth of investment in Kerala has been the poor image still subsisting from the years of Kerala’s labor militancy. Even though this appears largely a thing in the past, this residual perception hampers industrial development. We are in an era when the various states and regions are in intense competition for attracting investment. The states youth have paid a heavy price because of inadequate employment creation arising from the very low levels of investments in Kerala. Given the relatively high knowledge levels, skills and adaptability of the worker in Kerala, labor should be projected as positive factor while considering Kerala as an invest destination. Hence, government would endeavor to promote ideal employer - employee relationship and to curb undesirable practices and adversarial labor relations through suitable legislation, through conscientization, awareness raising and appropriate administrative interventions”. It further added that all ‘restrictive practices including intimidation, “gherao”, harassment of managers and their families, and extortion of any kind shall be treated as a criminal offense and dealt with accordingly’(Labor Policy- 2010, Government of Kerala).

Political Party-Trade Union Nexus

Another interesting peculiarity of Kerala Trade Union movement is its close relationship with political parties. There are mainly three important dimensions in this relationship. Firstly, it exposes the plan of political parties to use the trade unions for their ideological purposes. Here the trade unions naturally would become the feeder or auxiliary organizations of political parties. For example, the communist parties look at the trade union movement as instruments of class revolution. The CPIM document on trade union movement seems to support this argument. "For the Marxist-Leninist party, the tasks on the trade union front is do not compromise only the tactical line of running the trade unions, as organs of daily struggle for the effective defense of the economic interests of the working class under given conditions. While defending the daily interests, they aim at organizing a disciplined working class, with revolutionary consciousness, drawing it nearer the party, with its best elements joining the party in hundreds enabling the class as a whole to play its historic role in the revolutionary struggle"(CPIM Review on trade Union Front, 2002).

Secondly, the trade unions in Kerala have developed a culture of associating themselves with political parties for better leadership and eventually better bargaining power. Thirdly, the political parties may like associations with trade unions for electoral purposes. The support of workers, whose votes along with those of their family members and sympathizers may account for a sizable democratic force to reckon with.

The main allegation against AITUC, the first central trade union organization was that the communist had an upper hand in the organization. These ideological conflicts induced various political parties to form their own trade unions. In 1944, the supporters of Indian National Congress in AITUC formed Hindustan Mazdoor Sevak Sangh (HMSS). Mahatma Gandhi himself was in favor of this decision. To quote him,

"The Hindustan Mazdoor Sevak Sangh will guide the activities of all congressmen, who engage themselves in Labor work. The Sangh will provide for the training of congressmen desirous of taking up trade union work. The Sangh will have its provincial and local branches to guide the work of congressmen occupied in the labor movement in particular areas. The Sangh will exercise influence on the labor movement through its members, working in the various unions. It will not directly handle trade union work. The Sangh will introduce a membership pledge to ensure quality of its membership" (Ramanujan, 1986, uncorrected quotation).

Nevertheless, this idea did not flourish as expected by the party leadership. It was in this context the HMSS made a fresh call for a frank appraisal of the the existing situation and for taking necessary steps to protect and promote the interests of both working class and the country. Consequently, a two-day session of HMSS was held on May 3, 1947. In his Presidential address, Sardar Vallabhai Patel said:

“The debt that the AITUC owes to the congress is immense. Many eminent Congress leaders were associated with the AITUC for several years from the beginning. of the prestige that it now enjoys arose from its association with such congress leaders as Lala Lajpat Rai, C.R.Das, Pandit Jawaharlal Nehru, Netaji Subhash Chandra Bose and others, who have been its Presidents on various occasions”(Ibid). Gunzarilal Nanda further explained the reason for the formation of a new trade union with an affiliation to India National National congress. To quote Gunzarilal Nanda, Secretary, HMSS,

“The policies pursued by the AITUC under communist leadership which functions in its name, stand in sharp and total conflict with our aims. Their ways threatens the security and welfare of the community and are inimical to the best interests of the workers themselves. The bulk of the working class is opposed to the political philosophy of the communists. This is amply borne out by the results of the election to the legislative Assemblies in the country from the various labor constituencies. The workers have had enough of the loss and suffering which are inseparable from methods adopted by the communists in dealing with the difficulties of the working class. But the presence of congressmen and others in AITUC in subordinate association with the communists creates the wrong impression that the present policies and the leadership of AITUC reflect the mind of entire working Class. The urgent need of the moment is, therefore, to provide machinery for coordinating the scattered forces of those who are in fundamental opposition to the communists, in their approach to labor matters” (Ibid).

It appears that the traditional communists had used the trade unions for political purposes. They treated the trade union as an auxiliary organization of party. They always opposed economism for making them the driving force in the process of revolution. The Communist advised the workers to involve in the socio-economic-political life of the country (EMS Nambuthirippad, 1988).

It seems that there is a change in the attitude of communists towards the trade union movement. EMS Nambuthirippad, communist ideologist from the state of Kerala, mainly argues for this. In a conference organized

by Non-Gazetted Officers Union (NGO Union) held at Thiruvananthapuram, he denounced the manner in which the political parties manage trade unions. He called upon for a new political culture where the trade unions would no longer remain as a pocket organization of political parties. He said that the system prevailing in Kerala virtually would destruct the unity of working class. Inter union rivalries would weaken the collective bargaining power of the working class. Therefore, he emphasized the immediate need for disaffiliation. These arguments stood contrary to that of the traditional Marxist who firmly advocated for a strong relationship between the party and the trade union. (Malayala Manorama, 2 October 1992)

Narasimha Reddy attempts to study the impact of political party-trade union nexus on bargaining power with the help of a case study of government employee's strike in Kerala. The government employees in Kerala went on a strike in 1971 for interim relief. To begin with, various organizations of the government employees and teachers in the state independently raised the demand for interim relief. The state government paid little attention to this, which finally resulted in the formation of a Joint Action Council (JAC). As negotiation failed, 0.33 million non-gazette officers, teachers, and the staff of local self-governments went on a Strike. The government retaliated to the strike mainly in two ways. Firstly, it decided to organize public rallies and demonstrations to turn the public opinion against the strike. Secondly, it decided to "bring round service organizations over which the alliance parties had control or influence". The latter idea was applied as the major strategy to deal with the situation. Accordingly, the state unit of the communist party of India, to which belonged the chief minister, held talks with the joint council of service organizations, over which it had a hold. The other ruling political parties like Congress (R), RSP and PSP pressurized their auxiliary unions to support the government. All these finally resulted in the disintegration of the Joint Action Council. "By the end of sixth day of the strike, the entire bargaining power matrix had changed. The JAC, which launched the strike with a formidable bargaining power, was reduced to a weakling. The government emerged with redoubtable bargaining strength" (Reddy, 1992). There was a very steep fall from the original demand by the employees while the concessions given by the government were marginal. The conclusion of the strike virtually exposed the vulnerability of Kerala trade union movement in the context of political party-trade union nexus.

The experience in Gwalior Rayons Factory at Mavoor near Calicut was also more or less same. As soon as the company started production in 1960, the workers formed their first trade union called Gwalior Rayons Factory and construction workers union (affiliated to pro-CPI AITUC). Later, workers loyal to Indian National Congress joined and formed the Gwalior

Rayons Employees Union (affiliated to INTUC). The split in the Indian communist movement (1964), was also reflected in Mavoor trade union movement. The CPI (M) loyalist left the AITUC and formed the pro-CI-TU Gwalior Rayon pulp and Fibre workers union. During 1970's five new unions entered in to the scene. The national level split in the Indian National Congress (1969) induced a group of INTUC workers to organize the Gwalior Rayons Labour Union affiliated to pro-congress (0) INLC. Later influenced by the second national level split of the Congress party (1978), the Indira loyalists formed the Gwalior Rayons pulp and Fibre employees Congress affiliated to INTUC (I). Similarly, the split in the Muslim League led to the formation of Gwalior Rayons Pulp and Fibre Factory Thozhilali Union (Pro-AIML). With the formation of Gwalior Rayons Organization of workers (GROW), the number of trade unions rose to 13.

Table .2: Proliferation of Trade Unions in Mavoor

| Year | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 |
|--------------|------|------|------|------|------|------|------|------|
| No of Unions | ---- | 04 | 06 | 09 | 11 | 13 | 10 | 10 |

Source: Information collected from AITUC office, Mavoor.

The issue of ‘Class Co-operation’

It seems that the nature of the working class movement in Kerala, unlike the trade union movement of the past, is now increasingly leaving out its materialist class content. There lies a fundamental distinction between the traditional trade unions and the emerging workers movements. The former emerged from the class paradigms in the sense that they used to have class-consciousness. Their movements were class movements and struggles were class struggles.

According to Payyappilly Balan, a prominent trade union leader from Aluva, the industrial capital of Kerala, it was the introduction of contract system, which paved the way for class cooperation. Workers participation in factory management in turn resulted in an unholy alliance between the trade unions and the management (Balan Payyappilly, 1976). While analyzing the reasons for the unconditional surrender of working class in Mavoor (The workers at Grasim industries Mavoor went on a strike during 1985-89, which continued for a period of 39 months), K.T Ram Mohan and K. Ravi Mohan described the trade unionism in Mavoor as “collaborationist kind of trade union Leadership”. There was a wide spread realization among the workers that the trade union leadership in Mavoor and the factory man-

agement were in co-operation. (Mohan ,1988). This co-operation was also visible in Plachimada, where the trade unions provide all possible assistance for the smooth functioning of the soft drink the factory.

The trade union movements were “oppositional and antagonistic to the capitalist employer and cherished a revolutionary zeal. An antagonistic class separation clearly divided the workers and the capitalist owners. In the contemporary setting, the material content and the class consciousness of the working class is lost: it is not struggling for class revolution, nor does it treat the employer as the class enemy”.(Rajendra Singh,2001) . French Scholar Andre Gorz’s has made a similar reference in this work “farewell to the working class”. He is of the opinion that the rationalization process in industry would result in a reduction in the socially organized work. The decline of industrial employment thus would minimize the role of working class in the social discourse (Andre Gorz, 1982). George Bernard Shaw’s prediction about working class behavior seems to be relevant here. In his “intelligent woman’s guide to socialism etc” Shaw said, “ trade unionist have no objection to continuance of capitalists methods in industry, provided that Labor gets the lion share”(op.cit., Subramanian 1967) . Lenin had foreseen the danger of class co-operation. He observed, “Trade union activity as an infantile disease of the working class and the faster they are cured of it the sooner they will reach adolescence and revolutionary maturity” (op.cit., Roy, 1980). He was of the opinion that workers bargaining with capitalist through their trade unions would compel them to pay attention to improve their wages and benefits.

The document on trade union activity adopted by the central committee of CPIM has noticed a decline in the party membership among workers, which could be analyzed as an indirect reference to class co-operation. It reads, “despite the number of struggles conducted by the working class over the years, the progress in this respect is not satisfactory in the strong states (Kerala, West Bengal, Tripura, Tamilnad and Andhra Pradesh) and in most of the weaker states, there is no progress and in several places deterioration. One major reason for the lack of increase in party membership from the working class is the crisis in the industrial situation, with closures, retrenchment, VRS and ban on recruitment having their impact. But even where the work force exist and our trade unions work among them, the party membership is in no way commensurate to our work and influence” (op. cit., CPIM , 2002).

Informal trade unions in Kerala

Informalization in Indian trade union movement appears as a response to the inability of traditional trade unions to accommodate the new generation workers in the unorganized sector. Hence, it is a response to the overall changes in the employment structure and management practices caused by the waves of globalization. Nearly 92 % of the total workforce in India belongs to unorganized sector. Agriculture and allied occupations remain as the single largest employer of the Indian work force, about 99 % of which are in the unorganized sector. Similarly, 98% of the workers in trade and commerce belong to unorganized sector. In the manufacturing sector, this is amounted to 75%. The main limitation of the Indian trade union movement was that 70% of its membership was confined to the organized sector, which constituted only less than 10% of the total workforce. (Mohanthy, 2009)

The ushering in of neo liberal economic reforms in 1991 further deteriorated the conditions of Indian labor force. Indian government began to withdraw support for labor. It also opened up the economy according to the dictates of global capital. There were loud cries for labor flexibility, a euphemism for labor deregulation. The public sector began to shrink, employers could fire workers and closure more easily, and contract workers could replace permanent workers. Unions face tremendous pressure to increase productivity, which in reduced job growth. With the government's gradual withdrawal from the interest of labor, traditional trade unions that have relied on political support began to face new crises. Privatization, contract labor, anti unionism, growth of multinationals, and overall changes in employment structure and management practices threw open a whole set of new problems for Indian workers and their unions. The unorganized sector grew as organized sector regular employment began to be replaced by contract labor. It seems that those employed in the unorganized sector are the most vulnerable sections in society-woman, Dalits, and migrants. They found traditional unions as male dominated and upper cast. It is in this context, the informalization has become a trend in Indian trade union movement, mainly manifested in the form of independent disaffiliated unions, Workers cooperative societies and trusts, community bases trade unions etc.

The emergence of independent unionism in Ernakulam area in 1940's was the first step towards informalization in the history of trade union movement in Kerala. They stood for two principles; non-affiliation to political parties and the principle of one industry one union. However, this experiment did not survive. Another significant development in this direc-

tion was the formation of Gwalior Ryons Organization of Workers, popularly known as GROW, at Grasim industries, Mavoor. Though GROW was formed in 1983, its history could be traced back to 1978. The trade unions and the factory management had signed a long-term agreement in 1978 in which it was provided to absorb over 1400 contract laborers as reserve workers. Accordingly, they were provided 13 days work in a month. As in the case those statistics, 33% of the employed workforce who live below poverty line, the reserve workers in Mavoor found themselves as victims of under employment. Whereas the management, which had agreed to abolish contract system, resorted to award, fresh works to the contractors. Paradoxically some of the traditional trade unions supported the contract system and many of them used to take contract work. The management also played its role well and took care to award as many contracts to these leaders or their relatives. In short, the work, which could be given to the reserve workers, was allotted to the contractors. In addition to this, those permanent workers who were frustrated with the collaborationist style of trade union leadership also played a role in the formation of GROW. A Vasu, a former naxalite leader and a well-known social activist working for the benefit of workers in the informal sector was the founder leader of this new union. Moieen Bappu; a social activist with a Muslim identity and Islamic ethos found himself a part of this movement. It is a generally agreed fact that this informal union was able cut across the sectarian barriers put up by the traditional trade union organizations in Mavoor, particularly in the final stage of agitation to reopen the factory, which remained, closed for period of 39 months due to the so-called labor dispute (Vasu, 2011) .

Conclusion

Although the trade unionism in Kerala originated and developed as a part of national and international labor movements, it seems to have some unique characteristic features. As a platform for collective bargaining and instrument of industrial democracy, it is success in working as the main catalyst of improving the physical quality of the life of Kerala workforce. Labor militancy seems to be main limitation of Kerala's working class movement. In spite of the fact that Left movement in the state has pro worker attitude, the policy declarations of LDF governments, found endorsing the presence of militancy. However, there are serious studies that the picture of labor militancy is a kind of fabrication. The trade union-political party nexus is another unique characteristic feature of trade unions in Kerala. More than association of workers for collective bargaining, they work as the auxiliary organizations of major political parties that cause growth of dissatisfaction among the workers and formation of informal trade unions. The gravity of Class conflict seems to loosen and replaced by a new trend popularly known as class collaboration.

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THE IMPACT OF EMIGRATION ON CONSUMERISM IN KERALA

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Abstract

The present paper is an attempt to examine the role of emigration in shaping consumerism in Kerala. Required data for the study were collected from selected areas of Malappuram, a district which has highest concentration of emigrant population. The effect was verified in the light of data on income, consumption expenditure and durable stock of respondents. The study showed that emigration, through its direct and indirect effects, played a crucial role in nurturing and shaping consumerism in the state. The facts found are indicative of the consumerist tendency that prevails in the society irrespective of level of education, religion, rural-urban divide or differences in the level of income.

I. Introduction

Kerala is generally regarded as a consumerist state. The term consumerism is used to denote the irrational behaviour associated with consumption and spending practices that prevail in the state. The phenomenon of consumerism grew in its magnitude and entered into new dimensions. It has emerged as a social malady that extends its claws to every walk of human life. The new culture that it has brought about is supposed to have far-reaching effects on the sustainability of the economy. This phenomenon has specific relevance in the context of Kerala and that invites the concern of administrators, policy makers and social scientists. Chalking out programmes to counter the adverse fallouts associated with the problem necessitates a detailed study of it.

There are various factors that contributed to the emergence of this situation in the state. This shift in consumption pattern had been argued as geared by new technologies and propelled by emerging outlets for selling new goods. The deliberate attempts and persuasive efforts of producer-adviser front presented an added momentum to the phenomenon. The sophisticated technology, media and new global apparatus together worked successfully in creating a new consumer culture throughout the world. A number of studies in the context of Kerala have taken up the issue of Gulf migration. A major hypothesis emerged from these studies is that there exists a strong relation between emigration and consumerism in the state. However, there is hardly any attempt to examine the how emigration exerts its profound influence in shaping and nurturing consumerism in Kerala. The present study is embarked in that direction relying on the data collected from three selected areas of Malappuram, the district which is found to be one of the largest contributors of the emigrant population to the state and is standing ahead among the districts as the second largest recipient of the remittances.

This paper is arranged into four sections. The second section looks into the changes in the consumption pattern of people as a whole and trying to integrate the trend with Kerala economy. Third section is devoted towards a frame-work that makes a link between emigration and consumerism in Kerala. The last section offers concluding remarks.

II: Consumerism in Kerala

‘Consumerism is the cultural relationship between humans and consumer goods and services including behaviour, institutions and ideas (Martin, 1993). It is economically manifested in the chronic purchasing of new goods and services, with little attention to their real properties. Consumer-

ism creates an artificial quest for things with little regard for the true utility that they have. Accordingly, it generates a desire for anything which is new, modern, exciting and fashionable. An intended consequence of this is to accelerate the discarding of the old, either because of lack of durability or because of a change in fashion. At this phase of the consumption pattern, the consumption basket was seen to have enlarged drastically with the inclusion of a number of non-essential items and highly expensive products.

The state of Kerala is unique in many respects. This uniqueness has had its own repercussions on various sectors of the economy. The peculiarities the state exhibited have invited worldwide attention and, its nature as well as consequences has been the subject of wide discussions. As theories suggest, in the case of an economy, the process of economic development proceeds through certain definite path from primary to secondary sector and then to tertiary sector. Departing from this accepted principle, the state of Kerala followed a distinct form in the process of its development also i.e. development of tertiary sector bypassing secondary sector (Pillai & Shanta, 2005; Kannan, 2005; Chakraborty, 2005; Mohan and Shyjan, 2007). In its course, the state exhibited the social indicators of a well-developed region simultaneous with the poor performance in the economic indicators. Consumerism might be considered as one distressing phenomenon that crept in to this development model.

Kerala is found to be the surest market for the goods produced anywhere in the world Keralites are fascinated by consumer goods, vehicles and durables. The modern varieties of vehicles produced anywhere in the world could be seen on the roads of Kerala. The new items of luxurious foreign cars can be found in the cities of Kerala on the very day its advertisement appears in the television channels. In the housing sector, one might have observed the thorough changes that occurred in its very concept and the new trend that has set in. The shelter needs of the people have changed with newer trends from dwelling places to palatial houses and again to pleasure resorts. Similarly, in the business sector, we may observe that shops are replaced by super markets as well as shopping malls that have become the dream world of material luxury. The housing and shopping practices that society follows are indicative of the consumerist culture prevailing in the state (Nair, 1986; Sooryamoorthy, 1977; Zachariah, et.al, 2003).

III: Emigration & Consumerism: A framework

Emigration: Kerala had contacts with various parts of the world from time immemorial. These ancient contacts were mainly commercial. But, they played an important role in the formation of a Kerala culture which

was a symbiosis of various religion and ideologies . These contacts had its own influence on the culture and behaviour of the people. The end of trade relations with Arabs and Egypt, and the beginning of new relations with Europe was actually the opening up of a new epoch in the economic history of Kerala. This new relations has resulted in the spread of Western culture and luxury goods in the state.

Kerala society experienced drastic changes in its socio-economic environment due to large scale migration. Gulf migration began on a large scale from the year 1973. The total number of persons working abroad was 1.35 lakh in 1977. The figure rose gradually to 2.08 in 1980, 9.57 in 1987, 13.6 in 1999 and reached up to 18.4 lakh in 2004.

The number of non-resident Keralites (NRKs) was 27.3 lakh in 2004 (Zachariah & Rajan, 2004). Out of the total emigrants in 2004, 90 percent was in Gulf with a majority in UAE and Saudi Arabia. Large-scale migration resulted in huge inflow of remittances to the Kerala economy. 'Among the different states in India, Kerala occupies a unique position as the largest recipient of foreign remittances from residents abroad' (Nair & Pillai, 1994). During the seventies, the annual remittances to the state were calculated to be somewhere between 4 and 5 billion rupees (Sooryamoorthy, 1977). The remittances to the Kerala economy started assuming significance from the early eighties, when the share of remittance in state income ranged between 9 to 14 percent. Since 1991-92, the share increased to 17-24 percent with an average of 21 percent for the period (Zachariah et. al, 2002). Total remittances for the year 2004 were 18,465 crores which was 22 percent of net state domestic product.

One of the inevitable consequences of emigration is the substantial increase in the disposable income at the household level. This increase has had considerable impact on the consumption pattern of Kerala households (Zachariah and Rajan, 2004). An increase in the availability of disposable income of families can naturally lead to a corresponding change in the life style of the people.

The remittances thus accrued to the state have gone mainly to sustain increasing levels of consumption, acquisition of consumer durables and purchase of construction materials. The impact of Gulf migration and subsequent foreign remittances on consumption patterns of 'malayalies' is seen to be more severe than in any other region in India. The impacts of emigration on consumerism may be divided into two groups as direct and indirect. The changing life habits and spending spree associated with the increase in income may be included in the first part. The behaviour of emigrants and

their relatives are shaped under the influence of the life habits at the destination. The latter includes the emulative behaviour especially among non-migrant families. Such behaviour is often facilitated by the waves of income which also is the offspring of emigration.

Direct effect: some evidence

The study by Nair and Pillai (1994) found that the consumption level in Kerala, which remained lower than all India average till early 1970s, steadily improved and exceeded the national average by 1983-84. Zacariah and Kannan (2002) pointed out that per capita consumer expenditure in Kerala is one of the highest among Indian states since the mid-eighties. It is observed that the expenditure incurred on every item of consumption by migrants' households has reached three times that of the non-migrant households (Gulati, 1993). Regarding the consumption behaviour of families of emigrants, Sooryamoorthy (1977) observed that the changes in spending behaviour were conspicuous and it was characterized by consumer expenditure at a higher level than their income and erstwhile pattern of consumption.

Migration has also resulted in considerable increase in the number and variety of household consumer durables possessed by households of migrants. Consumers got chance to be exposed to new consumables. As a result, durables of various kinds gained some social appeal and consumers began to display a fancy for them. A study by Zachariah and Rajan (2004) has found a significant contribution of emigration towards possession of consumer durables. The survey they conducted among migrants has shown a remarkable growth in the possession of items like TV, Telephone and refrigerators. Sharp increase has occurred in the number and variety of consumer durables in households of Kerala in recent years. It is widely believed that this increase is associated mostly with the increase in the number of migrants. The study by Zachariah et.al, (2003) observed that consumer durables of the latest vintage has become available within the state itself and so households with migrants abroad and high disposable income at home tend to buy more of them. Increase in household income, exposure to the use of these goods at the destinations and sheer necessity of labour saving appliances in the changing social and demographic set-up are the factors that contributed to the rising demand for consumer durables in the households of migrants. The study demonstrated the effect of migration on the possession of household consumer durables in two ways. First, the study showed that the incidence of possession of household consumer durables is much higher among the migrant households compared to that of the non-migrant households. Secondly, a comparison of emigrant households among themselves by the duration of emigration has shown a positive association

between possession of household consumer durables and duration of migration.

Housing is another important sector in which emigration seems to have had a significant effect. Emigration has a significant effect on the quality of houses as well as their sizes. It also contributed significantly towards the fittings and furnishings such as electrification, toilet facilities and cooking fuel. The study by Zachariah and Rajan (2004) found that about 58.3 percentage of the houses of the Non-resident keralites (NRKs) in 2004 were either 'luxurious' or 'very good'. The corresponding proportion was only 17 percent among the non-NRKs. Sooryamoorthy (1977) has noticed extravagance of emigrant families in spending, especially on constructing elegant mansions and on luxuries. Massive expenditure in housing sector contributed towards consumerism in another way also. Housing expenditure caused a remarkable rise in the wage of labourers. A hike in their income has improved their living conditions followed by an increase in the consumption level.

An examination of these facts suggests that remittances are used mainly to acquire a variety of consumer goods as well as land and houses, vehicles and household accessories. These findings substantiate a strong positive relation between remittances and consumerism in Kerala. As Zachariah and Rajan (2004) observes: "With the increase in remittances and the consequent increase in disposable income at the household level, consumerist tendencies have reached alarming proportions in Kerala. People back home have no qualms to spend money earned by their relatives abroad on festivals and celebrations, on ornaments and jewellery, on costly apparels and various other items of conspicuous consumption. Rabid spending was reflected most in housing, acquisition of modern household gadgets and fancy household durables".

Migration and constant contact with the outside world have changed the society in such a way that opportunities and environment enabled them to consume things without any restrictions. Educated elite showed their inclination in taste towards western style, dress and housing. In due course, consumption became the yardstick to gauge one's socio-economic status. In order to secure a better social standing, people resorted to consumption on par with others. Accordingly, consumption of things which bear a demonstrative and luxurious appeal earned acceptance in the society. The modern individual within consumer culture is made conscious that he speaks not only with his cloths, but with his home, furnishings, decoration, car and other activities which are to be read and classified in terms of the presence and absence of taste (FeatherStone, 1987). People's propensity to consume

luxury things continued with the transformation of society, and the conducive environment which set in helped them to increase luxury consumption leading to consumerism.

Emigration has also played very positive role in bringing about a broader distribution of income and wealth in the society as also ensuing social mobility. The broader the distribution of income and wealth, the wider is the opportunity it offers for consumerist behaviour. Social mobility gives ample scope for consumerism since the individuals may resort to this behaviour in order to gain recognition of aspirant groups and to identify themselves with them. Emigration, through contributing required spectators and audience respect, has created favourable atmosphere for consumerist game.

Indirect Effect: Evidence with respect to emulation

Emulation, whose existence and persistence have a direct link with emigration, plays an important role as a decisive factor of consumerism. It oils its pace and determines its extent. Emulation has been considered a way of achieving status in the society. It is proposed that those in the lower echelons of society sought to emulate the life style choices of the upper and middle classes through fashion, travel and food tastes (McKendrick et al., 1982 cited in Mansvelt, 2005). By emulation, new consumers sought to demonstrate their worth and class in the society. Accordingly, the consumerist society of Europe provided a model for other regions to imitate. Keralites, who had a long-standing contact with outside the world, have started to imitate the life practices of such consumerist societies.

In order to indicate their power and status as well as their difference from others wealthy people engaged in conspicuous displays and practices of consumption. The act of emulating such group nurtured a race between upper classes that used to distinguish and immediate lower classes that used to chase through imitation. Gulf migrants, on their return, brought home modern gadgets of high quality and luxurious appearance which caused sensation among the population. As a result, possession of durables has become a craze and people used to accumulate their earnings to purchase foreign gadgets. The absence of major consumer goods industries in Kerala doesn't seem to be putting any restraint on the consumption habits of Keralites. Rather, it offers a viable market for the things manufactured in other parts of the country and elsewhere.

Housing and its premises are the major source of emulation in Kerala society. The rich, with their fortune, went on outdoing others and the mid-

dle as well as the lower income groups tended to emulate them quickly. Multiplicity of huge houses and mansions found throughout the state may be the offshoots of this behavioural pattern.

Emulation and outspending behaviour were also explicit in the costly materials used for the flooring of the houses. Leaving traditional materials in its antiquity, modern materials came into prominence, that too with a chase for the ultra-modern. Another mode of emulation we found is in the case of furnishing of the houses. Ornamental fittings, flooring carpets, decorating rooms with costly wooden furniture and installing air conditioners, etc. are certain modes in this regard. Marriages, festivals and receptions are some other major areas where spending extravaganza is very extensive indicating emulative behaviour.

IV: Concluding remarks

The present study looked into the impact that emigration has exerted in nurturing and shaping consumerism in Kerala. The findings on the consumption practices, stock of durables and purchasing behaviour of Keralites are indicative of consumerist behaviour in this region. The observation has substantiated a strong positive relation between emigration and consumption expenditure of people in the study area. Based on this study, it could be concluded that emigration through its multitude of actions has brought about thorough changes in Kerala society that culminated in the formation of a new consumer culture in the state.

At certain times, emigration offered massive employment opportunities and a better source of income for the people and, so to be an emigrant was an aspired goal of Keralites. Now, the situation is not so favourable since the opportunities are dwindling day by day, especially for the unskilled labourers. The situation raises certain serious questions to be addressed with proper frame. Whether consumerism is a sustainable practice in the state? Can the present tendency be allowed to grow uninterrupted? What are the serious damages that consumerism may bring about on the economic and social life of Keralites as well as on environment? If opt for containing the tendency, what shall be the focus of policy measures?

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