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## Migration to gulf countries and its impact on socio - economic development of rural areas in Meerut, UP

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### Abstract

This paper will highlight the potential of migrants as economic and social change agents in their home countries as well as in the countries of their residence. It will discuss the capacities and capabilities of migrants and evolving patterns of their linkages and engagements with their homeland and other countries. This paper will review the impact of migrant's remittances on the social and economic development of rural areas specifically in Meerut district of Uttar Pradesh.

**Keywords:** Migration, remittances, diaspora, FDI, GDP, rural development, socio-economic development

### Introductions

In historical perspective, migration of labor across national boundaries is not new to India. In the present globalized world, migration of people from one country to another for employment has become a common phenomenon of a country that ultimately results in poverty reduction, social empowerment and technological Migration accompanied by remittances positively contributes to the overall economic development progress, being the largest recipient of remittances in the world, India has well enjoyed these benefits during the last three decades. Throughout the 1990s, the inflow of remittances counterpoised the deficit in trade of merchandise to a large extent. These receipts have also served as one of the least volatile inflows in either the current or capital account of balance of payment. Indian migrant's remittances have been playing a very important role in India's economic development at macro and micro level. The global economy may not be on the most solid ground, and low oil prices might be hurting the Diaspora, yet India was still the world's top remittance receiver in 2016. According to World Bank, India received \$62.7 billion in remittances in 2016, just ahead of China. The scale of Indian remittances despite a drop remains huge. A simple way to understand this is to compare it to the amount India received in Foreign Direct Investment in the same period. Though remittances have declined in the last two years, they still amount to nearly \$20 billion more than FDI in 2016.

### Migrant Remittances and its Role in Development

Migrants Remittances play a very important role in India's economic system, individual households and business. Since 2009, the World Bank has acknowledged the importance of remittances by including them in its measure of creditworthiness, allowing nation with high remittance level to borrow more money than they otherwise could. The proportion of remittances to the GDP through inward remittances account is just 3% in India. But, at a sub-national level, remittances play an important role. Take Kerala, which receives the lion's share of its remittances from the Gulf region. Remittances account for over 36% of Kerala's state domestic product and contribute significantly to household consumption.

That apart, remittances provide a cushion in times of higher trade deficit, provide much needed Foreign Exchange. Remittances are more stable and reliable form of Foreign Exchange earnings as compared to Foreign Direct Investment. They act as a blessing for a country's financial development their frequency and magnitude inspires migrants workers to increase the volume of funds they remit. As per External Affairs Ministry data, nearly 85 lakh Indians work or reside in GCC countries Close to 35% of net remittances to India flow in from the GCC. Uttar Pradesh, with over 62,438 persons, tops the Gulf migrants list, followed by Bihar (50, 247), West Bengal (25, 819) and Tamil Nadu (24, 003). Number of Gulf migrants from Kerala has reduced considerably over the past few years.

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In broader terms, gains from remittances can be realized at both the macro level effects on the national economy and the micro level effects on recipient region and households. Undoubtedly, much of the developmental impact of remittances depends on the magnitude of its value and how productively the receiving economy and households use it. At the macro level, the most direct and significant impact of remittances is on the volume of foreign exchange reserves. As they are part of balance of payment account, the increase in remittances can reduce its deficit, which creates conducive environment for foreign investment in the country. Additionally, it also solves the financial constraints faced by many small scale enterprises by utilizing the migrant family's small savings.

At the micro level, the money sent by the migrants to their families are used for consumption, education, health, asset creation by building houses and buying lands, loan repayments, small savings and so forth. The remittances are also used for buying commodities of daily use and it leads to the socio economic development. All these expenditures have their multiplier effects on the local economy of the region. If the remittances are invested in some productive activities like investment in agriculture for buying machines or setting up agro-based entrepreneurial unit, it may have more stable and long lasting impact on the income levels of households of that particular region. The remittances sent by the migrants to their families are not spent completely; rather a part of this is deposited in the banks which serve as a means of financing loans to other households, which in turn leads to overall entrepreneurial development of the local areas.

In matters of remittances, special mention has to be made of the Gulf countries because for Indian sub-continent it is undoubtedly very huge market. The largest number of unskilled and semi-skilled Indian immigrants goes to the Middle East, particularly to Saudi Arabia, UAE, Kuwait, Bahrain and Oman. They are mainly getting employment in (a) white collar jobs like doctors, nurses, engineers, architects, accountants and managers, (b) blue collar jobs or semi-skilled workers like craftsmen, drivers, artisans and other technical workers and (c) unskilled laborers in construction works, farmlands, livestock ranches, shops, stores and household maids and other domestic works.

### **Migrant Remittances and Socioeconomic Development of Rural Areas in Meerut District**

Specifically remittance inflows and their impact of socio economic development in the rural areas of Meerut district in western Uttar Pradesh is quite appreciable. In the rural areas of Meerut district migration of one or more male members of a family to Gulf countries for job has become a very common phenomenon. It was the feature of these villages since 1980s but in recent years there is a tremendous increase in the number of people migrating from villages to abroad and mainly to Saudi Arab and Dubai. The socio-economic conditions prevailing in rural areas of Meerut and the conditions in Gulf countries for these laborers have led to the formation of dominant migration corridor between these countries. Lack of job opportunities, lower wage rates in these rural areas and availability of easy transportation facilities, communication facilities etc. in India coupled with availability of employment opportunities friendly migration policies, shortage of skilled resources, abundance of natural

resources and financial liberalization in Gulf countries attracts them to move them from their homeland to these countries. The contribution of external sources of financing in the economic development of any country is always important. International migrant's remittances, as external sources of financing, have consistently been higher and more stable than foreign direct investment and foreign portfolio investment.

People migrate from their home countries only temporarily to earn some more money in gulf countries. This pattern of migration is very common in the villages of Meerut district in the South Western part of UP, India. There are many families in these villages whose one or more male earning members have migrated to gulf countries for employment. These families are totally or partially dependent on the remittances sent by their migrant family members for their basic economic needs. It is a known fact that migrants in gulf countries spend a very little amount of the money they earn and send most of their earnings to their families. This remittance is very important for these families living in rural areas for poverty alleviation and economic development. Economic development affects social development and other dimensions of development. There can be seen a visible positive correlation between remittances from gulf countries and socio economic-development of their families, their villages and their communities. Even though the Diasporas in gulf countries are not highly qualified or skilled their contribution to their home land in rural areas in Meerut district is quite considerable.

Impact can be seen through these changes characteristics features in the villages. In the rural areas we can see the impact on various developmental aspects of remittances inflow from gulf countries and specifically from Saudi Arab. There is clear evidences of economic growth and development of their families, community and village. Remittances exerted a great impact on poverty removal and on breaking the vicious circle of poverty. Families whose one or two family members are in the gulf countries and sending their earnings as remittances to native places get rid of the trap of borrowing money from money lenders. It has also reduced the burden and dependence on agriculture. It helps in the industrialization of agriculture. Remittances are being used as capital to start new business in agriculture allied areas. They start ups in new or traditional business areas. It helps in promoting small and cottages industries in the villages. This all creates an environment which motivates people to learn and develop new skills to get better opportunities for employment in Gulf Countries.

Now People are more aware about health and hygiene, science and technology. Migrants are carrying not only money to their villages but they also bring many experiences, new knowledge, new vision, new skills and behavioral patterns. It has changed the villages in positive manner. Through the remittances people are educating their children in better schools and they are also promoting education through running schools in their villages. They provide better health facilities for their families and they are participating in providing health facilities and awareness to the village people. They are now more aware about health, hygiene and sanitation. Migrants become more rationale and open minded they affect the rest of the villagers through their behavior as we see they got special status in their communities and people listen to them. As a result many social stigmas and taboos are extinguishing from the

society. However there are mostly positive effects in rural areas but there may be seen some undesirable effects e.g. there people are becoming more materialistic which was not the feature of these villages, there are some psychological effects on migrants and on their families as they live far away from their families. Below is given a case study to illustrate the impact of remittances on socio - economic level at grass root level.

### A Case Study

This is a case study of a family living in village Shondat. It is a small village located in the state of Uttar Pradesh, approximately 372 Kms away from Lucknow, the capital of Uttar Pradesh and 82 Kms away from India's capital New Delhi. This village consists of 5300 voters, out of which approximately 300 are residing in Saudi Arabia as migrants. This is a case study of a family headed by Mr. Shakoor, a small land farmer in the village Shondat. Mr. Shakoor was a part of an 8 member family. The study is based on interviews taken by the family members. At the time of researcher's initial interaction with the family in 1992, this family was living in pathetic conditions, they resided in a kuccha house where they had lived for many years, this house had only two rooms for the eight resident members and did not have a boundary wall, this two room house was also shared with two buffaloes which they called their own. They did not have enough money to fulfill their basic needs, unavoidable debts and unforeseeable illnesses added to their miseries. Their erstwhile economic condition persisted till their two younger sons migrated to Saudi Arabia to work as Drivers (semi-skilled laborer) in 2007. This migration came about with the support of their brother in law who was already placed there.

This migration gave way to the socio economic development of this family. Significant improvements in various aspects of development were seen in the years following the migration. Their standard of living has increased drastically in the last ten years due to the remittances sent by the expat brothers. They have built a pakka house with consistent water and electricity supply and other such facilities. This family has also bought a second residential property, some land for irrigation purposes and a plot of land adjacent to their house for keeping their cattle. They can be seen spending more on their health, and the children of the family are getting a proper education, which is a first in their family. Their presence in their society is also more evident as their social status has been considerably raised. They now play a significant role in the local Panchayati Raj elections.

### Summary

It is clearly evident that migrants' remittances have both direct and indirect favorable development effects on economic and social development. Migrants are now considered to be the "fourth development aid actors", along with governments, international organizations and mainstream development agencies.

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