

# Impacts of Migration on Host and Home Countries: An Analysis

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**Abstract:** *Diaspora or Migration is still a debated topic in many countries. Some believe that it brings advantages to the economies of destination and home countries (countries of origin). Others believe that greater migration threaten national identity and hamper growth prospectus of destination and home countries. This paper tries to study the impact of migration on destination countries as well as on home countries. Migration plays an important role to promote international trade and investment flows between host (destination) and home countries. Migration helps to improve the economic and social situation of home countries. It brings equilibrium in balance of payment; improve the standard of living of emigrants' families, increase FDI, productivity, health care and educational facilities etc. in home countries. Migration also plays a major role in the development of host countries, emigrants fill the job vacancies and skill gap which prevails in these developed countries. Emigrants also pay taxes which may be used for the development projects or other purposes in host countries. Through this paper the impacts of migration on the development of host and home countries has been analyzed.*

**Key Words:** *Migration, Balance of Payment, Emigrants, FDI, Skill Gap, Productivity.*

## 1. INTROCUCTION OF DIASPORA:

The term Diaspora comes from a Greek word which means “to scatter about.” Diasporic people share a common heritage, outspread in different parts of the world. These people always wanted to stay in touch with their native land. Diaspora can be easily identified because it is based on some characteristics; one of the major characteristic is that people have warm memories of their homeland. The influence of the homeland is such that the individual's identity is very much affected by the homeland. People leave the country due to various social, political and economic factors.

## 2. IMPORTANCE OF DIASPORA:

Diaspora has been increasing over the last 25 years and has become significant player in the international arena. Many countries, such as Armenia and Israel, regard their Diasporas as strategically vital political assets, while others, such as India, Philippines, and other migrant-sending countries, have been recognizing the massive contributions their Diasporas make through remittances. New and improved communication technologies, multiculturalism policies are the some main reasons which play significant role in the rise of Diasporas at the world level. Over the past decade Diaspora has become a term of self identification among many varied groups who migrated to several other places. The Diaspora is special to India because people who residing in the different countries, always concerned about their country of origin. They have retained their spiritual, emotional and cultural links with the origin country. Diasporic identifications may be multiple, depending on the criteria used. The same individual may consider himself/herself to be part of a global Hindu population or a dispersed community of Swaminarayan is (sect), Indians (nation-state), Gujarat is (state or language), Patidars or Patels (caste and sub-caste), Surat is (dialect and region), or villagers. These do not rule each other out. Moreover, any one of a person's identities may be inactive or active internationally. Historical studies of Diaspora communities revealed that political involvement by migrant people is nothing new; it is from afar evident at least 100 years ago. At present, we can observe a variety of ways, some are similar to these historical forms in which internationally dispersed social groups mobilize and undertake a range of electoral and non-electoral political activities. The countries of origin also try to increase the political interests of diaspora population. Making provisions for dual citizenship is one way for countries to reach migrants. There is now an upward global trend in the prevalence of dual citizenship both in terms of people possessing it and states allowing it. It is estimated that more than a half-million children born in the United States each year, who are American citizens automatically, have at least one additional nationality.

## 3. MIGRATION:

Migration is a movement when people migrate from one place to another with the intentions of settling permanently or temporarily in new area. People migrate from one place to another due to various reasons, like on the basis of marriage, for higher education, to seek better employment opportunities and for the sake of security. (PARK 1928) It has been observed that under the impact of globalization, international migration of skilled and educated

persons have increased in the recent years. Many developed countries like Canada, USA and Australia have liberalized their migration policies for the embracement of highly skilled professionals. India has played a significant role in the global supply of professionals and students. Indian students are considered brilliant in the world across. Therefore, a large number of developed countries wanted to attract them for higher education in their educational institutes.

According to United Nations Population Fund (UNFPA), in 2015, 3.3 per cent of the world's total population was living outside their country of origin. Majority of people migrated for better life, for job opportunities etc. and others migrated due to crisis. The 64<sup>th</sup> round of National Sample Survey Organization found that 0.38 per cent of Indians have migrated out of the country. 67 per cent international migrants are living in just twenty countries and the largest numbers of international migrants (47 per cent) are living in the United States of America.

#### **4. CAUSES OF MIGRATION:**

Mainly there are two factors which effect the migration these are push and pull factors. Push factors are related to the origin country and the pull factors related to the destination country. Economic reasons which are related to the pull factors are opportunities of more and better jobs on higher wages at destination country. Over population, few job opportunities and low wages are the main economic push factors which affect migration. There are also some social and physical reasons which affect the push and pull factors of migration, like active religious oppression and natural disasters are the reasons behind the push factors and principles of religious patience and attractive environment are reasons of pull factors of migration. The other reason of migration is that many countries open their borders for refugees or tourists etc. The majority of the refugees among the world are in advanced industrial countries and a small portion of refugees are in Western Europe or in the United States. Political forces are also the important factor behind the migration; if political environment of a country is unstable then people prefer to leave the country and migrate to that country whose political environment is peaceful and stable (Weiner, 1993).

#### **5. DIFFERENCE BETWEEN DIASPORA AND MIGRATION:**

The main difference between Diaspora and migration is that in Diaspora the people are very conscious about their roots and origin but in the case of migration, this feature cannot be seen.

#### **6. IMPACTS OF MIGRATION ON THE HOST (DESTINATION) AND HOME COUNTRIES:**

Migration has both the positive and negative impacts on the origin and destination countries. People migrate for many reasons; these reasons may be social, political or economic. Host or destination countries are faced with a variety of challenges due to migration including population surges, employment, support services and national security etc. Countries of origin also face some negative impacts of migration. Sometimes emigrants face the discrimination and partiality in destination country; they have to sacrifice the company of their family members who are living in origin country, they also have to work at lower wages than prevailing rates. Many employees are exploited by the employers, and the main disadvantage is that in the long run, large amounts of migration will weaken the home country by decreasing the working population. Besides having all these negative impacts it is observed that the positive impacts of the migration are higher than the negative impacts. Emigrants send remittances to the country of origin which help to improve the social situation of recipients' families and also help in the development of that remittances receiving country. There are lots of positive impacts of Diaspora or migration which play an important role in the development of destination and countries of origin, all these impacts have been discussed below in detail.

- People working in a foreign country, after fulfilling their own needs from their earnings, generally try to send some money to their relatives and friends in the origin country. In economic terms this money is known as remittances. Remittances are very helpful to solve the economic problems of a country; it is an important component of the balance of payments for developing countries. In last few years remittances to India are rapidly increasing and India has become the largest recipient country of remittances in the world. Remittances are the major source of loan payments because migrants belonging to poor families have taken the loan from various formal and informal sources, when they start earning in the destination country, the first thing that they generally do is the repayment of the loan. The results of micro level studies suggest that international remittances have great importance in poverty reduction and human capital formation and are also helpful in improving the living conditions and human capabilities. (Throat and Jones, 2011)
- India is the largest remittances receiving country in the world. The Reserve Bank of India in its report recorded that in 2007-08, \$ 43.5 billion were remitted as 'private transfers to India, of this 50per cent were used for family maintenance and household consumption, 43per cent for local withdrawals or redemptions from Non Resident Indian (NRI) deposits and remaining 6per cent were used for personal gifts and donations. Studies explore that remittances to developing countries may rise by around 4 percent a year in 2016–17. Remittances which are received via wire transfers and bank drafts mainly used for family maintenance and

remittances in NRI's bank account used for investment purposes are mainly used for investment in real estate, equity market etc. RBI 2006 suggested that 35per cent of international remittance flows originated in North America, 35per cent in the Middle Eastern Region, 20per cent in Europe and 10per cent in other countries. Remittances also lead to financial dependency, it increases investment and have many other positive impacts on origin country.

- Remittances can be used for the rehabilitation of the people affected by natural disasters and for the treatment of people suffering from epidemics in the remittances receiving countries. The Diaspora has always helped people affected by epidemics and natural calamities by sending money to their home countries.
- Except remittances, other types of financial flow like foreign direct investment may also have more concentrated impacts on the countries of origin. Foreign direct investment by emigrants has great potential and beneficial impacts on developing countries.
- Migration can positively impact the overpopulated countries like India and China. Because china and India are suffering from unemployment already. People in these countries are working on low wages due to large amount of workforce. The main cause of unemployment is overpopulation. Emigrants will find better employment opportunities in destination countries. Consequently and along these residents of home country also get some employment opportunities because of the decrease in unemployment.
- Migration may also affect the productivity. When emigrants returned back to their country of origin then they have the knowledge of skills. Some of them are highly qualified and experienced, with their professional knowledge and experience they can start new business; reconstruct the old or loss making businesses in their country. It is noticed that some of the emigrants who returned back to India established new business here. They started using machines rather than old techniques. If professional knowledge of NRIs and monetary resources are joined together, it will be boost the economic development of a country. People of agriculture sector also get the benefits of mechanization, changes in the structure of the economy occurred through the mechanization of agriculture shifting unskilled and extra labour from the agriculture sector to the manufacturing sector. All these things bring structural improvement in the backward sectors.
- Migration creates a more flexible labour market. Migrants will be particularly attracted to move developed countries, if they feel that there are job vacancies in the particular areas. In developed countries there are lots of job vacancies and skill gap prevails. The government of these countries has also endeavor to attract migrants from various countries to meet shortfalls in job vacancies of public sector. Increasing demand of Indian nurses is also the example of this shortfall.
- There is another positive impact of migration which plays significant role in the development of host and home countries and also improves the social relations between the emigrants and residents of different communities. There are a large number of emigrants from different countries and religions are living in the developed countries. People of different communities live in the same areas; they see and know about the different cultures so migration brings social and cultural pressures on Government that need to be taken into account in planning for future services. Developed countries are enriched by cultural diversity and greater cultural links with developing countries will prove useful in growing international trade.
- When emigrants work in destination countries, then they also pay taxes to the Government of that country. These taxes are very much useful for the destination countries. The pension gap can be filled by the contributions (taxes) of new young workers.
- In the time of economic slowdowns, emigrants offer help to their countries of origin. They offer their help by making investments in home countries. Studies of India revealed that NRIs generate earnings is estimated to be \$250 billion and is one third of the GDP of India. This clearly shows that NRIs can contribute a lot to Indian economy and enhance its fiscal growth. The Reserve of Bank of India has also provide the facility of various short term and long term investment plan options for Non-Resident Indians. NRIs are also encouraged to establish new business and educational institutions etc. in India. As a result of all this there is a greater contribution of NRIs in India.
- It is observed that emigrants help their home countries through various ways. Reports reveal that emigrants are the major source of market development, tourism, charity, technology transfer, political contributions and more substantial flows of knowledge in developing countries.

- It is analyzed that large number of NRIs is involved in the several welfare programs of India. They are actively taking part and contribute in these welfare programs. They have registered many NGOs to promote development activities and programs such as rural development, water management. They also help to encourage education and health care in their country of origin. Communities like Indo-Fijians and Indo-Caribbeans have contributed a lot in social service in India. Many of them have come forward to support their educational institutes where they used to study in India. Some NRIs have also established hospitals, schools, colleges in their ancestral villages and town to provide health care and education at reasonable prices.
- In the era of globalization, privatization and liberalization huge migration took place within the countries and as well as within the regions. Migration is very much beneficial for the origin area, because when people migrate from one place to another (backward area to forward area) then their whole perspective changes which is helpful in bringing positive changes in the area they originally belong if they chose to revisit and/or come back to their native place. These changes may be economic, social, cultural as well as political. Thus, modern ways of every aspect of life start replacing the orthodox ones.
- Migration is also good for women in terms of higher standard of living and increased opportunities for them due to changed perspectives as well as more of the economic resources. They can enjoy all that freedom which they can't get in the origin country. On the other hand, the social status of the women of the origin country is also improved due to demonstration effect. Because when a family member migrate from a family consequently standard living and atmosphere of his family also improves as well as education level.
- In some developed countries the share of ageing population has been increasing consequently their dependency ratio is increasing also. However net migration helps to reduce the dependency ratio. Migrants are a source of young and working age people; they help to reduce the ratio of retired to working people. Migrants who are not much educated or skilled they can provide their services to an ageing population in developed countries and can earn some money.
- Migration also helps to increase the aggregate demand and real GDP of host countries. Studies reveal that migrants help to raise the aggregate demand and total spending within the economy. Adequate supply of labour will increase investment in the economy consequently the demand for labour will rise. In fact migration makes the economic growth stronger. According to studies in the period 2005-2015, UK real GDP has increased significantly faster than GDP per head.
- Remittances bring drastic changes in the life of recipients, mainly through improved standard of living. With the help of remittances, the standard of living of migrants and their families improves. It also enhances their CONSUMPTION EXPENDITURE AND OTHER EXPENSES AS WELL AS SAVINGS.

## 7. CONCLUSION:

From the above discussion it is clear that migration has hugely affected the various economies of world. There may be social, political or economic reasons behind the migration. As every coin has two sides, similarly, there are both positive and negative impacts of migration. In the long run large amount of migration may weaken the home country by decreasing the population and production level. Family members of emigrant also face social and psychological stress etc. But migration also provides the better social and economic opportunities to emigrants in host countries. Emigrants contribute in the development of both host and home countries through various ways. They help their home countries via financial aid, remittances and foreign direct investment etc. The impact of remittances has been beneficial for remittances receiving countries economically and social. To conclude we can say that migration plays a key role in the development of host and home countries.

## 8. LIMITATIONS OF THE STUDY:

The main limitation of this study that this study is based on secondary data, primary data has not been used for the purpose of the study.

## 9. SUGGESTIONS:

Some suggestions related to this study have been given below:

- The Government of home countries should make some policies which encourage the productive utilization of remittances.
- Some special cells should be introduced in the public organizations which only deal with emigrants' issues related with smooth flow of remittances through legal channels.
- There is a need to renew the old policies regarding migration and remittances, and to do necessary changes in these policies which may be helpful to increase the inflow of remittances.

- In home countries NGOs should also come forward to provide support to struggling migrants. The information about migration requirements, job opportunities etc. should be provided to prospective migrants. This will save migrants from the trap of fraud agents and also help in solving their major problems regarding the choice of destination and placing themselves according to their qualifications and skills.

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