

STUDY OF BEHAVIOUR OF NRI ABOUT FOREIGN EXCHANGE REMITTANCES

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ABSTRACT

The foreign exchange remittances sent by non-resident Indians or migrants are an important component of the development finance for the growth, development and sustainability of countries. India has secured a good preference and position as the world's top beneficiary of remittances with USD 76 billion in 2020 with the fall of 9% due to ongoing coronavirus pandemic and global economic crisis. The present research study was done in the Maharashtra State which leads the number in remittances by non-resident Indians i.e. 18%. The present research study highlighted the foreign exchange remittance behaviour of NRIs. The present research study tried to understand the remittance behaviour of non-resident Indians with respect to demographic profile of the non-resident respondents from the state of Maharashtra. The remittance behaviour of non-resident Indian is studied with the help of demographic variables such as gender of respondents, age of respondents, occupation of respondents, education of respondents etc.

Keywords: Foreign Exchange, Remittances, Remittance Behaviour, Demographic Profile, Growth & Development etc.

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1. INTRODUCTION

Monetary remittances sent by migrants constitute a behavior of significant economic importance for a recipient countries. Remittances sent by migrants are an important component of the international finance for the countries. Foreign remittances are a very vital and important source of external development finance for growth, development and sustainability of the countries.

At national and international levels evidence are there to establish the fact that remittances helps in reducing poverty, increasing standard of living, increasing households investments and enhancing children's education. The transfer of funds can be used for consumption, savings, investment purposes, housing expenses and healthcare.

The contribution in terms of foreign remittances made by migrant Indians living abroad and classified as NRIs are not different. Remittances sent by Indian migrants have been continuously increasing over the past years except 2020 because of ongoing coronavirus pandemic and global economic crisis.

India has registered a significant growth in remittances from USD 63 billion in 2016 to USD 76 billion in 2020.

A major chunk of non-resident population of India is from the state of Kerala, Maharashtra & Karnataka, whose contribution is more than 50% of the total economic output of the country like India & thereby participate in the growth and development of country.

This study explores the foreign remittance with regard to certain demographic variables like gender, age, occupation, education etc. which could be of main interest of policymakers who can study it as a major

development issue.

2. LITERATURE REVIEW

1. Zachariah & Rajan (2015)

Remittance behaviour of migrants was studied through factors like age, education, duration of stay, experience, wages, working profile, migrant status, working conditions, motives for remitting, size of household etc.

It is very vital to understand the remittance behavior because the purpose of remittances affects the end uses of such funds.

2. Stark and Bloom (1985)

This study considers migration enhances income levels, investment capacity and acquires insurance against risk.

The major findings of this study was that remittances is used for household's development, health and education of children's.

3. Vanwey (2004)

This study found that women respondents got more tendency to remit for than men respondents from earnings.

The purpose of remittance was family growth, investments, education and medical emergency.

4. Rajan (2011)

It is observed from the study that the remittances sent by migrants are more likely male dominating than females. The purpose of remittance was investments and education.

5. De la Briere et al. (2002)

The analysis of the study reveals remittance behavior varies with gender and households composition.

It is found from the study that the remittance sent by

male migrants is more than the female migrants.

6. Osili (2007)

The study has shown that remittances are significantly correlated with the size of household, children's education, family health conditions, investment options and operational expenditure.

There were very few studies happen and available in the Indian context and hardly any in the context of Maharashtra which gets the most contribution of the foreign exchange remittance inflows which makes it a good thought provoking case for the researchers to undertake this study.

3. RESEARCH METHODOLOGY

3.1 Topic of the Research:

Study of Behaviour of NRIs about Foreign Exchange Remittances.

3.2 Aim of the Research:

Aim of the research was to study the behaviour of non-resident Indians or migrants about foreign exchange remittances.

3.3 Objective of the Research:

1. To study the foreign exchange remittances of Non-Resident Indians.
2. To study the remittance behaviour with respect to selected demographic variables.

3.4 Scope of the Research:

The scope of the study was limited to last decade of India specifically the non-residents or migrants of the State of Maharashtra.

3.5 Significance of the Research:

Foreign exchange remittances sent by non-resident Indians or migrants in the countries is one of the significant source of external finance or international finance in the sustainable growth and development of the countries.

3.6 Hypothesis of the Research:

H₀: Significant relationship between gender, age, occupation and education & frequency of remittance

H₁: No significant relationship between gender, age, occupation and education & frequency of remittance

3.7 Research Design of the Study:

The research design of the present study was as follows:

a) Types of Data:

A primary and secondary data was used for this present research study. The primary data was a fresh data which is in raw form and not used by anybody else and secondary data was already exists in some or the other form and was collected already by someone

else.

b) Sources of Data:

The primary data was collected through structured questionnaire. The secondary data was collected from various Annual reports, Quarterly reports of the economy, Newspapers and Reference Books, Journals and Internet Media sources.

c) Research Instrument for Data Collection:

A structured questionnaire was used as a research instrument for data collection form the identified migrant respondents.

d) Sampling Method:

Purposive sampling method was used to identify the sample of respondents.

e) Sample Size:

The sample size for present research study was 50 migrant respondents.

f) Tools for Data Presentation:

The tools such as tables and charts were used for data presentation, analysis and interpretation of results.

g) Statistical Tools for Hypothesis Testing:

The statistical tools such as trend analysis, Pearson correlation and standard deviation method were used for data analysis & hypothesis testing.

4. ANALYSIS OF RESULTS & HYPOTHESIS TESTING

This section provides the results of hypothetical & statistical analysis & the discussion part thereof.

The demographic factors like gender, age, occupation, education and frequency of remittance are considered for the study of behaviour of remittance.

Table below shows that among the total non-resident respondents who were participated in the study, the percentage of male respondents was more that is 60.1% & majority of the respondents are from the age group of 20-30 years.

It is also observed that most of the respondents who are became a part of this research study are professionals i.e. 54.3% & majority of them are graduates i.e. 57.2%.

Table 1: Demographic Profile of the Respondents:

The demographic profile of the non-resident or migrant respondent's with the help of various parameters is summarized as below:

Characteristics of Surveyed Data (N = 50)			
Demographic Variables	Item	Count	Percentage
Gender	Male	34	68
	Female	16	32
	Total	50	100
Age	20-30	5	10
	31-40	19	38
	41-50	21	42
	51-60	5	10
	Total	50	100
Occupation	Business	11	22
	Professional	24	48
	Government Staff	4	8
	Others	11	22
	Total	50	100
Education	Higher Secondary	0	0
	Graduate	18	36
	Post Graduate	26	52
	Others	6	12
	Total	50	100

Results & Discussions:

The demographic profile of foreign exchange remittances sent by NRI respondents was more male oriented. From the total respondents 68% are males. 42% remittances was sent by the age group of 41-50 years. Professionals contribute 48% share in the total

remittances sent by NRI respondents. In the total respondents 52% respondents were having education of post-graduation and above. From the analysis it is observed that males have sent more remittances in India as compared with the females.

Table 2:
Gender & Frequency of Remittances

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.652 ^a	7	0.006
Likelihood Ratio	8.76	7	0.364
Linear-by-Linear Association	0.1	1	0.742
N of Valid Cases	50		

Results & Discussions:

Above table shows whether there is significant positive relationship between gender of respondents & frequency of remittances.

The obtained probable value of the statistical test is 0.006 and it is below the critical value of 0.05 at 5% level of significance.

It is conclude that there is a significant positive relationship between gender and frequency of remittances.

alternate hypothesis (H₁) is rejected.

It is observed on the basis of gender profile that major portion of remittances is sent by male i.e. 68% and they prefers monthly remittance pattern.

Table 3:
Age & Frequency of Remittances

Therefore null hypothesis (H₀) is accepted and

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.808 ^a	15	0.014
Likelihood Ratio	18.767	15	0.338
Linear-by-Linear Association	4.239	1	0.072
N of Valid Cases	50		

Results & Discussions:

It was observed from above table that the obtained probable value of statistical test is 0.014 and as it is below the critical value of 0.05 at 5% level of significance.

There is a significant positive relationship between age and frequency of remittances.

Therefore null hypothesis (H_0) is accepted and

Occupation & Frequency of Remittance

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.938 ^a	13	0.068
Likelihood Ratio	16.880	13	0.119
Linear-by-Linear Association	1.971	1	0.160
N of Valid Cases	50		

Results & Discussions:

The table shows the result of relationship between occupation & frequency of remittances.

It can be inferred from the table that the obtained probable value of the statistical test is 0.068 and it is above the critical value of 0.05 at 5% level of significance.

If it is found that there is no significant positive relationship between occupation and frequency of remittances.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.751 ^a	12	0.203
Likelihood Ratio	12.909	12	0.453
Linear-by-Linear Association	0.288	1	0.591
N of Valid Cases	50		

Results & Discussions:

The above table interprets the result of relationship between education & frequency of remittances.

It can be inferred from the table that the obtained probable value of the statistical test is 0.203 and it is above the critical value of 0.05 at 5% level of significance.

If it is found that there is no significant positive relationship between education and frequency of remittances.

Therefore null hypothesis (H_0) is rejected and alternate hypothesis (H_1) is accepted.

It is observed on the basis of education profile of the

alternate hypothesis (H_1) is rejected.

It is observed on the basis of age profile of the respondents that major portion of remittance was sent by respondents in the age group of 41-50 (42%) and they prefer monthly remittances pattern.

Table 4:

Therefore null hypothesis (H_0) is rejected and alternate hypothesis (H_1) is accepted.

It is observed on the basis of occupation profile of the respondents that major portion of remittance was sent by respondents in the category of professionals with the contribution of 48% in total remittances.

**Table 5:
Education & Frequency of
Remittance**

respondents that major portion of remittance was sent by respondents in the category of post graduates with the share of 52% in total remittances.

5. RESEARCH FINDINGS:

The significant research findings from the study of foreign exchange remittance behavior of non-resident Indians are:

- Foreign exchange remittances sent by NRI respondents was more male dominating than women.
- Significant positive relationship found between gender and frequency of remittances behaviour.
- Significant positive relationship found between age

and frequency of remittances behaviour.

d) No significant positive relationship found between occupation and frequency of remittances behaviour.

e) No significant positive relationship found between education and frequency of remittances behaviour.

6. CONCLUSION:

There was research studies which highlights the relationship between demographic variables & remittances behavior. From the literature review it was observed that gender wise variations have been observed in the context of remittance and the impact of education on remittances is mixed.

Researchers have tried to study the relationship between other demographic variables & remittance behavior by introducing other variables like age, occupation and education & finally it can be concluded that gender & age have significant positive relationship with remittances. Education & occupation have not significant positive relationship and this aspect needs to be studied further by researchers.

There are studies which highlight the use of remitted amount by migrants but in the Indian context the most authentic data is by the National Sample Survey Organization (NSSO).

From this study it is evident that majority of the respondents remit money so as to help family to meet their household expenditures.

With regard to frequency of remittance, it is observed that majority of the respondents prefer to remit monthly & accessibility is the most important factor considered while choosing a remittance service provider followed by reliability.

Operational risk is considered as the main risk factor by NRIs while remitting money. Since most preferred mode of transfer is through banks and the second most preferred mode of transfer is online fund transfer.

It is imperative that the service providers should locate their branches where there is NRI density and the operation procedures for transfer should be transparent.

The customers should be taken care of properly and they should be educated about the operational risks involved in the transactions.

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