

Working Paper
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**GULF REVISITED
ECONOMIC CONSEQUENCES OF
EMIGRATION FROM KERALA
Emigration and Unemployment**

**K C Zachariah
S Irudaya Rajan**

September 2004

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The research from which this Working Paper is prepared was sponsored and financed by the Centre for Development Studies, Thiruvananthapuram and SANEI, New Delhi. The full report on which this Working Paper is based, including not only the results of the study on Kerala but also that on Sri Lanka, is expected to be completed by the middle of September, 2004

The field survey to collect data from households was carried out by the Kerala Statistical Institute (KSI) on the basis of the questionnaire prepared and instructions given by the authors. Our thanks to KSI.

Our thanks to Sheela Thomas, IAS, Director of Census Operations Kerala, for her help in supplying all the Census data we required.

Original version of this paper was presented at the open seminar at CDS on 15 July, 2004. Thanks to Dr K P Kannan and other participants for their comments and suggestions.

ABSTRACT

This Working Paper is about *Videsha Malayalikal*, or Non-Resident Keralites (NRKs). It provides the size, trend, geographical distribution, socio-economic composition of migrants, and remittances sent back by the migrants. The situation with respect to migration in 2004 is compared with that in 1999.

The main focus of the study is, however, the analysis of the social and economic consequences of emigration on Kerala society. What have been the macroeconomic consequences of emigration? What are its impacts on human resources development, employment, unemployment and household consumption patterns? To what extent has the large-scale emigration from the state been beneficial to the Kerala society? Has emigration been a factor in Kerala's high unemployment rate?

During the five-year period 1999-04, the number of emigrants increased from 13.6 lakh to 18.4 lakh, and the number of Non-Resident Keralites (emigrants plus return emigrants) increased from 21.0 lakh to 27.3 lakh. The Gulf region has not been the only, although still a very dominant, destination of Kerala emigrants of 2004; Kerala emigrants have spread their wings over a larger number of countries during 1999-04, including countries in Europe, America and South East Asia. Within the Gulf region itself, significant realignments have taken place. Saudi Arabia has lost some of its charm and United Arab Emirates has emerged, as the preferred destination.

Remittances to Kerala from abroad increased from Rs 13.65 thousand crore in 1999 to Rs 18.46 thousand crore in 2004. As a result of remittances, the per capita state income in Kerala has increased by Rs 5,678. The increase has been, however, as much as Rs 10,654 in Thrissur district, Rs 7,681 in Pathanamthitta district and Rs 7677 in Malappuram district. Foreign remittances to the state have been 7 times of what the state received from the Government of India as budget support, 15 times the receipts from cashew export, and 19 times the receipt from marine export. They have formed 1.8 times the annual budget of the state.

However, the proportion of remittances to State Domestic Product has shown a slight decrease from 25 percent in 1999 to 22 percent in 2004.

* * * * *

The KMS had emphasized the beneficial effects of emigration, on per capita income, education, employment, housing, household amenities and consumer durables. In the early stages of Kerala emigration, the beneficial effects over-shadowed the adverse effects. Now that Kerala emigration has come of age, secondary effects, which are not so beneficial, are beginning to appear. In this study, we have emphasized the emerging negative impacts of emigration more than the positive impacts.

The first and the foremost among the negative impacts has been on the unemployment rate. The paper gives an unorthodox view of the relationship between emigration and unemployment. A point of view, which this study puts forth is that emigration is a causative factor in the high unemployment rate prevailing in the state.

An equally important "adverse" consequence is the emergence of "replacement migration". Emigrants from Kerala have converted Kerala itself into a "Gulf" for many a migrant worker from other states in India. By accepting low wages and poor living conditions, these outside workers are taking away a lot of work, which otherwise could have gone to Kerala workers. Replacement migration is a consequence of emigration, and is having significant effect on unemployment and wage rates in Kerala. It is nullifying some of the potentially positive spin-off effects of emigration.

The greatly increased disposable income in the Kerala households had its effect on the consumption pattern in the state. Higher levels of consumption, however, have not helped industrialization in Kerala, as most of the goods Kerala consumes come from outside the state. The potential spin-off effects of remittances on employment are benefiting workers outside Kerala more than workers in Kerala. Consumerism is draining the state of the development potential of its remittance receipts. It is leading many a Kerala family to financial ruin and even to suicide.

Consumerism, brought about by emigration, has gone amok in the state with minimum positive impact on its employment situation.

The increasing economic and political clout of the "new rich", who became rich because of emigration and the Gulf connection, is creating a climate of resentment against them among some communities in Kerala. The Chief Minister of Kerala was being accused of anti-minority mentality for his alleged observation that minority communities were cornering undue benefits using their newly acquired wealth power and high level connections, both being the consequences of emigration. This study has shown that minority communities have undoubtedly benefited much more than the majority community have, from emigration. Justified or not, such expression of resentment against the "new rich" of the minority communities by the "old rich" is another of the adverse effects of emigration.

* * * * *

Five years ago we thought that Kerala's Gulf connection was a passing phase in its history. Today we think otherwise. Not only has Gulf emigration become well entrenched, some of the second-generation emigrants are settling in the host country on a permanent basis too*, and others are spreading their wings to a much wider spectrum of countries. Migration is here to stay for a long time to come. The process of demographic contraction at work in Kerala would be the only major obstacle for Kerala emigration to take off to higher orbits. It is important that Kerala takes policy measures to see that emigration is kept at a sustainable level, and too much of its brain power is not drained off to other countries, and too much of its remittances are not drained off to other states. A policy for moderating brain drain and better and more productive utilization of remittances for Kerala's development is essential.

One way to do this is through educational reforms, taking into consideration the emerging remittances-induced job opportunities in the state. Not that emigration and remittances are not creating new job

opportunities; there exists, however, considerable mismatch between skill requirements for these jobs and skill availability among the new crop of SSLC holders and plus two graduates. Ways and means should be found to bridge this gap.

At this stage of Kerala's Gulf connection, there is every justification for exposing our youngsters more to the Gulf countries. There is every justification for introducing Gulf studies in our schools and colleges. Today we can make out a strong case for our students to learn much more about Gulf geography, Gulf history, Gulf politics and Gulf language.

Taking into consideration the emerging wide-spread impact of replacement migration on Kerala's employment sector, especially on unemployment and wage rates, we urge that a high level research on the magnitude and characteristics of replacement migration in the state be undertaken on an urgent basis. This has to be a major project in view of its importance and technical requirements.

In the KMS, we suggested that, migration has become so important a development factor that, Kerala should develop a formal migration-monitoring system. We now argue that Kerala should have an institute of its own to monitor migration and its impact on Kerala society, a Migration Monitoring Institute. How important that migration is carefully monitored and researched in Kerala? To realize the importance, compare the magnitude of remittances in 2003 with the total Kerala Government expenditure in 2003.

Key Words: International Migration, Remittances, Kerala

JEL Classification: J21, J23

* "NRIs snap up prime housing projects" in the Gulf. Headline in *The Hindu*, July 5, 2004

I. INTRODUCTION

This piece of research on the consequences of emigration on Kerala economy is part of a continuing effort on the part of CDS to keep-up with the changing dimensions of emigration from Kerala and its impact on Kerala society. It constitutes a "revisit" of a study of the socio-economic impact of Gulf migration. The first "visit", known commonly as Kerala Migration Study or KMS took place five years ago in 1998-99. It was a mammoth effort covering most social and economic aspects of emigration that were of concern to planners and policy makers. That study has now become a sort of classic, the most authoritative source of factual and analytical information on Gulf migration from Kerala. The findings of that study were published in two books, six journal articles and four Working Papers. Almost all newspapers, newsmagazines and electronic media found the results of the study important enough to be included in their publications or programmes (see the list of publications at the end).

The KMS concluded thus:

"Migration has provided the single most dynamic factor in the otherwise dismal scenario of Kerala in the last quarter of the twentieth century. It is one of the positive outcomes of the Kerala Model of Development. Kerala is approaching the end of the millennium with a little cheer in many of its homes, thanks to migration and the economic returns that it brings. In Kerala, migration must have contributed more to poverty alleviation than any other factor including agrarian reforms,

trade union activities and social welfare legislation" (Zachariah, Mathew and Irudaya Rajan, May 2000, CDS Working Paper No. 303)

KMS speculated that the era of large-scale emigration from Kerala to the Gulf countries was largely over, that in the coming years emigration trend would decelerate, that a larger number of emigrants would return to Kerala and that the return emigrants could out-number fresh emigrants in the early twenty-first century. The rationale for this speculation was the fact that the early emigrants from Kerala to the Gulf had been mostly persons with less than the secondary level of education and employed in low level jobs in the construction sector in the host countries. By the end of the last century, the construction phase of the Gulf reconstruction was by and large, over. The clamour of the local workers for a larger share of the job market was getting increasingly loud. Governments in the Gulf region were being forced to take restrictive measures in the employment of foreign workers. More and more economic and commercial sectors in the Gulf countries were getting closed to workers from foreign countries. And, declining emigration and increasing return-emigration were thought to be the logical outcomes of these developments

If these expectations had materialized, remittances from abroad would have declined with all its adverse impacts on the socio-economic situation in the state. The study, therefore, placed several policy options before the Government to ensure continued emigration, the chief among them being the suggestion to give special attention to the general and technical education and to provide special training, to potential emigrants so as to enable them to compete successfully with their counterparts from other countries.

The 1998/99 study also recommended that the state should have a migration monitoring system (MMS). Unlike fertility and mortality trends, migration trends are highly volatile depending, as they do, not only on conditions within the state, but also, and to a much higher degree,

on conditions in the destination countries and the policies taken by them. Outbreak of a war (like the Kuwait war of 1991) or the appearance of some natural calamity could upset all calculations about emigration prospects. For the Kerala population, depending as they do heavily on remittances, a continuous monitoring of emigration and return emigration should be part of its development-planning strategy.

Pending the development of a formal Migration Monitoring System, the CDS has decided to undertake periodic assessment of the migration situation in the state. The CDS-SANEI (South Asia Migration Study or SMS for brevity) study was undertaken in that spirit and with that objective. Being a "revisit", the scope of this study is limited to the basic information needed to assess the economic consequences of emigration.

The principal means by which emigration impacts on socio-economic situation in Kerala is through remittances, which the emigrants' send/bring back home. But remittances are by no means the only mechanism by which emigration impacts on the Kerala economy. Several other factors also contribute to the totality of economic consequences of emigration. In this study, our main focus is remittances and the factors determining them.

The main factor determining annual remittances to the state is the size and composition of the emigrants and return emigrants (together they are referred to as non-resident Keralites or NRKs). Other than remittances, the principal areas of concern in this study are:

- dimensions of migration
- human resources
- disposition of remittances
- consumerism, and
- economic consequences

Design of SMS: The SMS of 2004 was designed after the KMS of 1999. The basic data used in both the studies were of the same order: primary data collected from 10,000 households from 225 localities (200 localities in KMS) selected at random from the 14 districts of the state. The questionnaire used in the two studies was the same; the data-collecting agency was also the same. The methodology of analysis followed in both the studies was quite similar, but the objectives were slightly different. In the KMS, the main concern had been the assessment of the migration situation in 1998-99. In SMS, the concern was not only assessment of the situation in 2003-04, but also a review of changes (dynamics) during 1999-2004. The findings of the two studies are quite comparable.

Although the coverage is limited in the SMS compared with that of the KMS, the analysis of the selected problems of inquiry is much more comprehensive for two reasons mentioned below:

First, SMS is quite comparable with KMS taken five years earlier. Therefore, it has been possible to compare every aspect of emigration and the socio-economic situation in 2004 obtained from SMS with those in 1999.

Secondly, in the SMS about 5000 (half of the total) of the sample households were the same as those included in KMS. This has given a unique opportunity for an analysis of the dynamics (change) of migration and socio-economic characteristics in Kerala during 1999-2004 using the same set of households. In this way, the effect of sampling error on the comparisons could be almost entirely eliminated.

II. DIMENSIONS OF EMIGRATION

Demographic Dimensions

Contrary to expectations, emigration from Kerala continued unabated during 1999-2004. The number of emigrants in 2004 was 18.4

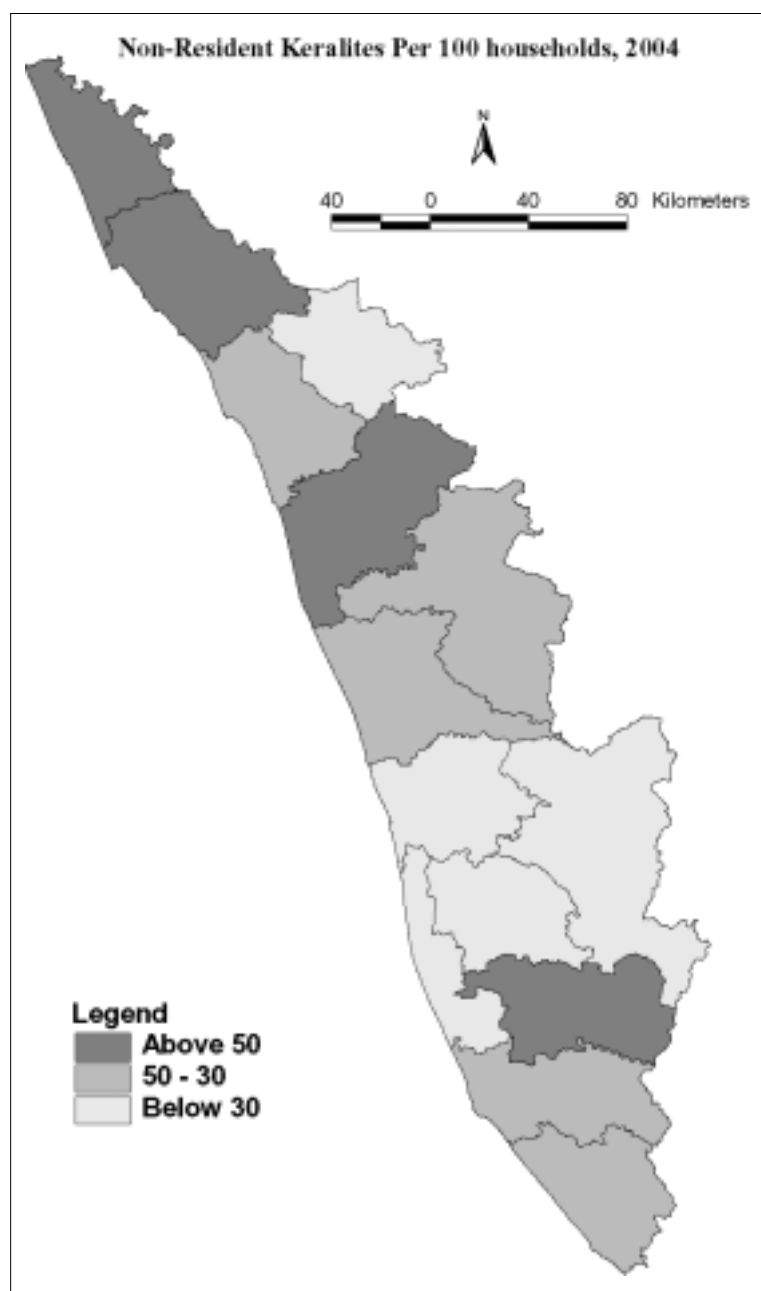
lakh persons, roughly 27 emigrants per 100 households. The comparable figure in 1999 (KMS) was 13.6 lakh persons, roughly 21 emigrants per 100 households. There has taken place relatively large increase of about 35 percent, in the number of emigrants from Kerala during the last five years. This is one of the unexpected results of SMS.

The number of return emigrants was 8.9 lakh persons in 2004 as against 7.4 lakh persons in 1999. They represented 13.0 persons per 100 households in 2004 and 11.6 persons per 100 household in 1999. The return emigration showed a slower rate of growth, about 21 percent in the 5-year period. This finding also was contrary to expectation.

The number of non-resident Keralites (NRKs), defined as the sum of emigrants and return emigrants, was 27.3 lakh in 2004 and 21.0 lakh in 1999 indicating an increase of 30 percent during 1999-2004. There were about 40 NRKs per 100 households in 2004 but only 33 in 1999. The number of NRKs per 100 households increased by 7 persons during the period.

Although there were 40 NRKs per 100 households in 2004, only about 26 percent of the households were direct beneficiaries of emigration; 74 percent were not. The proportion of households with at least one emigrant or one return emigrant ($\text{NRK} > 0$) was 24 percent in 1999 as against 26 percent in 2004. There was thus a slight increase in the spread of emigration among the households in Kerala. At the same time, the total number of households without an NRK has actually increased by about 2.7 lakh during the 5-year period, from 48.39 lakh in 1999 and 51.08 lakh in 2004.

This analysis provides a good reminder of the fact that direct beneficiaries of emigration are a relatively small minority in Kerala; that the vast majority of the households in the state are exposed to the ill effects of emigration such as price increase without having been in receipt



of any direct benefits at all. Contrary to the common belief, Kerala is not flooded with NRKs and NRK households, even today. The Muslims and the Mar Thoma Syrian Christians are somewhat of an exception (see later).

Although emigration has not decreased, the rate of increase has declined significantly in recent years, from 74.7 percent during 1993-98 to 39.9 percent during 1998-2003. The same pattern holds for return emigrants and non-resident Keralites also, but the rates of growth have been higher. The decline in the rate of increase is higher for emigrants than for return emigrants.

Though not unexpected, between 1999 and 2004, women, especially married women, have increased their presence significantly among the emigrants, On the contrary, married men lost out to unmarried men. The new emigrants included a relatively larger share of unmarried men and married women.

The increase in the number of "Gulf Wives" (married women whose husbands are away in the Gulf), has not kept up with the increase in the number of emigrants. The number of "Gulf Wives" has remained almost unchanged at about 1 million between 1999 and 2004. The increase in the proportion of married women among the emigrants could have compensated for the increase in the total number of emigrants.

Geographic Dimensions

In the past 5 years, Kerala emigrants have spread their wings over a much wider spectrum of countries in the world: North America, Europe and South East Asia. Within the Gulf region itself there were some significant realignments, some countries gaining ground at the expenses of others. Within Kerala there were signs of realignment as far as the district of origin is concerned, some districts gaining ground, at the expense of some traditionally important districts of emigration.

In 1999, about 95 percent of Kerala emigrants went to the Gulf countries; and the other 5 percent went mainly to the USA and Africa. By 2004, the share of the Kerala emigrants in the Gulf has declined to about 90 percent and that in countries other than the Gulf has increased to 10 percent. The principal destinations of Kerala emigrants outside the Gulf were the United States of America, England, Singapore, and Maldives Islands. Within the Gulf region, the principal destinations were the United Arab Emirates and Saudi Arabia, which together accounted for more than two-thirds of all emigrants in the Gulf. In 2004 the share of the UAE increased to 36.5 percent, up from 31.0 percent in 1999. On the contrary, the share of Saudi Arabia declined to 26.7 percent from 37.5 percent in 1999. There was thus a significant realignment between these two countries in recent years.

Along with the change in the destinations, there were also changes in the relative importance of districts as the places of origin of Kerala emigrants. Although Malappuram district continued to send out the largest number of emigrants, it has lost some ground to other northern districts. Between 1999 and 2004 there was a slight northward shift in the centre of location of emigrants from Kerala.

Social and Cultural Dimension

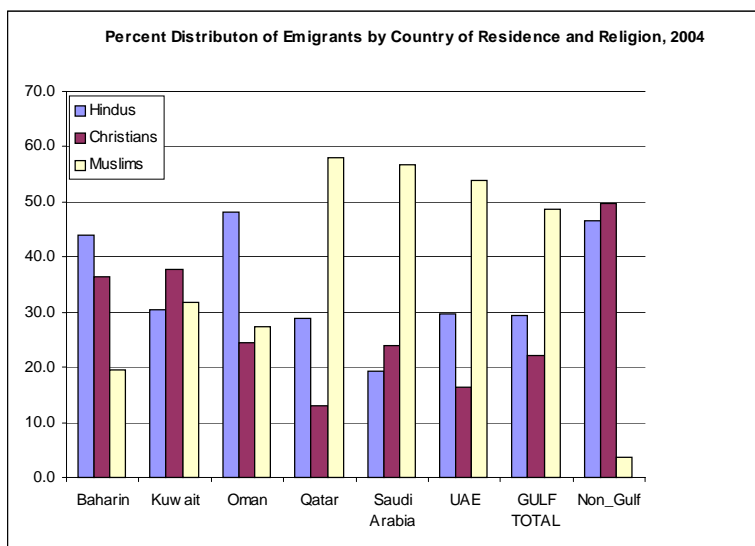
The principal destinations of emigrants from Kerala were Muslim countries. A natural consequence of it was that, the majority of the emigrants were also Muslims. Among the emigrants, the proportion of the Muslims was 43.7 percent in 2004 and 41.9 in 1999. Their share in the sample population was only 25.9 percent in 2004 as against 27.1 percent in 1999*

* As a consequence of using household as the sampling unit, the survey seems to have overestimated the proportion of Muslims compared to that shown by the census. The average family size of the Muslim household is much higher than that of the other communities.

Hindus constituted 31.2 percent of the total number of emigrants and Christians, 25.1 percent. Over the 5-year period, while Muslims have increased their share, Hindus have decreased theirs.

For every 100 households there were 82 NRKs among Muslims, but only 22 among Hindus. However, the largest percentage increase (during 1999-2004) in the number of NRKs was not among Muslims (17.3 percent) but among Christians (53.9 percent).

Figure 1



Muslims also stand apart with respect to the proportion of households with an NRK. Among them one in two households has an NRK. This is also true of Mar Thoma Syrian Christians. Among the Schedule Castes, only less than 5 percent of the households have an NRK.

Thus the picture, which emerges from this analysis of the dimensions of emigration is one of sustained rapid emigration and

significant return emigration and significant realignment both in the country of destination and the districts of origin, portending considerable enlargement in the spectrum of emigrant's destinations. In spite of the relatively long period of emigration from the state to ever-enlarging destinations, only a minority of households in the state are direct beneficiaries of emigration- just about a quarter of the total.

III. HUMAN RESOURCES

Education, Employment and Unemployment

Other than the size of emigration, emigrants' human resources, education and employment pattern in particular, have a major role in determining the volume of remittances and the levels and patterns of consumption and disposition of remittances including all the economic consequences of emigration. Emigration also has a very important role in the human resource development of the population at the places of origin. Thus, human resources are simultaneously determinants as well as consequences of emigration.

Education

An important element of human resources is educational attainment. In this matter Kerala leads all other Indian states. Yet, in the past, the Kerala emigrants to the Gulf were not well-educated, especially when compared with their counterparts from other countries of origin. How far has this situation changed in recent years?

During 1999-2004, the educational level of the population has improved considerably in Kerala. The proportion of the population with secondary level of education or a graduate degree has increased from 23.6 percent to 27.1 percent. Correspondingly, the proportion with primary level of education or below has decreased.

Improvement in educational attainment was noticeable in most districts, especially in Thiruvananthapuram, Kannur, and Wayanad. Districts with the lowest rates of improvement in education were Idukki, Palakkad, Alappuzha. and Kasaragod.

Christians have a much higher level of education than either Hindus or Muslims. About 36 percent of Christians have secondary level of education or are degree holders, compared with only 15 percent of Muslims. Christians were ahead of the other religious groups with respect to the improvement in the level of education during 1999-2004.

Among Hindus, the Brahmin community was the most educated (51 percent with high level education). Among Christians, the Mar Thoma Syrian denomination was the most educated (47.5 percent with high level of education). Muslims are at the bottom and are at par with the Scheduled Castes; only 15 percent of them fall in the high education group.

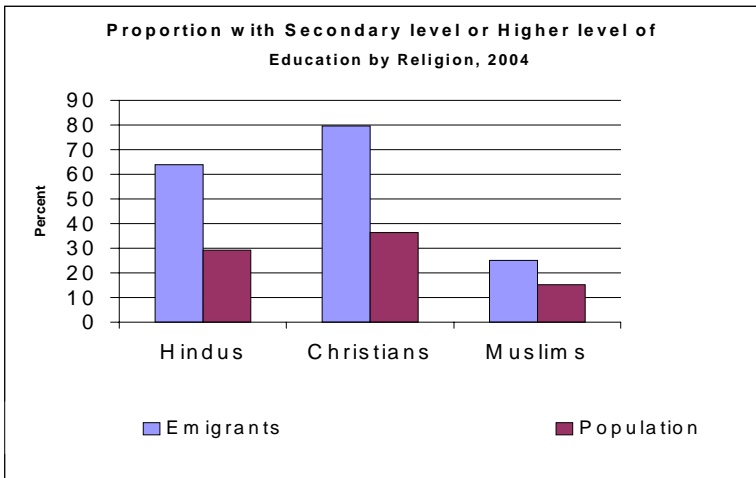
Emigrants are no doubt better educated than the general population. While 50 percent of the emigrants, 36 percent of the return emigrants and 45 percent of the Non-Resident Keralites above the age 15 years have secondary or higher levels of education, the corresponding proportion in the general population is only 32 percent.

During 1999-2004, the educational level of the emigrants showed remarkable improvement. A notable feature of this improvement was the increase in the proportion of emigrants with a degree, from 10.5 percent in 1999 to 19.4 percent in 2004.

Such increases are observed, not only in terms of proportions, but also in terms of absolute numbers. During 1999-2004, while the number of emigrants increased by 35 percent, the number of emigrants with a degree increased by 144 percent, from 1.36 lakh in 1999 to 3.33 lakh in

2004. Similar increases were noticed also among the secondary level educated emigrants, but their increase in numbers was not very much different from that of the total emigrants. Improvement in the educational level of the emigrants could have been an important factor in the increase in the volume of remittances during 1999-2004.

Figure 2



Expenditure on Education

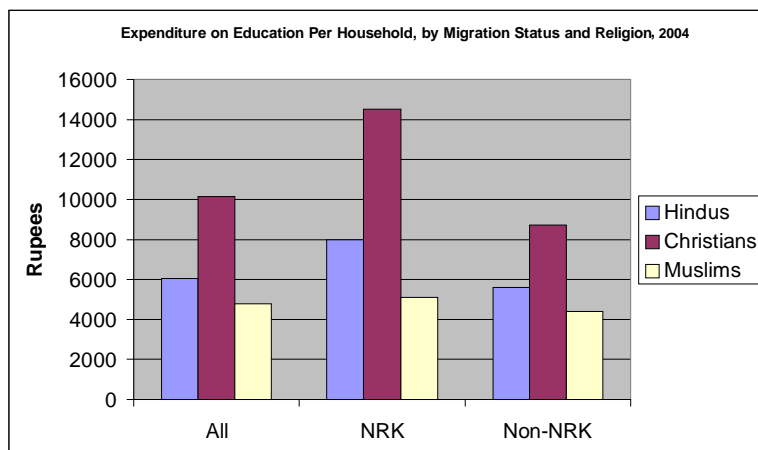
Household expenditure on children's education is a major item in the household budget. In recent years, the expenditure on education has been steadily on the rise.

A few households do not have, however, school- (college-) going children. The average expenditure on education for all households, including those without school children, was Rs 3,739 while the average for households with children was Rs 6,600. Christian households spend Rs 10,315 per household, more than twice the average for Muslim households, which spend only Rs 4,834 on the average.

Within the Hindu and the Christian religious groups there were very large variation in educational expenditure among communities. The Mar Thoma Christians spend the maximum, Rs 16,000 per household with children. The Orthodox/Jacobite Christians come next with Rs 14,642 per household. They are followed by Roman Catholics, Nairs, etc. in that order.

Emigration has an impact on the amount that the households spend on education. The average expenditure per NRK household was Rs 7731 and that per Non-NRK household was Rs 6143. Such differentials exist in all religious groups, but they are largest among Christians. NRK Christian families spend on an average Rs 5754 more for education of their children than Non-NRK Christian families. The differential is the lowest among Muslims.

Figure 3

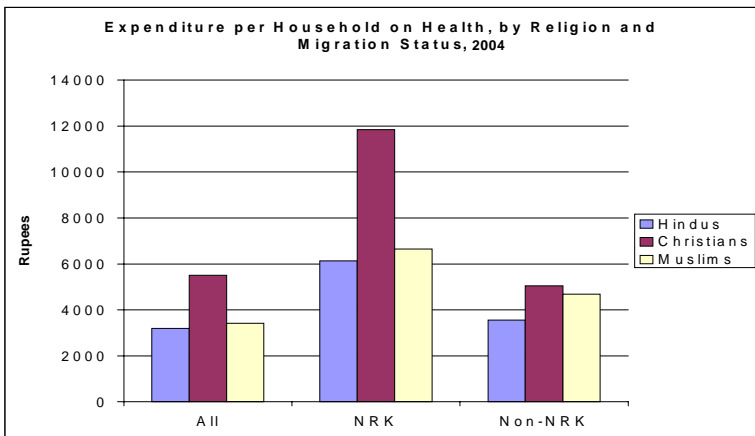


Expenditure for Health Services

Expenditure on family health care is an equally important item in the budget of Kerala households. In recent years, this item in the

household budget has been on the rise. The average expenditure on health care per household was Rs 4,953. As expected, the expenditure on health care also is higher among the NRK families than among the Non-NRK families. It is higher among Christians than among Hindus or Muslims. The difference is really large among the NRK households. The Christian NRK households spend almost double the amount, which the corresponding Hindu households spend. Hindus spend less on health care than Muslims do, both among the migrant and the non-migrant households.

Figure 4



As in the case of education, Mar Thoma Christian NRKs spend the maximum on health care, about Rs 14,400 per household. The Orthodox/Jacobite Christian community is a close second. The effect of emigration, as measured by the difference between the NRK and the Non-NRK households is the largest among the Orthodox Christians. They are followed by the SC/ST community among which emigration status makes a big difference in the matter of expenditure on health care. The migration effect is the lowest among the Latin Catholics, the Muslims and the Ezhava community.

Economic Activity

The relation between emigration and economic activity is very close. Directly or indirectly, emigration from Kerala affects economic activity, and the levels of employment and unemployment in the state. In turn, the economic activity in the state does have some impact on the magnitude of emigration and its trends and characteristics.

According to SMS, there were about 25 million persons of employable age (taken as 15+ years in this study) in Kerala in 2004. Of them 12 million were in the labour force and 13 million were not. Out of the total labour force of 12 million, 10 million were gainfully employed and 2 million were unemployed. Nearly 67 percent (72 percent in 1999) of males and 15 percent of females (17 percent in 1999) were gainfully employed; 24 percent of males (22 percent in 1999) and 75 percent (78 percent in 1999) of females were not in labour force. About 8.5 percent (5.8 percent in 1999) of persons of 15+ years and 10 percent of females of 15+ years (5.1 percent in 1999) were unemployed and seeking jobs.

Thus between 1999 and 2004, the proportion of persons gainfully employed registered a decline, the proportion outside the labour force showed an increase and the proportion unemployed and seeking employment increased substantially.

During 1999-2004 while the number of employed males increased by 4.8 lakh, the number of employed females decreased by 43 thousand. At the same time, the number of unemployed persons increased by as much as 11.8 lakh.

This study did not use the standard industrial or occupational classification of the employed. Rather it has used an independent economic sector classification. As the same method had been followed in the 1999 study, the results from these two studies are quite comparable.

An important aspect of the employment situation in Kerala is the considerable decline in the proportion of the employed in several sectors: from 3.5 percent in 1999 to 3.2 percent in 2004 in the Government sector; from 4.1 percent to 2.5 percent in the private sector and from 13.1 percent to 8.8 percent in the self employment sector. One major exception is employment in the casual labour sector, which registered an increase from 20.5 percent to 22.7 percent. Casual labour was the largest group among the employed. Next in line was the self-employed. The net change among all the sectors combined was a decline from 43.4 percent to 39.7 percent, that is, by 3.7 percentage points.

In terms of numbers, the largest increase was found among non-agricultural labourers and the largest decrease among persons employed in the private sector. Employment in the semi-government sector experienced a robust increase of almost 70 percent.

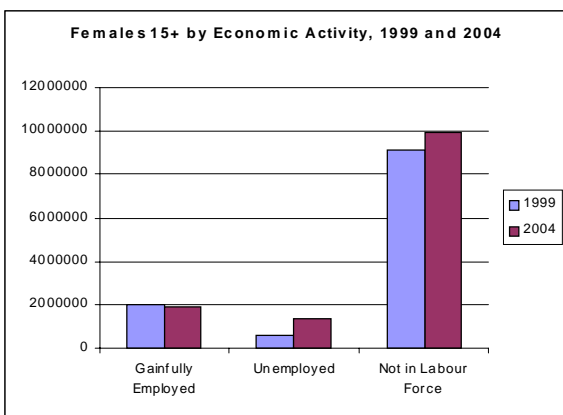
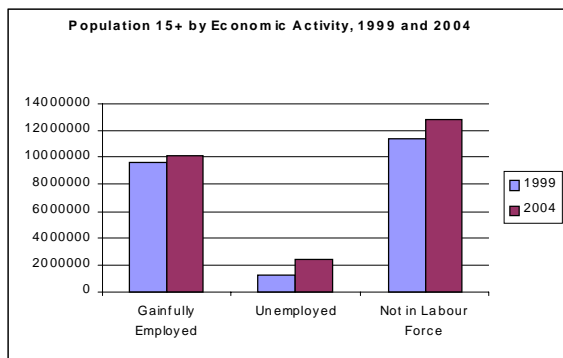
Kerala experienced a large increase in the number of pensioners during 1999-2004, by a whopping 433 percent.

Unemployment

Of particular concern in this study was unemployment which seems to have almost doubled in the past five years. The number of the unemployed persons was 1.214 million in 1999 (619 thousand males and 594 thousand females) and 2.389 million in 2004 (1.033 million males and 1.356 million females). The figures for 2004 represent an increase of 67 percent among males, 128 percent among females and 97 percent among males and females taken together. The unemployment rate (unemployed per 100 persons in the labour force) was 11.2 percent in 1999 and 19.2 percent in 2004.

Thus the most dynamic element in the employment sector in Kerala during 1999-2004 was an extraordinary increase of the number of

Figure 5



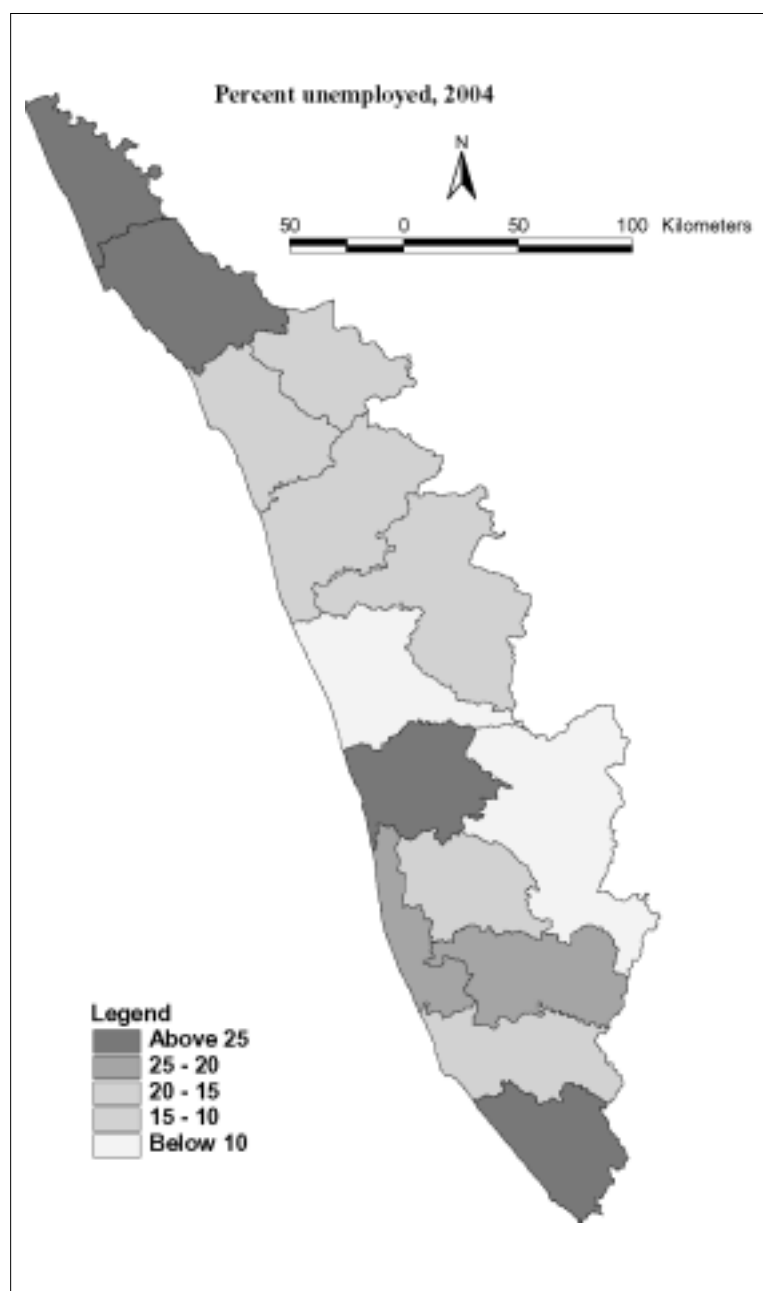


Figure 6

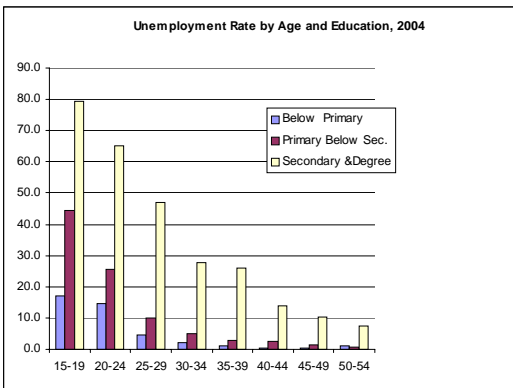
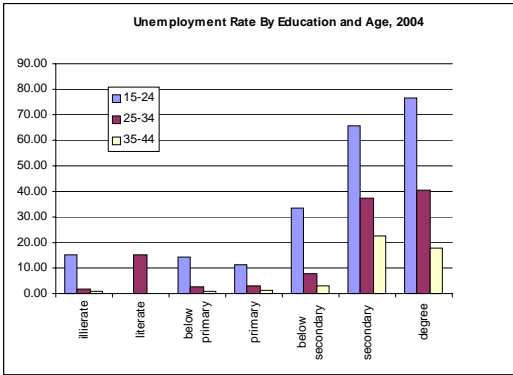
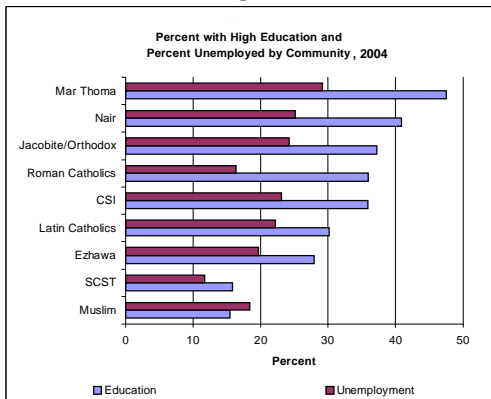


Figure 7



unemployed persons, stagnancy in the total number of employed persons and decline in the number of employed women.

Another interesting feature of the unemployment situation in Kerala in 2004 is its wide spatial variation. The unemployment rate was as high as 34.3 percent in Thiruvananthapuram district and 27.8 percent in Kasaragod district but only 9.6 percent in Idukki district and 10.4 in Thrissur district. The number of the unemployed increased by 413 percent in Thiruvananthapuram and 361 percent in Kasaragod, but decreased by 22 percent in Palakkad and by 10 percent in Thrissur. Such wide variations within this small state deserve careful analysis. The educational factor alone does not seem to be able to account for these inter-district differences.

Unemployment was the highest among the Christian community and the lowest among Hindus. Among the different communities within each religious group, it was the highest among the Mar Thoma Christians and the Nairs. A close association is observed between unemployment rate and educational attainment. It is in the religious group and the community with a high proportion of persons with secondary or higher levels of education that unemployment rate is also the highest. A relatively high positive association exists between unemployment and higher education levels.

Emigration, Employment and Unemployment

Before emigration, about one-third of the emigrants had been employed as casual labourers. Among the rest, 9 percent had been working in the private sector and 7 percent had been self-employed. Among the return emigrants, the proportion of labourers increased a little to 36 percent. But the most significant change was in the case of those employed in the private sector, the share of which was 36 percent among return emigrants but had been only 9 percent among the emigrants, prior to emigration. Emigration is associated with a shift from the "job

seeker" status to the status of the "employed" in private sector, and semi-government sectors.

More than a-third of the emigrants had been unemployed prior to their emigration; but in the country of destinations only a few; hardly 1.8 percent, remained unemployed. On their return to their places of origin, about 8 percent turned unemployed. As expected, emigration by itself had a salutary effect on the unemployment situation in Kerala.

Emigration, Education and Unemployment

Education is an important factor in determining the level of unemployment in Kerala, as most of the unemployed were educated. In 2004, the highest unemployment rate was among persons who had secondary level education, about 40 percent. The rate among the degree holders was not much lower, 36 percent. In 1999, the situation had been slightly different. Unemployment rate had been highest among degree holders (31 percent). Hardly any unemployment had existed among persons with only less than primary level education either in 1999 or in 2004.

Over the 5-year period 1999-2004, unemployment rate increased by 8 percentage points, but the increase among the secondary school leaving certificate holders was almost double, as much as 15 percentage points.

Part of the increase in the unemployment rate during 1999-2004 was due to change in the educational composition (increase in the proportion of the highly educated). Had there been no change in educational composition between 1999 and 2004, increase in unemployment rate would have been from 11.2 percent to 16.6 percent only or just by 5.4 percentage points, instead of the observed 8.1 percentage points. Thus 33 percent of the increase in the unemployment rate during 1999-2004 was due to change in the educational composition.

In terms of the number of the unemployed, the largest was persons with secondary education, 11.9 lakh. The corresponding number in 1999 had been only 5.45 lakh. The increase was thus 6.5 lakh or 119 percent. Unemployment among persons with primary level education has shown a decline, by about 20 percent. Overall, the increase was 97 percent.

Factors Associated with the Increase in Unemployment

The relationship between migration and unemployment at the place of origin is rather complicated. There are both direct and indirect effects (spin-off effects). The direct effect is easy to estimate, but it is more difficult to measure the spin-off effects. As mentioned earlier, unemployment rate, according to the KMS had been 11.2 in 1999. The corresponding rate according to SMS was 19.2 in 2004. The method used to estimate unemployment rate was the same in both the studies. Therefore, the observed increase is very real. What are the factors underlying this increase?

In the KMS, it had been argued that emigration contributed to a decline in the unemployment rate in Kerala. Had there been no emigration, the unemployment rate in Kerala would have been 14 percent instead of 11 percent as recorded by KMS. Thus emigration had contributed to a reduction of the unemployment rate. This is the direct effect, or effect contributed by the departure of a large number of the unemployed from Kerala. In 1999, the indirect effect also would probably have been positive, favouring a reduction in the unemployment rate.

In 2004 also there was this direct positive effect of emigration. As in 1999 this effect was to reduce the unemployment rate. Had there been no emigration, the unemployment rate would have been 21.3 percent. Because of emigration of 621,354 unemployed persons from Kerala, the unemployment rate declined to 19.2 percent. Thus emigration

contributed to a reduction in unemployment rate in 2004 by about 2 percentage points*.

Although the number of emigrants was 33 percent higher in 2004 than in 1999, its impact on unemployment was lower, only 2 percentage points in place of 2.6 points. The reason seems to be much larger number of unemployed persons in the general population in 2004.

The number of unemployed persons was 2,389,219 in 2004 and 1,213,623 in 1999. The 2004 figure is higher by 97 percent. The number of the unemployed among the emigrants (before emigration) was 621,354 in 2004 and 360,917 in 1999. The 2004 figure is higher by 72 percent. The impact of emigration of the unemployed is thus less than the increase in the number unemployed.

Indirect Effects

The direct effect of emigration on unemployment would be relatively small compared with the indirect effects or spin-off effects. The net direct effect could at most be an increase of 1 percentage point as the gross effect in 1999 was 3 percentage points and that in 2004 was 2 percentage points. We have to search for other factors in explaining the increase in unemployment (see later in the section on the economic consequences of emigration)

IV. REMITTANCES

Remittances are the principal means by which emigration impacts upon the economy. There are of course other ways such as on-the-job development of technical and management skills, change in life style

* The reported reduction of 3 percentage points in 1999 took into consideration not only emigration but also internal out-migration to other states in India. If internal migration were excluded, the decline would have been only 2.6 percentage points

and work culture, exposure to better and more modern tools and equipments. However, in this study the focus is on the consequences brought out through remittances and their disposition. How much money comes to Kerala as workers remittances in a year? The data collected in this study are not sufficient to answer this question.

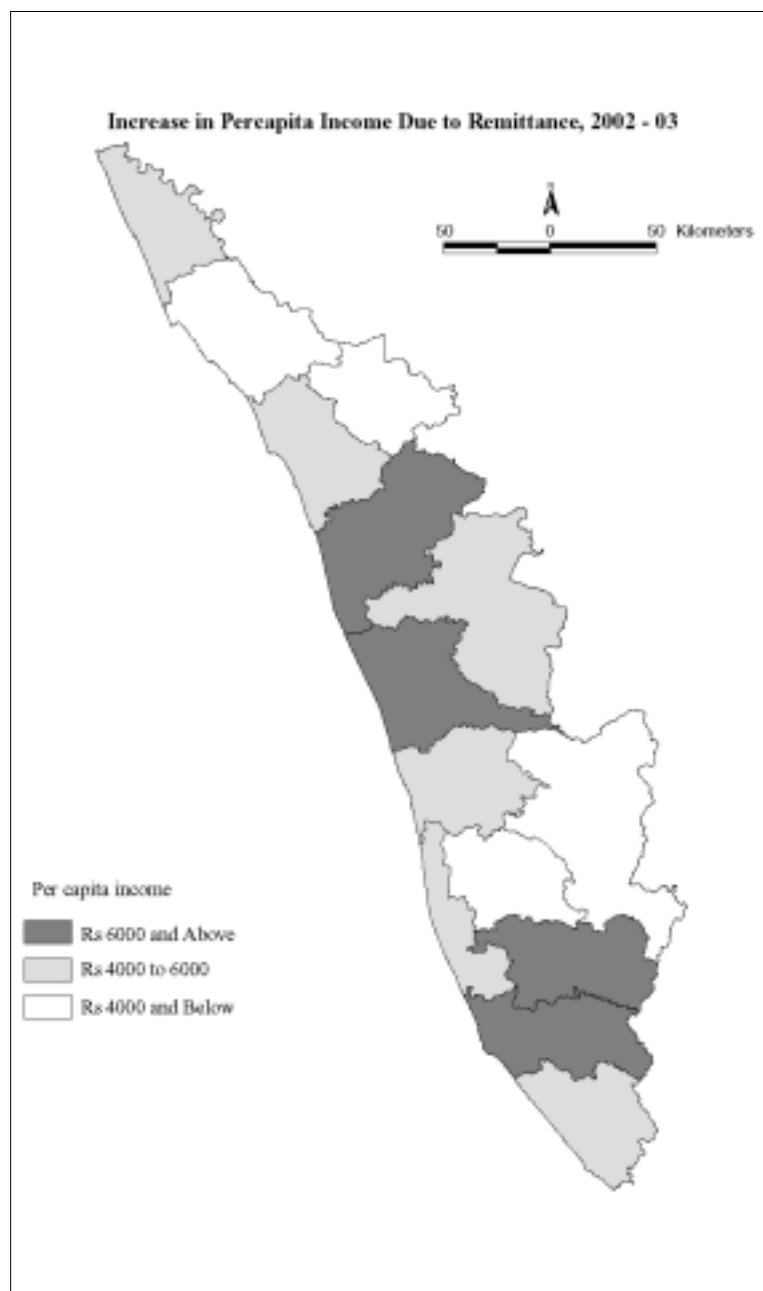
We have made a distinction between total remittances and household remittances. Secondary data from official statistics of the Reserve Bank of India and other sources are used to arrive at an estimate of the total remittances. On the other hand, data from this study were used to estimate household remittances, that is, remittances received by households in Kerala directly from emigrants abroad.

Total Remittances

Our best estimate of the total remittances for 2004 was Rs 18,465 crore. This compares with the estimate of Rs 13,652 crore for 1999. Thus, the total remittances that Kerala receives annually has increased by 35 percent during 1999-2004.

The infusion of Rs18,465 crore a year to Kerala via remittances should have had considerable impact on the Kerala economy. Rs 18,465 crore per year distributed among the 32.5 million persons of Kerala would give each person in Kerala, young and old, men and women about Rs 5,680 per year or Rs 473 per month sufficient to buy at least one KG of rice per day per person. This calculation clearly indicates how important remittances are for the Kerala economy.

The net state domestic product (NSDP) for Kerala was Rs 83,782 crore for 2002-2003. The remittances (Rs18,465 crore) come to about 22 percent of the NSDP of Kerala. The past five years experienced a general decrease in the ratio of remittances to NSDP, from about 25 percent in 1999 to 22 percent in 2003.

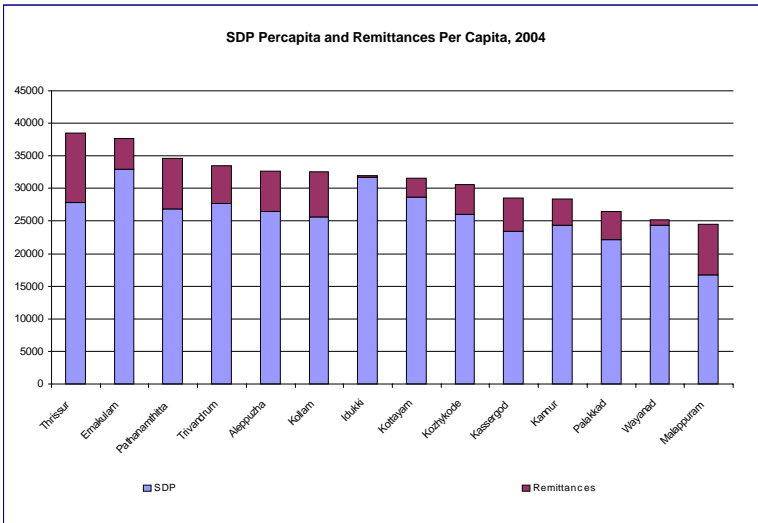


The per capita domestic income for Kerala was about Rs 25,764 in 2003. This estimate does not include remittances. The modified state domestic income, including remittances, would be Rs 102,248 crores and the modified per capita income, including remittances, would be Rs 31,442. The effect of remittances on Kerala's per capita annual income in 2003 was an increase of Rs 5678.

The importance of remittances in Kerala's economy becomes more evident from a few other comparisons. The remittances were 1.74 times the revenue receipts of the state, 1.8 times the annual expenditure of the Kerala Government, and 7 times of what the state received from the Central Government., Remittances were sufficient to wipe out 60 percent the state's debt in 2003.

Export of cashew kernels and marine products are two important earners of foreign exchange in Kerala. The remittances in 2003 was 15

Figure 8



times the export earnings from cashew and 18 times that from marine products.

At the district level, remittances were the highest in Thrissur district with Rs3,234 crore. Malappuram district came next with Rs 2892 crore. As expected, Idukki and Wayanad received the lowest.

Remittances were 22 percent of the states' NSDP. However, considerable variations are observed among districts. In Malappuram district, remittances formed about 46 percent of the district domestic income. It was a meager 1 percent in Idukki district. Thrissur (38.2 percent), Pathanamthitta (28.6 percent) and Kollam (26.9 percent) received relatively high proportions of their domestic income from remittances.

The impact of remittances on district level per capita income is the highest in Thrissur where remittances raised per capita income to Rs 38,525 or by Rs10,654. Six districts where the impact is more than the state average are Thrissur, Malappuram, Pathanamthitta, Kollam, Alappuzha and Thiruvananthapuram. Remittances contributed more than Rs 10 a day on the average income of persons in 11 districts, more than Rs 20 a day in 3 districts about Rs 30 a day in Thrissur district.

Household Remittances

A part of the total remittances to Kerala is received by members of their households. This is what we call household remittances.

Not all households received remittances. Only 17.6 percent of the households had emigrants, and only 16.7 percent of the households received remittances in cash. About 17.1 percent of households have received remittances in one form or another. Thus, most of the households, which had emigrants from them, have received remittances. At the same

time, it is important to underline the point that 83 percent of the Kerala households were not direct beneficiaries of workers remittances from abroad

An estimate of the total household remittances (cash, commodities, and funds received for buying land, houses, scooter etc) received by Kerala households for various purposes was Rs 7,965 crore. Of this total, cash remittances were Rs 5,509 crore. The corresponding figure for 1999 had been Rs 3,530 crore indicating an increase of 56 percent during the 5-year period. Increase in the number of emigrants during the period was only 34 percent. Thus, the increase in household remittances was more than that in the number of emigrants by 22 percentage points. Obviously, remittance per emigrant has increased considerably during the past five years. The increase could have been due to structural changes among the emigrants, and their spread to developed countries in the West.

"In the eighties, we mostly had unskilled or skilled workers heading for west Asia. In the nineties, we have had knowledge workers heading for the more salubrious climates of the western hemisphere, driven by the demand from the booming services sector in the US and elsewhere" (Economic Times, 8/4/04)

The total cash value of goods (clothes, electrical and electronic gold, etc) received from emigrants was Rs 562 crores in 2004 and Rs 541 crore in 1999 indicating an increase of a mere 4 percent. In 1999, remittances in kind were 15 percent of cash remittances. The corresponding proportion in 2004 was 10 percent. Thus, the practice of bringing household goods, gold, clothes etc for the use of members of their households has not kept up in proportions with the increase in the number of emigrants. Increase in the local availability of goods, which used to be imported, could have been the reason behind this slow down.

In addition to cash and commodities, households received Rs 1,575 crore by way of funds for investment in land and buildings. Of this amount, 87 percent (Rs 1367 crore) was used for the purchase of land and the balance Rs 208 crore construction/purchase of home buildings.

An amount of Rs 319 crore was received by households for the purpose of buying cars, motor cycles, for starting small scale industries and for paying dowry etc. Much of this amount (90 percent) was spent on dowry payments and meeting other miscellaneous expenses. Only less than half of one percent of this 319 crores was spent on starting small-scale industries. About 10 percent (Rs 32 crore) was spent for buying cars, scooters, etc.

Much of the cash value of commodities bought by the emigrants (about Rs 562 crore) was the value of clothing bought by the emigrants on their home visits. Next in importance was gold ornaments brought in. Another equally important item brought in by emigrants was electrical and electronic goods.

Household remittances were meant mainly for the subsistence of the emigrant's relatives back home. About 50 percent of the cash remittances was indeed used for subsistence. About half of that amount (25 percent or 1,400 crore) was used for educational purpose.

Geographical Aspect of Remittances

Out of the total household remittances of Rs 7,965 crore to Kerala in 2004, Rs 1,368 crores (or 17.1 percent) was received by households in Thrissur district. This is the largest among the 14 districts of the state. Households in Malappuram district received 1,257 crore (15.8 percent of the total). The other districts which received substantial share of the remittances were Kollam (10.6 percent,) and Thiruvananthapuram (10.2 percent).

In 1999, the district which received the largest amount by way of household remittances had been Malappuram, which received Rs 766 crores or 18.8 percent of the total. The share of Malappuram district decreased to 15.6 percent in 2004, compared to 18.8 percent in 1999. On the other hand, Thrissur's share increased from 14.0 percent in 1999 to 17.1 percent in 2004. The other districts, which experienced a significant increase in their shares, are Kollam and Thiruvananthapuram. On the other hand, some districts have experienced decline in their shares: from 11.9 percent to 7.7 percent in Ernakulam, from 6.6 percent to 5.0 percent in Pathanamthitta and from 8.7 percent to 6.6 percent in Palakkad.

All the 14 districts had experienced increases in the amounts received by households by way of remittances. The largest increase was in Thrissur district (Rs 826 crore). The other districts of importance in this respect are Malappuram (Rs 481 crore), Kollam (Rs 467 crore) and Thiruvananthapuram (Rs 456 crore).

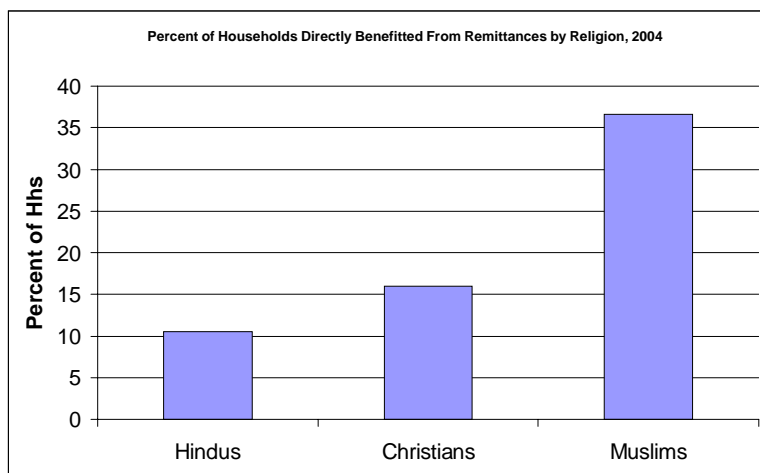
Remittances per emigrant were the highest in Thrissur district, Rs 51,750. Idukki district came close with Rs 50,000 per emigrant. Ernakulam and Kollam are next in importance with about Rs 40,000 per emigrant. Per emigrant remittances were the lowest in Kannur, only Rs 15,000.

It was mentioned earlier that remittances in any form were received only by 17 percent of the households in Kerala. The remaining 83 percent were not direct beneficiaries of remittances. The distribution of emigrants per households differed widely among the districts. At one extreme is Idukki district where only 1.5 percent of the households received remittances from emigrants in any form. On the other hand, in Malappuram district as much as a-third of all households were direct beneficiaries of remittances from abroad. Pathanamthitta and Kasaragod were the other two districts, which had relatively larger proportions of households receiving remittances from abroad.

Remittances by Religion

The total remittance of Rs 7,977 crore consists of Rs 2,365 crore received by Hindu households, Rs 2,021 crore by Christian households and Rs 3,590 crore received by Muslim households. The average remittances per emigrant were Rs 43,220. There was not much variation in this respect across communities. On the other hand, average remittances per household vary considerably by religion. The Muslim households have an average remittance of Rs 24,000 (Muslim households have larger number of emigrants per household) while Hindu households have an average of only Rs 6,134 per household.

Figure 9



Remittances by Community

We have seen that the amount of remittance per household was the highest among Muslims. But Mar Thoma Christian households had received even larger amounts. An average Mar Thoma Christian household received Rs 26,098 as remittances in 2003-04, which was higher than the average for Muslims, Rs 24,350.

In the order of remittances per household, the Mar Thoma community comes first followed by Muslims, Jacobite/Orthodox Christians, Latin Catholics, Roman Catholics, Nairs, and followers of the Church of South India. The SC/ST group comes last with only Rs 725 per household.

V. EMIGRATION AND POSSESSION OF CONSUMER DURABLES

One of the inevitable consequences of emigration is the substantial increase in the disposable funds at the household level. This increase has had considerable impact on the consumption pattern of Kerala households. After paying back money borrowed for meeting the cost of emigration, remittances are used to acquire a variety of consumer goods as well as land and houses, vehicles and household accessories. We have indicated earlier, how the remittances are used for housing, purchase of land, paying back debts, education of dependents, dowry of children and other relatives. Here we discuss the effect of remittances' on acquisition of housing amenities, possession of household goods, and other consumer durables.

Housing and Household Amenities

Electrification

One important housing amenity is electrification. In Kerala, most houses are electrified, and therefore, the impact of emigration on electrification of houses could not have been very significant. According to this study in 2004, 85 percent of its households electrified, up from 74 percent in 1999. About seven lakhs of houses were newly electrified during 1999-2004.

Although the overall percentage increase is very high, there are differences across districts and religious groups. The proportion of houses

electrified was nearly 90 percent in Kottayam district but only 66.4 in Wayanad district. Other districts with low rates (less than 85 percent) of electrification are Idukki, Malappuram and Palakkad.

Emigration could have had a significant impact on the electrification of houses. Among households with an emigrant or return emigrant (with an NRK) the proportion of houses electrified was as high as 96.9 percent while the corresponding proportion among non-NRK households was only 81.9 percent, a difference of 15 percentage points. The corresponding difference in 1999 had been higher, 19.7 percentage points. Thus, the differential between emigrants and non-emigrants in the matter of electrification of houses has become lower in recent years. The reason is of course the fact that Kerala has reached a near saturation level in the matter of electrification of houses.

A significant point to note in this matter is that the increase in the proportion of electrified households among NRK households was 8.5 percentage points, while that among non-emigrant households was 13.2 percentage points. Thus, the increase is much larger among the non-migrant households. The reason is that the initial level was much lower among the non-migrants and that there was scope for a higher rate of increase. On the other hand, among the migrant households, the level had been already very high and the scope for further increase was limited.

Emigration or no emigration, Kerala houses were getting electrified according to the facilities available with the KSEB. Emigration has not been a significant factor in this matter in recent years.

Cooking Fuel

The principal fuel used for cooking in Kerala households is wood. Nearly two-thirds of the households use wood alone or in combination with other fuels. Next in importance is LPG gas. About 31 percent of

the household use LPG alone or in combination with other fuels. Only about 4 percent use Kerosene oil.

In 2004 among the NRK households about 42 percent use LPG compared with only 26.5 percent among the non-NRK households. During the 5-year period 1999-2004, the proportion of households using LPG increased by 11.6 percentage points.

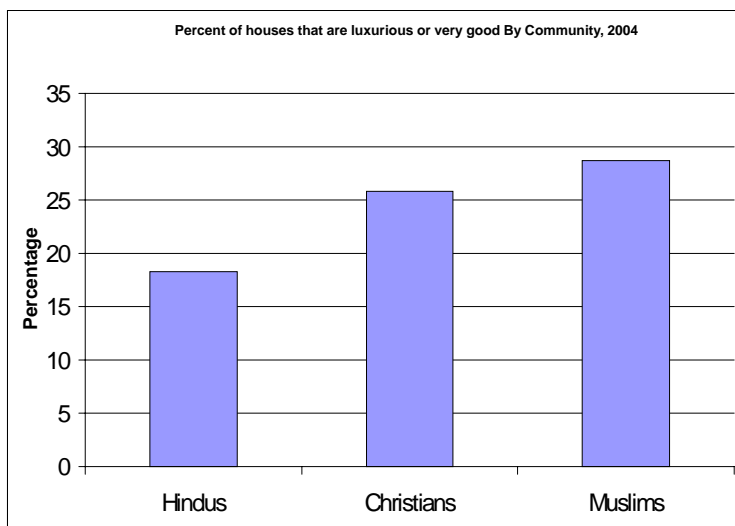
In 1999 the proportion of households using LPG was 29.2 percent among NRKs, and 15.6 percent among Non-NRKs. The difference between NRK and Non-NRK households in 1999 had been the same as in 2004. Like the case of electrification of houses, emigration has not been a significant factor in the use of LPG for cooking either. The differences between the proportion of households of migrants and non-migrants with respect to the rates of increase in the use of LPG were not significant.

Housing

A major sector in which emigration seems to have had a very significant effect is housing. About 22 percent of the houses in the sample were categorized as, "luxurious" or "very good" in 2004. The corresponding percentage in 1999 had been 14.5 percent. Thus, during the 5 year period the housing quality improved considerably. However, there were large differences in the quality of houses occupied by the three religious groups. The proportion of luxurious or very good houses was 18.3 percent among the Hindus, 25.8 percent among the Christians and as much as 28.7 percent among Muslims. This is one area in which Muslims stand much ahead of other religious groups.

Emigration has had considerable impact on the quality of housing. Perhaps housing has been the very first requirement to receive emigrants' attention. About 58.3 percent of the houses of the NRKs in 2004 were

Figure 10



either "luxurious" or "very good". Among the non-NRKs the corresponding proportion was only 17.1. The difference is as high as 41.2 percentage points. The corresponding difference had been only 13.1 percentage points in 1999. Thus, the effect of emigration on housing has become much stronger in recent years.

Comparison between the situation in 2004 and 1999 is very revealing. In 1999 only 2.4 percent of the NRK houses had been luxurious, but by 2004 as much as 17.2 percent of them became luxurious. Similarly only 22 percent of the NRK houses had been "very good" in 1999. But by 2004 as much as 41 percent of the houses of NRKs became "very good"

Even among the non-migrant households some improvements have been observed in the quality of houses. Among them, 11.3 percent of the houses had been "luxurious" or "very good" in 1999. The corresponding percentage was 17.1 in 2004. But unlike the case of electrification and

use of LPG gas, the improvement in the quality of houses during 1999-2004 is seen to have been much stronger among emigrant households than among non-emigrant households. Emigration has had indeed an independent positive effect on housing quality. This positive effect of emigration on housing quality is independent of the district of origin of the emigrants or their religious affiliation. It is pervasive.

Possession of Consumer Durables

Remittances sent back by the emigrants, and money brought back by them on return increase the amount of disposable income of the NRK households. These households are, therefore, in a position to acquire durable consumer goods much more than their non-NRK counterparts.

In 2004, 60 percent of the Kerala households possessed television sets, 45 percent had telephone connection and 30 percent had refrigerators. All the corresponding proportions had been much smaller in 1999. Between 1999 and 2004, the proportion of Kerala households with television sets increased from 38 percent to 60 percent. The corresponding change in the case of telephones was from 15 percent to 44 percent, and in the case of refrigerators from 19 percent to 30 percent.

In terms of actual numbers the increases between 1999 and 2004 were 2,048 thousand telephone connections, 1,720 thousand television sets, 852 thousand refrigerators, 548 thousand VCRs, 509 thousand scooters/motor cycles and 330 thousand motor cars.

The effect of emigration on the possession of the consumer durables could be understood better by comparing the increases during 1999-2004 as between emigrant households and non-emigrant households. The increase in the percentage of households with telephones among emigrants was by 40.9 points but only by 24.1 points among non-migrant households. In the case of television sets, the increases were 31.4

percentage points among emigrant households, but only by 21.1 percentage points among non-emigrants households. In all other items of consumer durables also, the increases were markedly higher among the migrant households. Emigration has indeed contributed significantly to the possession of consumer durables.

On the whole, the vast majority Christian households own most of these consumer durables more than the other two communities. Seventy percent of the Christian households have television sets compared with only 60 percent of Hindu households and 51 percent of Muslim households. Hindus have the lowest proportion in the case of ownership of cars, scooters, telephones, cell phones, VCRs and refrigerators. Muslims come last with respect to the possession of television sets and cars. But they lead others with respect to the ownership of taxis.

As shown earlier, emigration has significant effect on the possession of consumer durables. The effect is significant among all the three communities; but is the highest among Christians with respect to possession of telephones and refrigerators. In the case of television sets, the largest impact of emigration has been on the Muslim community. The difference between migrant and non-migrant households in the matter of possession of television is as much as 35 percentage points.

VI. ECONOMIC CONSEQUENCES OF EMIGRATION

Emigration and Unemployment

The 1999 KMS report concluded with a strong sense of euphoria about the impact of emigration on Kerala society.

"Kerala has entered the new millennium with some cheer in many of its homes, thanks to migration and the economic returns that it brings" (Zachariah, Mathew and Irudaya Rajan 2000).

Emigration brought into Kerala about Rs12 to 13 thousand crore by way of remittances in 1999, raising the State Domestic Product by 25 percent, and its per capita income by Rs 4,351; directly reducing the unemployment rate by three percentage points (in consequence of the emigration of the unemployed); indirectly reducing unemployment through a number of spin-off effects, especially in the construction industry and the travel-related service sector; improving the educational level of the youth; restructuring the labour force by shifting a good many of them from the category of general labour sector to the self-employment sector; improving the housing condition in the state; and modernizing housing facilities and enabling households to acquire many of the modern household amenities, and gadgets of luxury. As most of the emigrants of the late' eighties and the early' nineties came from relatively poor families, emigration and emigrants' remittances reduced the gap between the rich and the poor, thus leading to a more egalitarian society in Kerala.

Emigration of married men who left behind the responsibility of the management of the households to women in the family, has over the years, transformed about one million "Gulf Wives" from the status of modest housewives to the status of efficient managers of household affairs, capable of dealing with the outside world, maintaining family accounts, transacting business in banks, planning and pursuing the education of children and taking care of the health and well-being of the entire family.

Negative consequences of emigration had not altogether escaped the attention of the 1999 KMS report. But they did not receive much emphasis. The social and psychological problems of the "Gulf Wives" and the loneliness of the "Gulf Parents" which received some attention but were considered to be minor spots in an otherwise brilliant picture of all round benefits from emigration. The general surmise was, on the whole, one of euphoria.

Such euphoria was perhaps very much appropriate and warranted at that time, as large-scale emigration was at its early stage in Kerala. Possessing passports, buying air-tickets from travel agents, traveling by plane to distant countries, etc were new experiences for the ordinary labouring class of Kerala. Emigration brought in benefits beyond the wildest imagination of the emigrants themselves, not to speak of their families and their neighbours.

The situation in 2004 is somewhat different. Kerala emigration has by now reached a more mature stage. It is no longer looked at with awe by most Keralites. Many of them had first hand experience, howbeit, at least for short periods. Emigration has become one of the activities considered normal for the youth of the state, both men and women. The non-formal educational system in Kerala is especially geared to helping the youth to emigrate

Does emigration deserve the same degree of euphoria in 2004 as it did in 1999? Our analysis showed that even today most consequences of emigration are highly beneficial to the Kerala society. At the same time, some of the secondary effects of emigration, the so-called spin-off effects, have been beginning to create some problem. This report, while describing the beneficial consequences of emigration has taken particular care to point out some of these emerging adverse effects of emigration. In fact, this section deals more with the negative aspects of emigration than with its positive aspects, which were well articulated, in the 1999 KMS.

First, a quick recapitulation of the positive aspects. During 1999-2004 emigration from Kerala continued to grow albeit at a slower rate. Return emigration was rapid but at a rate slower than expected. About 26 percent of the Kerala households had an NRK in 2004 compared with 24 percent in 1999.

Remittances sent back by emigrants kept pace with the trend in emigration. The number of emigrants was 18.4 lakh in 2004, up from 13.6 lakh in 1999. Remittances were Rs18.5 thousand crore in 2004 as against Rs13.6 thousand crore in 1999.

While the total remittances kept pace with emigration, cash remittances received by households out-paced emigration; they increased by 56 percent. Two factors could be associated with the increase in household cash remittances. First, emigrants in 2004 had educational levels, employment profiles and salary levels much more favourable than in 1999 for sending remittances. Second, many more of the emigrants of 2004 went to developed countries in America, Europe and South Asia where the salary levels are much higher.

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 apparel and various other items of conspicuous consumption. Had they been spending money they themselves earned, they would not have indulged in such spending spree. This is an important factor in the unfettered spending habits of many Kerala households.

Rabid spending was reflected most in housing, acquisition of modern household gadgets and fancy household durables. The quality of housing is one area in which emigration had its greatest impact. Muslims have the highest emigration rate; they have also the highest proportion of "luxurious or very good" houses back home.

Emigration had a very positive impact on human resource development also. Emigrants were better educated and their families

spend much more on education of their children than non-emigrant families do.

Yet unemployment rate in 2004 was almost twice than that of five years earlier. Here in lies a paradox. Did emigration play any role in the increase in the unemployment rate? This is the "64 million-dollar question". Before coming to the question of the effect of emigration on unemployment, we take up discussion of a few other dimensions.

Income Redistribution

It was mentioned earlier that the direct beneficiaries of emigration were only 26 percent of the total number of households in the state, the ones with NRKs. The balance 74 percent received any benefit from emigration, if at all, only indirectly. If 26 percent have received direct benefits and 74 percent have not, what has been the impact of remittances on income or wealth redistribution in the state? The answer would depend on who the 26 percent are. If they are of the bottom stratum of the income ladder, as had been the case in the early nineties, probably emigration would have contributed to reducing inequalities in the income distribution of the Kerala economy. On the other hand, if the 26 percent were from the top stratum of the society, emigration would have contributed to greater concentration of income. We don't have any information on the income level of the Kerala emigrants. The best approximations that could be gathered from our survey were the educational level of the emigrants, the type of houses they live in, the type of fuels they use for cooking, etc.

One evidence is provided by the relative amount of remittances received by the well-educated (secondary level or degree) versus the less-educated (below secondary level). In 1999, households with well-educated emigrants had received 54.8 percent of the total "household cash remittances". By 2004, the share of the well-educated emigrant

households increased to 64.2 percent. Thus, more of the remittances received by the Kerala households sent in recent years have gone to households with well-educated emigrants (assumed to be from wealthy households). Similarly, in 1999, households with "luxurious" or "very good" houses had received only 39.5 percent of the remittances. By 2004, the corresponding proportion was 56.4 percent, an increase of 17 percentage points in five years. Another statistics supporting this conclusion is the increase in the share of remittances, received by households with LPG connection (presumably the richer households). In 1999, LPG-households received 42.1 percent of the total remittances. By 2004 more than 60 percent of the remittances went to LPG-households, an increase of 18 percentage points.

All these indirect evidences point to the conclusion that in recent years, emigration and remittances were not helping to reduce inequalities in the society of Kerala.

The New Rich Versus the old Rich Controversy

An adverse impact of Gulf emigration, which has received considerable public attention in recent days, is the emergence of social and political problems arising from the class of the "New Rich" (puthan panakkar). Gulf money has played a major role in restructuring the Kerala society, at a rate never before experienced in the state. From the bottom five percent of the income ladder, some of the Gulf NRKs have gone up all the way to the top five percent, transcending family background, caste or creed. In fact, most of the transformation took place among the minority communities. Such overstepping of the traditional hierarchy is not liked by the "Old Rich" and has resulted in some resentment and social tension.

Sometime back, the former Chief Minister of Kerala, Sri A.K.Antony was "accused" of being "anti-minority" when he is alleged

to have observed that minority communities in Kerala were cornering "undue benefits" using their political and economic clout gained through Gulf remittances and influential Gulf emigrants.

Emigration brings money; and money brings power and the appetite for power, resulting in conflicts between the new rich and the old rich, between the traditional centres of power and the aspiring centres of power. This is one of the inevitable consequences of emigration taking place not only in state politics but also in local politics, religious organizations, etc. It is instructive at this juncture, to recall what we have learned in this study about the community factor in Gulf migration. According to SMS, more than half the population of Kerala is Hindu, about 56 percent. However among the emigrants from Kerala, only 31 percent were Hindus. Muslims constitute less than 25 percent of the total, but as much as 44 percent of the emigrants were Muslims. About 20 percent of the population was Christian, but as much as 25 percent of the emigrants belong to this community.

Within the Hindu and the Christian religious groups themselves, there exist vast differences with respect to emigration and remittances. For example, among Hindus, emigration rate (emigrants per 100 household) varied from 36.1 among the Brahmins to 3.1 among the Scheduled Castes. Among Christians, the Mar Thoma Syrian sect has an emigration rate of 70 per 100 households while the Latin Catholics and the followers of the Church of South India, the emigration rate was only 22 per 100 households.

What we have described above about emigration is also true of remittances. Hindu households received only 30 percent of the total remittances. On the other hand, Muslim households received 45 percent and Christian households received 25 percent. Within the Hindu group, remittances per household varied from Rs 725 among the scheduled

castes to Rs 9,225 among the Nairs. Within the Christian group, remittances per household varied from Rs 9,198 among households belonging to the followers of Church of South India to Rs 26,098 among the Mar Thoma Syrians.

Thus, according to SMS, remittances from emigrants are certainly benefiting the minority communities much more than the majority communities.

The accusation of exerting undue pressure by the minorities should be viewed in the light of their current status in the society and their inherent aspiration to better their socio-economic status. Muslims are the most backward community in Kerala with respect to human resources. While 29 percent of the Hindus and 36 percent of the Christians are educated up to the secondary or higher levels, only 15 percent of the Muslims had received secondary or higher levels of education.

In the 1999 KMS we observed:

"Nearly 51 percent of the emigrants were from Muslim Households; and Muslim households have received nearly 50 percent of the remittances from abroad. At the same time, Muslims have the highest illiteracy rate, and the lowest proportion of persons with a secondary school certificate".

"Of all the districts in Kerala, Malappuram sent out the largest number of emigrants (270,000) and received the largest amount (Rs 6,295 million) as remittances from abroad. Malappuram has the highest birth rate, the highest rate of population growth, the highest average family size, the highest proportion of illiterates, and the lowest proportion of persons with a secondary school certificate or a degree"

"These facts establish a very strong case for development of public policies, which would enhance this educationally backward population

to use part of the remittances it receives for improvement of its educational level"

There was a time (more than 100 years ago), when personal achievements in terms of education or wealth were not as important as the situation into which a person was born or the community he/she belonged to. It was not acquired factors such as education or remittances from abroad or contacts with prominent emigrants, but ascribed characteristics such as religion, caste or family background, over which a person has no control, that mattered most for achieving positions of influence. But now money power has become more important. Is there much of a difference? Is there anything basically wrong if a backward community asserts itself with its newly acquired money power and connections for its betterment in social and political terms?

Consumerism Gone Amok

Kerala has emerged as the hottest place to sell new products from all over India and even from abroad. There is hardly a day when one is not woken up from ones seista by a smart-looking sales person to sell/demonstrate a "new product". Some of the Keralites, especially housewives, fall easy prey to these smart guys. In the course of a few years, Kerala households have ended up possessing all the necessary and even unnecessary wares, much of which are not the products of the state. Not only are the goods made in other states; they are transported to Kerala in trucks belonging to non-Keralites and driven by non-Keralite drivers.

Higher level of consumption did not result in larger economic activity in Kerala other than in sales and services. The point we want to stress here is that, the potential multiplier effect of the disposition of remittance (on production and employment) is leaking out to the rest of

the world. Workers outside the state benefit much more than the workers in Kerala.

Consumerism is said to be leading many a Keralite to financial ruin and even to suicide. When the buying spree is financed by borrowed money, disaster is not far off.

Stagnancy in Employment and Buoyancy in Unemployment

The employment sector in Kerala has experienced some unwelcome tendencies during 1999-2004. Employment stagnated while unemployment galloped. We consider that both the tendencies are the two sides of the same coin and are best discussed together under unemployment.

Unemployment

While the direct effect of emigration of a large number of unemployed persons from Kerala has been to reduction of unemployment rate in the state, the overall effect of emigration on unemployment need not necessarily be the same direction. In fact, a point of view, which this study puts forth is that emigration is a causative factor for the high unemployment rate prevailing in the state.

The spin-off effects of emigration through remittances sent by emigrants and the money brought by return emigrants should be expected to have increased the employment opportunities in the state and contribute to the reduction of the state's unemployment rate. Investments made by return emigrants should have been an important factor for creation of employment opportunities in the state. From these points of view, the effect of emigration should have been to decrease the unemployment rate, and not to increase it. To understand the increase in the unemployment rate simultaneously with the increase in emigration rate, we have to take a deeper look and search for other factors. Two such factors are discussed below - education and replacement migration.

Impact of Education on Unemployment

The unemployment problem in Kerala is essentially the problem of the educated unemployed. Nearly a-third of the persons with secondary or higher levels of education remain unemployed. If the proportion of secondary level educated person increases, the unemployment rate would increase. We have shown that nearly a-third of the increase in the unemployment rate during 1999-2004 was due to structural changes - that is, increases in the proportion of persons with higher levels of education. The real increase was only two-thirds (or 5.3 percentage points) out of a total increase of 8 percentage points.

A 4-way analysis of variance using unemployment rate as the dependent variable and sex, district, religion and education as independent variables indicated that education and sex have statistically significant association with unemployment rate at less 1 in 1000 percent level of significance. Religion has also significant association but only at 5 percent level.

Neither sex nor religion has any operational significance as they are both fixed variables. Hence the only variable of any significance is education.

Admitting that increase in the number of educated youths is a factor in the higher unemployment rate in Kerala in recent years, how does emigration come in the picture? We hypothesize that emigration has a role in increasing the population with higher level of education through what we call the demand factor and the income factor. (see flow chart).

Demand Factor

A common aspiration among the youth in Kerala is emigration to the Gulf, earn a lot of money, get married and live happily ever after. In recent years many Governments in the Gulf region have made the

secondary level of education mandatory to be eligible for becoming an immigrant to their countries. For instance, the United Arab Emirates has made it mandatory that immigrants to that country should have a minimum of secondary level education. This requirement, which has been laid down relatively recently, has increased considerably the demand for education at the secondary level in Kerala.

In 2003, 8.78 lakh students appeared for SSLC or the Higher Secondary examination. Five years ago, the corresponding number had been 5.71 lakh. The increase during 1999-2004 was 3.17 lakh. Such increases took place in the background of a decrease in the total number of youth in the age group of 15-19 years. Demographic transition was favouring a decrease in the numbers appearing for SSLC and Higher Secondary examinations. In fact, however, the numbers increased.

Most of the youth who passed the SSLC or Higher Secondary examinations, however, did not get a chance to emigrate and, therefore, have either remained unemployed in Kerala or gone for higher education. Much of the recent increase in the number of the educated unemployed could be attributed to the large increase in the number of the educated youth.

Income Factor

Education is costly. The costs of building new schools and colleges are high. Private costs of education at all levels are increasing by the day. Without external source of funds, a large majority of the new schools would not have been built and many of the Kerala youth would not have gone for higher education. Without external funds many children would not have gone for studies in self-financing schools and colleges. The required funds came by way of emigrants' remittances. In that way, emigration fuelled the demand for higher education and supplied the means to achieve it. The increase in the number of schools and

colleges,(built with emigrants' remittances), indirectly contributed to Kerala's unemployment problem. The increase in the number of youth going for higher education (paid for by emigrant's remittances) contributed indirectly to swell the ranks of the unemployed in the state.

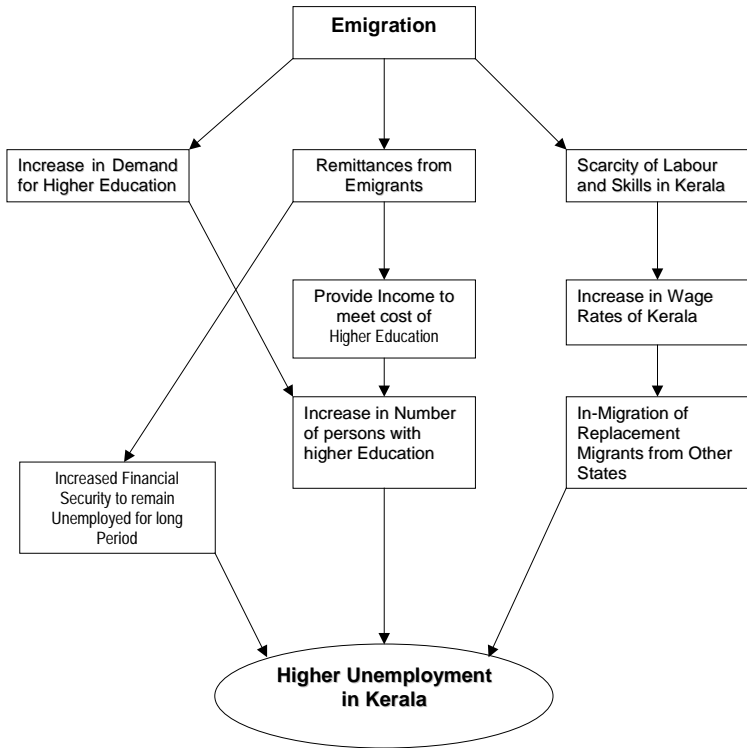
In this study we estimated that the average cost of education of a family was about Rs 6,540 per year. Our analysis also showed that 24 percent of cash remittances was used for educational expenses. This works out to be about Rs 1,400 crores annually if we consider only the household remittances of Rs 7,965 crore (or Rs 4,434 crore if we consider the total remittances of 18,475 crores). Thus, emigration through remittances played an important role in increasing the proportion of Kerala population with high levels of formal education, which in turn played an important role in increasing the level of unemployment in the state in recent years.

The income factor which also favoured growth in unemployment rate but in another way. If a person gets money from his/her relatives abroad he/she would be able to remain unemployed for a longer period. Why should the unemployed youth work when they can live comfortably from money received from abroad?*** A question, which many people in Kerala ask in connection with the high unemployment rate in the state is the following.

അവർ എന്തിനു ജോലി ചെയ്യുന്നു ?

*** A cross-classification of the 10000 sample households by the number of unemployed in the household and the number of emigrants in the household indicated that among households without an emigrant, the proportion of households with an unemployed was 26.9 percent. On the other hand, among households with one emigrant, the corresponding proportion was as much as 29.2 percent. Thus, presence of an emigrant in a household tends to increase the incidence of unemployment in the household.

Flow Chart Emigration and Unemployment in Kerala



Replacement Migration

In the early phase of Gulf emigration from Kerala, the emigrants were mostly non-agricultural labourer with low levels of educational. They also included some skilled workers like carpenters, masons, and electricians. The emigration of the unemployed unskilled workers helped to reduce unemployment. The money they sent back accelerated the construction industry and thus helped further to reduce unemployment.

Initially, emigration of skilled labour did not create any major bottleneck back home, but their continued emigration resulted in

significant scarcity of skilled workers in the state. It is often said that it is easy to find a plastic surgeon in Kerala than a good carpenter. The scarcity was followed inevitably by increases in wage rates.

At present Kerala has the highest wage rates among the states in India. The increasing wages in agriculture along with stagnant or declining prices of agricultural products in Kerala have resulted in decreasing employment opportunities in agriculture. Money spent on high wages could not be recovered from the sale proceeds of agricultural products because of their falling prices. It was cheaper to buy imported rice from Andhra Pradesh or imported bananas from Tamil Nadu than to produce them locally. The result is shrinkage in the agricultural activities and employment opportunities in agriculture.

The differentials in wage rates between Kerala and the neighboring states received the attention of workers in other states. And they began to move into Kerala and to take up work, which had used to be done by Kerala workers, especially in the construction sector. What started as a trickle soon assumed the dimensions of a torrent in the course of a few years? Thus started the era of replacement migration to Kerala.

കേരള സാമ്പത്തികരംഗം അഭിമുഖീകരിക്കുന്ന പ്രശ്നങ്ങൾ അനേകമാണ്. വൈറ്റ് കോളർ ജോലി ഇഷ്ടപ്പെടുന്ന അഭ്യസ്തവിദ്യരായ ചെറുപ്പക്കാരുടെ സാക്ഷരകേരളത്തിന്റെ പ്രധാന പ്രശ്നങ്ങളിലൊന്നു തൊഴിലില്ലായ്മയാണ്. അതേസമയം ഫ്ളവർമില്ലുകളിലേയും കരിങ്കൽമടകളിലേയും ഹോട്ടലുകളിലേയും പണികൾ, വാർക്കപ്പണി, കേബിളിടുന്നതിനു കൃഷിയെടുക്കൽ തുടങ്ങി ഇസ്തിരിയിടൽപോലും അന്യസംസ്ഥാനക്കാരായ തൊഴിലാളികളാണ് ഇപ്പോൾ ചെയ്യുന്നത് എന്ന് ഓർക്കുക.

വൻ കിട പാലങ്ങളുടെയും റോഡുകളുടെയും കാര്യത്തിൽ പ്രീകാളിഫിക്കേഷൻ നിബന്ധനകൾ വന്നതോടെ അന്യ സംസ്ഥാന-വിദേശരാജ്യത്തുള്ളവരാണ് പണികൾ ഏറ്റെടുത്തു നടത്തുന്നത്. കൂടുതൽ യന്ത്രങ്ങളുടെ ഉപയോഗം. അന്യസംസ്ഥാന തൊഴിലാളികൾ എന്നിവമൂലം ഇത്തരം വികസന പ്രവർത്തനത്തിൽനിന്നു വളരെ

തൃപ്തമായ സംഖ്യയേ കേരളത്തിലേക്കു ലഭിക്കുന്നുള്ളൂ. ലാഭം ഉൾപ്പെടെയുള്ള ഭൂരിഭാഗം കേരളത്തിനു പുറത്തേക്കാണ് പോവുന്നത്.

Source: R.Krishna Iyer, Malayala Manorama, 10 June, 2004.

After a lapse of about 60 years, Kerala is again becoming an in-migrating state. As soon as a contractor takes up a contract for any construction or road work, he appoints an agent to recruit workers not only from neighbouring states but also from states as far away as Uttar Pradesh, Bihar and West Bengal. In many construction sites in Kerala the lingua franc is not Malayalam but Hindi, Bengali or Tamil. Emigration of workers from Kerala, demographic contraction of the supply of young workers brought about by the rapid demographic transition in the state, the higher wages charged by Kerala workers, the ability of Kerala workers to sustain themselves with remittances from relatives even without work for long periods, the reluctance on the part of Kerala workers to do hard physical work - all these have engendered the era of replacement migration in Kerala. For the in-migrant workers from other states, Kerala is, for all practical purpose, their promised land, the "Gulf". The way Kerala workers have penetrated into every economic sector in the Gulf, the replacement workers from other states have started penetrating into most economic sectors in Kerala. Are they to blame? Nor is it an unwelcome development in our federal economy.

It is true that remittances from the Gulf kept up economic activity in the construction and the service sectors in Kerala. Normally the additional jobs thus created should have gone to the Kerala workers. But, given the large differences existing between the current wage rates in Kerala and the rest of the states in India, and the unwillingness of Kerala workers to do certain types of hard physical work, workers from other states have grabbed the unfilled employment opportunities in Kerala. Thus, replacement migrants have taken the places which Kerala workers could have filled.



Migrant labourers who sleep on footpaths are still found in the city despite the Kochi Corporation announcing plans to build them night shelters.

Source: The Hindu

The so-called spin-off effects benefited out-side workers more than Kerala workers. Thus, emigration, which initially helped reduce unemployment in Kerala, has in fact, become a significant factor for the higher unemployment situation in the state at present.

Conclusion

If the foregoing analysis has left the reader with the impression that the increased unemployment rate in Kerala was due to high emigration, it needs correction. It was not the intention of this paper to argue that unemployment in Kerala was caused by emigration. In fact, emigration and the remittances it brought to the state were instrumental in expanding employment opportunities in many sectors in the state. At the same time, the remittances-induced employment expansion was partially offset to some extent by educational expansion and replacement migration, both a result of emigration. The intention of the paper is to point out that, although emigration has many positive effects on employment, it could also have some negative effects.

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The first Kerala Migration Study conducted by the author has been published by Orient Longman titled "Dynamics of Migration in Kerala" in 2003.

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ANNEX TABLES

Table 1: Migration Trend, Kerala 1982-2003

Year	Emigrants	Return Emigrants	Non-Resident Keralites
1982	230740	39408	270148
1983	274804	51853	326657
1984	273342	67754	341096
1985	313980	85039	399019
1986	329083	99557	428640
1987	364909	120298	485207
1988	405513	151410	556923
1989	449611	163855	613466
1990	510214	197732	707946
1991	566668	219856	786524
1992	637103	253733	890836
1993	754544	287610	1042154
1994	819025	331166	1150191
1995	957388	379562	1336950
1996	1062376	433489	1495865
1997	1178589	486033	1664622
1998	1318489	553096	1871585
1999	1412649	620851	2033500
2000	1501917	684457	2186374
2001	1600465	739766	2340231
2002	1717695	794385	2512080
2003*	1844023	893942	2737965

* This includes emigrants in 2003 who have returned.

Table 2: Country of Residence of Emigrants, 2004

Country	2004	1999
United Arab Emirates	670150	421758
Saudi Arabia	489988	510652
Oman	152865	132443
Kuwait	113967	68130
Baharin	108507	74619
Qatar	98953	70001
United States of America	98271	29848
Other countries	105777	54504
Kerala	1838478	1361955

Table 3: Emigrants (EMI), Emigrants per 100 households and Percentage distribution by Districts, 2004

Districts	Emigrants		EMI Per 100 HHs		Percentage to Total	
	2004	1999	2004	1999	2004	1999
Thiruvananthapuram	168046	130705	21.5	19.9	9.1	9.6
Kollam	148457	102977	24.4	18.4	8.1	7.6
Pathanamthitta	133720	97505	44.3	33.1	7.3	7.2
Alapuzha	75036	62870	15.2	13.2	4.1	4.6
Kottayam	106569	35494	24.0	9.1	5.8	2.6
Idukki	7880	7390	2.9	2.9	0.4	0.5
Ernakulam	121237	103750	16.9	17.0	6.6	7.6
Thrissur	178867	161102	27.2	25.6	9.7	11.8
Palakkad	177876	116026	32.6	21.8	9.7	8.5
Malapuram	271787	296710	45.0	49.2	14.8	21.8
Kozhikode	167436	116026	28.6	22.0	9.1	8.5
Wyanand	7704	4552	4.4	2.9	0.4	0.3
Kannur	202414	88065	43.2	19.0	11.0	6.5
Kasaragode	71449	38747	30.6	19.1	3.9	2.8
KERALA	1838478	1361955	26.7	21.4	100.0	100.0

Table 4: Return Emigrants (REM), Return Emigrants per 100 households and Percentage distribution by Districts, 2004

Districts	Return Emigrants		REM Per 100 HHs		Percentage to Total	
	2004	1999	2004	1999	2004	1999
Thiruvananthapuram	103059	118878	13.2	18.1	11.5	16.1
Kollam	69314	74106	11.4	13.2	7.8	10.0
Pathanamthitta	83502	54537	27.7	18.5	9.3	7.4
Alapuzha	43109	34572	8.7	7.2	4.8	4.7
Kottayam	28368	18164	6.4	4.6	3.2	2.5
Idukki	3766	5017	1.4	2.0	0.4	0.7
Ernakulam	74435	45028	10.4	7.4	8.3	6.1
Thrissur	86029	116788	13.1	18.6	9.6	15.8
Palakkad	55008	39238	10.1	7.4	6.2	5.3
Malapuram	141537	123750	23.5	20.5	15.8	16.7
Kozhikode	109101	60910	18.6	11.5	12.2	8.2
Wyanand	3852	3327	2.2	2.1	0.4	0.5
Kannur	45394	28263	9.7	6.1	5.1	3.8
Kasaragode	47468	16667	20.3	8.2	5.3	2.3
KERALA	893942	739245	13.0	11.6	100.0	100.0

Table 5: Distribution of Non-Resident Keralites (NRK) by Districts, 2004

Districts	Non-Resident Keralites (NRK)			NRK per 100 HHs		Percentage to Total	
	2004	1999	Percentage increase	2004	1999	2004	1999
Thiruvananthapuram	271105	249583	8.6	34.6	38.0	9.9	11.9
Kollam	217771	177083	23.0	35.8	31.6	8.0	8.4
Pathanamthitta	217222	152042	42.9	72.0	51.6	7.9	7.2
Alapuzha	118145	97442	21.2	24.0	20.4	4.3	4.6
Kottayam	134937	53658	151.5	30.4	13.7	4.9	2.6
Idukki	11646	12407	-6.1	4.3	4.9	0.4	0.6
Ernakulam	195672	148778	31.5	27.4	24.4	7.2	7.1
Thrissur	264896	277890	-4.7	40.3	44.2	9.7	13.2
Palakkad	232884	155300	50.0	42.6	29.2	8.5	7.4
Malapuram	413324	420460	-1.7	68.5	69.7	15.1	20.0
Kozhikode	276537	176936	56.3	47.3	33.5	10.1	8.4
Wyanand	11556	7879	46.7	6.6	5.0	0.4	0.4
Kannur	247808	116328	113.0	52.9	25.1	9.1	5.5
Kasaragode	118917	55414	114.6	50.9	27.3	4.4	2.6
KERALA	2732420	2101200	30.0	39.7	33.0	100.0	100.0

Table 6: Age Distribution of Emigrants at the time of Emigration and of Return Emigrants at the time of Return, 2004

Age	Age at Emigration of Emigrants		Age at Return of Return Emigrants	
	2004	1999	2004	1999
< 15	4.0	2.7	5.3	5.9
15-19	5.2	3.5	1.0	1.2
20-24	31.5	30.4	5.5	6.4
25-29	31.1	29.7	14.6	18.4
30-34	16.2	17.5	20.9	20.5
35-39	6.8	9.0	16.3	18.5
40-44	3.2	4.7	13.5	13.8
45-49	1.5	1.9	10.2	7.9
50-54	0.3	0.4	6.1	7.4*
55-59	0.2	0.1	2.8	-
60+	0.0	0.0	3.8	-
Total	100.0	100.0	100.0	100.0

*Ages 50+

Table 7: Emigrants (Emi), Return Emigrants (Rem) and Non-Resident Keralites (NRK) by Religion, 1999 and 2004

Religion	Emigrants		Return Migrants		Non-Resident Keralites	
	2004	1999	2004	1999	2004	1999
Hindus	573458	407483	304203	248254	877445	656744
Christians	460814	280307	215016	158760	675907	439313
Muslims	804206	674164	374723	332231	1179067	1005143
Total	1838478	1361955	893942	739245	2732420	2101200
	Increase 1999-2004			Percent Increase		
	EMI	REM	NRK	EMI	REM	NRK
Hindus	165974	55949	220701	40.7	22.5	33.6
Christians	180507	56256	236594	64.4	35.4	53.9
Muslims	130042	42492	173924	19.3	12.8	17.3
Total	476523	154697	631220	35.0	20.9	30.0

Table 8. Emigrants, Return Emigrants and Non-Resident Keralites per 100 Households, by Community, 2004

Community	EMI	REM	NRK
SCST	3.1	2.5	5.6
Nairs	20.7	8.3	29.0
Ezhawas	16.2	9.6	25.8
Brahmins	36.1	5.4	41.5
Other Hindus	12.4	7.1	19.5
Roman Catholics	24.0	9.7	33.7
Latin Catholics	22.4	19.2	41.6
Jacobite/Orthodox	36.0	15.0	51.6
Marthoma	69.5	29.6	99.0
CSI	22.6	15.1	37.7
Muslims	54.7	26.5	81.3
Kerala	26.8	13.1	39.0

Table 9: Increase in the Number of NRKs by Education, 2004

Education	1999	2004	% increase
Below Primary	141854	151355	+6.7
Primary	282918	167787	-40.7
Below secondary	856823	1108022	+29.3
Secondary	573631	761473	+32.7
Degree	181395	422596	+133
Total	2036622	2611233	+28.2

Table 10: Remittances, NSDP, Per Capita Income, and Modified Per Capita Income by Districts, 2004

Districts	(1)	(2)	(3)	(4)	(5)	(6)
Thiruvananthapuram	1927	9153	21.1	27686	33514	5828
Kollam	1813	6737	26.9	25646	32548	6902
Pathanamthitta	954	3341	28.6	26901	34582	7681
Alapuzha	1339	5638	23.8	26459	32746	6287
Kottayam	580	5676	10.2	28622	31545	2923
Idukki	39	3617	1.1	31697	32041	344
Ernakulam	1515	10428	14.5	32918	37702	4784
Thrissur	3234	8459	38.2	27871	38525	10654
Palakkad	1148	5920	19.4	22132	26425	4293
Malapuram	2892	6316	45.8	16766	24443	7677
Kozhikode	1357	7639	17.8	25964	30576	4612
Wyanand	68	1994	3.4	24432	25260	828
Kannur	976	5973	16.3	24369	28350	3981
Kasaragode	623	2894	21.5	23414	28457	5043
KERALA	18465	83783	22.0	25764	31442	5678

Notes:

- (1) Total State Remittances of 18,465 crore is distributed among the districts on the basis of the percent distribution of total household remittances by districts given later in this Chapter
- (2) District-wise Net Domestic Product (NDDP), Planning Board Economic Review, 2003, Table 3.7
- (3) Remittances as percent NDDP = (1)/ (2)
- (4) District-wise income per capita, Planning Board Economic Review, 2003, Table 3.8
- (5) Adjusted NDDP: Estimated using data from (1), (2) and (4):
 $5 = (1+2) * (4/2)$
- (6) Increase in NDDP due to remittances: (6) = (5)- (4)

Table 11: Macro Economic impact of Remittances, 1999-2003

(In crores)

Indicators	1999	2000	2001	2002	2003
Remittances	13652	14438	15732	17362	18465
Net State Domestic Product (NSDP)	53552	62557	63715	73049	83783
Per Capita Income (In rupees)	16062	18262	19951	22668	25764
Modified NSDP	67204	76995	79447	90411	102248
Revenue Receipt of Government	7198	7942	8731	9056	10634
Transfer from Central Government	1991	2218	2202	2590	2653
Government Expenditure	5855	8263	8679	8528	10029
Value Added in					
Manufacturing	558175	612334	603075	682150	689145
State Debt	15700	20178	23919	26950	31060
Receipt from Cashew Export	1317	1878	1153	965	1217
Receipt from Marine Product Export	817	1142	1046	951	995
Modified Per Capita Income (Rs)	20157	22477	24877	28056	31442
Remittances as Percent of NSDP (%)	25.49	23.08	24.69	23.77	22.04
Remittances as Ratio of Revenue Receipt	1.9	1.82	1.8	1.92	1.74
Remittances as Ratio of Transfer from central government	6.86	6.51	7.14	6.7	6.96
Remittances as Ratio of Govt Expenditure	2.33	1.75	1.81	2.04	1.84
Remittances as Ratio of State Debt	0.87	0.72	0.66	0.64	0.59
Remittances as Ratio of Receipts from Cashew	10.37	7.69	13.64	17.99	15.17
Remittances as Ratio of Receipts from Marine Products	16.71	12.64	15.04	18.26	18.56

Note: Except remittances, all other data are compiled from Economic Review published by the State Planning Board, Thiruvananthapuram.

Table 12: Household remittances by Districts, 2004

Districts	(Rupees in Million)				
	2004	1999	Actual Increase (1999-04)	Percentage Increase (1999-04)	Percent of HHs which received remittances 2004
Thiruvananthapuram	8312	3750	4562	121.6	18.1
Kollam	7821	3152	4669	148.1	15.0
Pathanamthitta	4115	2705	1410	52.1	23.3
Alapuzha	5777	2558	3219	125.8	15.5
Kottayam	2501	1374	1127	82.0	7.6
Idukki	169	129	40	31.1	1.5
Ernakulam	6537	4852	1685	34.7	13.2
Thrissur	13949	5685	8264	145.4	16.5
Palakkad	4953	3526	1427	40.5	16.1
Malapuram	12476	7661	4815	62.9	32.0
Kozhikode	5854	2495	3359	134.6	20.7
Wyanand	292	78	214	273.9	3.6
Kannur	4209	2118	2091	98.7	19.7
Kasaragode	2687	632	2057	324.4	22.9
KERALA	79654	40715	38939	95.6	17.1

Table 13: Distribution of Remittances by District and Remittances per Emigrant, 2004

Districts	Percentage to Total		Per Emigrant (Cash Only)	
	2004	1999	2004	1999
Thiruvananthapuram	10.4	9.2	24924	22035
Kollam	9.8	7.7	40124	25111
Pathanamthitta	5.2	6.6	23453	23694
Alapuzha	7.3	6.3	36336	35869
Kottayam	3.1	3.4	20053	24787
Idukki	0.2	0.3	50000	7111
Ernakulam	8.2	11.9	41250	40394
Thrissur	17.5	14.0	51749	28858
Palakkad	6.2	8.7	19845	26188
Malapuram	15.7	18.8	35407	21217
Kozhikode	7.3	6.1	23065	17916
Wyanand	0.4	0.2	30013	11583
Kannur	5.3	5.2	15132	21985
Kasaragode	3.4	1.6	27792	14655
KERALA	100.0	100.0	29979	24809

Table 14: Remittances per emigrant by Education, 2004

Education	Per EMI (Cash Remittances)		Increase 1999-2004	Per Rem 2004
	2004	1999		
Illiterate	24769	19941	4828	9840
Literate	24000	19734	13266	11833
Below primary	33655	22910	10745	6185
Primary	47646	20771	26875	14789
Below Secondary	43452	22475	20977	12130
Secondary	53727	26306	27421	14136
Degree	48311	36528	11783	25156
Total	48810	24809	24991	13683

Table 15: Use of Cash Remittances, 2004

	Percent
Subsistence	50.0
Education	24.0
Debt repayment	8.0
Bank Deposit	4.6
Buying/building house	4.4
Dowry Payments	2.1
Purchase land	0.5
Land reclamation	0.3
Business	0.1
Other Expenses	6.0
Total	100.0

Table 16: Unemployment by Districts, 2004

Districts	Number		% Increase	Percent unemployed		% Increase
	2004	1999		2004	1999	
Thiruvananthapuram	519425	101152	413.5	34.3	8.7	25.5
Kollam	156769	67108	133.6	15.0	6.6	8.4
Pathanamthitta	88141	45729	92.7	22.9	12.8	10.1
Alapuzha	192429	121722	58.1	21.7	14.1	7.6
Kottayam	131202	49808	163.4	16.5	7.3	9.2
Idukki	54499	54001	0.9	9.6	34.7	-25.1
Ernakulam	355927	167624	112.3	24.5	9.7	14.8
Thrissur	108998	121055	-10.0	10.4	12.6	-2.2
Palakkad	110344	142211	-22.4	11.2	9.0	2.2
Malapuram	129856	98001	32.5	12.3	13.0	-0.7
Kozhikode	134566	115821	16.2	13.1	3.9	9.1
Wyanand	37006	36497	1.4	13.3	42.4	-29.1
Kannur	254330	122542	107.5	26.0	3.4	22.6
Kasaragode	115727	25066	361.7	27.8	10.8	17.0
KERALA	2389219	1268337	88.4	19.2	11.2	8.1

Table 17: Number Unemployed by Religion, 2004

Religion	1999	2004	%increase
Hindus	756986	1419671	96.0
Christians	231580	528844	138.7
Muslims	279771	440794	64.6
All	1268337	2389219	96.9

Table 18: Unemployment Rate by Age, 2004

Age Group	Rate, per 100
15-19	55.9
20-25	44.5
25-29	29.7
30-34	15.4
35-39	12.0
40-44	5.9
45-49	3.5
50-54	2.5
55-59	2.2
Total	19.2

Table 19: Percentage of Households Possessing Various Consumer Durable by Religion, 2004

	Hindus	Christians	Muslims	Total
Car	5.1	9.8	4.5	6.0
Taxi	2.4	2.7	3.8	2.8
Scooter	14.2	21.6	14.2	15.8
Telephone	38.0	54.1	48.2	43.6
Cell Phone	5.7	8.3	8.0	6.8
Television	59.6	69.7	50.6	59.9
VCR	15.1	23.9	15.5	17.1
Refrigerator	24.6	41.1	34.4	30.2

Table 20: Analysis of Variance with unemployment rate as dependent variable, Sex, Religion, District and Education as independent variables

Dependent variable: Unemployment rate

Source	Mean Square	F	Sig.
Corrected Model	10852.480	39.524	.000 **
Intercept	13273.829	48.342	.000 **
District	91.670	0.334	.564
Religion	1271.685	4.631	.033 *
Sex	20884.922	76.062	.000 **
Education	21154.029	77.042	.000 **
Error	274.579	—	

** significant at 1 percent level

* significant at 5 percent level

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