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## Usage of Workers' Remittance by the Households of Origin in Sri Lanka

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Migration is not a new phenomenon and it is the oldest human action against poverty (Galbraith, 1979). Nowadays the most direct impact of migration is remittances. For many rural households in developing economies, remittances are a fundamental element of livelihood strategies (De la Briere, Sadoulet, De Janvry, & Lambert, 2002). Thereby, the role of remittances has been a decisive element in explaining household strategies regarding migration. Most studies on internal and international migration and remittances have concluded that remittances improve consumption rather than investment (Zosa & Orbeta Jr, 2009). The effects of rural-to-urban migration on the development of rural communities (migrant-sending areas) can be examined through the usage of remittances by the households of origin. The present study examines the determinants of the usage of remittances using probit regression. I disaggregated the remittance data according to the purpose of the remittances, such as household daily expenditure, education of household members, spending on farming activities and spending on durables and housing.

This paper investigated the process of rural-to-urban migration, remittances and their impact on rural farm communities/sending communities using survey data gathered by the author from January to April 2011 in Gampaha District in Sri Lanka.

The probit analysis results reveal that making annual remittances decreases significantly as migrants' stay in the city becomes longer. At the beginning of the migration process, more remittances will be received and over time, as they shift to other channels of income, the remittances they receive decline. Migrants tend to remit for the purpose of education if there are students in the household of origin. This confirms that rural-to-urban migration and remittances are not only for consumptive purposes but also for investment purposes. None of the migrants remitted monthly for the purpose of buying durables or building houses as this may require large sums of money. However, they do remit for the purposes of buying those things annually when they get bonuses or *seettu*. Moreover, rural-to-urban migration contributes significantly to asset accumulation in the communities of origin. Twenty-five per cent of the migrants have built new houses in their place of origin.

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