ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 5| May 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

MIGRATION, REMITTANCES, AND HUMAN DEVELOPMENT IN KERALA: A REVIEW OF THEORETICAL AND EMPIRICAL LITERATURE

Dr. Rafeek V H
Associate Professor, Department of Economics, Government College, Kodanchery, Kerala, India

Article DOI: https://doi.org/10.36713/epra27763
DOI No: 10.36713/epra27763

ABSTRACT

Migration has become one of the most important social and economic trends affecting developing economies, especially in areas with high labour mobility. Kerala is a unique case in India where international migration, particularly to Gulf countries, has transformed the economic and social structure through remittances and demographic shifts. This paper reviews key theories of migration and examines the economic impacts at both large and small scales, with a focus on Kerala. The study also considers the link between migration and human development by reviewing both international and Kerala-specific research. The findings show that migration has played a significant role in improving household income, education, housing, health, and living conditions. However, issues such as inequality, consumerism, inflation, reliance on remittances, and a lack of productive investment remain major challenges. The paper concludes that migration is a key element in Kerala's development path and has greatly contributed to the state's achievements in human development.

KEYWORDS: *Migration, Remittances, Human Development, Kerala Economy, Gulf Migration, Remittance Economy*

1. INTRODUCTION

Migration refers to the temporary or permanent movement of people from one area to another for economic, social, political, or environmental reasons. Human migration has been part of history and has strongly influenced societies, cultures, and economies worldwide. Today, international labour migration is a key aspect of globalisation, especially for developing countries facing high unemployment and excess labour. Kerala holds a special place in India's migration history. Since the 1970s, many people from Kerala have migrated to the Gulf countries, leading to significant economic and social changes in the state. The money sent home by migrant workers has greatly improved household welfare, consumption, savings, and human development. Migration has also affected job markets, social mobility, educational goals, and population trends in the state. This paper reviews the existing literature on migration across three main areas: theories of migration, studies of the macro- and microeconomic effects of migration, and research on migration and human development, with a focus on Kerala. It aims to combine theoretical views and research findings to show how migration has influenced development in Kerala.

2. THEORIES OF MIGRATION

The first major work in migration studies was Ernst Georg Ravenstein's "Laws of Migration," presented in 1885 and 1889. Ravenstein claimed that migration is a key part of economic growth and highlighted economic factors as the main reasons for migration. Since then, many theories have surfaced to explain why people migrate, the patterns of migration, and why it continues. Douglas Massey and others (1993) suggest that theories of international migration can be divided into two main groups: those that explain why migration begins and those that explain why it continues.

2.1. Theories Explaining the Initiation of Migration

The Neo-Classical Macroeconomic Theory developed by W. Arthur Lewis (1954) and Ranis and Fei (1961) explains migration as a result of wage differentials between labour-surplus and labour-scarce regions. According to this theory, migration occurs when workers move from low-wage to high-wage economies in search of better employment opportunities and improved living conditions. Closely related to this is the Human Capital Theory advanced by Larry Sjaastad (1962), which considers migration as an investment decision. The theory assumes that individuals make rational calculations by comparing the costs and expected benefits of migration, and they decide to migrate when the anticipated future returns exceed the costs of moving.

The New Economics of Labour Migration proposed by Stark and Bloom (1985) shifted the focus from individuals to households. According to this approach, migration is viewed as a family strategy to diversify income sources, reduce economic risks, and overcome market failures, such as a lack of credit and insurance. In contrast, the Dual Labour Market Theory developed by Michael Piore (1979) explains migration from the perspective of labour demand in developed countries. The theory argues that advanced economies require migrant workers to perform low-wage, low-status, and labour-intensive jobs that native workers are generally unwilling to undertake.
Similarly, the World Systems Theory developed by Portes and Walton (1981) associates migration with the expansion of global capitalism. According to this perspective, capitalist penetration into peripheral and developing economies disrupts traditional economic systems, displaces labour, and creates conditions that encourage migration. Another important explanation of migration is the Push-Pull Theory proposed by

Everett Lee (1966). This theory explains migration as the combined result of negative factors in the place of origin and positive factors in the destination region. Factors such as unemployment, poverty, low wages, and limited opportunities act as push factors, while better employment prospects, higher wages, and improved living standards pull migrants to destination areas.

2.2. Theories Explaining the Perpetuation of Migration

Once migration begins, it often continues through mechanisms of cumulative causation and social networks that make subsequent migration easier and more attractive. One important explanation is Network Theory, which emphasises the role of migrant networks in reducing the costs and risks of migration. According to this theory, earlier migrants provide assistance to relatives, friends, and members of their community by offering information about job opportunities, accommodation, travel arrangements, and other support in the destination region. These social networks facilitate continuous migration and strengthen migration streams over time.
Another important explanation is the Institutional Theory, which highlights the emergence of private agencies, recruitment institutions, and support systems that facilitate migration flows. As migration expands, various formal and informal institutions develop to assist migrants in areas such as recruitment, transportation, legal documentation, and settlement. These institutions help sustain migration even when the original economic conditions that initiated it change.

Similarly, the Theory of Cumulative Causation, proposed by Douglas Massey (1990), argues that migration itself transforms the social and economic conditions of migrant-sending communities, thereby encouraging additional migration. Migration changes income distribution, consumption patterns, social status, cultural values, and labour market structures, thereby creating a social environment where migration becomes increasingly common and self-sustaining. Thus, the review of migration theories indicates that no single theory can adequately explain all forms and dimensions of migration. Migration is a complex phenomenon influenced simultaneously by economic, social, demographic, institutional, political, and global factors.

3. STUDIES ON THE IMPACT OF MIGRATION

3.1. Macroeconomic Impact of Migration

International migration has profound macroeconomic consequences for labour-exporting countries. The most visible effects are seen in remittances, labour markets, savings, investment, and balance of payments. Rasheed Amjad (1985) observed that remittances significantly improved the balance of payments position of labour-exporting countries during periods of economic crisis and rising oil import bills. Similarly, Ashni Saith (1985) identified the influence of migration on national economic strategies, savings, investment, and sectoral development. Deepak Nayyar (1985) analysed migration using the national income identity framework and found that remittances positively influenced national income and balance of payments, though their effect on productive investment remained limited. Studies by Taylor (1999) emphasised that remittances are substantial financial inflows into migrant-sending economies but cannot substitute for effective development policies. More recent studies by Dilip Ratha and Plaza (2015) highlighted the developmental contributions of migrants through remittances, foreign direct investment, trade promotion, and technology transfer.

3.2. Household-Level Impact of Migration

Migration has significantly influenced household welfare in migrant-sending regions.
Stahl and Arnold (1986) observed that migrant households primarily used remittances for food, housing, and consumer durables rather than productive investment. Clare Waddington (2003) found that migration reduced poverty and improved educational attainment among migrant families. Studies in Mexico and Latin America by Lopez Cordova (2005) and Leod and Molina (2005) showed that remittances reduced poverty and improved investment in human capital. Yang (2006) demonstrated that remittances increased school attendance and reduced child labour in the Philippines.

4. MIGRATION AND THE KERALA ECONOMY

Migration to the Gulf countries has had a transformative effect on Kerala’s economy. Studies consistently identify remittances as a major driver of economic growth, consumption, and social change in the state.

Vinod Kamble (1983) found that employment was the primary reason for migration and that remittances contributed to economic development while simultaneously increasing conspicuous consumption and inflation. Nair (1985) observed that migration did not significantly improve the productive sectors but did stimulate the construction and service sectors. The inflow of remittances increased consumption expenditure and contributed to labour shortages in construction, leading to the in-migration of workers from neighbouring states. Isaac et al. (1992) found that remittances helped reduce Kerala’s trade deficit and increased household consumption and savings. Similarly, Kannan and Hari (2002) demonstrated that remittances substantially increased Kerala’s per capita income and played a crucial role in improving living standards. Pushpangadan (2003) linked Kerala’s economic growth during the 1980s and 1990s to migration-induced growth in the service sector. Harilal and Joseph (2003), applying the Dutch Disease model, argued that remittances caused structural imbalances by strengthening the service sector while weakening productive sectors such as agriculture. Mallick (2008) found that remittances positively influenced private consumption and money supply but had a limited impact on productive investment and economic growth.

4.1 Household-Level Impact of Migration in Kerala

The first major household-level study in Kerala was conducted by Prakash (1978) in Chavakkad village. The study found that migration improved living standards, increased asset ownership, and promoted chain migration. However, remittances were largely spent on land, housing, and marriages rather than productive investment. Nair (1983, 1986, 1998) found that migration improved household assets, social mobility, education, and lifestyles, though remittances were

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 5| May 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

often used unproductively, contributing to inflation and social inequality.

The Directorate of Economics and Statistics (1987) reported that migrant households had higher incomes and higher expenditures on food, education, health, and housing than non-migrant households. Studies by Leela Gulati (1993) and Shekhar (1998) highlighted women's empowerment in migrant households. Women gained greater mobility, confidence, and decision-making power due to the absence of male migrants. Nambiar (1998) observed that many migrants came from socially and economically backward communities and that migration-associated prosperity often bypassed low-income workers in unskilled jobs. Shylaja (2010) found that migrant households maintained better sanitation, housing, and living standards and accumulated more assets due to remittance inflows.

4.2. Kerala Migration Surveys

The Kerala Migration Surveys conducted by K. C. Zachariah and S. Irudaya Rajan since 1998 constitute the most comprehensive studies on migration in Kerala. These surveys covered thousands of households across all districts and generated extensive data on migration, remittances, employment, education, and demographic changes. The surveys revealed that migration significantly reduced unemployment, increased remittances, and improved educational attainment among emigrants. They also found that the Muslim community accounted for a disproportionately high share of emigrants from Kerala. The studies identified both positive and negative impacts of migration. Positive impacts included improved income, education, and living standards, while negative impacts included consumerism, inequality, dependency on remittances, and social stress among migrant families.

5. MIGRATION AND HUMAN DEVELOPMENT

The concept of human development was popularised by Mahbub ul Haq and Amartya Sen. Human development emphasises expanding people’s capabilities and freedoms rather than merely increasing income.

Sen (1997) distinguished between the human capital approach and the capability approach. According to him, development should be assessed in terms of people’s ability to lead lives they value rather than solely by income indicators. The Human Development Reports of the United Nations Development Programme shifted the focus of development discourse from economic growth to human well-being, emphasising education, health, and standard of living.

Studies by Banerjee and Duflo (2007) and Baird, Friedman, and Schady (2007) demonstrated strong relationships between income, health outcomes, and human development indicators. The United Nations Development Programme Human Development Report 2009 specifically examined migration and human development and concluded that migration can improve human capabilities through increased income, education, and access to opportunities.

5.1. Migration and Human Development in Kerala

Kerala is internationally recognised for achieving high levels of human development despite relatively low levels of industrialisation and income.

Studies by Franka and Chasin (1989) and Ramachandran (1996) identified Kerala as a model of human development characterised by high literacy, life expectancy, and social development indicators. Susantha Banerjee et al. (2002) found that remittances improved nutrition, healthcare utilisation, child survival, and living standards among migrant households. The Kerala Human Development Report (2005) highlighted the role of migration and remittances in improving educational attainment, access to healthcare, housing conditions, and household welfare. Hari (2012) argued that remittances became the single most important factor behind Kerala’s rise in per capita income and service-sector growth. According to him, Kerala bypassed the conventional industrialisation path and achieved development through remittance-driven migration.

6. CONCLUSION

The literature review demonstrates that migration has emerged as one of the most influential forces shaping Kerala’s economy and society. Theoretical perspectives on migration explain migration as a multidimensional process driven by economic disparities, labour market demands, globalisation, social networks, and household strategies. Empirical studies reveal that migration has contributed significantly to Kerala’s economic transformation through remittances, increased consumption, improved savings, and enhanced household welfare. Migration has also played a major role in improving human development indicators such as education, health, housing, and standard of living. At the same time, migration has generated several challenges, including consumerism, inflation, inequality, dependency on remittances, and insufficient productive investment. The benefits of migration have not been equally distributed across all sections of society. Despite these limitations, migration remains a central pillar of Kerala’s development experience. The relationship between migration, remittances, and human development remains crucial for understanding Kerala’s socio-economic transformation.

REFERENCES

1. *Amjad, R. (1985). International labour migration and remittances in Asian countries. International Labour Organisation.*
2. *Baird, S., Friedman, J., & Schady, N. (2007). Aggregate income shocks and infant mortality in the developing world. World Bank Policy Research Working Paper.*
3. *Banerjee, A., & Duflo, E. (2007). The economic lives of the poor. Journal of Economic Perspectives, 21(1), 141–167.*
4. *Banerjee, S. K., et al. (2002). Migration and human development in Kerala.*
5. *Gulati, L. (1993). In the absence of their men: The impact of male migration on women. Sage Publications.*
6. *Hari, K. S. (2012). Remittances and economic transformation in Kerala.*
7. *Harilal, K. N., & Joseph, V. M. (2003). Stagnation and revival of the Kerala economy: An open-economy perspective. Economic and Political Weekly.*

8. *Isaac, T. M. T., et al. (1992). Remittances and the balance of trade in Kerala.*
9. *Kannan, K. P., & Hari, K. S. (2002). Kerala's Gulf Connection: Emigration, remittances and their macroeconomic impact.*
10. *Lee, E. S. (1966). A theory of migration. Demography, 3(1), 47–57.*
11. *Lewis, W. A. (1954). Economic development with unlimited supplies of labour. Manchester School, 22(2), 139–191.*
12. *Lopez Cordov, E. (2005). Globalisation, migration and development: The role of remittances.*
13. *Massey, D. S., et al. (1993). Theories of international migration: A review and appraisal. Population and Development Review, 19(3), 431–466.*
14. *Nair, P. R. G. (1983). Kerala migration and its socio-economic impact.*
15. *Nair, P. R. G. (1985). Migration and the Kerala economy.*
16. *Nair, P. R. G. (1998). Utilisation of foreign remittances in the Kerala economy.*
17. *Nayyar, D. (1985). International labour migration and remittances: Issues for economic development. International Labour Review.*
18. *Piore, M. J. (1979). Birds of passage: Migrant labour and industrial societies. Cambridge University Press.*
19. *Prakash, B. A. (1978). Migration and economic development: A study of Gulf migration in Kerala.*
20. *Rajan, S. I., & Narayana, D. (2010). Gulf migration and economic crisis.*
21. *Ratha, D., & Plaza, S. (2015). Diaspora for development in Africa.*
22. *Sen, A. (1997). Human capital and human capability. World Development, 25(12), 1959–1961.*
23. *Shylaja, M. (2010). Labour migration and socio-economic development in Kerala.*
24. *Taylor, J. E. (1999). The new economics of labour migration and the role of remittances.*
25. *United Nations Development Programme. (2005). Kerala Human Development Report.*
26. *United Nations Development Programme. (2009). Human Development Report 2009: Overcoming barriers: Human mobility and development.*
27. *Yang, D. (2006). International migration, remittances and household investment: Evidence from Philippine migrants' exchange rate shocks.*
28. *Zachariah, K. C., & Rajan, S. I. (2004). Gulf migration and its economic consequences in Kerala.*
29. *Zachariah, K. C., & Rajan, S. I. (2012). Kerala migration survey 2011. Centre for Development Studies.*