

Impact of Labour Out-Migration on Household Income: A Study in Tea Estate Sector in Badulla District

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Introduction

Labour migration from agricultural sector to other sectors in developing countries has become a trend as migration has a positive impact on households' income. As migration is a viable opportunity to better their economic status, family members who migrate often diversify the sources of income and risk their households. More in the context, tea plantation sector of Sri Lanka is now experiencing labor shortages due to labor outmigration from the sector. Low profile stigma attached to plantation worker and poverty among the workers has compelled them to migrate in search of better opportunities outside this sector. Migration outflows come along with certain monetary inflows. Remittances from migration increase the household welfare (Massey *et al.*, 1993). In the long term migration and the remittances of migrants may play a large role in the household's development strategy (Rozella *et al.*, 2003). Therefore, finding the impact of labor migration from tea plantation sector would offer a better contribution to the migration studies.

Methodology

Data were collected through a household survey which included 12 tea estates in Badulla District. Three hundred and seventy eight (378) households representing five percent of estate population were randomly selected to gather data using the pretested questionnaire. The impact of labour outmigration on household income of tea estates in Badulla, is estimated using a multiple regression model, considering the total household income as the dependent variable. The most important variable, migration (mg), is measured as a dummy variable indicating 1 if at least one migrant occurs in a family and 0 otherwise. Nonfarm income (nfin), remittances sent by migrants is measured in Rupees. The variable labour (LB) is measured in mandays per month. Age of respondent (ageofrspdnt) and maximum level of education (maxedu) are measured in years whereas number of working family members and dependents are taken as a count variable. Gender and household ownerships (hos) are taken as dummy variables.

Results, discussion and conclusions

Results indicate (Table 01) that the remittances (r) sent by the migrants and non farm income affects the total income of households positively although contribution to the total income by migrants reduces when more migration occurs. This implies that, when people migrate, income added to households from estates decreases and in contrast to this, remittances sent by migrants are not substantial to compensate the income gained from estate work. The variable labour is positively related to income level. This is quite obvious as family earns their income by contributing to the estates through its labour.

Table 01: Determinants of Income - OLS Estimates

Variables	Coefficient.	t- value
Intercept	-7404.728***	(-6.83)
r	.9580947 ***	(30.78)
nfin	1.980829***	(31.92)
mg	-5950.347***	(-15.22)
ageofrspdnt	-18.90003	(-1.37)
gender	281.4847	(1.03)
hos	-189.5454	(-0.72)
wp	5270.839***	(23.27)
dpndnt	185.403**	(2.04)
maxedu	38.29428	(0.58)
LB	36.16005***	(19.28)
R ² %	89.13	
n	378	

***p<0.01 **p<0.05 *p<0.10

One of the most interesting finding from this study is that when number of dependents in a family increases, the house income also increases. This is an implication that more people from families either work in the estate or migrate to increase their total income. When the number of dependents is higher as the household expenditure tends to increase.

It can be concluded from those findings that though remittances play a positive role in household income, when migration increases total income decreases due to the fact that migrants don't send sufficient amount of remittances to substitute for the estate income. When more people work in an estate their total household income increases but it occurs vice versa with more migration.

References

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