

**THE IMPACT OF FOREIGN REMITTANCE ON HOUSEHOLD
WELFARE IN MANMUNAI NORTH DS DIVISION**



CHRISICA CHRISTY RAJASINGAM

REG.NO: EU/IS/2015/COM/74

INDEX NO: COM 1954

A project report submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka, as a partial fulfillment of the requirement for the Degree of Bachelor of Commerce Honors in Business Economics [BComHons (Business Economics)].



Project Report
Library - EUSL

**DEPARTMENT OF COMMERCE
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRI LANKA**

2021

**PROCESSED
MAIN LIBRARY, EUSL**

ABSTRACT

This study mainly focuses to investigate how migrant workers distribute their income in the household welfare in various ways. The aim of this study was to investigate the impact of foreign remittance income on household welfare in MN DS Division in Batticaloa District. For this purpose the data were collected from the twenty four purposively selected Grama Niladhari Divisions and 220 households were randomly selected as sample. Statistical package for Social Science (SPSS 22) was used to present, analyze and evaluate the data.

The problem to be addressed in this study is how are the remittance spent on household welfare? Since international remittance is large, many researchers feel that how migrants spend their remittance earnings and how that will have an important development effect on local economics.

Findings of this study revealed that the main source of income in the area was foreign remittance. After the migration, the income of the migrants' families are significantly improved, migrants' family become many fold higher on their basic needs fulfillments such as housing, health and their children education. Due to this increase in income after migration, the respondents preferred to develop their housing facilities with sufficient living space or other facilities regarding their houses also they develop their healthy needs with nutritional foods or medical checkup facilities and they preferred to promote their children educational level via getting admission in the schools, private classes facilities as well as higher studies facilities then they have increased their savings through banking deposits or other investments. The overall impact on housing, health, education, savings and investments and free time are significantly impact on foreign remittance income. The study recommends that for better utilization of the foreign remittance proper training is required of the left over family members so that the investment may be in such a way to generate employment in this study area.

Keywords: foreign remittance, housing, health, education, household welfare, savings and investments, free time, migrants

TABLE OF CONTENT

ACKNOWLEDGEMENT.....	I
ABSTRACT.....	II
TABLE OF CONTENTS.....	III
LIST OF TABLES.....	X
LIST OF FIGURES.....	XIII
LIST OF ABBERRVIATION.....	XIV
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Problem Statement.....	4
1.3 Research Questions.....	5
1.4 Research Objectives.....	5
1.5 Significance of the Study.....	5
1.6 Scope of the Study.....	6
1.7 The Organization of Chapters.....	7
1.8 Chapter Summary.....	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.1 Introduction.....	8
2.2 Foreign Remittance.....	8
2.3 Housing.....	11
2.4 Health.....	11

2.5	Education.....	12
2.6	Savings and Investments.....	15
2.7	Free time	18
2.8	Chapter Summary.....	19

CHAPTER THREE: CONCEPTUALIZATION AND

OPERATIONALIZATION.....20

3.1	Introduction.....	20
3.2	Conceptualization.....	20
3.3	Conceptual Framework.....	20
3.4	Definition of Variables.....	21
	3.4.1 Remittance Income.....	22
	3.4.2 Housing.....	23
	3.4.3 Health.....	23
	3.4.4 Education.....	23
	3.4.5 Savings and Investments.....	23
	3.4.6 Free time.....	25
3.5	Operationalization.....	25
3.6	Chapter Summary.....	28

CHAPTER FOUR: METHODOLOGY.....29

4.1	Introduction.....	29
4.2	Study Design.....	29
	4.2.1 Research Method.....	29

4.2.2	Variables of the Study.....	29
4.3	Research Area.....	29
4.4	Population of the Study.....	30
4.5	Sampling Method.....	30
4.6	Sampling frame work and Sample size.....	30
4.6.1	Sample Size.....	30
4.6.2	Sampling frame work.....	30
4.7	Method of data collection/ Source.....	32
4.8	Research Instruments.....	33
4.9	The pilot study.....	34
4.10	Validity and Reliability of Instruments.....	35
4.11	Unit of Data Analysis.....	36
4.11.1	Objective One.....	36
4.11.1.1	Univariate Analysis.....	36
4.11.2	Objective Two.....	37
4.11.2.1	Correlation Analysis.....	37
4.11.3	Objective Three.....	37
4.11.3.1	Simple Linear Regression.....	37
4.12	Methods of Data Evaluation.....	38
4.12.1	Univariate Analysis.....	38
4.12.2	Correlation Analysis.....	38
4.12.3	Testing Hypothesis.....	39
4.13	Data presentation.....	40
4.14	Ethical consideration.....	41

4.15	Chapter Summary.....	40
------	----------------------	----

CHAPTER FIVE: DATA PRESENTATION AND ANALYSIS.....42

5.1	Introduction.....	42
5.2	Analysis of Reliability.....	42
5.3	Data Presentation and Analysis of Respondents Profile.....	43
5.3.1	Distribution of Gender Table.....	43
5.3.2	Distribution of Age Level.....	44
5.3.3	Distribution of Educational Qualification.....	44
5.3.4	Distribution of Marital Status.....	45
5.3.5	Distribution of Number of Family Members.....	45
5.3.6	Distribution of Working Years after the Migration.....	46
5.3.7	Distribution of Occupation.....	46
5.3.8	Distribution of Monthly Income.....	47
5.4	Data Presentation and Analysis of Research Objectives.....	47
5.4.1	Univariate Analysis.....	47
5.4.1.1	Level of Housing.....	48
5.4.1.2	Level of Health.....	49
5.4.1.3	Level of Education.....	50
5.4.1.4	Level of Savings and Investments.....	51
5.4.1.5	Level of Free time.....	52
5.4.2	Bivariate Analysis.....	56
5.4.2.1	Pearson's Correlation Analysis.....	56
5.4.2.1.1	Correlation Analysis between FR&H.....	56

5.4.2.1.2	Correlation Analysis between FR&HE.....	57
5.4.2.1.3	Correlation Analysis between FR&ED.....	57
5.4.2.1.4	Correlation Analysis between FR&SI.....	58
5.4.2.1.5	Correlation Analysis between FR&FT.....	58
5.4.3	Simple Linear Regression.....	59
5.4.3.1	Simple Regression of FR & H.....	59
5.4.3.2	Simple Regression of FR & HE.....	61
5.4.3.3	Simple Regression of FR & ED.....	63
5.4.3.4	Simple Regression of FR & SI.....	64
5.4.3.5	Simple Regression of FR & FT.....	66
5.4.4	Overall view of Regression Analysis for all variable.....	69
5.5	Chapter Summary.....	69

CHAPTER SIX: FINDINGS AND DISCUSSION.....70

6.1	Introduction.....	70
6.2	Respondents Profile.....	70
6.2.1	Gender of the Respondents.....	70
6.2.2	Age of the Respondents.....	70
6.2.3	Educational Qualification of the Respondents.....	71
6.2.4	Marital Status of the Respondents.....	71
6.2.5	Number of Family Members of the Respondents.....	71
6.2.6	Working Years after the Migration of the Respondents.....	72
6.2.7	Occupation of the Respondents.....	72
6.2.8	Monthly Income of the Respondents.....	72

6.3	Discussion of Research Information.....	73
6.3.1	Discussion- Objective One.....	73
6.3.1.1	Level of Housing.....	73
6.3.1.2	Level of Health.....	73
6.3.1.3	Level of Education.....	74
6.3.1.4	Level of Savings and Investments.....	75
6.3.1.5	Level of Free time.....	75
6.3.2	Discussion- Objective Two.....	76
6.3.2.1	Relationship between FR&H.....	76
6.3.2.2	Relationship between FR&HE.....	76
6.3.2.3	Relationship between FR&ED.....	77
6.3.2.4	Relationship between FR&SI.....	77
6.3.2.5	Relationship between FR&FT.....	77
6.3.3	Discussion- Objective Three.....	77
6.3.3.1	Simple regression of FR & H.....	77
6.3.3.2	Simple regression of FR & HE.....	78
6.3.3.3	Simple regression of FR & ED.....	78
6.3.3.4	Simple regression of FR & SI.....	79
6.3.3.5	Simple regression of FR & FT.....	79
6.4	Hypothesis Testing.....	80
6.5	Chapter Summary.....	80

CHAPTER SEVEN: CONCLUSION AND

RECOMMENDATION.....82

7.1 Introduction.....82

7.2 Conclusion.....82

 7.2.1 Conclusion- Objective One.....82

 7.2.2 Conclusion- Objective Two.....82

 7.2.3 Conclusion- Objective Three.....83

7.3 Recommendations.....84

7.4 Limitations of the Study.....85

7.5 Direction for Future Studies.....85

LIST OF REFERENCES.....87

APPENDIX 1 – QUESTIONNAIRES.....96

APPENDIX 2 - THE OUTPUT OF THE ANALYSES.....105