

## Investment Behaviour of Gulf Migrants

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### Abstract

Migration is a widespread global occurrence, seen in every nation, as individuals relocate in search of better job opportunities and income. This phenomenon occurs both domestically and internationally, with the latter involving movements across borders. International labor migration significantly shapes the socio-economic landscape of origin countries, particularly through the flow of foreign remittances. Migration to Gulf countries has varied effects, as migrants often invest their savings in business rather than agriculture. The prevalent choice of less risky investments, such as fixed deposits and mutual funds, among Gulf migrants contributes to a potential brain drain, impacting the sending country's human resources. The considerable return of migrants from Gulf nations brings about financial and internal challenges for the country.

**Keywords: Migration, Investment Behavior**

### Introduction

Investing, an economic pursuit, captivates individuals across diverse backgrounds. With various meanings in economics, it involves accumulating assets with the anticipation of future returns. Investments represent funds deployed with the expectation of profitability, intertwining with individuals' savings strategies to achieve financial goals. The approach to investment is further influenced by an individual's attitude towards risk and return.

In the context of India's high saving phase, a notable factor is the influence of foreign private inward remittances, sent by emigrants to their families. These remittances play a vital role in

bolstering the country's foreign exchange reserves and contribute significantly to both the balance of payments and domestic household income. The long-term impact on the economy hinges on how emigrants utilize these remittances, especially concerning productive investments. Understanding the investment behavior of emigrants is crucial for assessing the growth potential, with particular attention to states like Kerala, known for a substantial emigrant population to Gulf countries.

### **Significance of the Study**

This study addresses issues related to the utilization of remittances from Gulf migrants, emphasizing the positive impact when these funds are invested in productive avenues. Given concerns about remittances being directed towards conspicuous consumption and lavish housing, the research delves into the investment and consumption patterns of Gulf migrants. The analysis aims to reveal migrants' awareness of diverse investment opportunities, their preferences, and attitudes toward financial, physical, and commercial investments. The study also explores consumption patterns, including expenditures on housing, food, amenities, health, and education in Gulf migrant households. Additionally, it examines motivational factors prompting migration to Gulf countries, particularly noteworthy given that a significant proportion of migrants from Kerala are bound for the Gulf.

### **Statement of the Problem**

Demographic shifts, reduced agricultural employment, slow industrial growth, and high education rates with increased unemployment have led many Keralites to migrate to Gulf countries for work. Gulf migration has positively impacted development in areas like housing, transportation, town planning, education, and infrastructure. However, the housing sector faces significant challenges due to short-term job contracts, resulting in many migrants returning home. The lack of citizenship opportunities and various reasons for job termination contribute to return migration. Unfortunately, the assistance provided by governmental and institutional agencies for the rehabilitation of these return migrants is often inadequate. Some return migrants struggle to manage maintenance costs after investing in housing, leading to selling at lower prices. To ensure stable economic conditions for return migrants, the study aims to explore their investment behavior and encourage productive use of remittances.

## Objectives of the Study

1. To identify the volume of remittances from abroad to India, especially to the Malappuram District
2. To understand the motivational factors of Gulf migration.
3. To assess the income of emigrants and their consumption patterns.
4. To analyses the investment behavior of the emigrants with respect to the composition of various assets.

## Research Methodology

The study is both analytical and descriptive in nature based on primary and secondary data. The migrants of Eranad Taluk, Malappuram district form the population of the study. Simple random sampling method was used for selecting sample from the target population for this survey. A sample size of 100 migrants from Eranad Taluk has been taken into consideration and the data required for the study is collected by using structured questionnaire. The statistical tools used for data analysis were percentage analysis and weighted ranking.

## Literature Review

**Dr. Aparna Samudra and Dr. M. A. Burghate (2012)** in their article “A Study on Investment Behavior of Middle-Class Households in Nagpur” identify that whether there has been any increase in their savings and the reasons for the same. It is not only the income of the household that has an immediate bearing on the investment Please purchase PDF Split-Merge on [www.verypdf.com](http://www.verypdf.com) to remove this watermark. 49 preferences but also the age group to which the head of the household belongs that influences the choice of investment avenues. Data was collected from 300 households. Thus, bank deposits remain the most popular instrument of investment followed by insurance where post office savings deposits are the third preferred investment option. Thus, from the study, it was found that most of the investors invest in bank Deposits.

**Dr. Shamira Malekar, Brahmabhatta and P.S. Raghu Kumari (2012)** in their article entitled “A study of investor behavior on investment avenues in Mumbai Fenil” stated that investor ‘s perception will provide a way to accurately measure how the investors think about the products

and services provided by the company. The main objective of the study is to find out the need of the current and future investors and to study on investor behaviour. 100 investors were taken for the study. Most are making conservative decisions that reflect a survival mode in the business operation. During these difficult times, understanding what investors on an ongoing basis is critical for survival. Therefore, the study is identified that people like to invest in stock market as compared to any other markets, even if they face huge losses.

**Sanjay Kanti Das (2012)** in his article entitled “Middle Class Household’s Investment Behavior: An Empirical Analysis” the study reveals to know whether there has been any increase in their savings & if so, the reasons for the same. The present study is based on primary sources of data which are collected by distribution of a close ended questionnaire to 180 respondents out of which 150 respondents have replied and the data has been analyzed using simple statistical tools and to access the significance/ association between dependent variables. It is also observed that most of the respondents show their keen interest towards the insurance products so as to get tax benefits, life protection and average profitable investment avenues. Further, it is observed that the level of income also influences the investment decisions. Higher income group shows relatively high preference towards investment in share market conversely lower and average income group shows keen preference towards insurance and banks as the most preferred investment avenues.

## Data Analysis and Interpretation

### 1. Monthly Income

**Table 1: Monthly Income**

<b>Income Level</b>	<b>No of Respondents</b>	<b>Percentage</b>
Below 50,000	48	48
50,000-1,00,000	20	20
1,00,000-1,50,000	18	18
1,50,000-2,00,000	8	8
2,00,000-2,50,000	6	6
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary data

The above table shows that most of the respondents come under the category of their income below Rs.50000 (48%). 20% of the respondents gets income between Rs.50000 and 100000 in a month. 12 respondents get more than Rs.150000 as monthly income.

## 2. Percentage of Income Used to Meet Expenses

**Table 4.12 Percentage of Income used to Meet Expenses**

Expenses	Number of Respondents					Total
	Less than 10 %	10 % to 20 %	20 % to 30 %	30 % to 40 %	Above 40%	
Household expenses	4	11	10	9	66	<b>100</b>
Education expenses	8	20	12	50	10	<b>100</b>
Saving	6	4	17	15	58	<b>100</b>
Debt payment	20	17	16	17	30	<b>100</b>
Construction of house	10	30	10	15	35	<b>100</b>
Health expenses	2	45	35	5	13	<b>100</b>

Source: Primary data

The table 2 shows the percentage of income utilized by the respondents for meeting their day-to-day expenses. Most of the respondents (66) utilize above 40% of their income for meeting household expenses. 50 respondents utilize their 30 to 40% of income for meeting educational expenses. Majority of the respondents (58) save above 40% of their income. 30 respondents utilize above 40% of their income for paying debt. 35 respondents utilize above 40% of their income for constructing new house. 45 respondents utilize 10-20% of their income for meeting health need.

### 3. Factors Influencing Migration

**Table 3: Factors Influencing Migration**

Factors	Rank						Total
	1	2	3	4	5	6	
Lack of agricultural land	0	30	12	23	17	18	<b>100</b>
Lack of jobs	88	8	2	2	0	0	<b>100</b>
Poor economic condition	2	17	35	23	20	3	<b>100</b>
To clear debt	10	17	10	20	21	22	<b>100</b>
Status symbol	0	18	13	20	22	27	<b>100</b>
Others	0	10	28	12	20	30	<b>100</b>

Source: Primary data

**Table 1(a): Weighted Ranking of Factors**

Factors	Rank						Total
	1*6	2*5	3*4	4*3	5*2	6*1	
Lack of agricultural land	0	150	48	69	34	18	<b>319</b>
Lack of jobs	528	40	8	6	0	0	<b>582</b>
Poor economic condition	12	85	140	69	40	3	<b>349</b>
To clear debt	60	85	40	60	42	22	<b>309</b>
Status symbol	0	90	52	60	44	27	<b>273</b>
Others	0	50	112	36	40	30	<b>268</b>

The data distribution states that the most influencing factor of migration is lack of jobs. Poor economic condition, lack of agricultural land and clearing debts are ranked in second, third and fourth position. The least important factors are status symbol and other factors like lack of getting desired job.

#### 4. Savings Utilized for Investment

**Table 4: Proportion of Savings Utilized for Investment**

<b>Proportion</b>	<b>No of Respondents</b>	<b>Percentage</b>
Less than 20 %	40	40
20 % - 40 %	35	35
40 % - 60 %	12	12
60 % - 80 %	8	8
80 % - 100%	5	5
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary data

From the table it is clear that 40% of respondents invest less than 20% of their savings. 35% respondents invest 20-40% of their savings. Only 5 respondents transform 80-100% of their savings into investment.

#### 5. Investment Avenues

**Table 5: Investment Avenues**

<b>Investment Avenues</b>	<b>No of Respondents</b>	<b>Percentage</b>
Agriculture	3	3
Business enterprises	52	52



Physical assets	5	5
Financial assets	30	30
Others	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary data

The table 5 indicates that majority of the respondents are invested their savings in business enterprises (52%) and least of them in agriculture (3%). 30% of the respondents prefers financial assets for investment

## 6. Objectives of Investment

**Table 6: Objectives of Investment**

<b>Objectives</b>	<b>No of Respondents</b>	<b>Percentage</b>
Tax benefit	3	3
Regular income	42	42
Capital gains	8	8
Speculation	4	4
Future benefits	30	30
Others	13	13
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary data

From the data it is clear that the main objective of making investment is for earning regular income (42%) and for future benefits (30%). Least of them (3%) make investment for getting tax benefits.

## Findings

- Most of the respondents come under the category of their income below Rs.50,000.
- The most influencing factor for migration is lack of jobs in their state.
- Most of the respondents utilize above 40% of their income for meeting household expenses.
- Half of the respondents utilize their 30 to 40% of income for meeting educational expenses.
- Majority of the respondents save above 40% of their income.
- 40% of respondents invest less than 20% of their savings
- Majority of the respondents are investing their savings in business enterprises and least of them in agriculture.
- The main objective of making investment is for earning regular income and for future benefits.

## Suggestions

- Emigrants should prioritize contemporary investment options over conventional ones.
- Residents of Eranad Taluk allocating significant funds to new home construction should diversify investments for regular income.
- Authorities should establish policies guiding Gulf migrants' remittances toward productive investments.
- The State Government and its agencies should initiate a village-level investment awareness campaign to foster an investment culture in both urban and rural areas.

## Conclusion

India holds a prominent position among labor-exporting nations, particularly in remittance inflows. Kerala receives a significant portion of these remittances, playing a crucial role in the state's domestic production. The primary driver for Gulf migration is the aspiration for higher earnings, followed by a desire for an elevated standard of living. Respondents highlight better job opportunities in destination countries as the major attraction for Gulf migration.

In Eranad Taluk, households utilize remittances for various purposes, including daily expenses, home construction, and investments. Most respondents consistently invest their savings in

different assets, primarily aiming for capital gains. Opinions on investment vary among respondents, with the majority favoring investments in business enterprises and fewer opting for agriculture. The study underscores that the primary objectives of investment are regular income and future benefits, while tax benefits are of lesser concern.

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