The gender dimension of remittances to Sri Lanka: Who remits more?

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REMITTANCES are often considered a stable and reliable source of development financing. In 2018, remittances to Sri Lanka totaled $7.015 billion. At the macro level, the contribution of remittances to the Sri Lankan economy is immense. In 2018, remittances accounted for 7.8% of the GDP, and could cover 59% of the total import bill of $11.89 billion, or over 13% of Sri Lanka’s outstanding external debt ($52.21 billion). Nevertheless, in 2018, remittances to Sri Lanka declined for the first time in the recent years, and then 2017 and 2018 saw a steady downward trend. While much is known about the finer details. This blog aims to shed light on the gender aspect of remittances, derived mainly from micro level data, to identify strategies to improve the country’s remittances in the future.

Declining remittances

In 2017, remittances to Sri Lanka declined by 1.8%, compared to the previous year, while the decline in 2016 was 2.6%. The Central Bank of Sri Lanka attributes this decline to the prevailing geopolitical uncertainties in the Middle East region, due to fluctuations in oil prices and sluggish global growth and the decline in departures for foreign employment. Nonetheless, an underexplored reason for the decline in remittances is the recent changes in the composition of migrant workers from Sri Lanka. Due to targeted policy efforts since 2013, the share of female migrant workers is less than that of males. At the same time, this has resulted in a decrease in the share of female domestic workers among migrant worker departures.

Average remittances

A recent study by the author examined the gender specifics of remittances to Sri Lanka. The study involved a sample survey of 669 migrants in 602 households in Kurunegala, Batticaloa, and Colombo in 2018. The average size of remittances to Sri Lanka in this sample was LKR 39,550, and the most common frequency of remitting was once a month.

Gender and remittances as a share of income

The study also found some important gender distinctions in remittances to Sri Lanka. In this sample, men remitted up to 80% of their income earned in the country of destination. On the contrary, when it comes to females, a majority remitted a higher proportion, ranging from 81-100% of the income earned in the country of destination.

Remittances by men as a percentage of their income earned in the country of destination

Remittances by women as a percentage of their income earned in the country of destination

In the monthly remittance bracket of LKR 40,000-60,000 there are more women remitting than men

In the monthly remittance bracket of LKR 60,000-100,000 there are more men remitting than women

Correspondingly, more males retain up to about a fifth of their income in the country of destination, without remitting to Sri Lanka. It is unclear if males spend this portion of their income at the country of destination or save and bring it back in bulk upon returning to Sri Lanka.

Macro level data indicates that the females’ tendency to remit a larger proportion of income earned from foreign employment could be driven by their involvement in domestic employment. For instance, out of the 81,685 female departures in 2018, almost 80% were for domestic work, where food and lodging are provided free of charge by the employer.