

Article History: Received: 05 Nov. 2020; Revisited: 01 Dec 2020; Accepted: 15 Dec. 2020; Published: 01 Jan. 2021

# Foreign Labour Migration and Utilization of Remittance in Nepal

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## Abstract

*Migration in general refers to geographical or spatial mobility from one geographical unit to another which involves a change of place from the place of origin to the place of destination. Foreign labour as the form of the relationship of an employee on an employer outside the territory of the country where the employee pursues activity according to employer's instructions for the remuneration agreed upon in advance. A remittance is a transfer of money by a foreign labour to an individual in his or her home country. Remittance to Nepal has a strong hold in the national economy and they have also transformed the lives of a large number of rural people. The objectives of the study are: to find the social background of the foreign labor migrants and to explore the utilization of remittance. This study overall uses quantitative method as core methodological analysis to substantiate its argument. The research method is survey with interview schedule as the tool. The study shows that there are different background of foreign labour migrants and most of the remittance is utilized to fulfill the livelihood, education and health. The implication of the study is to strengthen the foreign labour migration through the proper utilization of remittance in Nepal.*

**Keywords:** Migration, Foreign Labour, Remittance, Utilization

## Introduction

### Background of the Study

Migration for employment means a person who migrates from one country to another with a view to being employed otherwise than on his own account and includes any person regularly admitted as a migrant for employment (Wickramasekera, 2002). Migration being one of the factors of population change, may affect socio-economic condition at both the place of origin and place of destination. It influences the size, composition and others characteristics of population (Subedi, 1993). Humans are mobile creature, cable of enquiring, susceptible to suggestion and endowed with imaginations and initiatives. This explains why having conceived the notion that his wants might be satisfied elsewhere, he may decide not merely

on going there but on the mean by which his project can be achieved (Paudel, 1994). Migration in general refers to geographical or spatial mobility from “one geographical unit to another. “It involves a change of place/residence from the place of origin to the place of destination.” One who migrates is called a migrant (CBS Nepal, 2011).

Remittance is the amount of money, which is sent by the migrants who are involved in foreign employment to his/her native country. The main aim of labour migrants is to send money back home to support their family. ‘Remittance from Nepali migrant workers in foreign countries is an important contribution to the national economy. Its contribution is not only the cash income and other goods and commodities that come to Nepal, but also the foreign exchange which has others positive contributions in terms of social and human development (Gurung et.al.2011). Remittance is a strong source of foreign exchange earnings for Nepal. Workers remittance is now consider as a backbone of our economy. The value of foreign remittance from migrant laborers could be equivalent to 25 percent of gross domestic product (GDP). Since last few years remittance income is playing a vital role for the foreign currency earnings and favorable impact on balance of payment situation to reduce the number of people in the country below poverty line and ultimately to the economic growth of the nation (Panthee,2012).

Gurung and Adhikari, (2004), concludes that, in their article “The New Lahures”, after democratic movement in 1990, it has become easier to obtain travel documents and passport. The increasing flow of information and the liberalization in travel led to a surge in the migration of Nepali citizens for employment. Again, because of the political conflict since 1995, the trend of foreign employment has dramatically increased. This situation has compelled Nepalese youths to look for overseas employment. This conflict has also resulted in increased flow of migrants from the mid-west to India. As per the information from Department of Foreign Employment, a total of 58710 Nepali workers are found to have gone to different countries for foreign employment by second trimester of FY 2011/12. Large number of people is estimated to have gone to third countries via India through unauthorized means taking advantage of open boarder with India. A separate Foreign Employment Department was established on 31 December 2008, which has been carrying out foreign employment related activities. An Employment Permit System (EPS), Korea Section 22 is established in the Department while a separate Japan International Trading Corporation Organization (JITCO) unit has been formed in fiscal year 2009/10, for sending workers to Japan. A total of 250829 are male while this number stood at 354716 until the end of previous fiscal year of which 344310 are male and 10416 are female. Economic Survey (2011/12) states that the Nepali youth groups are attracted to foreign employment due to dearth of adequate employment opportunity in the country. The number of Nepali workers going for foreign employment is growing every year. Concept of foreign employment and remittance Foreign Employment can be define as the form of the dependent relationship of an employee on an employer outside the territory of the country where the employee pursues activity according to employer’s instructions at the time and in the place determined for that purpose by the employer for the remuneration agreed upon in advance.

World Bank, (2008) states that, Remittance constitute workers remittance, compensation of employees and migrant transfer, migrant remittances are defined broadly as the monetary transfer that a migrant makes to the country of origin. International migrant remittances are the second largest source of external finance in developing economics, next to foreign direct investment international migrant remittances received by developing countries are estimated to be approximately us \$167 billion in 2005 and have doubled in last five years. Monaranjan Mohanty in his article “Globalization, New Labor Migration and Development in Fiji” (2006), shows the links between globalization, migration and remittance. He says, Globalization as a social and economic process prompts a ‘proliferation of cross-border flows and transnational social networks’ (Castles 2001) that connects migrants across transnational space. In a rapidly globalized world, the patterns of migration and the migrants’ social relationships are changing fast. The migrants move in what are called ‘transnational social spaces’, which are the preconditions for and also the products of globalising processes” (Mohanthy 108).

Nepal has become one of the major exporting countries in recent years. The history of foreign employment in Nepal dates back to the early 19<sup>th</sup> century when Nepalese soldiers began to work for the British army. Many Nepalese have worked in British and Indian Army. Currently over 60 thousand Nepalese are working in Indian army and other government institution in India (Panthee, 2012) Nepal has long history of foreign employment in India, dating back to the beginning of the 19<sup>th</sup> century, when men from the hill areas of what was then known as Gorkha migrated westwards to the city of Lahore in the northern region of Punjab. There they joined up as soldiers in the army of the Sikh Rajah, Ranjit Singh. Even today, those who are working in foreign are popularly known as Lahore (Seddon, 2005)

The census of 1942 seems to have not recorded the Nepali troops sent from Nepal in different fronts to assist the allied forces and might have been included only those who went foreign for livelihood. Nepal’s international border with India and China remained almost open for the movement of people from both of her neighbors. With China, it became closed one after 1950, while it has remained open with India to date with no restriction on the movement of people of both countries. Hence, because of open border, cultural similarities, and no need of documentary evidence to show migration to and from India is pre-historic and even unaccounted. Throughout the 19<sup>th</sup> century and well into 20<sup>th</sup> century, Nepalese men served in India, often accompanied by their wives and other family members. As the Gurkha settlements increased in number and size, they also attracted Nepali workers seeking civilian employment in India. The brothels developed in these new centers may well have included women from Nepal and from the surrounding areas (Seddon, 2005).

Most of the researches on foreign labor migration of the area Sahid Lakhani Municipality Ward No 8, Bungkot, Gorkha not been carried out till now. The reason why I choose to conduct a research on Labor Migration and utilization of remittance from this particular location was to explore the objective of the research. A sociological study of foreign Labor Migration was conducted in Sahid Lakhani Rural Municipality Ward No 8, Bungkot, Gorkha.

## Statement of Problem

So far as the remittance from foreign labor employment are concerned, the remittance is just enough to pay back the loan and interests because the labor migrants get a very low salary in foreign country due to lack of skill. The households who have high remittances, they are not utilizing the remittance on purchasing land, ornament and other extravagant expenditures. The foreign employment has to some extent, reduced the state of poverty and unemployment. The lifestyle of the household who seceded in going for foreign employment has changed. But where and how people utilize and invest the remittances has remained still unexplored which is a major problem of this study. So, this study is designed to address the following research questions related to overseas foreign labor migration and remittance.

- ♦ What are the social background of the migrants?
- ♦ How has the remittance been utilized?

## Objectives of the Study

The general objective of this research will be to analyze the overall causes, process and effects of foreign migration and use of remittance in Sahid Lakhan Rural Municipality Ward No 8, Bungkot, Gorkha. Though, the specific objectives will be;

- ♦ To find the social background of the foreign labor migrants.
- ♦ To explore the utilization of remittance.

## Significance of the Study

The research is important because it expects, to some extent, to contribute the theoretical knowledge regarding how to understand the foreign labor migration from the sociological perspectives and also provides the empirical knowledge about causes (push-pull factors) and its impacts as well as the reality of social background of foreign labor migration of the study area.

Those person who, by knitting the golden dreams, involved in foreign labor migration pay out a lot of money to go foreign so this research helps to find out the sources of money that made achievable for foreign labor migration as well as the labor migration, who go to foreign labor market, send a lot of money as a remittance so this research also help to investigate the trend of remittance received and used especially in which area or the field the foreign employee or their households members spend this remittance; whether they are utilizing it in the creative and productive work or not.

## Limitation of the Study

Although there is a need of analyzing overall trend, impact of remittance on the whole economy, due to lack of time resource, money availability of data constraints, this study has confined within limited things, which is known as the limitations of the study. Every research has its own limitation so the research was no exception either. The research was based only on qualitative and quantitative analysis on foreign labor migration in study area. The finding of the research may or may not be equally generalized to the

other area or whole part of Nepal. The purpose of this study will to fulfill the academic dissertation so it is based on limited objectives under limited time and resource in which only one data collection tool i.e. interview schedule will be used to collect the primary information.

## **Methods**

### **Selection of the Study Area**

To grab the objective of this research, Sahid Lakhan Rural Municipality Ward No 8, Bungkot, Gorkha district was selected the study area through multi-stage sampling method. Most of the researches on foreign labor migration will be concentrated in the national level. Research on foreign labor migration of this area has not been carried out till date. That's why; I have chosen to study the foreign labor migration in this particular area.

### **Research Design**

This research based on quantitative data with both descriptive and explorative of the study. The major purpose of the descriptive research design was to describe the social background like age, sex, caste, ethnicity, education, marital status, family structure etc. of the foreign labor migrants in Bungkot. It tried to explore the trend of remittance receive and used. As per the research, data related with social phenomenon, demographic calculation etc. were collected on the base of existing situation. This study was exploratory in the sense that its analysis is focused on exploration of the fact on the labor migration and use of remittance in the research area.

### **Nature and Source of Data:**

This study was based on quantitative primary data as the sources of data, as well as secondary data also used to make this study more effective and authentic. In household survey, especially interview schedule tool was used to collect the primary information.

### **Sampling**

The total universe of the study area was 368. Out of them 105 respondents were selected by random sampling method. The head of the households and returned migrants were the respondents to collect the objective oriented information of the study.

### **Data Collection Tools and Techniques**

Interview schedule, a set of questionnaire which were asked to the respondent and filled in self by the respondents, taken as the major tool of collecting quantitative primary data in survey method. The schedule based on a full set of questions on household characteristic, income, expenditure, employment, labor migration, and remittance and so on. The interview schedule was prepared containing questions, concerning foreign labor migration, at both household and individual level.

### **Results and Discussions**

For the study, the data were collected through interview schedule. When the field survey and data collection completed, the gathered data and information analyzed using both descriptive and statistical method. The MS excel and MS word used for assigning codes

to data, creating appropriate field structure and entering data. Descriptive analytical tool such as tables should be presented wherever necessary. In the study, it was attempted to shed light on the social background of the respondent on foreign labor migration and the utilization of remittance.

### Age Composition

Age is an important demographic factor, which makes difference. All of the interviewed people are from the age group 15-65. The average age of the respondents were from 25 to 40. Here, the people who have gone abroad for foreign work have been discussed. The way of migration is differ from one age group to another. Some are migrated due to poverty and some by family pressure, unemployment and so on. The table below represents the respondents according to the age group.

**Table 1: Distributions of Respondents by Age Groups**

S.N	Age	No. of Respondents	Percentage
1	15-19	35	33.33
2	20-24	25	23.80
3	25-29	23	21.90
4	30-34	15	14.28
5	35 above	7	6.66
<b>Total</b>		<b>105</b>	<b>100</b>

Source: Field Survey, 2018

The age of the respondents of the sampled households ranges from age group 15 to 35 and above years. On total respondents, majorities of the respondents were in the age group 15-19 and the least were above 35.

### Caste/Ethnicity

According to the national census 2001, there are 101 different caste and ethnic groups identified so far. Whereas, the samples consists of following castes and ethnic groups:

**Table 2: Respondents by Castes/Ethnicity**

Castes/Ethnicity	No of respondents	Percentage
Brahmin	20	19.05
Chhetri	25	23.81
Magar	35	33.33
Newar	15	14.29
Dalit	10	9.52
<b>Total</b>	<b>105</b>	<b>100</b>

Source: Field Survey, 2018

The table 2 shows that the highest percentage (33.33%) were magars then chhetri had 23.81%, Brahmin are 19.05%, Newar were 14.29% and the least were dalit with 9.52 percentage.

### Education

One of the main reasons for foreign migration is illiteracy, ignorance and poor standard of living. Similarly educated people also migrated because of unemployment, low salary, and low quality of education and so on. The table given below shows the literacy rate of respondents of the study area.

**Table 3: Distribution of Respondents According to their Educational Status**

S. N	Educational Level	No. of Respondents	Percentage
1	Illiterate	3	2.85
2	Literate	45	42.85
3	Primary	35	33.33
4	Secondary	15	14.28
5	University	7	6.66
<b>Total</b>		<b>105</b>	<b>100</b>

*Source, Field Survey, 2018*

Table 3 shows that the highest percentage (43.85%) were literate, 33.33 percentage had primary education, 14.28 percentage had secondary education, 6.66 percentage had University education and the least percentage were illiterate.

### Source of Foreign Employment

Individuals were gone into foreign employment through manpower agency, friend and relatives and self-attempt as well.

**Table 4: Sources of Foreign Employment of Migrants**

Source of Employment	Frequency	Percent
Manpower Agencies	85	80.95
Friends	15	14.29
Self	5	4.76
<b>Total</b>	<b>105</b>	<b>100</b>

*Source: Field survey, 2018*

Table 4 shows that only few number of individuals use to go to foreign by their self-attempt but most of them depend on manpower agency and friend to go to foreign employment. It indicates that most of the individual are unknown with the process of going to destination country for employment that may cause problem of cheating while in the processing.

Destination of individual to go to foreign employment and corresponding country were found in the given table:

**Table 5: Frequency and Percentage Distribution of Migrant Workers of their Destination Country**

Destination Country	Frequency	Percentage
Qatar	25	23.81
Malaysia	18	17.14
UAE	15	14.29
Kuwait	12	11.43
Israel	2	1.90
Saudi Arab	28	26.67
Bahrain	4	3.81
South Korea	2	1.90
Iraq	1	0.95
<b>Total</b>	<b>105</b>	<b>100</b>

Source: Field Survey, 2018

Table 5 shows there were nine different countries where Qatar, Malaysia, UAE and Saudi Arab were the main countries where 23.81, 14.29, and 26.67 percent individuals made their destination. Kuwait and Bahrain were the other destination countries where 11.43 and 3.81 percent respondent migrant workers made their destination. This is followed by the number of migrant went to Israel, South Korea and Iraq were 1.90, 1.90 and 0.95 percent. All individuals are migrant to Asian countries and most of them were gone to Gulf Countries. Some of the factors such as higher wage, easy available of unskilled work, easy to entry and exit act significant role to select the destination country.

**Table 6: Salary Distribution by Migrant Worker Distribution by their Per Month Salary**

Amount of Money	Number	Percentage
Less than 20000	5	4.76
20000-40000	15	14.29
40000-60000	35	33.33
60000-80000	45	42.86
80000-100000	3	2.86
Above 100000	2	1.90
<b>Total</b>	<b>105</b>	<b>100</b>

Source: Field Survey, 2018

Table 6 shows 4.76 percent migrant workers received less than rupees 20000 in a month as their earning. Similarly 14.29 percent migrant workers received rupees 20000 to 40000 as their monthly salary followed by 33.33 percent received 40000 to 60000, 42.86 percent received 60000 to 80000, 2.86 percent migrant workers received rupees 80000 to 100000 as their per monthly salary and above 100000 is 1.90 percent.



**Table 7: Frequency and Percentage Distribution by Means of Money Transfer**

Means of Money Transfer	Numbers	Percentage
Bank	28	26.67
Money Transfer Operators	65	61.90
Friends	12	11.43
<b>Total</b>	<b>105</b>	<b>100</b>

Source: Field Survey, 2018

Table 7 shows that 26.67 percent were sent their earning through bank followed by 61.90 and percent via money transfer, 11.43 percent through friends. It reveals that the access of money transfer operators have been increased in the family of the migrant workers.

### Utilized Area of Remittances

The choices of utilized area of the remittance of the individuals/Households depend on their own needs and income levels. As per the objective of this study, only the annual utilized amount from foreign employment is presented here but other sources of money are excluded. The list of utilized areas of remittance and their respective percentage with annual amount of expenditure is analyzed in the table below.

**Table 8: Utilized Areas of Remittances**

Utilized Area of Remittances	Involved Households	Percent
Buying Land	28	26.67
Education	23	21.90
Payment Debt	16	15.24
Housing	5	4.76
Health	12	11.43
Food and clothes	14	13.33
Saving Amount	7	6.67
<b>Total</b>	<b>105</b>	<b>100</b>

Source: Field Survey, 2018

The earning remittance from foreign employment was not used in single area by the households but they used it in multiple area of expenditure.

Table 8 shows the amount from remittance was utilized in different areas. On total received remittance 26.67 percent was utilized in buying land. 21.90 percent was utilized in education sectors, 15.24 percent in the payment of debt. This is followed by 4.76 percent in housing, 11.43 percent in health and 13.33 utilized in food and clothes and saving percent is 6.67 percent respectively.

### Conclusion

Foreign labor migration is a social process which trend is being increasing day by day. In the present context of Nepal, unemployment is the burning issues so foreign labor migration has been seen as the best choice for Nepalese ,even for educated or non-

educated, as the alternative strategy for livelihood adoption which provides employment to those who are deprived from the right of employment. Individual related to different social background are being migrated because of unable to fulfill the household's requirement for daily life, lack of better employment opportunities within nation, unable to complete the level of education, lack of security and earn much more in short time period. As Lee (1966) presented term push and pull model, different social, political, economic and personal factors such as unemployment, poverty, political instability, debt, family pressure, family conflict, low agricultural production and so on compel the individuals to migrate to foreign for employment and some of the pull factors in the destination countries such as easy available of unskilled work, higher wage rate, easy to entry and exit etc. pull the individuals from the source countries.

Most of the individuals are inspired by others and less inspired by self to go to foreign employment. They get information from different sources such as friends, Relative manpower, local broker, newspapers etc. Few of them to go foreign employment through their self-attempt but most of them go through manpower agency and friends to the destination country such as Qatar, Saudi Arab, Malaysia, Dubai, Kuwait, South Korea, Bahrain which shows most of the individuals used to depend on manpower Agency and friend to go to foreign employment. Individual Manage the amount of money by using different multiple assistance sources to go to foreign employment i.e. self, mortgaging land and jewelry, taking loan with interest, borrowing with relatives without interest which reveals that the individuals who have no capacity to afford certain amount of money to go to foreign could not able to migrate for employment. Most of the individual receive their earning in monthly and only few of them receive quarterly. But on the contrary, most of them send their earnings quarterly and less of them send money at home by using different means of remittance transfer such as bank, money transfers and friends in the name of their family members.

In the case of sending remittance most of the migrant workers send less amount of earning and only few migrants sent high amount from foreign employment at home reveals that there is inequality in earning of individuals which create inequality among the individuals in the society as per the explanation of pessimist perspective about foreign labor migration. On total sending remittance some portion utilize in productive enterprises indicates migrant workers are to some extent, perceived as important agents of investors who invest some sum of money, experience, skill, and knowledge in the country of origin as per the develop-mentalists perspective. But on the contrary as per the migration pessimists perspective, migrant workers look themselves into a semi-permanent role of supplying labor for the dirty, difficult and dangerous job such as cleaner, house worker, security guard, factory worker and so on in the receiving countries and huge portion of remittances earning by them are mainly spent on conspicuous consumption and consummative investment such as building houses, buying land and rarely invested in productive enterprises.

## **Funding**

No Funding

## Conflict of Interest

No conflict of interest

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