

**Foreign Labour Migration and
Utilization of Remittance in Nepal :
A Case Study of Golanjor Rural
Municipality-3, Sindhuli District,
Bagmati Province**

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Migration refers to geographical or spatial mobility from one geographical area to another. If this mobility is from one state to another, this is called foreign migration or abroad migration. This study explores causes of foreign labour migration and the utilization of remittance in Nepal in general and Golanjor Rural Municipality-3 of Sindhuli district in particular. I used a quantitative research design by taking 58 respondents for data collection and analysis. I found that unemployment was the main cause or push factor of foreign labour migration. In addition, inspiration is another motivating factor for the foreign employment. Similarly, the earning remittance from foreign employment was used in multiple areas of expenditure.

[**Keyword** : Foreign labour migration, Utilization, Remittance, Economy, Nepal]

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1. Introduction

Migration in general refers to geographical or spatial mobility between “one geographical unit and another”. It involves a change of place of residence from the “place of origin” to the “place of destination”. Migration for employment means a person who migrates from one country to another with a view to being employed (Wickramasekera, 2002). Moreover, the term “foreign employment” indicates the employment which a worker gets abroad. 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 other characteristics of population (Subedi, 1993).

In general, remittance is a small amount of money which is sent by the migrants who involved in foreign employment. The main aim of labour migration is to send money back home. “Remittance from Nepali migrant workers in foreign countries is an important component of Nepali 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 other positive contributions in terms of social and human development” (Gurung et al., 2011).

Migrant workers’ 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 labourers could be equivalent to 25 percent of official gross domestic product. 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).

In general, Migration refers to geographical or spatial mobility from one geographical area to another. If this mobility is from one state to another, this is called foreign migration or abroad migration. Foreign labour migration is defined as the cross-border movement or geographical mobility or spatial mobility of people from one state to another for the purpose of employment or when unemployed labour force of one area or country goes to another area or country for employment such condition creates foreign employment. Thus, when the labour force of a labour market of one state systematically

goes to work to labour market of another state such is known as foreign labour migration. However, there is no universally accepted definition of labour migration.

If we read the history of migration of Nepal, migration continued in various forms in every period of history such as people used to migrate in search of suitable lands for cultivation in the Farming Age but in modern times people migrate in search of better living opportunities. We get Nepalese, traditionally, started to migrate in Burma (Myanmar) and Lhasa in north for employment and closed trade. After the Sugauli Treaty (1816 A.D.), Nepalese got opportunity to recruit in British Army during First World War. But only the recruitment in British Indian Army couldn't control the increasing flow of Nepalese migrants. So, Nepalese started to migrate around the world for employment and study. At present, migration is taken a world-wide phenomenon.

At present, foreign labour migration has become an important sector in Nepal. Numbers of foreign labour migrants in Nepal have rapidly increased due to the high increased of population and lack of industrialization, lack of employment, political insurgencies and unrest, and so on. Lack of employment or opportunities has made most of the rural migrants go for foreign labour migration. So this research is based on the foreign labour migration of Golanjor Rural Municipality-3 Gwaltar, Sindhuli District, Bagmati Province of Nepal. The purpose of this study is to explore the overall causes, processes and impacts of foreign labour migration and use of remittances in the study area.

2. Theories Related to Migration

2.1 The Migration Optimists : Developmentalist and Neo-classical Views

Developmentalist 'migration optimists' tend to think that migration leads to a North-South transfer of investment capital and accelerates the exposure of traditional communities to liberal, rational and democratic ideas, modern knowledge and education. From this perspective, (return) migrants are perceived as important agents of change, innovators and investors. The general expectation was that the flow of remittances-as well as the experience, skills and knowledge and migrants would acquire foreign before returning-would greatly help developing countries in their economic take-off.

Return migrants were expected to invest large sums of money in enterprises in the country of origin.

Neoclassical economists also tend to see migration in a positive light. However, it is important to note that neoclassical migration theory has no place for remittances. Neoclassical advocates of the theoretical model of balanced growth perceive migration as a process that contributes to the optimal allocation of production factors for the benefit of all, in which the process of factor price equalization. From this perspective, the re-allocation of labour from rural, agricultural areas (within and across national boundaries) to urban, industrial sectors is considered as an essential prerequisite for economic growth and, hence, as an integral component of the whole development process. The free movement of labour in an unconstrained market environment is eventually expected to lead to the increasing scarcity of labour, which will then lead to a higher marginal productivity of labour and increasing wage levels in migrant-sending societies. Capital flows are expected to go in exactly the opposite direction as labour migration (Haas, 2007).

2.2 The Migration Pessimists : Historical, Structural and Dependency Views

“Migration pessimists” have argued that migration provokes the withdrawal of human capital and the breakdown of traditional, stable communities and their economies. This would then lead to the development of passive, non-productive and remittance-dependent communities. Besides the “brain drain”, a “brawn drain” - the massive departure of young able-bodied men and women from rural areas - is typically blamed for causing a critical shortage of agricultural and other labour, depriving areas of their most valuable work force. Because it is generally not the poorest migrate the most, migration and remittances were also believed to increase inequality in communities of origin.

Migration pessimists have also argued that remittances were mainly spent on conspicuous consumption and “consumptive” investments (such as houses), and rarely invested in productive enterprises. Skepticism about the use of migrant remittances for productive investments became the common thread of the migration and development debate. Besides weakening local economies and increasing dependency, increased consumption and land purchases by migrants were also reported to provoke inflationary pressures

and soaring land prices. In particular, the dependency school of development thinking viewed capitalist penetration and its concomitant phenomena such as migration not only as detrimental to the economies of underdeveloped countries, but also as the very causes of the “development of underdevelopment”. In a process known as cumulative causation, increasing prosperity in the economic core areas of the Western world was causally linked to the draining of capital and labour from peripheral areas (Haas, 2007).

2.3 Pluralist Perspectives : New Economics of Labour Migration and Livelihood Approaches

Better than individuals, households seem able to diversify resources such as labour in order to minimize income risks. Migration is perceived as a household response to income risks since migrant remittances serve as income insurance for households of origin. Migration plays a vital role in providing a potential source of investment capital, which is especially important in the context of the imperfect credit (capital) and risk (insurance) markets that prevail in most developing countries. Such markets are often weakly developed and inaccessible to non-elite groups. Hence, migration can be considered as a livelihood strategy to overcome various market constraints, potentially enabling households to invest in productive activities and improve their livelihoods. Migration is seen as part of a broader household livelihood strategy to diversify income sources and overcome social, economic, and institutional development constraints in places of origin.

Structuration theory, sought to harmonize actor- and structure-oriented approaches. Recognition of the interaction between structure and agency seems essential for the migration and development debate, as this also enables a clearer understanding of the heterogeneity of migration impacts. In “pluralist” views on migration and development such as New Economics Labour Migration and the livelihoods approach, the results of the structure-actor interactions allow for a greater variety of outcome than would have been allowed from either the aggregation of individual decision making or from the unidirectional imperatives of structure (Haas, 2007).

Different perspectives have been developed to view the migration and remittance out of which the migration optimist perspective explains or views the foreign migration as the positive

process of the development. Similarly, migration pessimist perspective explains or sees the foreign labour migration from the negative perspective. But the pluralist perspective explain or views the foreign labour migration as the parallel way which claims that labour migration to foreign country has both positive and negative aspect.

3. History of Foreign Migration in Nepal

Nepal has become one of the major labourers exporting country in recent years. The history of foreign employment in Nepal dates back to the early nineteenth century when Nepalese soldiers began to work for the British army. In the ensuing decades, hundreds of thousands of Nepalese have worked in British and Indian army. Currently, over 60 thousand Nepalese are working in the Indian Army and other government institutions in India (Panthee, 2012).

Nepal has a long history of foreign employment in India, dating back to the beginning of the 19th 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 working foreign are popularly known as 'lahures' (Seddon, 2005).

Literally, the nickname lahure is given to the people who join the armed force of India, Hong Kong, Singapore, United Kingdom, and so on; but it also designates people living foreign particularly having the working class jobs. The distinction here is essential because people living foreign for study or working in the universities and 'big' organizations like UN, FAO, and ADB are not necessarily called lahures. The labourers working in the working class jobs are recently termed as 'New Lahures' (Gurung et al., 2002).

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 19th century and well into the 20th, 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).

The migration of Nepalese people for other employment purposes, such as working in the tea states of Darjeeling and the forest of Assam, began in the second half of the 19th century. Economic migration to the Middle East from South Asia and other parts of the world was spurred-on by the oil boom in the early 1970s. International labour migration, mostly to Gulf States, Malaysia and other South East Asian countries is a new phenomenon of migration in the Nepalese context with about a 30 year long history. Unexpectedly, foreign labour migration has developed in such a way that it has shifted the agricultural based economy towards remittance based economy (Aryal, 2006).

The pace of the foreign employment increased dramatically after 1996 and the consequent of shrinking economic opportunities back home compelled Nepalese youths to look for alternatives elsewhere. The massive unemployment inside the country is the main reason behind this upsurge in venturing out to distant lands. Nepal entered into the open-market of economy after 1950 and then the trend of going into foreign migration is found to be started rapidly.

4. Research Methodology

This study is based on quantitative data with both descriptive and explorative research design to fulfill the specific objectives of the study. The universe of this was the households who were involved in foreign employment in Golanjor Rural Municipality-3 Gwaltar, Sindhuli District. Out of the universe I have selected 58 respondents by using purposive sampling design. The required information as per the objectives of the study was collected through the household survey where interview schedule of data collection method was used. When the field survey and data collection had been completed, the gathered data and information was analyzed using both descriptive way and statistical method.

5. Data Presentation and Analysis

Table-1 : Causes of Foreign Employment

Causes of Foreign Employment	Numbers	Percent
Unemployment	21	36.2
Poverty	11	19.0
Political Instability	9	15.5
Indebt	8	13.8
Family Pressure	3	5.2
Family Conflict	3	5.2
Low Agricultural Production	2	3.4
Others	1	1.7
Total	58	100.0

Source : Field Survey, 2020.

Table-2 : Source of Information about Foreign Employment

Sources of Information	Numbers	Percent
Friends and Relatives	25	43.1
Local Broker	13	22.4
Newspaper	11	19.0
Manpower Agency	7	12.1
Radio/TV	2	3.4
Total	58	100.0

Source : Field Survey, 2020.

Table-3 : Sources of Afforded Amount

Sources of Afforded Amount	Number of Respondents	
	Yes (N/%)	No (N/%)
Self	22 (37.9)	36 (62.1)
Mortgaging Land	03 (5.2)	55 (94.8)
Taking Loans with Interest	31 (53.4)	27 (46.6)
Mortgaging Jewelry	09 (15.5)	49 (84.5)
Borrowing without Interest	19 (32.8)	39 (67.2)

Source : Field Survey, 2020.

Table-4 : Migrant Workers and Afforded Amount

Destination Countries	Afforded Amount (In Thousands)					Total (%)
	Less 25	25 - 50	50 - 75	75 - 100	Above 100	
Qatar	1 (1.7)	1 (1.7)	6 (10.3)	10 (17.2)	1(1.7)	19 (32.8)
Malaysia	-	-	-	11 (19.0)	-	11 (19.0)
Saudi Arab	2 (3.4)	1 (1.7)	2 (3.4)	6 (10.3)	-	11 (19.0)
Kuwait	6 (10.3)	-	-	-	-	6 (10.3)
Afghanistan	-	-	-	-	3 (5.2)	3 (5.2)
Israel	-	-	-	-	2 (3.4)	2 (3.4)
Oman	-	1 (1.7)	-	1 (1.7)	-	2 (3.4)
Dubai	-	-	-	1 (1.7)	-	1 (1.7)
South Korea	-	-	1 (1.7)	-	-	1 (1.7)
Bahrain	-	1 (1.7)	-	-	-	1 (1.7)
Iraq	-	-	-	-	1 (1.7)	1 (1.7)
Total	9 (15.5)	4 (6.9)	9 (15.5)	29 (50.0)	7 (12.1)	58 (100)

Source : Field Survey, 2020.

Table-5 : Marital Status of Migrants and Money Sent/Received at Home

Money Received by at Home	Marital Status of the Migrant Workers			Total (%)
Wife	28 (48.3)	-	-	28 (48.3)
Father	09 (15.5)	04 (6.9)	-	13 (22.4)
Mother	01 (1.7)	04 (6.9)	-	05 (8.6)
Son	02 (3.4)	-	-	02 (3.4)
Brother	02 (3.4)	03 (5.2)	-	05 (8.6)
Sister	-	01 (1.7)	01 (1.7)	02 (3.4)
Husband	03 (5.2)	-	-	03 (5.2)
Total	45 (77.6)	12 (20.7)	01 (1.7)	58 (100.0)

Source : Field Survey, 2020.

Table-6 : Utilized Areas of Remittance

Utilized Area of Remittances	Involved Households (%) (N=58)	Total mount	Percent
Buying Land	12.1	4145000	20.1
Housing	17.2	2090000	10.1
Education	62.1	7530000	03.6
Health	91.4	627600	03.0
Food and Clothes	81.0	1465000	07.1
Payment Debt	22.4	1354000	06.6
Providing Loan	05.2	550000	02.7
Invest	12.1	1325000	06.4
Buying Luxurious Goods	31.0	1146650	05.6
Miscellaneous Area	96.6	495900	02.4
Saving Amount	70.7	6687850	32.4
Total Utilized Amount	100.0	20640000	100.0

Source : Field Survey, 2020.

Table-7 : Benefits/Advantages of Foreign Labour Migration

Benefits/Advantages	Numbers of Respondents	Percent
Alleviation of Unemployment	20	34.5
Earn Foreign Currency	16	27.6
Standard Maintain	10	17.2
Maintain Harmony in Society	07	12.1
Reduction Poverty	04	06.9
Import New Technology	01	01.7
Total	58	100.0

Source : Field Survey, 2020.

Table-8 : Harms/Disadvantages of Foreign Labour Migration

Harms/Disadvantages	Number of Respondents	Percent
Insecurity of the Family	18	31.0
Brawn Drain	18	31.0
Brain Drain	17	29.3

Unsecured of the Migrants	04	06.9
Temporary Job	01	01.7
Total	58	100.0

Source : Field Survey, 2020.

6. Major Findings of the Study

Major findings of the study are summarized as under :

- » A little more than one-third (36.2 percent) individuals were found migrated because of unemployment which was the main cause or push factor of foreign labour migration. This is followed by poverty (19.0 percent), political instability (15.5 percent), indebt (13.8 percent), family pressure (5.2 percent), family conflict (5.2 percent), low agricultural production (3.4 percent) and other (1.7 percent).
- » More than half (62.1 percent) individuals involved in foreign employment were inspired by others and less than half of them (37.9 percent) were decided self to go foreign employment. Out of 62.1 percent inspired by others, 30.6 were inspired by parents following with 30.6 percent by wives, 25.0 percent by relatives, 8.3 percent by husband and 5.6 percent were inspired by friends. Out of total migrant workers, 43.1 percent of them were found got information from friends and relatives, followed by 22.4 percent from local broker, 19.0 percent from newspaper, 12.1 percent from manpower agency and 3.4 percent got information from radio/FM. Most of the migrant workers (94.8 percent) were gone through different means viz., manpower agency followed (65.5 percent), friends and relatives (29.3 percent) and only 5.2 percent individuals were found to be gone self.
- » Less than half (37.9 percent) individuals were found managed the afforded amount of money by self, mortgaging their land (5.2 percent), taking loans with interest (53.4 percent), mortgaging jewelry in interest (15.5 percent) and borrowing with relatives without any percent of interest (32.8 percent).
- » Qatar was found main destination country where 32.8 percent individuals were made their destination. Malaysia and Saudi Arab were the second destination countries where 19.0 percent

(in each country) migrant workers made their destination followed by Kuwait (10.3 percent), Afghanistan (5.2 percent), Oman (3.4 percent), Israel (3.4 percent) and 1.7 percent were found gone to each in Bahrain, United Arabs Emirates, South Korea and Iraq. Different causes or pull factors were come across selecting the destination country viz., easy available of unskilled work (41.4 percent), higher wage rate (17.2 percent), pressure of friends and relatives (17.2 percent), less costly (13.8 percent), and easy to entry/exit (10.3 percent).

- ▶ The earning remittance from foreign employment was not used in single area by the households but they were found used the remittance in multiple areas of expenditure as presented in table 5.17 i.e. housing (17.2 percent), buying land (12.1 percent), foods and clothes (81.0 percent), health (91.4 percent), education (62.1 percent), payment of debt (22.4 percent), buying luxurious goods (31.0), providing loan (5.2 percent), invest in productive fields (12.1 percent) and miscellaneous (96.6 percent). Similarly, Out of total received remittance, 20.1 percent was utilized in buying land in nearest municipality (57.1 percent), nearest market area (28.6 percent) and local place (14.3 percent), followed by 10.1 percent was utilized in housing in local place (60.0 percent), nearest market area (30.0 percent) and nearest municipality (10.0 percent). This is followed by 7.1 percent received remittance was utilized in food and clothes, 3.0 percent in health, 3.6 percent in education, 6.6 percent in payment debt, 2.7 percent was utilized in providing loan, 6.4 percent invested in productive areas and 5.6 percent received remittance was utilized in buying luxurious goods.
- ▶ Out of total, 34.5 percent respondents were found taken the foreign labour migration as the means of alleviating of unemployment following with means of earning foreign currency (27.6 percent), standard maintained (17.2 percent), maintaining harmony in the society (12.1 percent), reduction poverty (6.9 percent) and means of importing new technology (1.7 percent).
- ▶ Out of the respondents, 31.0 percent individuals had taken the foreign labour migration as the brawn drain, insecurity of the family (31.0 percent), brain drain (29.3 percent), unsecured of the migrant (6.9 percent), and temporary job (1.7 percent).

7. Conclusion

Foreign labour 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 labour 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. In the case of sending remittance, most of the migrant workers send low earning and only few of them sent high earnings from foreign employment at home reveals that there is inequality in earnings of individuals which creates inequality among the individuals in the society as per the explanation of pessimist perspective about foreign labour migration.

Out of 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 sums of money, experience, skills and knowledge in enterprises in the country of origin as per the developmentalists perspective. But on the contrary as per the migration pessimists perspective, migrant workers lock themselves into a semi-permanent role of supplying labour for the dirty, difficult, and dangerous (3D) jobs such as cleaner, plumber, 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 consumptive investments (such as houses, buying land), and rarely invested in productive enterprises. Although, they all are temporary which creates dependency would remain no longer so it might be harmful for Nepal.

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