

# **UTILIZATION OF REMITTANCE ECONOMY BY GENDER IN NEPAL**

**(A Case Study of Sky and British Gurkha Overseas Services Pvt. Ltd.)**

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## **RECOMMENDATION LETTER**

This thesis entitled **UTILIZATION OF REMITTANCE ECONOMY IN NEPAL A CASE STUDY OF SKY AND BRITISH GURURKHA OVERSEAS SERVICES PVT. LTD.** has been prepared by **Yam Kumari Uchhai** for partial fulfillment of the requirements for the degree of Master of Arts in Economics under my guidance and supervision. I fully approve this dissertation and forward it with recommendation for approval.

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## **APPROVAL LETTER**

We Certify that this thesis entitled **UTILIZATION OF REMITTANCE ECONOMY IN NEPAL: A CASE STUDY OF SKY AND BRITISH GURURKHA OVERSEAS SERVICES PVT. LTD.** submitted by **Yam Kumari Uchai** to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University in partial fulfillment of the requirements for the Degree of Master of Arts In Economics has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the side degree.

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## **ABBREVIATION AND ACRONYMS**

BA	-	Bachelor in Arts
BOP	-	Balance of Payment
CBS	-	Central Bureau of Statistics
ESCAP	-	Educational Case Studies in Protocols
FDI	-	Foreign Direct Investment
FY	-	Fiscal Year
GATS	-	General Agreement of Trade and Service
GDP	-	Gross Domestic Production
GMS	-	Gurkha Multi Skill
GNP	-	Gross National Production
ILO	-	International Labor Organization
IMF	-	International Monetary Fund
MA	-	Master in Arts
MDGs	-	Millennium Development Goals
MOF	-	Ministry of Finance
NIDS	-	Nepal Institute of development Studies
NLSS	-	National Living Standard Survey
NPC	-	National Planning Commission
NRB	-	Nepal Rastra Bank
SLC	-	School Leaving Certificate
UAE	-	United Arab Emirates
UK	-	United Kingdom
UN	-	United Nations
UNDP	-	United Nations Development Programmes
UNIFEM	-	United Nationss Development Fund for Women
USA	-	United States America
WB	-	World Bank

# **CHAPTER-ONE**

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## **INTRODUCTION**

### **1.1 General Background**

The simple meaning of remittance is the transfer of money by foreign workers to his/her country. It refers that portion of migrants' earnings sent from migration destination to the place of origin. Even though migrants can also be sent in kind, the term “remittance” is normally limited to denote monetary and other cash transfers transmitted by migrant workers to their families and communities. But, the word remittance can also refer to the accounting concept of a monetary payment transfer by a customer to a business entity. The process of sending money to remove an obligation may also be defined as remittance. This is most often done through an electric network, wire transfer or mail. The term also refers to the amount of money being sent to remove the obligation. Investopedia says, “When a person sends a check to the government to pay for a tax bill, the check is remittance to remove the tax obligation. If you were to send money to a friend to in Europe through a wire transfer service, the sum of the payment is the remittance.” (NRB, 2010)

With the world wide fashion of opening-up the economy, Nepal introduced trade and economic liberalization policies in the mid-1980s. As in the other sectors of economy, the international labor market gradually opened up to the job-seeking Nepali youths. The tendency to go to India in search of a short-term work was historical, and then, gulf countries became the destination afterwards. Hence, the work related emigration, excluding India, increased from about ten thousands in early 1990s to more than 300 thousands in (MoF, 2011).

Human resources are the wealth of nation and its importance has tremendously increased in recent years for unskilled, semi-skilled and skilled people have

shown tremendous inclination towards foreign employment resulting in substantial growth of remittance. According to development of foreign employment Annual Report 2011/12, 384665 people have migrated for foreign employment. Mostly out of them have been migrated 105681 in Qatar, 98367 in Malaysia, 80455 in Saudi Arabia, 54482 in UAE, 24575 in Kuwait, 5865 in Bahrain, 5627 in South Korea, 3163 in Oman, 243 in Lebanon, 574 in Israel, 1144 in Japan, 823 in Afghanistan and 3666 in others countries. Out of them, 361,707 males and 22,958 females have migrated for foreign employment.

Millions of youth are compelled to heading for overseas seeking employment due to failure in creating employment opportunities within the country. Statistics for the last three years show on average 250,000 people leaving the country annually for foreign employment, and the number in on rise. Therefore, foreign employment remains a major source of foreign currency for the country (Economic Survey 2010/11). The population census of 2011 reported that 1,917,903 persons were out of the country to foreign employment. The major factor attributing to large demand labor employment from Nepal are related to higher rate of unemployment situation, low salary structure in the economy, insecurity in the rural areas because of insecurity and so on. Other main reason is the lack of adequate opportunities for local employment (Shrestha, 2004)

Increase in demand for oil has created new job opportunities in the oil exporting countries and decrease in the population growth rate in the developed countries made a shortage of human resources in their countries to keep their economic growth. These developments make a demand for unskilled and semi-skilled labor from the developing countries. In the earlier period only male had migrated abroad for foreign employment but at the current time, many females also have been encouraging to go and it has been a trend for them. Mostly indigenous people have been migrating for foreign employment due to improve the economic status of them. The wave of globalization and liberalization has induced the Nepali youths for better living standard, which is the important pull

factor for international migration. Beyond this, high population growth, unemployment, food scarcity, political instability are the strong pull factors (World Bank, 2006)

A recent feature of foreign labor migration is growing participation of women in the labor market. This is often overlooked in the description and analysis of international migration and in the discussion of the flows of remittances arising there from. Rapid globalization and the associated change in structure of economy and society have created new opportunities in the more developed and expanding economies for women from the developing world. The widespread shift from heavy to light industry, and into electronics, software, and most importantly, to service industries, has created a new and different market for women seeking employment. Also, as households in the developed countries become more affluent and women either go out to work or abandon domestic labor, there has been an enormous increase in the demand for domestic servants, cleaners, child minders etc.

International migrant remittances are the largest source of external finance in developing nations. Remittance has helped to boost individual household consumption, reduce poverty and provide temporary financial relief at household and community level. The number of Nepali households receiving remittances has increased. In case of Nepal, the impact of remittances on poverty has been declined. Besides remittance, the other factors responsible for the decline in poverty are; rise in agriculture wages, rise in non-agriculture wages and income, rise in urbanization and a drop in dependency ratio owing to decline in fertility. The growing remittance has led to a surplus in the current account, thereby strengthening the overall balance of payments position (Pant, 2006).

Remittance income in developing countries has become a lifeline for economic development. By remittance mean sending income in terms of money or goods

in home by the migrants or workers who have their earnings outside their home country. Now-a-days, this source of foreign income has been growing rapidly in each year in developing countries. Remittance inflow in Nepal took a dramatic increment from 2000/01 and such increment still continuing resulting increment of inflow by more than three-and-a half times to Rs. 320.37 billion in the first 11 months of the last fiscal year from Rs. 100.14 billion in fiscal year 2006-07. Almost 56 percent of households depend upon remittance for earning their bread (Economic Survey 2012). Remittances have been associated with increased household investments in education, health and entrepreneurship-all of which have a high social return in most circumstances. Households getting remittance enroll their children in private schools, pay for tuition, go to hospitals for regular check-ups, and can have good food and so on. It is therefore, supposed that absorption of remittance inflows is important for stabilization and growth of the domestic economy in countries like Nepal (Ratha, 2005).

Since long time in Nepal, many migrants have been transferring their income through the unofficial channels. Today due to the establishment of different agencies like Western Union, International Money Express (IME) etc. in several district headquarters of country, the remittance flows has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flows in Nepal due to the emergence of unofficial channels even though it has recorded in balance of payment account. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 percent of the recorded flows in developing countries (Ratha 2005).

The opening of opportunities for Nepalese women in the global labor market has transformed the image of women “from dependents to economic actors”. The emerging trend shows that the rate of increase in the demand for Nepalese female labor is more than the demand for Nepalese male labor in the global

market. A strong advocacy for women's international labor rights in Nepal, especially after the early 2000s, has resulted in the new Labor Bill emphasizes "gender equality" in foreign employment. Nevertheless, discrimination against women in relation to foreign labor migration still prevails. Although the Minister of Finance, in his budget speech for 2006/07, announced the Government's policy was to lift the author was involved as a gender specialist in this particular study (UNIFEM/NIDS 2006).

The current movement of Nepalese female labor on a large scale to third countries other than India is relatively new. The trend emerged especially after the 1990s, principally due to the rapid process of globalization and the liberalized socio-economic and political contexts within the country. Nepalese women migrant workers are overwhelmingly engaged in a so-called "care economy", where caring for humans is involved. Nepalese women and girls have a "coercive advantage" in those vocations as they are coerced from childhood into performing unpaid care within the household. The demand for care work in the global market has created an opportunity for Nepalese women to transform their unpaid reproductive work to paid productive work.

Furthermore, Nepalese migrant women are also releasing women in the petrol-rich Gulf-countries from labor-intensive care work and allowing them to enjoy leisure and prestige. This substitution of the care services by importing foreign labor is conceptualized for analytical purpose as "global care chains", where arguments hold that the provision of care involves a product and undergoes a process of production that can be bought and sold in the market for services (ESCAP, 2005). Furthermore, labor export or labor trade (especially of women) has considerable impacts on livelihoods and income, affecting the household capabilities particularly towards the fulfillment of MDGs; the migration of women also facilitates the empowerment of women (UNDP, 2005). In the current context of a decade-old armed conflict in Nepal, remittances by migrant workers is said to be the only pillar that is holding the

country's economy together. According to the Nepal Living Standard Survey (2004/05), 11 percent of the remittance donors are women; it is estimated that currently NRs 100 billion are contributed annually. It is an undisputed fact that when women have access to income and control over it, it has direct implications on poverty reduction; they spend their income on the family's well-being (e.g., food/nutrition, clothing and children's education) and are becoming especially favorable to girls' education (NLSS 2004/5).

With these points in mind, this study seeks answers regarding the extent and intent of the contribution by Nepalese women migrant workers at the household level, and the impact of this contribution on poverty reduction. It also attempts to identify migrant women's perception, choice and preferences, in view of State policy, about their migration for work.

In Nepal, much of early migrations were the result of push factors like exploitative agrarian relations, lack of employment opportunities, high population growth rate and political instability (NRB, 2004). As the number of workers going abroad for employment continues to rise, the corresponding growth of remittances has become a critical flow of foreign currency in Nepal (NRB, 2004)

## **1.2 Statement of the Problem**

Foreign labor employment and remittance are the important contributors to Nepalese economy. Large scale of remittance is entering in national economy and demand for middle level manpower is very high in international labor market especially in the Gulf countries, Malaysia, South Korea, Hong Kong, Japan etc. (1989). The major factor attributing to large demand labor employment from Nepal are related to higher rate of unemployment, out of total population 1.8 percent people are totally unemployed (MoF,2010) limited employment opportunities, low salary structure in the economy insecurity in the rural areas because of insurgency and so on(shrestha,2004). Other main

reason is the willingness and enthusiasm of Nepal youth to visit and work in a foreign country (Shrestha, 2004).

Since many years, foreign employment rate is increasing but most of unskilled labor had gone to foreign land. Nepalese labor force seeking foreign employment has very low level of technical education and formal training. Nepalese labors are compelled to take danger, difficulty and dirty work in foreign country. Slowly training, institute are being established in Nepal to develop skills on individuals who are seeking foreign employment so that earning capacity of the employed can be increased and competitiveness in the labor market can be increased. But these institutes are in infancy. Individuals seeking foreign employment have spent large amount of money as a cost for employment. The cost includes passport fee, medical charge, visa fee, airfare and commission to employment agency. To finance the employment individual have to depend on several sources of funds which included internal saving, borrowing from relatives, funds received from the sales of fixed assets like land and animals, borrowing from money lender etc. Formal financial institution like banks, co-operatives and finance company do not provide loan easily. It is very difficult to arrange the funds needed for foreign employment by people coming from lower income class (Gurung, 2003).

A recent feature of international labor migration is the increasing feminization of migration where the participation of women is constantly increasing. But some of the discriminatory policies with regard to foreign labor migration have created unnecessary and sometimes insurmountable difficulties for women who wish to go abroad to work.

Mostly remittances are used for subsistence needs such as expenses such as food, clothing and housing. They are also used for improving housing, buying land (urban areas), buying durable consumer goods, social cultural ceremony (birth, wedding and death) and loan repayment of the family. This type of

expenditure mostly called unproductive sector. Similarly, some portion of remittance income expenditure on productive sector like Education, Health, Business and Agriculture. The contribution of remittance in the Nepalese economy is said to be very important but it has not yet been systematically estimated. It is necessary to understand the contribution made by remittance in the micro level to make suitable policies related to regulate.

At these circumstances, following questions need to be answered while talking about foreign employment and remittances in Nepalese context.

- 1) How remittances are used in Nepalese people?
- 2) Should women be given opportunities as migrant labor?

### **1.3 Objectives of the Study**

The general objective of the study will analyze the foreign employment and worker's remittance in Nepalese perspective. However, the specific objectives are:

- 1) To analysis the use of remittances in the study area.
- 2) To analyze the issues pertaining to Nepalese women migrant workers.

### **1.4 Significance of the Study**

Migration of Nepalese youths for foreign employment increased rapidly especially after restoration of democracy and liberalization process in 1991(Gurung 2004). International Migration generated enormous improvements in people live. Migrants send home remittance is an important source of income for migrants' families and for developing countries. In Nepalese context, remittance has become one of the major sources of foreign exchange earning. Foreign exchange earning plays a very significant role for the development of developing country like Nepal. Now the remittance has been playing vital role in the country's economic development by relaxing the

foreign exchange constraints and to reduce the unfavorable balance of payments, among others. The various uses of the remitted funds vary in their potential to reduce poverty and create economic security for the household and community.

Furthermore, remittances assist in augmenting national income by providing foreign exchange and raising national saving and investments as well as by providing hard currency to finance essential imports.

Remittances constitute an integral part of household livelihood strategies. Remittances make direct contribution to raising household income, which broadening the opportunities to increase income. Remittance bring a change, especially in remote rural areas, where state resources have not been effective (Pant 2005).

The purpose of this study is to compare between two overseas which have sent different sorts of manpower in various countries such as unskilled, semi-skilled and skilled. Furthermore, British Gurkha Overseas sends skilled manpower in development countries whereas Sky Overseas dispatches unskilled as well as semi-skilled people in Gulf countries. That is why, both overseas have been selected in my research.

## **1.5 Limitations of the Study**

The study has had the following limitations:

- The study has limited with the case studies of the Sky Overseas Services Pvt. Ltd. and British Gurkha Overseas Services Pvt. Ltd.

## **1.6 Organization of the Study**

This study is organized into six chapters. Chapter one deals with introduction, which covers background of the study, statement of the problem, the objective

of the study, significance of the study, limitation of the study and structure of the study. Chapter two deals with review of literature. Chapter three deals with the research methodology. Chapter four describes the Utilization of remittance. Chapter five describes the issues pertaining to Nepalese women worker migrants. Chapter six includes summary of the major findings and conclusions based on this research and recommendations. Finally, appendix and references follow this chapter.

## **CHAPTER - TWO**

### **REVIEW OF LITERATURE**

Various studies have been conducted on different issues related to utilization of remittance and issues of pertaining to Nepalese women migrants. This chapter includes brief review of existing literature.

#### **2.1 Theoretical Review**

Human migration is the movement of people from one place to another in the world for the purpose of taking up permanent or semi- permanent residence, usually across political boundary. Human beings' physical movement has been described by one of the earliest migration theorist, Ravenstein (1985) as the result of push and pull. Push factors are unfavorable situations, which force a person to estimate whereas pull factors are favorable, conditions pulling people in. Revenstein, approach towards migration had a behavioral perspective. His view towards migration was that of an individual decision making process, a free choice intended to maximize utility out of scarce sources (Shrestha, 2004).

Over the past three decades, policies in the area of the labor migration have developed along four major paths: growing restrictiveness and selectiveness in

the admission of labor migrants in developed countries; a significant increase in the number of countries, particularly developing countries had become host to foreign workers; the rising recognition that the rights of migrant workers and their families need to be protected and; the adoption of regional agreements on the free movements of persons (UN, 2002)

Globalization of integration of regional economies has added impetus to the growing mobility of workers across abroad. In Asia the movement of labor is becoming an important and enduring phenomenon associated with economic growth and development since it eases skill imbalances in labor markets and provide broad culture and economic benefits for sending and receiving countries. Migrants' remittances, for example, are now a valuable and stable source of foreign exchange to many origin countries. At the global level, the importance of migration to development has now reflected in the fact that it has become the part of agenda of multilateral institutions, as for example in the trade negotiations within the framework of General Agreement of Trade and Services (GATS).

At the beginning of the twenty-first century, the total number of persons living outside their countries of origin worldwide was 175 million including 120 million migrant workers and their families according to the ILO estimates. It has estimated that 20 million African men and women are migrant workers and that by 2015 one in 10 Africans will live and work outside their countries of origin. While migration has bounded to grow and offers development opportunities for both countries of origin and destination as well as for individual migrant workers, ill-conceived or inadequate policies have led to a series of problems that are of direct concern to the International Labor Organization and its constituents (UN, 2002).

Beyond quantitative changes, the essence of new developments brought in by globalization has been the transformation of pattern of trades and productive

systems. High skilled labors have become more capital alike and are characterized through high international mobility, while movements of low skilled labor might become superfluous regarding rising capital portability (UNIFEM and NIDS 2006).

### **2.1.1 Theoretical Base of Labor Migration and Remittance**

Ravenstein, (1985) was the first person to attempt forming migration theory. Revenstein's "laws of migration" is also known as, push-pull factors of migration; still predominates as framework of migration analysis. Push factors are land tenure system, unfavorable form of trade, wide dispersion of poverty and income; pressure of rural poverty in general and so on. Pulls factors are employment, education and other opportunities and facilities known as bright light of the towns. On the one hand push factors push the migrants from their place of origin and on the other hand pull factors pull the migration to the place of destination.

Todaro (1976) stated that migration is stimulated primarily by rational economic consideration of relative benefit which is mostly financial. Decision to migrate is influenced by the difference between expected income between two places, the odds, probability of getting job in new area is inversely related to unemployment rate in the new area.

Lewis (1984) distinguished subsistence sector and developed sector within the economy. The first is agro-based, underdeveloped or rural area and second is industrial, developed, urban territory. The prime reason for migration is due to wage differences. Unlimited supply of labor force prevailing at low wage rate are attracted into industrial sector until subsistence sector i.e. migration exists whenever wage differential exists and elimination of such differential causes to end labor mobility. Bougue (1954) too identified the causes of migration to be lack of employment opportunities, decrease in the natural resources etc.

The theory of remittance or its relations with different variables has not been yet established. This is because there is no perfect relationship of it with other variables. The causes of migration, place of destination, types of work engaged in destination, environment of destination, family causes and many variables affect. Volume of remittance and its use and impart. However any model has not been a fit, different scholar academicians have tried to theorize their empirical researches in a conclusive frame. Chaudhary (1993) has quoted five different researches conducted by i) H. Remple, R. Lobdell ii) G.E. Jonson and W.E. Whitelaw in Kenya iii) Remple and Cobdell in Pakistan iv) B. Banjee in Delhi v) ILO and presented by A.S. Oberai and HKM Singh. Their common idea is propensity to remit of all migrants and proportion of remittance is equal and depends on the types of work received abroad, level of education of migrants, marital status, origin of migrant rural or urban. The proportion of income remitted is more or less same of all types of migrants, but the amount of remittance certainly is not equal. Chaudhary (1993) studied research about use of remittance. Chaudhary has concluded that first, initial consumption pattern largely affect the use of it. If the recipient is below the poverty line elasticity of demand on necessary thing is high, i.e. it encourages local consumption expenditure. If recipient is above the poverty line, it makes him/her rise in income status, so consumption pattern shifts to goods for facility and luxury. Secondly, expenditure of remittance in receiving household depends upon availability of desired commodities or services too. Thirdly, the use of it depends on propensity to save and it is affected by level of income and ceremonial duties like marriage. If ceremonial duties are high one's propensity to invest reduce. The fourth element proposed by Chaudhary that affected the use of value, system and attitude towards different types of occupation.

Elbadwi and Rocha (1992) synthesized the old researches in two categories: endogenous migration and international workers' remittance concerns the income differential and wage rate between two places, there is 'required' level of remittance, which, must be equal to average income of family and

community. On the other hand portfolio approach to international workers' remittance suggests volume if remittance depend upon decision whether to save in host country or remit to the home country. The volume of remittances is affected by relative rate of return of interest rate, foreign exchange, real estate values and rate of inflation and difference in the black market exchange rate and official exchange rate. The first approach considers income and demographic variables as the main determinant, economic policy influences less, and so it is long run analysis, and second insists on macroeconomic policies, economic and social environment for higher remittance and short run treatment.

### **2.1.2 Pattern and Destination of Employment in Foreign Country**

Labor and Employment Promotion Department has recognized 109 countries where Nepalese labor force can go for employment purpose through official channel. Records show that Nepalese Labors have spread all over world from South Asia to America, Europe and Africa. The total Nepalese people employed abroad accounted to 242,005 in 1993/94. Most of them were employed in the Arabian countries. The growth of emigrated labor force seems fluctuating but the trends are still increasing. There was a 137.6 percent growth in the fiscal year 1997/98, 258.9 percent growth in 1998/99 followed by 27.9 percent in 1999/2000. The Nepalese migrant workers are found in every countries of the world, but the major destination is four Asian countries viz. Saudi Arabia, Quatar, UAE and Malaysia (MoF, 2004).

Thapa (2003) estimated 450,000 to 500,000 Nepali workers working in various Gulf countries. Thapa estimated that around 12,000 were in Kuwait, over 70,000 in Quatar, over 350,000 in Saudi Arabia. Poudel (2003) stated that

there were 400,000 Nepalese workers working in Gulf and East Asian countries. When is estimated that 2.4 million Nepalese migrant workers are working in India.

Seddon (2003) estimated that 2 million Nepalese lived abroad which was about 3 percent of the total population or 6 percent of the adult working population of the population census of 2011. Of these, nearly 600,000 were in South Asia (mainly India), around 170,000 were in the Middle East, nearly 35,000 were in east and South Asia and around 23,000 were in Western Europe, North America and Australia, with their remainder elsewhere. (MoF, 2012) The 1991 census ten years earlier suggested 660,000 inhabitants had migrated to foreign countries. This was about the same proportion of total and adult population.

### **2.1.3 Reasons of Migration**

Shrestha (2004) has identified the major factors attributing to large scale out migration from Nepal which are high growth of labor force, high rate of unemployment, limited employment opportunities outside the farm sector, low salary structure in the economy and insecurity in the rural areas because of insurgency.

Kshetry (2004) identified the causes of Nepalese emigration as limited employment opportunities in government and private sector. Underdevelopment of industries and rudimentary services sector provides limited number of jobs to ever-increasing labor force. In the farm sector that conventionally used to absorb almost all the work force failed to do so because of low motivation for farm sector work. The entrepreneurs in this sector are enthusiastic to invest more due to either low returns or risk involved in this sector. Such events and lure of making quick money at least from legal means

by going overseas for menial work prompted to exit large number of workers from rural Nepal.

#### **2.1.4 Uses of Remittance**

Pant (2005) has stated that remittance is important financial resources to the receiving countries at the micro and macro level. Remittance has increased both the income of the recipient and the foreign exchange reserve the recipient's countries. Mostly remittances are used for basic subsistence needs and for daily needs such as food, clothing and housing. These three components make up a significant portion of the income of the recipients household. At an individual level, remittance has increased the income and reduces the poverty of the recipient's. Generally, in the developing countries only a small percentage of remittances are used for saving and used as productive investment such as income and employment generating activities as buying land or tools, starting a business and other activities. However, the money spent on better education of the children and health is believed to have a favorable effect on growth, which has tended to help in output production. At the macroeconomic level remittance, provide significant sources of foreign currency and contribution to the balance of payment. Remittance has also contributed to the expansion of communication services courier companies as well as money exchange services, which has contributed to the expansion of economic activities and increases the employment opportunities.

NRB (2002) disclosed that the remittance earnings were primarily used for household purposes, purchase of land, purchase/maintenance of house, repayment of loan and interest for migration and other purpose, paying off loan, buying jewellery, financing migration of other family members and as bank deposits. This study has tried to include every cast/ethnic groups, geographical region and different people from different socio-economic background, the income level and expenditure pattern are mostly affected by

socio-economic academic background and geographic region.

Regmi (2007) stated that most of the remittance income is used in the unproductive fields like house building, land purchasing, purchasing of luxurious goods and consumption etc. therefore remittance income may not contribute to the long-term development of the country.

Shrestha (2004) has stated that remittance can generate a beneficial impact on the economy through various channels, such as saving, investment, growth, consumption and income distribution. Remittances have relaxed the foreign exchange constraints of the country and strengthened its balance of payment (BOP) position.

Adhikari and Gurung at al (2006) have conducted that whatever the actual amounts of remittance that a woman contributes, the major portion have gone to poverty reduction at the household level. In the only one of its type, a study has conducted with 86 migrants women workers have showed that 45 percent used their remittances exclusively on the provision of basic needs, schooling for children and medical care for family members. Another 23 percent have used the money for constructing houses and buying land or jewellery as a hedge against poverty.

Bhadra (2007) said that Nepalese women's international labor migration has mainly prompted by poverty at home and the significant impact of their remittances on overall poverty reduction at the household level. The most prioritized use of remittances is for education of children followed by food consumption. Most importantly, if remittances were not received by households many girls would not have access to education. Women's remittances have had an impact on the achievement of MDG1 and subsequent MDGs. Women's remittances have also had an impact on household capital formation, leading to improvements in the quality of life of remittance-receiving households. In addition to financial remittances, women migrant

workers bring with them the so called “social remittances” in the form of their human capital formation (such as from training, language learning, new skills, knowledge and information. International migration and remittances have increased migrant women’s self-esteem, and have brought about a positive change in their gender identity and gender roles. This, in turn, has led to a decrease in violence against women in the family and an increase in love and respect from the family and the community.

### **2.1.5 Women Labor Migration**

In the 1990s, increased globalization has effectively opened up new labor employment opportunities in newly industrialized countries, like Malaysia, Taiwan, and South Korea in Southeast Asia, and in the Gulf States in the Middle East, for men and women from South Asia, including Nepal. Even in developed countries, like Japan, the UK, Europe, and the USA, new opportunities for labor migrants have emerged, even though immigration controls and other restrictions ensure that many of them work there unofficially or illegally. The demand for cheap and un-organized female labor encourages labor migration from the poorer developing countries where unemployment and underemployment are widespread. A recent feature of international labor migration is the increasing feminization of migration whereby the participation of women is constantly increasing. This is all too frequently overlooked in the discussion of the flows of labor and of remittances that migrant workers sent back home. The process of globalization and the changing structure of economy and society in more developed countries (including those in the Gulf and in Southeast Asia) have created new for women workers. The shift away from heavier manufacturing to electronics, software, and other light industries, and most importantly, to serve industries, has created a very different labor market and one in which women have been very much in demand (UNIFEM and NIDS 2002).

Department of Labor (FY 2006\07) shows that the number of people visiting abroad for employment during FY 2005/06 was 177, 506, whereas number of people visiting abroad for the same purpose during the first eight months of FY 2006/07 is 121, 546. During, FY 2005/06, the number of female workers visiting abroad for employment was 828, whereas the number for 2006/07 is only 277. The government has also not discouraged this process. It has recently even decided to open an embassy in the State of Israel primarily to make the Nepalese women eligible for employment in that country as required by its law Indication.

Bhadra (2007) has stated that Gender discrimination exists at all levels of women's migration, starting from the families and communities and up to State level. State laws and regulations are gender discriminatory. The majority of women migrate for domestic work in the Gulf countries, which is banned by the Government. Therefore, they take informal routes to the destination countries via India, resulting in difficulties at the border and high costs due to uncertainty of visas, flights and other vulnerabilities. Violence against migrant women and violation of their labor rights in the workplace exist and, in the majority of cases, the perpetrators of violence are women. Despite these problems, they rarely receive assistance from Nepalese embassies and consulates, as they are generally not recognized as legitimate/regular migrant workers.

The Foreign Employment Act 1985 provided liberty for women migrant workers but put restriction. They should have the permission of government and guardian as well to go for foreign employment .The amendments in different times changed the words but no fundamental change in the provision seems. Government prohibited woman workers to join unorganized sector in Gulf on 16th may 1997 and again opened on 16th November 2000 by cabinet level decision but provision was made such that the decision should be given keeping the facilities, salaries and nature of work .All these flexibilities in the

provisions show that Nepal is not yet open hearted about female migrant workers and yet has not practiced the fundamental human rights. However these provisions /restrictions have been made for securities of the female workers but these do not suffice rather they divert the unofficial migration through mafia. At the same time recently government have even decided to open an embassy in the State of Israel primarily to make the Nepalese women eligible for employment in that country as required by its law .Thus, to encourage the female for foreign employment bilateral agreement about security of women migrant workers is very essential rather than to restrict.

Focus Group Discussion held during the mapping study of UNIFEM/NIDS (2006) has stated returnee women migrant workers report that there have been misconceptions that only those women who have been in domestic work are exploited. Returnee women migrant workers report that labor exploitation physical abuse as well as mental and physical torture occurs even in the organized/formal sector. The only difference in the organized sector is that women have not had to share the same roof with the abusing master/mistress, unlike in the domestic employment content.

Shrestha (2004) has showed that Nepali women's involvement as domestic worker in various foreign destinations to fill the vacuum has to some extent helped to monetize the contribution of women in the care sector, but the nature and place of work and lack of policies and monitoring system for domestic work limits the benefits received by women engaged in this sector. Foreign employment for many women is a strategy for survival of the family and for many is a forced choice. A 2005, UN ESCAP study states "global experience shows that the female labor export has considerable impact on the survival of many families in absolute and relative poverty". With the large involvement of both women and men in foreign employment, there is a change in the traditional family patterns. The issues of transnational families, the lack of care

of children and the changing role of men and women as contributors to family survival is also a vital aspect that needs to be analyzed.

After eighth five-year plan, NPC started to refer the objectives of encouraging foreign employment to create appropriate condition for increasing employment opportunities at home and abroad. In the same year, 1992 association of foreign employment agencies was established. It has also encouraged to emigration. The Ninth plan referred to foreign employment as a means of income sources promised to make institutional arrangements to make foreign employment opportunities simple and well managed for the Nepalese labor force. The Tenth 5 years Plan has given much emphasis in promoting foreign employment. It is also known as programs for promoting foreign employment, providing entrepreneurship training for returning migrant workers and imparting skills to developing migrant workers. The labor sector plan includes an ambitious target to increase the number of placement in foreign employment from 104,739 in 2001/02 to 1,964,383 in 2010/11.

## **2.2 Empirical Review**

Stahl and Arnold (1986) reviewed that workers from Asia have sent remittances of about \$ 8 billion annually to migrants' home countries. These remittances have been an important source of precious foreign exchange for the major labor-exported countries. The overall development impact of remittance, however, has not been well established. Remittances have spent primarily on day-to-day consumption expenditures, housing, land purchase, and debt repayment. Although only a small proportion of remittances have been directed into productive investments, it did not warrant the conclusion that the development value of remittances is negligible. In fact, remittances spent on

domestic goods and services in Asia provide an important stimulus to indigenous industries and to the economies of the labor supplying countries.

Commerce Research Bureau (1978) argued that due to the poverty of sending region the major portion of remittances to Kerala in India have been used to meet the basic consumption needs of the receiving households. House construction and improvement also have been appeared to be an important category in terms of remittance expenditure. Asset purchases in the form of land and jewelry have been also considered to attract remittance expenditure. In general, the average value of assets of households receiving remittances was significantly greater than the average value of assets of rural households in Kerala. Evidence also suggests that households receiving remittances significantly increased expenditure on children's education.

Ali (1981) estimated the proportion of remittance income which has allocated to various expenditure categories in Bangladesh. In rural areas of Bangladesh almost 60 percent of remittance income was used to purchase land or build or improve upon a home. Secondly remittance income has been spent in expenditure on food and repayment. It was interesting that expenditures on consumer durables and gold other ornaments did not command so great a proportion of remittance income as might be anticipated on the basis of studies elsewhere which have concluded that much remittance income was wasted on conspicuous consumption. However, one conclusion which was consistent with findings elsewhere was that emigrant workers shy away from investing their income directly in productive activities. Hence, even if the short-run propensity to save out of remittance income was high, it was likely that those savings would be used for consumption purposes and for the accumulation of non-productive assets.

Pitayanon and Chancharoen (1982) carried out a survey of remittance expenditures in Thailand. Most of remittance income spent on recurrent

consumption and consumer durables. With regard to recurrent consumption, the study contains data on the percentage of the households surveyed that increased their consumption of a particular item. For example, 55 percent of households increased their consumption of meat; 30 percent, butter/milk; 27 percent, beverages; 54 percent, health; 14 percent tobacco and alcohol; 66 percent, religious donations; 60 percent, clothing; 26 percent, entertainment and 61 percent, education. Increases in expenditures on consumer durables were largest for (in order) stereos, electric fans, televisions, refrigerators, radios, electric irons, gas/electric stoves, bicycles, sewing machines, and cameras. The study also provides data on remittance expenditures on savings, housing, debt repayment, agriculture and trading. The results indicate that construction of a new house is a major priority of remittance receiving households, followed by the purchase of land (presumably residential), home improvement, debt repayment, trading (which presumably refers to the setting up of small retail shops or the like), animal/fish raising, and agricultural land development (including land purchase)

Durand and Massey (1992) reviewed thirty-seven community studies, finding that investigators were “remarkably unanimous in condemning international migration as a palliative that improves the well-being of particular families but did not lead to sustain economic growth within sending communities.” Broader studies relating to Mexico at the community level and others found the vast majority of remittance income spent on consumption. To extent that households used remittance income only for consumption, the growth in remittances could lead to a culture of dependency and possibly idleness.

ESCAP (2005) has stated that Returnees’ also experienced positive changes in love and respect shown them by family members and members of their communities. Changes varied from a smaller to a greater extent in terms of the migrants’ relationship to each family member. For example, the extent of change in love and respect from the mother-in-law was greater than that shown

by the father-in-law. Similarly, the increase in love and respect shown by community members was significantly great. However, the love and respect from migrants' sons and daughters was no significant. In fact, some returnees experienced the fact that their children did not love them as much as before their mothers had migrated. This coincides with the reports of children's deteriorating psychology and being distanced from their mothers due to the long absence from home. The returnees reported that the distancing between themselves and their sons was greater than that of their daughters

UNIFEM and NIDS (2006) conducted with a view to enhance the understanding of the different aspects of women's foreign labor migration. The major part of the research involved in this study was a survey of 86 Nepali Migrants Women Workers that was undertaken in three towns- Pokhara, Dharan and Kathmandu. The survey results has provided one of the first primary sources of information on the phenomenon of women's labor migration in Nepal based on a sample of urban women. The research, regarding the remittances earned by women labor migrants, based on data gathered from different migrant association in various destination countries, has estimated that women migrants contribute more than 10 percent to the total remittances entering in the country. The survey of women migrants revealed that, even though all socio economic and cultural groups have participated in foreign labor migration, the dominance of particular ethnic/caste groups and social classes is widespread. The survey also revealed that there is a direct and positive correlation among the variables like 'education', types of work undertaken in the destination countries', and 'income'.

UNIFEM/NIDS (2006) has stated that use of women's remittance in paying back 10 percent, in sending family members abroad 4.1 percent, constructing house 11.6 percent, sending children to good school 16.5 percent, lending out money for interest 9.1 percent, medical treatment of family members 2.5 percent, purchase 6.6 percent, setting up business 5 percent, bank saving 4.1

percent, buying daily necessities 25.6 percent, brought gold/jewellery 5 percent. These data highlights on the wise and productive use of the remittance to benefit the families. The same respondents shared that the remittance that their men earn are invested entirely on a different sector mostly in big business enterprises and on their own entertainment. These are eye opening facts which made country to rethink that women are not passive beneficiary of development rather economic actors who contributes to poverty alleviation. Hence, the country achieves Millennium Development Goal of poverty reduction and other subsequent MDGs with the contribution of women. To take note, women's earning is very less but they save 61% of their total income and send half of their total earning in the form of remittance.

Based on various related literature can be given conclusion that foreign employment and remittance is one important component of national economy various persons have researched based within issues of foreign employment and remittance and its use rather than the case study of British Gurkha Overseas and Sky Overseas have not had done yet. By studying of both overseas services Pvt. female and male migrants and utilization of remittance in Nepal has been found from it. Participation as well as problems of female migrants from British Gurkha Overseas has been identified here.

## **CHAPTER - THREE**

### **RESEARCH METHODOLOGY**

There is vital role of methodology in any type of research process. To collect the reliable data from research area and presentation of collected data one can use various types of research method. Methods are different from one problem to another and can be used specific methods on the basis of study area and nature of subject matter. So, the researcher should choose carefully which methods have to use to solve the problem.

#### **3.1 Research Design**

Basically this study is mainly based on quantitative and qualitative research design and this study is also based on descriptive research design. It is descriptive in nature because it describes utilization of remittance economy by genders and issues of women migrant workers.

#### **3.2 Study Area**

The study is based on Sky Overseas Pvt. Ltd. in Kathmandu district and British Gurkha Overseas Pvt. Ltd in Lalitapur. The Sky Overseas lies at Narayan Gopal Chowk in Maharajgung and British Gurkha Overseas lies at Bakhundole in Lalitapur. The Sky Overseas exports a wide range of competent male manpower especially Gulf countries like Qatar, UAE, and Kuwait etc. The British Gurkha Overseas exports male and female manpower in worldwide.

Gurkha Multi Skill, Pvt. Ltd., an integral part of British Gurkha Overseas Service, Pvt. Ltd. was established in 2006. It has been situated at the height of Kupandole (Bakhundol) opposite Norwegain Embassy as a headquarter/center. Since, Gurkha Multi Skill (GMS) has been nationally and internationally recognized and associated with British Gurkha International Manpower Services Pvt. Ltd. Hong Kong and the United Kingdom that seek opportunities

for the employment not only on land but also onboard ship/ Cruise Lines where there are very attractive jobs.

**Table 3.1 Migrant Workers Exported by British Gurkha Overseas**

**Source:** Annual report of British Gurkha overseas 2013

Sky Overseas Services P. Ltd has established in 1998. It situated at Narayan Gopal Chowk, Maharajgung in Katmandu. It is a leading overseas employment consultant in Nepal. The company was established to meet the growing demand for Nepalese work force abroad to alleviate growing unemployment in the country. It along with its affiliated companies provide a unique set of services under one roof and complete solution of the requirement of Nepalese manpower abroad. The company exports a wide range of competent manpower based on the demands of company's valued clients. Thus, the company functions as a bridge between Nepal and manpower importing nations around the globe. It is fully equipped with state of the art facilities that an international standard company needs. The company uses different types of processes for sourcing its manpower. As a result, the company has become one of the very few outbound recruitment consultants to be certified with the international

organization for standardization ISO 9001:2000 certificate.

**Table 3.2 Migrant Workers Exported by Sky Overseas**

**Source:** Annual report of sky overseas 2013

### **3.3 Nature and Source of Data**

This study is based on both primary and secondary data. Primary data have been collected from primary sources during the field survey with the questionnaire. This is the main component of the study. Secondary data have

been derived from published and unpublished documents, articles, books, magazines, Department of Foreign Employment records, Nepal Rastra Bank records, CBS records related to study topic.

### **3.3.1 Primary Data Collection**

Primary data has been collected from the field survey for the purpose of receiving real information on utilization of remittance by gender and issues of female migrant workers when they had been in abroad.

#### **3.3.1.1 Questionnaire**

The relevant information was collected through the medium of questionnaire. The questionnaire included close ended questions. The researcher took personal interview and the questionnaires were filled. The questionnaire was prepared in such a way that it provided both the quantitative and qualitative information. In fact, the questionnaire has helped to make the study more reliable, factual and impressive.

#### **3.3.1.2 Interview**

Interview is one of the widely used methods of obtaining information from the respondents. Interview was taken while questionnaires were being at different places and different situations in the study area that have returned back from abroad and want to go again.

### **3.3.2 Secondary Data Collection**

Secondary data were collected from different sources of governmental and nongovernmental organizations. Department of Foreign Employment Nepal Rastra Bank, CBS, articles, books, journals, magazines and others.

## **3.4 Sampling Design**

The population for this study comprised of all the Nepalese people migration for work in foreign country. Since the people going abroad for foreign employment could not be interviewed; who have wanted to be migrant workers have been interviewed for this study.

Sky Overseas has exported 39,684 migrant labors since its establishment. In recent year 2,882 male migrants had supplied abroad especially in Gulf countries. British Gurkha Overseas 2,094 people were exported Worldwide both male and female. In recent year 99 male and 10 female migrant workers were supplied. As it becomes impractical to study all migrants, only 30 migrants from British Gurkha Overseas as well as 30 migrants from Sky Overseas has been taken as samples which are the returnee's respondents. In the case of British Gurkha Overseas 10 female migrants and 20 male migrants have been interviewed whereas only male migrants have been interviewed in the Sky Overseas for this study area. I have met to each respondent at overseas and interviewed by questionnaire on the period of field survey. I have completed the field survey on the one month.

### **3.5 Methods of Data Presentation and Analysis**

Both the primary data, collected during the survey at various locations where the concentration of people going abroad for foreign employment is higher and the secondary data gathered from various sources were categorized, tabulated, processed and analyzed using different methods.

After classification and edition of the collected data, another important worked for the fulfillment of the objectives of the study is data analysis and presentation, different statistical tools has been used for data analysis. Descriptive method has been applied for qualitative data. And the data can be presented by using simple methods like as tables.

### **3.6 Tools used for Analysis**

There are different tools which can be used to simplify the data. The easiest way to understand data is by examining it in tables. Therefore, different tools have been used to identify utilization of remittance. Collected information like reasons of foreign migration, details of individual going abroad, types of Nepalese women's work in abroad, problems which they faced in abroad etc. are showed on tables.

### **3.7 Mode of Presentation**

The finding of the study has been displayed in tables. Illustration with descriptive version.

## **CHAPTER-FOUR**

### **UTILIZATION OF REMITTANCE**

#### **4.1 Age Group Distribution of Migrant Workers of Study Area**

The current trend shows that the flow of people going abroad for foreign employment mostly comprises of labor class people. Due to the modality of such work it requires young, energetic and healthy people to be recruited. Mostly the age group of 20 to 30 years, in which 73.33 percent migrant workers from British Gurkha Overseas and 50.00 percent from Sky Overseas have been got in the field survey.

**Table 4.1: Age Group Distribution of Migrants**



**Source: Field Survey, 2013 (Sky and British Gurkha Overseas Services)**

Table 4.1 shows that out of the sample of migrant workers interviewed in the

field survey in British Gurkha Overseas of Lalitapur district and Sky Overseas of Kathmandu district respectively. Both Overseas export age groups of 20 to 30 years' more than others age groups migrant workers in which below 20 to 40 years migrant workers had been interviewed the field survey. Age group of 20 to 30 the British Gurkha Overseas supplied 73.33 percent whereas Sky Overseas supplied 50.00 percent in the given table. In the both Overseas, average age of the migrants were 30 years. The minimum age was 20 years and maximum was 40 years.

#### **4.2 Sex and Destination Countries Distribution of Migrant Workers**

British Gurkha Overseas has exported both skilled male and female migrants. It overseas has supplied male migrants in USA, UK, Cyprus, Maldives, Macau, Singapore and female migrants in USA, UK, and Singapore. And Sky Overseas has exported unskilled, semi-skilled and skilled male migrants in the Gulf countries like Qatar, Saudi Arab, UAE, Kuwait, Malaysia and Oman.

**Table 4.2: Distribution of Sex and Destination Countries of Migrants**


**Source: Field survey, 2013 (British Gurkha Overseas Service)**



**Source: Field survey, 2013 (Sky Overseas Service)**

Table 4.2 shows that British Gurkha Overseas has supplied male migrants in USA 15 percent, in UK 20 percent, in Cyprus 15 percent, in Maldives 10 percent, in Macau 30 percent, in Singapore 10 percent and female migrants USA in 40 percent, UK in 50 percent and Singapore in 10 percent respectively. Table 5.2 showed that British Gurkha overseas has exported mostly male migrants in Macau and female migrants in UK. Similarly Table 5.2 showed that Sky Overseas has supplied only male migrants Qatar, Saudi Arabia, UAE, Kuwait, Malaysia, Oman in 26.67, 16.67, 23.33, 13.33, 16.67, 3.33 percent respectively. Sky Overseas has mostly exported migrant workers in Qatar 26.67 percent.

#### **4.3 Nature of Work of Nepalese Migrants in Abroad**

Table 4.3 shows that nature of work in abroad of migrant workers.

**Table 4.3: Nature of Work of Nepalese Migrants in Abroad**


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**Source: Field survey, 2013 (Sky and British Gurkha Overseas Service)**

Table 4.3 shows that in the case of sky overseas 20 percent migrants have worked at construction, 16.67 percent at hotel, 20 percent at manufacture, 10 percent at shop as a salesman, 6.67 percent at ship as a security guard, 13.33 percent at others. In the case of British Gurkha overseas, all migrants have worked at ship as a security guard.

#### **4.4 Utilization of Remittance Fund by Migrant Workers**

The use of remittances depend on the priority placed by the individuals on different uses, the size of remittances, the time availability, opportunity for investment and several factors. Majority of migrant workers go abroad because of unemployment in home country and poverty. Generally the earning, made by migrants are not big. The cost of foreign employment is borne by borrowing. There may be family rituals in waiting. Migrants had to cover in livelihood expenses, children's education expenses, repayment of loan and many more. Keeping all these condition in mind, the respondents were asked to list the use of the earning in different heads. The answers given by respondents are presented in the following table.

**Table 4.4: Distribution Utilization of Remittance Fund by Migrant Workers**

**Source: Field Survey, 2013 (Sky and British Gurkha Overseas Services)**

Table 4.4 shows that migrants from British Gurkha and Sky Overseas remittance have been spent in consumption and non-consumption sectors. Mostly remittance has been used in non-consumptive sectors. In British Gurkha Overseas, 20 percent migrants have spent in household consumption, 20 percent in loan repayment 13.33 percent in real estate 10 percent in

consumption in durable goods, 13.33 percent in children's education, 6.67 percent in health, 10 percent in investment on productive sectors and 6.67 percent in saving on bank respectively. In Sky Overseas, 26.66 percent have spent remittance in household consumption, 30 percent in loan repayment, 6.67 percent in real estate, 10 percent in consumption on durable goods, 10 percent in children's education, 3.33 percent in health, 6.67 percent in investment on productive sectors and 6.67 percent in on saving on bank respectively in Sky Overseas. Mostly migrant workers have spent remittance in household consumption and loan repayment. Migrants have utilized remittance in non-production sectors than productive in both Overseas.

#### **4.5 Distribution of Time Duration and Consumption Pattern of Migrant Workers**

In the basis of time duration, migrant workers spent remittance in short term in consumption expenses more than non- consumption expenses, in middle term spent remittance less than in short term in consumption and in long term, migrants spent remittance in consumption less than non-consumption expenses.

**Table 4.5: Distribution of Time Duration and Consumption Pattern**


**Source: Field survey, 2013 (Sky Overseas Service)**

Table 4.5 shows that in the case of British Gurkha Overseas, short term (1 to 5 years) migrants spent 52.38 percent, middle term (6 to 10 years) migrants spent 38.10 percent and long term (above 10 years) migrants spent 9.52 percent in consumption whereas short term (1 to 5 years) migrants expense 22.22 percent, middle term (6 to 10 years) migrants expense 33.33 percent and long term (above 10 years) migrants expense 44.45 percent in productive sectors. Similarly, in the case of Sky Overseas, short term migrants, middle term migrants and long term migrants expense 56.52 percent, 39.10 percent and 4.34 percent respectively in consumption sectors whereas short term migrants expense 14.28 percent, middle term migrants' expense 42.86 percent and long term migrants expense 42.86 percent in non consumption sectors or productive sectors. Both table shows that short term migrants spent their more remittance in consumption sectors whereas long term migrants spent their remittance in productive sectors.

#### **4.6 Educational status of migrant workers**

In the case of educational status of British Gurkha Overseas, all migrant workers should be passed at least SLC. So, British Gurkha Overseas exported from SLC to above level migrant workers. In the case of Sky Overseas, it has exported all education level migrant workers.

**Table 4.6: Distribution of Educational Status of Migrants**

**Source: Field Survey, 2013 (Sky and British Gurkha Overseas Services)**

Table 4.6 shows that in the case of British Gurkha Overseas 93.33 percent of the migrants participating in foreign employment have passed from SLC to BA. On the other hand, about 6.67 percent of the migrants have interviewed education levels from MA and above. Similarly, in the case of Sky Overseas, table shows that 40 percent of migrated persons have studied up to below SLC. On the other hand, about 6.67 percent of migrants were illiterate, 16.67 percent were literate and about 36.66 percent has passed from above SLC up to BA. According to the survey, the largest portion of the labor force only have an educational qualification of below SLC level and represent 40 percent of the total population in the Sky Overseas.

#### **4.7 Causes of Labor Seeking Foreign Employment**

There must be several reasons of seeking foreign employment. The reason might be economic, social or political. They may be related to the acquired skills and various other reasons. To find out the causes of seeking employment the respondents were asked to identify the prime causes to go for foreign employment. Migrants gave one major reason as follows.

**Table 4.7: Cause of labor seeking foreign employment**



**Source: Field Survey, 2013 (Sky and British Gurkha Overseas Services)**

Table 4.7 shows that in the British Gurkha Overseas, unemployment was the major cause for all respondents to go for foreign employment. Due to the lack of employment opportunity within the country many respondents were forced to go for foreign employment which was around 30 percent. Second cause was family loan burden. Around 23.33 percent were to go to foreign employment because of family debt burden. Third reason is sophisticated living standard, where almost 20 percent seek foreign employment. About 16.67 percent were

earn money and 10 percent has others. Similarly, the case of Sky Overseas, unemployment was the major cause for all respondents to go for foreign employment. About 30 percent were to go for foreign employment because of unemployment. About 26.67 percent were family burden, 20 percent has earned money, 13.33 percent were sophisticated living standard and 10 percent were others. It was concluded that unemployment, family loan burden and earn money were the main causes to seek foreign employment.

#### **4.8 Utilization of Remittance by Migrant Workers**

In the basis of sex and consumption pattern of male and female of British Gurkha Overseas, where female migrants spent remittance in consumption expenses more than male. But Sky Overseas has not exported female migrants; it has only exported male migrants.

**Table 4.8: Distribution of Utilization of Remittance by Migrants**


**Source: Field survey, 2013 (British Gurkha Overseas Service)**


**Source: Field survey, 2013 (Sky Overseas Service)**

Table 4.8 shows that in the case of British Gurkha Overseas male migrants spent 55 percent remittance in consumption expenses and 45 percent in productive sectors whereas female migrants spent 60 percent remittance in consumption and 40 percent in productive sectors. In the table 5.6 shows that female migrants spent their remittance in consumption more than male migrants. In the case of Sky Overseas migrant workers used 76.67 percent remittance in consumption and 23.33 percent in productive sectors. Table 4.8 shows that the utilization of remittance has used in consumption more than productive sectors.

#### **4.9 Reason of Lack of Invest Remittance in Productive Sectors**

Nepalese migrants have spent their remittance in unproductive or consumption sectors than productive sectors. The various reasons of lack of invest remittance in productive sectors have been shown on the table 4.9.

**Table 4.9: Reason of Lack of Invest Remittance in Productive Sectors**


**Source: Field Survey, 2013 (Sky and British Gurkha Overseas Services)**

Table 4.9 shows that in British Gurkha Overseas, 23.33 percent migrants have spent remittance in unproductive sectors due to lack of business environment, 20 percent cause of political instability, 20 percent lack of market and 23.33 percent lack of sufficient capital respectively. The maximum cause of spending remittance in unproductive sectors has been seen in lack of business environment and lack sufficient capital.

Table 4.9 shows that in Sky Overseas the causes of spending remittance in unproductive sectors than productive sectors have been 20 percent lack of business environment, 16.67 percent political instability, 20 percent lack of market 26.66 percent lack of sufficient capital and 16.67 percent no idea about business/investment respectively. Lack of sufficient capital has been seen as maximum cause of spending remittance in unproductive sectors.

#### **4.10 Impact of Remittance of Migrant Workers**

How to labor migration and remittance impacted on certain household indicators? Do they better spend for livelihood? Do they send their children to better schools? How the health has changed? Is their family better dressed? How much money could they save for future? These are the very important questions. Positive impact on them depend upon size of income of respondents brought from foreign employment, family size, economic condition of family, before foreign employment, knowledge of respondents, culture of society. To find out the impact for an employment of household indicators the respondents were asked to respond on the changes brought by foreign employment. The answers provided are given in the following table 4.10.

**Table 4.10: Distribution of Impact of Remittance of Respondents**

**Source:** Field survey, 2013 (Sky Overseas Service)

Table 4.10 shows that in the case of British Gurkha Overseas, 90 percent respondents have enhanced their household condition and 10 percent

respondents have remained same. Again, 83.33 percent respondents could comfortably afford for education expenditure and 16.67 percent respondents have remained same. Though, 86.67 percent respondents have increased their family health expenditure and 13.33 percent respondents have remained same. Similarly, 76 percent respondents have increased their land holding power and 23.33 percent have remained same, 66.67 percent respondents have increased their business investment and 33.33 percent have remained same, 40 percent respondents have increased their agriculture investment and 60 percent remained same, 93.33 percent respondents have increased their consumption pattern and 6.67 percent remained same, 83.33 percent respondents have increased expenditure in durable items and 16.67 percent remained same and 43.33 percent respondents have increased their financial investment and 56.67 percent have remained same. It was not found that none of them was in decreased position above mentioned indicators.

In the case of Sky Overseas, table 4.10 shows that respondents have mixed response in terms of change in household condition, education expenditure, health expenditure, land holding, business investment, agriculture investment, consumption pattern, expenditure in durable items (car, bike etc), and financial investment indicators. It seems that 73.33 percent respondents have increased their household condition and have increased their education expenditure and 30 percent respondents have remained same, 56.67 percent respondents enhanced their health expenditure and 43.33 percent respondents have remained same. Thus, household condition, education expenditure, health expenditure, agriculture investment, consumption pattern, expenditure in durable items and financial investment were increased position as well as remained same. But 10 percent and 6.67 percent returnees were in decreased position in land holding and business investment respectively.

#### **4.11 Changes in Status after Returning from Foreign Employment**

It is believed that if migrants received remittance their economic, living, social and skill status will be improved. The change in economic condition, well being improvement in living standard, improved skill, social status might be some of the areas where the changes take place. To find out the change in household due to foreign employment, the respondents were asked to give their own judgment. The answer given by them is presented in the following table 4.11.

**Table 4.11: Distribution of Change in Status after Returning from foreign employment**

**Source:** Field survey, 2013 (Sky Overseas Service)

Table 4.11 shows that in British Gurkha Overseas respondents have enhanced their economic, social, and skill status. It shows 85 percent respondents have improved their economic status and 15 percent respondents have remained

same. About 70 percent respondents had better position in terms of social status after returning from foreign employment and 30 percent respondents remained with the same status. Similarly, 95 percent respondents enhanced their skill and 5 percent respondents remained same in terms of skill.

Table shows that in Sky Overseas, 72 percent respondents have improved their economic status and 28 percent respondents have remained same. About 58 percent respondents had better position in terms of social status after returning from foreign employment and 42 percent respondents remained same. Similarly, 60 percent respondents enhanced their skill and 40 percent respondents remained same in terms of skill.

## **CHAPTER-FIVE**

### **ISSUES PERTAINING TO NEPALESE WOMEN MIGRANT**

#### **5.1 Educational Status of Female Migrant Workers**

In the case of British Gurkha Overseas, all migrants should be passed at least SLC. So, all female migrants have passed SLC.

**Table 5.1: Educational Status of Female Migrant Workers**


**Source: Field survey, 2013 (British Gurkha Overseas Service)**

Table 5.1 shows that 40 percent of female migrants have passed SLC, 50 percent female migrants have passed IA and 10 percent have passed BA.

#### **5.2 Cause of Female Migrants seeking Foreign Employment**

There are various reasons for seeking foreign employment like unemployment, political instability, family loan burden, earn money, sophisticated living standard. Female migrants gave major reasons as follows.

**Table 5.2: Cause of Female Migrants seeking Foreign Employment**


**Source: Field survey, 2013 (British Gurkha Overseas Service)**

Table 5.2 shows that in the case of Nepalese female migrants, unemployment was major cause for respondents to go to for foreign employment. Around 20 percent were to go to foreign employment cause of earn money. Similarly, 20 percent were to go to cause of family burden, 20 percent were to go to foreign cause of political instability and 10 percent were to go to cause of Sophisticated living standard.

### **5.3 Distribution of problems of female migrant while going abroad**

Female migrants faced the various sorts of problems while going abroad. In British Gurkha Overseas, most of the female migrants faced the many types of problems while going abroad and obtained by interviewing the respondents are presented in the following table 5.3.

**Table 5.3: Different of Problems of Female Respondents while Going Abroad**


**Source: Field survey, 2013 (British Gurkha Overseas Service)**

Table 5.3 shows that female migrants related problems were also found to be severe. About 30 percent female migrants faced belated on process, 20 percent female migrants faced the lack of money, lack of family's support, society doubting character and 10 percent female migrants faced gender discrimination policy of government. Most of the female migrants faced belated on process, which is greater than portion of total.

#### **5.4 Distribution of Work of Nepalese Female Migrants in Abroad**

British Gurkha Overseas exports only female migrants as security guard in ship. Overseas especially exports female migrants for different ship companies in USA and UK.

**Table 5.4: Types of Work of Migrants**


**Source: Field survey, 2013 (British Gurkha Overseas Service)**

Table 5.4 shows that 100 percent female migrants export for security guard in ship. Overseas has not exported other types work.

## **5.5 Problems after Returning to Home**

Many returnee female migrants faced different kind of problems. After returning the foreign employment, who faced mental tensions, lack of husband's support, family and society doubting character, carelessness of

children etc. The respondents were asked to identify their problems and categorized as following table 5.5.

**Table 5.5: Focus Different Problems of After Returning to Home by Worker Migrant**


**Source: Field survey, 2013 (British Gurkha Overseas Service)**

Table 5.5 shows that 30 percent female migrants were faced mentally tensions and others (husband living with another women, carelessness of children etc.) followed by 20 percent were faced family/society doubting character, 10 percent faced lack of husband's support and husband sick because of

loneliness. So that most of the female migrants suffered from mentally tensions.

## **CHAPTER – SIX**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 Summary**

The main objective of this study is to observe the utilization of remittance by gender in the study area. Moreover, the study tried to identify the consumption pattern on basis of time duration, causes of labor seeking foreign employment, impact of remittance, issues of female migrants etc. Primary data were used to identify the utilization of remittance by gender in the study area. Data were analyzed by using simple statistical tools like percentage and ratio.

To fulfill the objectives of the present study, British Gurkha Overseas of Lalitapur district and Sky Overseas of kathmandu district were selected area and a sample survey was conducted during 2013. The sample size was 30 respondents were chosen by British Gurkha Overseas and 30 respondents were chosen by Sky Overseas. Data were collected through questionnaire method.

Data analysis shows that 73.33 percent of total respondents belong 21 to 30 age group in British Gurkha Overseas and 50 percent of total respondents belong same age group in Sky Overseas. British Gurkha Overseas had exported 30 percent male in Macau and 50 percent female in UK and Sky Overseas had exported 26.67 percent male in Qatar. In short-term, respondents had spent 52.38 percent their remittance in consumption and in long-term, respondents had spent 44.45 percent remittance in non-consumption at British Gurkha Overseas. In short-term, respondents had spent 56.52 percent their remittance in consumption and in long term, respondents had spent 42.86 percent remittance in non-consumption at Sky Overseas. 93.33 percent of total respondents had studied up to above SLC up to BA level in British Gurkha Overseas and 40 percent of total respondents had studied up below SLC in Sky Overseas. In both Overseas, 30 percent of total respondents had found to go for

foreign employment because of unemployment. In British Gurkha Overseas, 55 percent male respondents had spent their remittance in consumption whereas 60 percent female respondents had spent their remittance in consumption. It shows that female respondents had spent more than male respondents in consumption. In Sky Overseas, 76.67 percent respondents had spent their remittance in consumption.

In British Gurkha Overseas, 90 percent respondents have increased their household condition and 10 percent respondents have remained same. Again, 83.33 percent respondents have increased education expenditure and 16.67 percent respondents have remained same. Though, 86.67 percent respondents have increased their family health expenditure and 13.33 percent respondents have remained same. Similarly, 76 percent respondents have increased their land holding power and 23.33 percent have remained same, 66.67 percent respondents have increased their business investment and 33.33 percent have remained same, 40 percent respondents have increased their agriculture investment and 60 percent remained same, 93.33 percent respondents have increased their consumption pattern and 6.67 percent remained same, 83.33 percent respondents have increased expenditure in durable items and 16.67 percent remained same and 43.33 percent respondents have increased their financial investment and 56.67 percent have remained same. It was not found that none of them was in decreased position above mentioned indicators.

In Sky Overseas, respondents have mixed response in terms of change in household condition, education expenditure, health expenditure, land holding, business investment, agriculture investment, consumption pattern, expenditure in durable items (car, bike etc), and financial investment indicators. It seems that 73.33 percent respondents have increased their household condition and have increased their education expenditure and 30 percent respondents have remained same, 56.67 percent respondents enhanced their health expenditure and 43.33 percent respondents have remained same. Thus, household

condition, education expenditure, health expenditure, agriculture investment, consumption pattern, expenditure in durable items and financial investment were increased position as well as remained same. But 10 percent and 6.67 percent returnees were in decreased position in land holding and business investment respectively.

## **6.2 Conclusion**

The current trend shows that the flow of people going abroad for foreign employment. Mostly comprises of labor class people. To fulfill the objectives of the current study, British Gurkha Overseas of Lalitpur district and Sky Overseas of Kathmandu district has been selected. Area and a sample survey was conducted during 2013. The sample size was 30 respondents were chosen by both overseas. Data were collected through questionnaire method.

In the case of both overseas, data analysis shows that due to the modality of such work requires different age group people. Migrants have been gone worldwide to seek for employment because of different causes. One of g major cause is unemployment and political instability. Both male and female migrant employers have been migrated abroad. Behind it remittance has been brought. Skilled, semi-skilled and unskilled as well educated and uneducated workers have been migrated. Migrant workers changes living standards, education and socio economic status by earning money. Migrants have been faced different problems while serving in abroad. Mostly female migrants have faced problems in abroad and after returning home too. After returning from abroad people utilize remittance more in unproductive sectors than prudctive. On the basis of sex and consumption pattern, female migrants have spent remittance in consumption than male.

Due to modality of such work it requires young, energetic and healthy people. Mostly age group of 20 to 30 years migrants from both overseas have been migrated.

British Gurkha overseas has exported both skilled male and female migrants worldwide mostly female in UK and male in Macau and Sky Overseas has only exported skilled, semi-skilled and unskilled male migrant workers in Gulf countries, mostly in Qatar.

In the basis of time duration, short term migrants spent remittance in consumption sectors whereas long term migrants spent in non-consumption sectors whereas long term migrants spent in non-consumption or productive sectors.

In the case of British Gurkha Overseas minimum SLS passed employee can be applied whereas in the case of Sky Overseas having all types of education can be applied. Mostly under SLC migrants have been gone abroad.

Behind the various causes, mostly migrants have been migrated because of unemployment. The reason has been shown from the study of both overseas.

In the basis of sex and consumption pattern of male and female from both overseas, the utilization of remittance have used in consumption more than in non-consumption / investment.

The reasons of lack of sufficient capital, business environment and political instability migrant workers have not invested in consumption more than non-consumption / investment.

After returning from abroad migrant workers have been improved in economic condition, living standards, social status and skill developing.

Mostly remittance has impacted in migrant workers household condition and consumption pattern. People invest remittance in consumption than financial investment.

While going abroad female migrants have faced various problems in which delaying on process are the major problem.

British Gurkha overseas has exported female migrants on security guard in ship in different places.

Mostly migrant workers faced the problem of mentality tension and carelessness of children after returning from abroad.

### **6.3 Recommendation**

Based on the field survey conducted at British Gurkha Overseas and sky overseas and the interaction with the concerned authorities of various departments relating to topic, the following recommendations have been made which would help the concerned authorities to take the necessary steps to overcome them.

Those who have returned from abroad have not utilized their remittance and skill because of a lack of technology, opportunities, market and sufficient capital to invest in the project. So, policy should be made that foreign employees must invest in investment instruments. Furthermore, government should provide the technological support and bank loan in lower interest rate to establish their own business.

Most of the respondents have not utilized their remittance newly learnt skill and technology. Maximum parts of remittances have been used in household consumption like loan payment, children's education, house improvement, social spending and other household expenses. Thus the policy should be made to give more information to the respondents to invest in productive sector.

Most of the female migrants have faced the different social problem. Nepalese government has to carry out an in-depth study identifying the problems of migrant workers in home countries as well as in the potential countries where

they are going for work. The study can assist to lobby in the government level regarding the problems facing migrant workers department in major worker receiving countries that could help, solves the problems of migrant workers in time.

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## **Questionnaire**

### **Utilization of Remittance Economy in Nepal**

(A case study of Sky Overseas Serves Pvt. Ltd. and British Gurkha  
Overseas Services Pvt. Ltd.)

#### **General Background of the Interviewee**

- 1) Name :
- 2) Age :
- 3) Sex :
- 4) Destination Country/Company :
- 5) Education :
  - a) Illiterate
  - b) Literate
  - c) Below SLC
  - d) Above SLC up to BA
  - e) MA and above
- 6) Duration of time in foreign job :
  - a) 1-5 years
  - b) 6-10years
  - c) 10 years above
- 7) Why did you go for foreign employment?
  - a) Unemployment
  - b) Family loan burden
  - c) Earn money
  - d) Sophisticated living standard
  - e) Others
- 8) Did you have any technical skill before going for foreign employment?
  - a) Yes
  - b) No

If yes, what and which field?

.....
- 9) Do you faced any problems in abroad?
  - a) Yes
  - b) No

If faced, what types of problems?

  - a) Mentally
  - b) Physically



## **Utilization of Remittance**

10) What types of jobs do you work in abroad?

- a) Construction
- b) Hotel
- c) Security guard
- d) Driving
- e) Salesman
- f) Manufacture
- g) Others

11) What is the area that migrants use the remitted fund for?

- a) Household consumption
- b) Loan repayment
- c) Real estate
- d) Consumption in durable goods
- e) Children's education
- f) Health
- g) Investment productive sector
- h) Saving

12) What is the area that migrants use the remitted fund on the time duration?

- a) Consumption
- b) Non-Consumption

13) Did you invest remittance income in productive sectors?

- a) Yes
- b) No

14) If you didn't invest remittance income in productive sectors what are the reasons behind it?

- i) Lack of business environment
- ii) Political instability
- iii) Lack of market
- iv) Lack of sufficient capital
- v) No idea about business/investment

15) Can you sufficiently spend in terms of following indicators after receiving remittances.

Indicators	Change in Conditions		
	Increased	Decreased	Remain same
Household condition			
Education expenditure			
Health expenditure			
Land Holding			
Business investment			

Agriculture investment			
Consumption pattern			
Expenditure in durable items (car, bike etc)			
Financial investment			

- 16) To be specific, what about changes seen before you went to abroad and after you returned back from abroad?
- a) In economic condition
  - b) In skill development
  - c) In social relationship/status

#### **Issues of Nepalese Women Migrant**

- 17) Educational level of female migrant workers
- a) SLC
  - b) IA
  - c) BA
- 18) Why did female migrants go for foreign employment?
- a) Unemployment
  - b) Family loan burden
  - c) Earn money
  - d) Sophisticated living standard
  - e) Others
- 19) Do you have any problems at the time of going abroad?
- a) Yes
  - b) No
- If you had problems, what types of problems had been faced?
- a) Lack of family's support
  - b) Lack of money
  - c) Society doubting character
  - d) belated on process
  - e) Other (Gender discrimination policy of Govt., Lack of Education and Skill etc.)
- 20) Types of work Nepalese female are involved into:
- a) Domestic work
  - b) Factory work
  - c) Restaurant work
  - d) Office work
  - e) Laborer
  - f) Security guard in Ship

21) Do you have any domination when you in abroad?



If you have, what types of domination faced?



22) Do you have any problem after returning to home?



If you have, what types of problems face after returning home country?

- a) Mental tensions
  - b) Lack of husband's support
  - c) Family/society doubting character
  - d) Husband sick because of loneliness
  - e) Other (Husband living with another women, Carelessness of children etc.)