

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Nepal is a sovereign Himalayan country situated in the northern rim of south Asia, wedged between China in north and India in east, west and south. The country encompasses an area of 147181 square kilometers. It has an elongated rectangular shape with roughly north-west length of 800 km and north-south width of 160 km. It is a landlocked country having access to the sea through India only. The nearest third country is Bangladesh which lies at a distance of about 22 km from its eastern border. Viewed from Indian and Chinese perspectives, Nepal has a strategic location. Kathmandu, the capital city of Nepal, is roughly 800 km east of New Delhi. It is a mountainous country with a maze of mountains and ridges. The terrain extends from the low-lying Terai plains in the south, through a series of mountain ranges in the mid-region, to the pedestal height of the Himalayas in the north (Rimal, 2004).

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 40-year long history. So far in the Nepalese context, foreign labour occupation has developed as an emerging business. But the business has not remained a dignified profession at all. The reports about irregularities in foreign labour migration and the problems faced by potential labour migrants before and after their departure for foreign employment are not properly addressed at a policy level. A migrant worker has to face numerous problems while people make the decisions to migrate for foreign employment. Most of the migrant workers are taking a blind decision to migrate for work without any consideration of actual income that people will receive in the country of destination. Similarly, people have to face the problem of finding sufficient money to go abroad and the only way, with a high interest rate, the government, except in some cases, does not offer special provision to subsidize loan interest rates.

The simple meaning of remittance is the transfer of money by foreign worker to have him/her home country. 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. Invest to pedia says, “When a person send 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).

Remittance economy has become a major phenomenon in international finance since past few years. At present, the magnitude of remittance has stepped up rapidly. It is due to globalization that people began to cross the border it is only due to easiness and demand for workers in foreign countries is rising.

A number of Nepalese workers go to aboard to work in the absence of fruitful employment opportunities. Unexpectedly foreign labour migration has developed in such a way that it has shifted the agriculture based economy towards remittance based economy. The reasons behind migration has almost same in Nepal as in other parts of the world. Poverty, limited employment opportunity, deterioration agricultural product and arm conflict are some of the motives behind international labour migration. There are many villages in Nepal where labour migration has been established as a culture of a community that is going abroad for work for a while and returning with some money and the experience of living in different geographical location. The influence of friends, relatives and well wishers are also played prominent role in promotion of international labour migration. Income earned by labour from different countries of the world is very important for households in Nepal. Remittance incomes have played a vital role in every Villager and also in National economy.

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Information is lacking in each and every step for potential labour migrants. Most of them are not aware of where they are going, what work they have to do, the actual cost they need to spend to go for work and other social and cultural information about the country of destination. As a result, there are number of real stories of the suffering of Nepalese migrants abroad. Most of the migrant's workers abroad are working in vulnerable situations without any effective legal protection by the Nepalese government or the receiving countries government.

Nepal is one of the developed countries with low level of human development. Most of the people are living in rural area and their main occupation is agriculture and distribution of land is highly unequal. Agriculture plays an important role in the economy contributing about 30 percent of GDP and is a major supplier of raw materials to the local industries. Due to lack of proper irrigation, fertilizers and modern techniques in agriculture, economy of the country couldn't be based on just agriculture. In this situation remittance has played a vital role in Nepal's economy.

Being small and land locked country and with agro-based economy, Nepal is one of the poorest countries in the world. It has been facing various political, economic and social problems in the recent decades. In such condition remittance has played a role like a bridge to fulfill the gap between crisis and necessities. A large number of people are being engaged in different countries of the world. The number of migrants has been increasing in increasing rate. That's why our country is being more and more depended on remittance.

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up rapidly. It is due to the nature of globalization that people began to cross the border is only due to easiness and demand of foreign countries is rising.

In general term remittance is money transferred from one individual to another. International remittances are transfer of funds by workers who are living and working other countries especially in the developed. For example in the case of Nepal, Europe, Korea, USA, Canada, Japan, Arab countries, Malaysia, and others are the major foreign countries where Nepalese are working. Remittances have increased significantly and become a major source of income for developing countries. The global trend of remittance shows that recorded remittances are more than thrice as large as official aid. Nearly two third of foreign direct investment flows to developing countries (IFAD report, 2007).

In developing countries, remittances have become the second largest capital flows after Foreign Direct Investment (FDI) and ahead of Overseas Development Assistance (ODA). In developing countries, overall remittances constituted 2.5 percent of GDP and 7.1 percent of imports (WB, 2012). For developing countries, remittances are also relatively more important by contributing 66.2 percent of FDI inflows and 250 percent of net official finance.

Due to lack of development of trade and industry, Nepalese people should either be employed in agriculture or to choose foreign employment. For this the destination are like Saudi Arabia, Qatar, Malaysia, South Korea, Japan, Israel etc. in which people of Nepal can go with some accessible process.

Because of unskilled labour, most of the people of Nepal are being engaged in low level of work which are physically stressable. Nowadays few training centers are engaged to provide trainings to such workers, so that they could get the job fit to their capacity.

To be honest, Nepal's external trade is in deficit and increasing day by day. But the balance of payments of current account is still positive and in favor of country. This is due to the Direct Foreign Investment and remittances back to the

country which too affects positively in the consumption pattern whereas investment in real estate also going upwards.

1.2 Statement of the Problem

The migrant worker is not a product of the twentieth century. Women and men have been leaving their homelands in search of work elsewhere ever since payment in return for labour was introduced. The difference today is that there are far more migrant workers than any period of human history. Millions of people are now earning their living or looking for paid employment came as strangers to the States where they reside. There is no continent, no region of the world, which does not have its contingent of migrant workers. The major factor attributing to large demand labor employment from Nepal are related to higher rate of unemployment, out of total population 1.9 percent people are totally unemployed (MOF, 2013).

Migrant workers are aliens. This may, on this account alone, be the targets of suspicion or hostility in the communities where they live and work. In most cases, financially poor, they share the handicapped economy, society and culture of the least-favored groups in the society of the host state. Discrimination against migrant workers in the field of employment takes many forms. These include exclusions of preference as regard the types of jobs which are open to migrants and difficulty to access to vocational training. Different standards are often applied to nationals, on the one hand, and migrants, on the other, as regards job tenure, and contracts may deprive migrants of certain advantages.

Cases are cited of legal and administrative rules which force migrants to remain in certain occupations and specific regions, as well as inequalities in pay. Migrant workers are known to be excluded from the scope of regulations covering working conditions, and have denied the rights to take part n trade union activities.

So far in the Nepalese context, foreign labour occupation has been developed as an emerging business in Nepal. But the business has not remained as

a dignified profession at all. The reports about irregularities in foreign labour migration, problems faced by potential labour migrants before and after their departure for foreign employment are not properly addressed from the policy level.

A migrant worker has to face numerous problems while he/she makes decision to migrate for foreign employment. A migrant takes a blind decision to migrate for work without any consideration of actual income that he/she receives in the country of destination. Similarly, he/she has to face problem to find sufficient money that should be spent for going abroad and the only way to get money is through the local feudal with high interest rate. Government, except some cases, has not special provision to provide loan in subsidies interest rate.

Information is lacking in each and every step for potential labor migrants. Most of them are not aware where they are going, what work they have to do, the actual cost they need to spend to go for work and other social and cultural information about the country of destination. As a result, there are numerous realistic stories of the suffering of Nepalese migrant workers abroad. It is believed that Nepalese workers are accepted in East and South Asia as well as Gulf countries only because of they are cheap and they do whatever job given. Most of the migrants are educated from middle and lower middle class families who go abroad with the hope of earning much within a short period. A large number work illegally (Rimal, 2004).

Most of the migrant workers in aboard are working in a vulnerable situation without any effective legal protection by the Nepalese government as well as the receiving government. The exploitation made by the foreign companies in the work places is reported several times but no specific labour diplomacy has been adopted by the Nepal government except some cases. Workers are not allowed to work in each and every country around the world but we have several serious cases about the pathetic situation of the Nepalese migrant workers who are working in the unauthorized countries without any legal and

social protection by the host countries. The massacre of 12 Nepalese workers by an extremist group in Iraq on August 2004 can be taken as a good example of that. There are many other cases where illegal Nepalese workers are kept in prison for a long time in charge of both fake and genuine cases. But our government is not adopting proper political diplomacy to rescue them and assure their safe return to the homeland.

In this study the following issues have been raised and efforts are made to identify the problems.

- a) How many people are employed in foreign countries?
- b) What is the role of remittance in the economic development of the country?
- c) Is remittance able to raise the economic status of people?
- d) What might be problems and prospects of foreign employment in the village?

1.3 Objectives of the Study

The main objective of the study is to analyze the socio-economic impact of remittances in the development of the country. The study also aims to meet the following specific objectives.

- a) To identify the role of remittance in economic development of the country.
- b) To find out the economic as well as social impacts in the VDC.
- c) To identify the benefits of remittance and foreign employment.
- d) To identify the problems of foreign employees in homeland and foreign land.

1.4 Importance of the Study

Although Nepal is a agrarian country, the main income source has become remittance nowadays. Because of lack of new technology in farming, limited land and not efficient irrigation the subsistence agricultural system has not been sustainable for rural people. In this situation migration to urban areas or to abroad has become the best option.

The biggest contribution of remittance is to welfare and improved livelihood of receiving households in terms of basic necessities such as food, clothing, better health and education and to a smaller extent in terms of saving. Since last few years remittance income is playing a dominant role for the foreign currency earning and favorable impact in bop situation, to reduce number of people in the country below poverty lines and ultimately to the economic growth of the nation. Keeping all these facts in view this present study will help to identify the real status of people and find the problems in it and to some extent some solutions too.

Similarly, this study is hoped to be very helpful for all those national and foreign economist and sociologist wishing to conduct the similar study about impact of remittance in Nepalese households. And also to policy makers to make appropriate policy to address the problems in it.

Thus the study is hoped to be very useful for teachers, student, researchers, policy makers, government and non-government organizations, economists and sociologists too.

1.5. Limitations of the study

The limitations of the study are as follows:

- a. Study area covers only Jagatpur VDC of Chitwan district, because it was convenient for the researcher to conduct study at this site to overcome time and resource constraints. So the study do not generalized all over the country.

- b. The study only concerns in overseas for foreign employment but not concern with India and China.
- c. Emigration for permanent settlement has been the subject of the investigation of this study.
- d. Most of the analysis is based on primary data so any distortion of the reality may be due to the biasness of the respondents.
- e. The study covers the workers employed at least one year in foreign countries.

1.6. Organization of the Study

1. **Chapter I:** It is an introductory part of the study. It includes background of the study, statement of the study, objectives, importance of the study, limitations of the study and organization of the study.
2. **Chapter II:** This chapter is related to the literature review of related matter of remittance income and national and international literature and reviews.
3. **Chapter III:** This chapter deals with research methodology has been discussed with subsidiary parts like research design, sources of data processing and analytical tools and techniques.
4. **Chapter IV:** This chapter describes foreign employment and remittance of Nepal.
5. **Chapter V:** It describes the data analysis of the study.
6. **Chapter VI:** It includes the summary of the major findings and conclusion based on this research and recommendations.

CHAPTER-II

LITERATURE REVIEW

Globalization of integration of regional economies has added impetus to the growing mobility of workers across abroad. In Asia the movement of labour is becoming an important and enduring phenomenon associated with economic growth and development since it eases skill imbalances in labour markets and provide broad cultural 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 is 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 on Trade and Services (GATS).

Many countries around the world are facing rapidly changing dynamics of labour migration. Migration pressures are increasing in all regions of the world. Migrant workers are often still subject to sever forms of exploitation in recruitment and employment, to forced labour, substandard housing, exclusion form social protection, and denial of many basis human rights.

The world economy has been changed the structure of employment. It is now widely acknowledged that the follow of labour migrants from Nepal to abroad has been increasing dramatically ultimately remittances also increasing rapidly over the last decade which provides a significance source of foreign currencies finances imports increases national income and contributes to BOP. It also provides overseas employment to those youths who may have been unemployed if they were in their home country. The biggest contribution of remittance is to welfare and improved livelihood of the receiving household in terms of basic necessities such as food, clothing better health and education and to a smaller extent in terms of savings. However, some researcher views migrants'

activities as a drain of the labour and capital resources of migrant sending areas, characterized as the outer disease Dutch Disease (a kind of plant epidemic). They urge that per capita leave. To them poverty may still increase if migrants originate from poor households or if the firm becomes less productive as a result of the loss of migrants labour. Decrease in production and income may create negative multipliers and even a downward spiral in local economic activities which adversely affect the poor.

Income from export of goods and services used to be the major source of foreign currency earnings till few years ago. In recent years, however, the remittance income has taken the lead in this area. Since last few years, remittance income is playing a leading role for the earnings foreign currency and favorable impact on Balance of payments and ultimately to reduce the number of people in the country below the poverty line (MOF, 2005). In the economic survey of fiscal year 2013/14, it has shown that all the transfer income reduces and balance of payments in decreasing but the income from remittance has been increased.

It is known that treating remittances as well as a platform giving Diasporas the choice of directly converting those funds into products and services back in their homeland, allows them to make well informed decisions on the use of their hard-earn dollars. The only choice with traditional money transfer services is to remit cash and the only control is to trust and prayer. It is important to point out that the transformation in our thinking about remittances and development has been driven from the bottom to up influenced of the stakeholders. There are two primary beneficiaries of remittance; the first one is the third party (families or friends) receiving the funds (or equivalent) and the second beneficiary is the “remitter” or the Diaspora. Both beneficiaries have needs that have needs that have to be supported by the remittance platform. It is known fact that most of the remittances sent home are used for daily consumption by the first beneficiary. This use of the remittance also meets the needs of their family. The primary developmental impact of this daily consumption is the spending of the money directly or indirectly with merchants in the local economy (Katz, 2008).

Recruitment malpractices, fraud and abuses are widespread in many Asian Countries. To combat them government should have transparent systems in place for licensing and supervising private recruitment agencies. There should be stiff sanctions against fraud and against the practice of charging workers excessive placement fees, while providing incentive for good performance and cutting down lengthy bureaucratic procedures through such measures as establishing “one-stop” contract registration processing centers (ILO, 2003).

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 is estimated that 20 million African men and women are migrant workers and that by 2015 one in ten Africans will live and work outside their countries of origin. While migration is bound 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 to the International Labour Organization and its constituents (UN, 2002).

Who are these international migrants? They include people who have moved more or less “voluntarily” (e.g., short and long term workers ranging from unskilled labourers to highly skilled “professional, technical and kindred” [PTK] workers), as well as those whose movement is in some sense “forced” (e.g., refugees and bona fide asylum seekers, and people who move for environmental reasons or “eco migrants”). Included along this spectrum are many whose movement is a response to poverty and lack of employment at home.

Increased attention to the volume and directions of international population movements has been accompanied by growing awareness that migration is linked often in ways that are poorly understood to the process of development itself. Developing countries, which both send and receive the majority of international migrants, are trying to understand better the role of migration in the development process. Industrial countries, for their part, are examining the ways in which their

trade, aid, investment, and development assistance policies affect and are affected by international migration, especially from developing areas. In the case of migration, globalization and its dominating facet, foreign direct investment, may mean two opposing things. It can be viewed as the necessary complimentary between of movements of production factor labour and flows of goods or conversely, as an alternative to the movement of workers.

Human migration is the movement of people from one place in the world to another for the purpose of taking permanent or semi-permanent residence, usually across political boundary (National Geographic Society, 2005). Human beings' physical movement has been described by one of the earliest migration theorist, Revenstein (1988, as cited in Shrestha, 2001) as the result of push and pull. Push factor are unfavourable, situation, which force a person to estimate whereas pull factors are favourable, conditions pulling people in. Revenstein, approach towards migration was had a behavioural 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).

In recent years a number of studies have been studied by various individuals and organizations on the topic of "remittance" with regard to foreign employment and remittance economy of Nepal. However, few of these researches have been devoted to practical realities and are mostly based on micro level studies. International labour migration is one of the salient features of the globalization world.

Emanating from a combination of push and pull factors, including poverty, unemployment demand of the labour market, political conflicts, improved communications and transport, among others (Shrestha, 2006). It has been one of the most dynamic phenomena of the last four decades and will be an ever-challenging issue in this era of globalization. It will only become more important as a subject as it has an impact on the socio-economic conditions of both labour-

origin and destination countries (The World Bank, 2006). There exists virtually no country that does not ceiling country or country of transit.

Considering the recent scenario the literature review is grouped into an overview of labour migration, theoretic base of labour migration and remittance, historical perspective of foreign employment in Nepal and empirical study of national and international context.

Many countries around the world are facing rapidly changing dynamics of labour migration. Migration pressures are increasing in all regions of the world. Migrant workers are often still subject to severe forms of exploitation in recruitment and employment, to forced labour, substandard housing, exclusion from social protection, and denial of many basic human rights. All too frequently, national migration policies, and denial of many basic human rights. All too frequently, national migration policies, legislation and practices are outdated. Many governments acknowledge that existing law and practice are manifestly inadequate to assure effective management to today's labour migration conditions. During 2000 to 2001, a number of governments in central and south-east Asia, the caucuses, the Persian Gulf and Latin America have asked the ILO to provide advice and technical assistance towards reformulation and modernization of labour migration legislation, structures, policies and practices. Our aim is to offer the relevant government a comprehensive review-analysis-recommendations package to address labour migration issues and needs, update legislation, policy and practices, and implement measures for effective management of labour emigration and immigration. The ILO International Migration Branch has the accumulated knowledge, expertise and framework to respond to these challenges. It however, requires additional resources to provide adequate and timely cooperation to constitutions (UNO, 2002).

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Despite major barriers to migration, irregular migration has grown in recent years in Asia due to, among others, restrictive labour migration policies which are not in line with labour market needs. There is consensus that irregular migration is undesirable and must be minimized particularly as it often results in putting workers in a position of vulnerability to violation of their basic human rights (World Bank, 2006). Until the First World War, international migration played a key role in the integration of economics on both sides of the Atlantic. After the Second World War, migration of workers contributed to economics and social integration between countries in South and North. During both these periods, labour went hand in hand with capital mobility and migration was key factor in the globalization of economies. International migration now seems to be excluded from the new process of globalization (Boucher, 1998).

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 is estimated that 20 million African men and women are migrant workers and that by 2015 one in ten African will live and work outside their countries of origin. While migration is bound 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 labour organization and its constituents (UN, 2002).

International migration is the movement of people across international boundaries which has enormous economic, social and cultural implications in both origin and destination countries (IMF, 2005). About 180 million people (3 percent of the world population) are living in countries in which they were not born (UN, 2002). And this trend is increasing rapidly in these years. International labour migration is an intricate issue, emanating from a combination of push and pull factors including poverty, unemployment, demand of labour, political conflicts, improved communications and transport among others. It has been one of the most dynamic phenomena of the last four decades and will be an ever challenging issue in this era of globalization (Panta, 2008).

Many developing country governments encourage international labour migration, more often implicitly. By providing employment for both unskilled and skilled workers, emigration offers an outlet for domestic frustrations that might otherwise present serious political problems, and can produce large inflows of valuable hard currency remittances. The consequences of international migration for development in countries of origin and destination remain hotly debated (World Bank, 2006).

2.1 Theoretical base of Labour Migration and Remittance

The decision to migrate is the outcome of human psychology and behavior. Any universal and uniform law can't define human behavior but many studies relating to migration have tried to find out some pattern and order in migration decision of an individual.

2.1.1 International context

Ravenstein (1885) was the first person to attempt forming migration theory, Ravenstein'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 as framework of migration analysis. Push factors are land tenure system, unfavorable from of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of ruler poverty in general and so on. Pulls factor are employment, education and other facilities are opportunities known as bright light of the towns. On the one hand push factor push the migrants from their place origin and on the other hand pull factors pull the migration to the place of destination.

Todaro (1970) states 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 incomes between two places, the odds; probability of getting job in new areas is inversely related to unemployment rate in the new area. The other types of migration theories are connected with economic growth. Lewis (1984) distinguishes subsistence sector and developed sector within the economy. The first is agro-based, underdeveloped or rural area and second in industrial, developed urban territory. The prime reason for migration is due to wage differences. Unlimited supply of labour force prevailing at low wage rate is attracted into industrial sector until subsistence sector i.e. migration exists whenever wage differential exists and elimination causes to end labour mobility. Bougue (1954), too identifies the cause 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 a lot variables affect. Volume of remittance and its use impart. However any model has not been a fit, different scholar academicians have tried to theorize the empirical researches in conclusive frame.

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 place, 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 worker's remittance suggest 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 and economic policy influences less and so it is long run analysis, and second insists macroeconomic policies. Economics and social environment for higher remittance and short run treatment.

Chaudhari (1993) has quoted five different researches conducted by H. Remple, R. Lobdell, G.E. Jonson and W.E. Whitelaw in Knetta, Remple and Cobdell in Pakistan, B. Banrjee in Delhi, ILO and presentation by A.S. Oberai and HKM Sing. 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 migrants, but the amount of remittance certainly is not equal. Ray Chaudhari (1993) studied in his own research about the use of remittance. He concludes that first, initial consumption pattern largely affect the use of it. If he recipient is below the poverty line his/her elasticity of demand on necessary thing is high, i.e., it encourages local consumption expenditure. If he/she 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. If they are not available they lead to establish wholesale and retail unit. Thirdly, the use of it depends on propensity to save and it is affected by level of income and ceremonial

duties like marriage. If they are high one's propensity to invest reduces. The fourth element proposed by Chaudhari that affects the use is value system and attitude towards different types of occupation.

What Elabadwai and Rocha (Ibid) found in their research in 6 labour exporting countries of Africa and Europe: Algeria, Morocco, Portugal, Tunisia, Turkey Yugoslavia in 1980s and found that the stock of worker abroad, level of income in the host country proxy for length of stay domestic inflation exchange rate premium in the parallel market, special incentive scheme designed to attract IWR (International Workers Remittance) determined the volume of remittance of a country.

2.1.2 National Context

Foreign labour migration is not a recent phenomenon in Nepal. For about 200 years Nepali men, and to a lesser extent women, have been leaving their homes to seek employment abroad. But both the scale and the nature of migration have changed significantly over that period (Dhital, 2008). 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 Ghurka migrated westwards of the city of in the northern region of Punjab. Then they joined of as soldiers in the army of Sikh rajah. Ranjit Singh even today, those working abroad are popularly known as "Lahures". One of Nepal's major exports is labour, and most rural households now depend on at least one member's earnings from employment away from home and often from abroad. In the last decade, foreign labour migration has become a major feature of Nepal's economy and society. Approximately 700,000 Nepalese work "overseas" meaning beyond India mainly in the Middle East, east Asia and Southeast Asia. About 5 percent of these are women. At least another 700000 work in the private sector in India, and 250000 in India's public sector, During 1st World War Nepal provided 100s of thousands of men to fight for Britain and the Allies, suffering significant casualties and losses. As a result many Nepalese decided to settle in India where

the economy was rapidly growing and employment opportunities were increasing. By contrast, Nepal's autocratic Rana dynasty was presiding over a "semi-feudal" and predominately subsistence based agrarian economy (Review Nepal, 2007).

During the oil boom in the 1970s, the labour-surplus economies of South Asia were able to supply cheap started to work in British army following the Sugauli treaty that was signed on December 2, 1815. This treaty permitted British Gurkhas for military service. In recent time the scope for out migration for military services has declined and more and more people have migrated for other types of jobs. It was only after the 1990s that policy makers and academicians began to fully acknowledge the importance of remittances send by Nepalese employed abroad for enhancing the livelihoods of the households. Including those in rural regions (Pant, 2006). Nepalese had fled from excessive taxation, compulsory and unpaid forced systems and fear of land appropriation by state authorities during and after the unification of the country. The large part a migration is triggered by 'push factors' associated with the harsh socio-economic conditions and feudal agrarian conditions where the exploitation of tenant-cultivators was a consequence of the expansion of the state (UNIFEM & NIDS, 2006).

Kanskar (1982), reviewed proceeding of migration with reference to remittance. He found the origin of Nepalese emigration to be after the Anglo Nepali War in 1814 and was totally for recruitment in the army. The Indian army was not only open to Nepalese soldiers for recruitment but also managed for their permanent settlement. Government has no official policies to encourage it. The Prime Minister, Bir Samsheer JBR, encouraged the people to join the British recruitment. About 200,000 Nepalese males jointed the British regiment even during the First World War. The Anglo-Nepal convention held on 15th May 1815, created alternative labour market to the Nepalese in India. The emigration to India accelerated because of disequilibria in labour growth and employment opportunity growth and miserable day to day life of Nepalese hill area.

Seddon (2009), in his book shows the history of labour migration from Nepal. Data backs at least to the beginning of the early 19th century and closely linked to British imperial policies. Recruitment of so called “Gurkha” soldiers into the (British) India army was institutionalized in 1816 after Nepal had lost the war with the British East India Company. Prior to that some Nepalese had sought employment in the army of the Sikh ruler Rajit Singh in Lahore and others joined them after the defeat of the Nepalese army by British. This tradition, until today is reflected in the name “Lahure” for soldiers. But today it is regulated by the “Foreign Employment Act”. With the enactment of foreign employment act, Nepalese started to migrate beyond India particularly to the Gulf, where oil boom had created massive demand for foreign labour. There was significant growth of Nepalese migrants in East Asia, South East Asia and the Gulf.

After democratic movement in 1990, it has become easier to obtain travel documents and passport. The increasing flow of information and the liberalization in travel led to a surge in the migration of Nepal citizens for employment. Again, because of the political conflict since 1995, the trend of foreign employment has dramatically increased. This situation has compelled Nepalese youths to look for overseas employment. This conflict has also resulted in increased flow of migrants from the mid west to India (Gurung & Adhikari, 2004).

The recent years, the growth of out flowing for overseas employment opportunities is estimated. Therefore state and structure of overseas employment is found encouraging and diversifying. By country wise Nepalese labour legally go to overseas employment for more countries like (Saudi Arabia, Qatar, UAE, Bahrain, Kuwait, Hong Kong, Malaysia, Korea etc.). Traditionally and legally India is another dominating country absorbing large size of labour. In addition Nepalese are working in developed countries like USA, UK, EU, and Japan etc. after higher education (Bista, 2008).

Increasingly, during the later part of the 1990's, Nepalese began to migrate to the Gulf countries for work, particularly to Saudi Arabia, the United Arab

Emirates (UAE), Kuwait, and Qatar, within a short period. The number of manpower agencies operating in Kathmandu to recruit and send Nepalese to the Middle East has soared, as had the number of Nepali is migrating. The government's only contribution to this massive movement to the Gulf was to establish a consulate in Qatar to supplement to existing embassy in Saudi Arabia (Review Nepal, 2007).

Government is involved in all the process of employment. It is legal stay of up to three years with a valid labour contract. There is protection of rights and interest of foreign workers applied as equally as to Korean counterparts based on the standard labour law. "Act on Employment of Foreign Workers, 2003" was legislated by the government of Korea, which introduces the employment permit system of migrant worker. According to the Act, business that has failed to recruit domestic human resources will be allowed legally to hire migrant workers from the sending country. In 2004, the government of Republic of Korea decided to implement the employment permit system which treats as equal as native labour. Industrial trainee scheme was decided to abolish in 2005. Foreign worker, working under this system requires entering into EPS. Nepal government is also going to enter into EPS to send workers to Korea, In this regard, an agreement (Memorandum of Understanding, MOU) have been signed between two countries at minister level on 23rd July, 2007. Five thousand workers are expected to send to Korea under this system. For this purpose a separate working office (i.e. EPS Desk) under the DOLEP has been established for smooth implementation (EPS, 2007).

Recently, WB researches presented their analysis on the remittance market in Nepal. The presentations and a policy note are very informative. This biog post draws in information from their analysis. Around two to five millions Nepalese workers are working abroad. Officially recorded new migration increased dramatically during the last decade, from 36,000 in 1999/2000 to 229,000 in 2007/2008. On official estimates of stock of Nepali migrants range from 4000,000 in Malaysia, 300,000 in Qatar, 60,000-70,000 in South Korea, and two to five

million in India. 125,000-275,000 Nepali migrants are estimated to be working in United Arab Emirates (UAE), of which half are in construction, hospitality, tourism and security. An estimated one-third of male population is working abroad, it constituted 17 percent of GDP in 2008 (\$2.3 billion). Remittance has also had large multiplier effects on sectors such as construction, cement and furniture. Migration plays a crucial role in reducing poverty between 1994 and 2004. The WB estimates it to contribute between one-fifth and one-half of the declines in poverty. Within South Asia, remittance as a share of GDP is highest in Nepal (Sapkota, 2009).

As per the details available from the foreign employment department, 1,227, 166 people had gone to different countries of foreign employment by the end of fiscal year 2007/08. By the first eight months of fiscal 2009/10 such number reached 1,620,370 with addition of 219,965 and 173,239 in FY 2008/09 And 2009/10 respectively. Although statistics on the number of people visiting abroad through unauthorized means taking undue advantage of open boarder with India is unavailable, such number is assumed to be significant. It is however, estimated that the number of overseas employment seekers travailing without labour authorization is estimated to be equal to those authorized (NRB, 2010).

The Department of foreign employment, government of Nepal granted final approval 2, 17,164 people for foreign employment in 2008/09. This number has surged by 35.4 percent to 2, 94,094 in 2009/10, the number of people granted permission for the employment in Malaysia stood at 1, 13,933 which is substavgntial rise of 240.7 percent in comparison to the previous year of the total number of people granted permission for foreign employment, approximately 38.55 percent find their way to Malaysia followed by Saudi Arab, Qatar and United Arab Emirates. While Qatar served as the major overseas employment destination for Nepal up to 2008/09, Malaysia secured the top position in 2009 (NRB 2010).

2.2 Review of International Empirical Studies

Stark and Bloom; in *American Economic Review*, studied international migration in the case of Mexico to the USA and found empirical evidences that the initial relative deprivation of household in their village reference group plays a significant role in migration controlling for initial absolute income and the expected income gains from migration they showed that the prosperity of household to participate in international migration is directly related to the household initial rate relative deprivation (Stark & Bloom, 1985).

Macroeconomic studies demonstrate that though remittances are affected by the economic cycles of source and host countries, they often provide a significant source of foreign currency, raise national income, finance imports and contribute to the balance of payment, which other capital flows tend to increase during favorable economic cycles and decline in period of economic downturn remittances seem to react less violently and reveal incredible stability over time. For instance, remittances to developing countries continued to go up steadily in 1998-2001 when private capital flows declined in the wake of the Asian financial crisis. Even the more stable components of capital flows FDI and official flows declined in 2000-2001, while remittances continued to rise. (Sasikumar, 1998).

The remittance flows as an important source of fund for many developing countries workers' remittances have been growing rapidly in the past few years and now represent the largest sources of foreign income for many developing countries. It is hard to estimate the exact size of remittance flows because many transfers take place through unofficial channels and therefore are not captured by authorities worldwide, officially recorded international migrant remittance has projected to exceed 232 billion in 2005, with & 167 billion flowing to developing countries. After 1997 the flow of recorded remittance grew much faster than foreign direct investment (FDI). Unrecorded flows through informal channels are believed to be least 50 percent larger than recorded flows not only are remittances large but they are also more evenly distributed among developing countries than

capital flows, including foreign direct investments most of which goes to a few big emerging market. In fact, remittances are especially important for low income countries. This study suggest that especially important for low income and reduce poverty in some countries. For instance a 10 percent increase in the share of remittances to GDP in given country would lead to a 1.6percent increase decline in the share of people in the population living in poverty. Remittance may have reduced the share of people in the population by 11 percent in Uganda, 6 percent in Bangladesh and 5 percent Ghana. In China were more than 150 people are internal migrants, the second most important factor for lifting a household out of poverty (Coss, 2006).

Remittance constitute workers remittance, compensation of employees and migrant transfer, migrant remittances are defined broadly as the monetary transfer that a migrant makes to the country of origin. International migrant remittances are the second largest source of external finance in development economics, neat to foreign direct investment international migrant remittances received by developing countries are estimated to be approximately us & 167 billion in 2005 and have doubled in last five years (World Bank, 2008).

In the IMF working paper Gupta says that remittances from abroad have become a very important component to the balance of payment for developing countries in recent years. For some countries they have exceeded various types of capital flows. Global development finance shows that remitted to developing countries are higher than official aid flows and are, also higher than most other types of private capital flows. Remittances have increased rapidly for India too in the past decade marking it one of the largest recipients of remittance in the world. She finds that, commensurate with increase in the number of migrant form India and the migration of higher skilled workers over time, private transfer to India on current account have been very robust in the past decade. In this paper she also finds that, the private transfers have been stable sources of funds and have not been affected by the risk return consideration to the some extent that flows on capital account have been such as portfolio investment,. Thus they have proven to

be a source of strength in the balance of payment in India. From the econometric models she analyzed not many macroeconomic factors are important in explaining the behavior of remittance around the trend over time. Among the variables that are found to be significantly associated with the movements in remittance include indicator of economic activity in the source countries Remittance are higher when economic conditions abroad are benign and remittance are also found to be some, what countercyclical, that in higher during the periods of negative agriculture growth (Gupta, 2005).

Rajan (2009) assessed about the entitled of “Migration and Remittance” in India (Kerala) experience with using random sampling method with probability proportional to the no of households which sample drawn from 300 Panchyats (Location) using mention of sample method in fifty households. He found that average age of emigrants twenty eight average ages at return four, life in gulf sixteen unemployment rates before emigration twenty three and unemployment rate after return twenty nine.

His studied shows that most of the Kerelian people migrant n Gulf countries to search the appropriate employment opportunity and they earned money (remittance) and sent back to their origin place (home) its impact specially 1-28 times more than the government revenue. Recipient four times more than the transfer from the central government 1.5 more than the government expenditure and fifteen to eighteen times more than the receipts from cashew marine products. His study finding that remittance particularly impact on poverty, unemployment standard of living, ownership of houses, quality of house consumer durables and income redistribution or social mobility on the other hand impact of migration on women older people, children due to loneliness.

Amjad (2009) in the case of study of Pakistan studies using time series data set includes 34 observations over the period of 1975-2008. Data collected form various sources like as remittance series (total and by region) GDP per capita from. Various issues of economic survey, Amjad and Kamal, economic surveys

missing data for poverty has been interpolated and extrapolated and intercept dummies have been used to capture the impact of variation in remittance. Over the three decades 1980's 1990's and 2000.

This study shows that impact of remittance on poverty inversely and negatively related and studies find that some female headed households are in worst position due to they received only 38% of remittance, the decline in the remittance inflows a major contribution factor is explaining the size in poverty in Pakistan during 1980's. He provide some observable recommendations for developed well data set and keep well documentation of overseas migration and remittances and encourage migrants to send their remittance through legal channels.

Salim, (2009), in the case of 'Bangladesh' with using time series econometric analysis linking remittance and economic growth in Bangladesh over period 1981-2006. Likewise using CGE (Computable General Equilibrium) to analyses with objectives to explaining the impact of remittance growth on poverty reduction during 2000 and 2005. And a cross section economic analysis explaining the link between remittances and poverty for household using the latest household survey data (HIES 2005).

Sonam Tobgay (2009), student is Bhutan about the economic impact of remittances particularly in households income, assets, foreign exchange (BOP) social security and discriminations. The comprehensive analytical study was based on the survey of RUM, PPD & MO A 2005 and found that some key issues are high transaction cost for visa and documentation remittance transfer cost changed by banks, lack of legal from work on assess of poor people in migration. This study suggested some viable recommendations are to promote the competition industry, protect of migrant working and other related enabling policy environment need to adopt it (<http://www.ips.lk>)

Nasal, Priyanka and Dushan (2009) presented a paper about Sri-Lanka economy in international conference to examine the impact of migrants and

remittance on economy using the survey of central bank's time series data of 2003-04 (Secondary data), the study examined macro level (economic stability national study and labour market) and micro level (Households expenditure, HHS income & people welfare). They found that macroeconomic impact of remittance flows to strength economy through steady sources of FDI portfolio and remove external shocks (i.e. natural disaster, financial crisis and political conflict etc.) and micro impacts of remittance on HHS income & expenditure with reducing poverty and improving health, education and standard of living.

The study conclude and policy implicated that majority of lack skilled migrants but overtime skill migrant have skilled, remittance have provide significant BOP support, FDI improve national saving & policy implementation on domestic freeform with skill develop o migrants and well documented system .

Deshal Demel and Suwendrani (2009) studied in Maldives propose of assess the impact of remittance in poverty and consumption using time series data in period (1997-2005). They found that significant role of remittance to remove poverty (i.e. 10 percent increases in remittance leads to 3.5 percent decline in poverty) and internal migration another aspect of remove inequality. The study suggested some policy implication to keep well documentation of migrant people encourage sending money through legal channel and building strong policy frame work needed from management to foreign employment etc.

The two most reported uses of remittances received are daily consumption (79%) and repayment of loans (7%). Other uses are to acquire household property and only a small percentage of the remittances (2%) is used for capital formation. To be noted, such high level of consumption is met through imports causing sever trade deficit n the context when the country has a very little domestic production. Trade deficit as a percentage of GDP was 9.14 in 2000, which increased to 14.9 in 2005, and 21.1 in 2009 (Panday & Shrestha, 2011). Researchers anticipate that the situation will worsen if current situation persist.

Tilani and Roshni (2009) analytical studies in impact of migrant in Afghanistan using cross Sectional data from National Risk and Vulnerability Survey (NRVA, 2005), the survey (NRVA, 2003) conducted with covered 11,227 household out of total households 2332 number of household has at least one number who migrated during the last year. Similarly survey of (NRVA, 2005) conducted with main objective to gather information update and guide policy makers in their development decision about the migrants & remittances.

The study found that remittances are the most tangible result of migration and direct link to development Remittance has direct positive impact on poverty alleviation, access to education and health facilities.

2.3 Review of National Empirical Study

Kanskar (1982), found the origin of Nepalese emigration to be after the Anglo-Nepali war is 1814 and was totally for recruitment purpose in the India army. The Indian authority was not only open to them but also managed for their permanent settlement. However, then Nepalese government has discouraged it. The first time relaxed this policy and encouraged the people to join the British recruitment. So, 200000 Nepalese male joined the British regiment even during First World War. The Anglo-Nepal convention held on 15th May 1815, created alternative labour market to the Nepalese in India. The emigration to India accelerated because of opportunities growth and miserable day to day life of Nepalese hill area.

The finding of a case study of VDC of Arghakhanchi district reflected that rich families and house hold in the villages were able to obtain excess to better paying and more secure employment abroad (Ghimire, 1996). Thus migrant's workers have had the opportunity to send back considerable amount of remittance to their families. A majority of the workers are still deprived of this opportunity becse of high entry cost and specific access requirements. The study shows that 93.0 percent migrant workers were employed in India and 7 percent in other foreign countries during the study periods.

The study undertaken by Nepal Rastra Bank (NRB) generated some information of different issues relating to foreign employment and remittance economy of Nepal (NRB, 2001). The study has covered the ten districts of four development regions through a sample survey. It furnished information on the migrants from the social, economic gender and regional perspectives. According to this study, more than 70.0 percent were labourers and they earned on average from Rs. 10,000 to Rs. 25000 per months. They report revealed that only about 20 percent of the migrant workers sent their earning through banking channel. The study revealed that the additional household income from the remittance n used exclusively the consumption and very little was invested for the productive purposes. The study of NRB further should that those migrant workers who returned from their job only about 16.0 percent have been able to use their money for income generating activities.

Kshetry in his article ‘Remittance: Costs and Benefits’ says that comprehensive study on the use of remittance in lacking however, the press reporting an cursory overview of the activities of families receiving remittances expose a very dismal picture. In luck of efficient institutional mechanism to transmit the workers income to Nepal various individuals with wrong intention have deceived the workers and exploited their “earnings”. At the initial phase of their work the workers are believed to pay the loan they used to go overseas in terms of fees to the agencies and the amount borrowed. It is said that the declining wage rate overtime in gulf the workers need a compete year to free themselves from debt demonstration effects are visible quite clearly in communities among families having foreign employment luxurious items of electronics, outgoing behavior in day eating and drinking habits are common feature. If anything tangible is archived out of remittance, it is the education of children at so called boarding schools at the capital city or the headquarters of the district where the mothers tend to look after the school going kids. In terms of asset formation large number of remittance receivers uses their funds to purchase land of building to construct them. In some parts, means of transportation are purchased as part of

investments very rarely such funds are found to have utilized to promote agriculture and tourism. In short, empirically it could be assented that meaningful or productive use of remittance income is yet to be sought through it forms a significant part of the GDP (Kshetry, 2004).

Panta, (2006) make a study using the analytical method with aim to show the inflows and impact of remittance in Nepal. For this he has been taken the data from World Bank 2005, his study shows that remittance has been playing a pivotal role in Nepalese economics development by relaxing the foreign exchange constraints and strengthens the balance of payment, among other. Further he denoted that in Nepal during the last few year, remittance heave been an important avenue of support for family members remaining at home. As the number of working going abroad for employment continues to rise, the corresponding growth of remittance has become a critical flow of foreign currency in to Nepal. This has been partly the result of measures undertaken by the concerned, officials to streamline financial system, dismantling controls and creating incentives with the aim of attracting remittance particularly through the official channels.

Finally his study finding that economic growth, interest rate and exchange rate policies are crucial determinants of remittance inflows. In his study there is some variable suggestion in order to further encourage the inflow of remittance to the country through official channels and to promote the tendency to exchange their remittance of foreign exchange in to local currency. It is imperative that their policies be conductive to the inflow of remittance.

Dhital (2007), tried to assess remittance current position and it role in the economy on this area to dig out the ground realities using the (NLFS) carried out by yrs4 central Bureau of statistics (CBS) from January to December 2008, aim to analyze the data of different sector. For this purpose using the stage stratified sampling and as a whole country divided in to six strata was distributed equally in rural and urban. At the first stage 800 wards were taken by primary sampling units (PSU) in the second stage among their words 1600 hundred were taken by using secondary sampling units (SSU) has shown the proportion of household receiving

a remittance (from either an absentee or from another person) was 30 percent of all enumerated household. The average amount received over all households in the last 12 months was Rs. 19721. Further the survey shows that most remittance income were received from outside Nepal (including India, Malaysia, Saudi Arabia, Qatar etc.) with 82.9 percent of all remittance income (absentees and other combined) coming from outside. The share of remittance received from abroad in the highest from Qatar (21.3%) and 19.2 percent, 14.9 percent, 13.4 percent, 2.2 percent, 2.2 percent, 29 percent respectively from Malaysia, Saudi Arabia, India, United Kingdom and other countries. The survey collected data on the district from which the remittance was sent but this is insufficient to distinguish remittance from urban and from rural areas (CBS, 2010).

Remittance inflow which has amounted to Rs.231.7 billion during 2009/10 rose to 543.3 billion on 2013/14. The balance of payment witnessed a surplus of Rs. 34.07 billion in the F/Y 2013/14, 8 month period with comparison to the surplus Rs.102.81 billion during F/Y 2012/13. consequently. As compared to mid July 2014, the total foreign exchange reserve rose by 6.1percent to Rs.705.73 billion in mid March 2015 against Rs.572.40 billion in mid July 2014. This reserve level would be sufficient to finance master Landis imports for 11.3 months and services imports for 9 months (MOF, 2014).

2.4 Conceptual Framework

Few dissertations are found on the issue of Nepalese international labour migration even though the limited literatures and specification studies on this issue made a difficult task to perform. Despite of these lackings, this study tries to identify the features, characteristics, levels and trends of the Nepalese international labour migration on the one hand and the prevailing national and international policies existing on behalf of the rights of labor migrants abroad on the other.

Most of the studies, conducted so far have more emphasis on remittances and its various sources and its positive impacts. But this thesis has taken into account both positive and negative impacts of foreign employment based on foreign

employees of Jagatpur VDC. The main concerns of this thesis is to reflect the reality of Nepalese international labour migration scenario and alert Nepalese government and concerned authorities to be more focused on the management of labor migration. This shows the problems existed on foreign labour migration for the migrant workers in their home country and in the country of destination and recommendations for solutions too. Not only problems but the positive impacts of remittance in the households of Nepalese people and to the whole country have been accounted in this study.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Study Area

Jagatpur is a village development committee in Chitwan district, Narayani Zone, central Development Region, Nepal. It has population of 9689 on 1495 individual households according to VDC Profile 2012. Jagatpur serves as a gateway for thousands of internal and external tourists every year to famous adobe of the wildlife and headquarters of Chitwan National Park, Kasara. Jagatpur has a tropical Monsoon climate with high humidity all through the year. Chitwan is one of the few remaining undisturbed vestiges of 'Terai' region, which formerly extended over the foothills of India and Nepal. It has a particularly rich flora & fauna.

3.2 Research Design

Mostly qualitative and some quantitative information are collected to observe the situation of international labour migration in the Nepalese context. It is so because of the qualitative nature of the research. The information are obtained from the national and international publications, authorized documents produced by Nepal Government (NG) information provided by Government, Non-government/ and UN bodies in their websites, article written by different scholars on the issues of international labour migration and so on.

3.3 Sources of Data

3.3.1 Primary Source: In this method data were collected from the study area with direct contact to informants of the selected area. Primary data will be collected by the research personally conducting the field survey through the help of a well-structured pre-tested questionnaire and also a checklist to obtain information from the people besides the actual responding.

) **Selection of the study area:** A VDC of Chitwan district has been selected as the study area. It is situated in the south-west part of Chitwan nearby Chitwan national park which is named as Jagatpur.

) **Population and sample:** The present study includes people of age between 16 to 50 years of Jagatpur VDC. Only the years of 16 to 50 people are undertaken in this study since the labour of under 14 is considered illegal. Likewise the people of above 50 years are supposed to be less active for foreign employment. There are altogether 1450 households and 11560 populations and 1062 workers are migrated for overseas employment in this VDC according to VDC profile of Nepal 2012. In this study, nearly 10 percent of remittance recipient i.e. 106 households are selected on the basis of random sampling.

Table 3.1: Sample Selection Procedure of Jagatpur VDC

Ward No.	No. of Households	No. of HH for overseas	Sampled HH
1	256	167	17
2	170	115	11
3	108	72	7
4	142	135	13
5	198	127	13
6	145	110	11
7	112	97	10
8	134	112	11
9	185	127	13
Total	1450	1062	106

Source: VDC profile of Nepal, 2012 and Field survey 2014.

-) **Methods of data collection:** Data are collected through the method of interview, key informant interview and from the discussion in groups.
-) **Interview:** A set of questionnaire are used for personally interviewing the randomly selected respondents who were gone for foreign employment. This is taken with the help of well structured questionnaire so that it makes a comfortable situation to both interviewee and interviewer.
-) **Key informant interview:** Key informants are the person who has detailed knowledge about the village and on the subject matter. Those were social workers, school's teachers, elderly senior persons of the village and staffs of the VDC offices are held during the survey. Interview is taken through the help of checklist to obtain information from the people besides actual responding.
-) **Focuses Group Discussion:** Many problems are solved through decision of group discussions so group discussion has valuable power. Four different groups were made by arranging both male and female . Group discussions and important data are collected from the discussions in group.

3.2.2 Secondary Source

In secondary method of data collection data have been taken from various published and unpublished books, VDCs records, articles and writing of the other people. The sources are as follows:

-) Reports and publications of Ministry of Finance.
-) Reports and publications of Nepal Rastra Bank.
-) Reports and publications of the Central Bureau of Statistics.
-) Reports and publications of the Ministry of labour and Transport Management.

-) Reports and publications of the Department of Foreign Employment and EPS Korea section.
-) Text and references book related to foreign employment and remittance.
-) District profile of Chitwan, Nepal.
-) Village profile of Jagatpur VDC, Chitwan.
-) Other published and non published sources.

3.4 Data Processing and Analysis

A huge mass of data have been generated during the study period. To handle it conveniently the collected raw data are processed in the computer in the beginning by means of sorting, grouping, frequency distribution and tabulation presented in the forms of table and bar diagrams etc. both qualitative and quantitative data have been analyzed with appropriate statistical tools accordingly. In case of quantitative data; average, mean and percentage has been used. On the other hand, descriptive method of analysis has been applied for qualitative data.

CHAPTER IV

FOREIGN EMPLOYMENT AND REMITTANCE OF NEPAL

4.1 Introduction

Nepal is overwhelming a rural and agrarian economy. Nearly 83 percent of its people live in rural areas and 79 percent of them earn their livelihood primarily from agriculture and related activities. The share of agriculture in GDP has fallen significantly from 72 percent in 1975 to 34.35 percent in 2014 (WB 2015). Because of the small size of the holdings, rare application of modern technology, lack of knowledge about the modern crops and traditions market followed problems, production and productivity from the farmland is extremely low in most of the rural areas.

The number of job aspirants in foreign land increased dramatically, especially after restoration of democracy. With the enactment of Foreign Employment Act, 1985 and arrangement of distribution passport to the potential migrant workers by the District Development Office, accompanied by higher demand for labor created by oil boom in gulf, the Nepalese started to migrate beyond India, particularly to the gulf.

Oil boom in gulf countries have created massive demand for foreign labor. The period between 1997 and 2003 could be considered the boom period for labor migration from Nepal to outside world. The most favored destination for Nepalese labor migrants are the Gulf, Middle East, Malaysia, Korea, Japan and others. The important of labor migration was given little attention in Nepal until recently. It was only after the 1990s that policy makers and academicians began to fully recognize the importance of paid employment within and outside the country. For the first time data regarding migration were recorded in the population census of 2011.

4.2 Remittance in Nepalese Economy

Remittance brought by British Gorkha soldier and the wages earned in different parts of India by seasonally employed Nepalese labor were significant in the

Nepalese economy. Since earlier period but no due attention was given to it. There was to accounting of Nepalese employed in India British Gorkha soldier brought remittance in hard foreign currencies. Later on in 1990's when there was massive out flux of Nepalese employed labor in the Gulf Countries and Malaysia, Foreign employment and remittance brought by them increase tremendously and foreign employment and remittance brought by them attracted national attention. Internal arm conflict started in 1995 had negative impact on several sectors of the economy such as industry, tourism and even agriculture. The sustainability of Nepalese economy depended mostly in foreign aid and remittance. This how remittance has got prime attention in Nepalese context and several countries were opened for foreign employment. The importance of the remittance of Nepalese economy can be judged by growth in the number of person leaving the country each year for foreign employment.

4.3 Inflow of Remittance in Nepal

In the early days of Nepalese international relations remittance brought by British Gurkha soldier and the wages earned in different parts of India by seasonally employed Nepalese labor were significant in the Nepalese economy. But no due attention was given to it. There was to accounting of Nepalese employed in India. British Gorkha soldier brought remittance in the foreign currency and foreign employment increased tremendously and the remittance in hard foreign currencies bought them attracted the national attention. Internal arm conflict started in 1995 had negative impact on several sectors of the economy such as industry, tourism and even agriculture. The sustainability of Nepalese economy depended mostly in foreign aid and remittance. This is how remittance has got prime attention in Nepalese context and several countries were opened for foreign employment. The importance of the remittance on Nepalese economy can be judged by growth of the number of persons leaving the country each year for foreign employment. The volume of remittance income can be shown only the amount entering through the banking system tough description of remittance inflow though others various mediums also discussed in brief on the available estimates. So the annual inflow

of remittance in Nepal in different fiscal year and its growth trend is given in table 4.1.

Table 4.1: Annual inflow of Remittance in Nepal (in billions rupees)

FY	Remittance amount (in billions)	Growth (in percent)
2005/06	92.74
2006/07	107.41	15.81
2007/08	142.68	32.82
2008/09	209.69	46.96
2009/10	231.72	10.54
2010/11	253.55	9.42
2011/12	359.6	41.83
2012/13	434.65	20.91
2013/14	543.3	25.17

(....) Means no availability of data.

Source : Nepal Rastra Bank, Economic Bulletin, Mid Janaury, 2015

The table shows that rise of remittance inflow from 92.74 billion to 107.41 billion in 2005/06 to 2006/07 by 15.81 percent. And there after increasing per year and reached to 543.3 billion on 2013/14.

Due to policy initiatives undertaken by the concern authorities enhancing the inflow of remittance through the official channels has been going up. From the tab, sle 4.1, it is clear that the inward remittance is increasing but growth rate is inconsistent and is decreasing in recent years. The inconsistent growth rate of remittance inflow may have some possible reasons. The migrant workers do not send their earnings in regular basis and scheduled mode. Another important reason

can be the medium of transfer of remittance. Some mediums they use are unofficial and illegal for which there is no record in the banking system. Thus the inflow of remittance increases year by year which become major source of Nepalese economy.

4.4 Utilization of Remittance in Nepal

Of the total amount of remittance received by the households in rural market center, 45 percent of the amount was found to be used in buying of land and house. This was followed by repayment of debt, which accounted for 31 percent of the total amount received. Households used 12 percent of the received amount in education, health and others. Similarly, 5 percent of the amount was found to be kept in bank as a saving, 4 percent of the amount was used in social works, 2 percent of the amount is kept as cash in hand and 1 percent in investment. Utilization pattern is shown on the table 4.2.

Table 4.2: Remittance and its Utilization (in percent)

Use of Remittance	Rural area	Urban area	Overall
Repay the debt	31	21	25
Buying land and house	45	52	49
Saving in bank	5	15	11
Cash in hand	2	1	1
Education, health and others	12	7	9
Social works	4	2	3
Other investment	1	3	2
Total	100	100	100

Source: NRB, Household survey, 2012

The use of remittance in urban market center differed slightly compared to that in rural market center. Out of the total amount of remittance received by the households in urban market center, a little more than half was utilized in buying of land and house I.e.52 percent of the total received amount. This was followed by repayment of debt, (which accounted for 21%). Households kept 15 percent of the received amount in bank as a saving. Similarly, 7 percent was used in education, health and others, 3 percent was used in investment, 2 percent was used in social works and 1 percent of the amount is kept as cash in hand.

Considering in both rural and urban market center, of the total amount of remittance received by the households, 49 percent of the amount was found to be used in buying of land and house. This was followed by repayment of debt (25%). Household kept 11percent of the received amount in bank saving. Similarly, 9 percent was used in education, health and others, 3 percent was used in social works, 2 percent was used in investment and 1 percent was kept as cash in hand.

4.5 Effect of Remittance in the Economy of Nepal

It is known to all of us that role of remittance to the economic growth of the country was not discovered in Nepal before 1990s. from the mid-1990s remittance was viewed as the direct role to promote the national economy. The direct affect of remittance income to the national economy has been increased in CFE, since it also increased domestic saving, and investment depends upon the domestic saving and foreign saving assistance. Since there is increased in domestic saving due to remittance, it was helped in investment and growth of economy. The contribution of remittance to the different sectors of Nepalese economy is shown as follows.

4.5.1 Gross Domestic Product (GDP)

Nepal is third among the countries receiving the highest proportion of remittance in terms of GDP with the country receiving remittance worth 25 percent of GDP in 2012 according to the report made public by the World Bank. Nepal was fifth in

year 2011 on this year Nepal received 23 percent share in GDP. It is expected to increase with the increasing labor migration.

4.5.2 The other side of GDP

The direct impact of remittance to nation's GDP would be only one side of the whole story, as the other side would clarify how this global phenomenon has indirectly resulted in poverty reduction, employment generation, increasing household income and capital formation in the nation. As Mankiw states in his book of variables like GDP doesn't always explain in the economic activities and their consequences in real world and hence there is need of attention to other macroeconomic variables like employment and income (Mankiw, 2003, p.107).

4.5.3 Revenues for Government and Private Sector

Today, remittance has become an important source of revenue for government through tax and fees. These fees include fees paid by manpower companies, passport fees, value added tax and other non tax revenue. Similarly, remittance has become an important source of revenue for private sector as well. Various recruitment agencies, agents, medical institute, orientation institute, training institute, advertisement, photograph shop, air ticketing, local transport, hotels restaurants etc has been collecting significant amount of revenue.

4.5.4 Employment Opportunities

Through 26 commercial banks, 2 finance companies and 45 money transferring foreign currency in the domestic financial market, vacancies for different senior and junior post are not a new phenomenon in different media. Expansion of airlines network and training institutes are increasing in proportion with increase labor migration. It is roughly estimated that about 0.34 million jobs are created all over the country by phenomenon of labor migration, foreign employment, remittance and its contribution to the economy of Nepal. These employment opportunities are to be understood in term of hotel accommodation, transport, recruitment agencies and money transfer agencies etc.

4.5.5 Poverty Reduction

Remittances increase household incomes and are therefore a powerful anti poverty force in developing countries. Unlike some publicly founded social safety nets, remittance receivers can identify their own greatest needs and can allocate the remittance income accordingly. Nepal living Standard Survey III states that due to remittance and migration driven economy, poverty of Nepal reduced from 42 percent(1995-96) to 25.16 percent (2011). A report by Adhikery and Gurung states that if there was no remittance inflow in the country then we wouldn't have experienced the reduction of poverty by 10.9 percent in 2006, instead it would drop only by 4.8 percent. Such reduction in poverty has helped in diversification in livelihoods, greater ownership and acquirement of assets and capitals. From the macroeconomic point of view, the remittance is the major source of income for the 56 percent household in the nation. Household income increased by just 22.4percent in 1995-96 while remittance has caused 70 percent increased during 2008. So, the household incomes contribution in increased financial capital, education of the children, social capital, and migration-specific knowledge can't be ignored. The returned migrant were found to have developed values like punctuality, work-ethics, gender sensitivity and productive capability (Pandey & Shrestha, 2014).

4.6 Conclusion on Effect of Remittance in the Economy of Nepal.

For the employment international migration is a good medium especially to the developing countries, which are facing unemployment. Due to the developing countries, are minimized unemployment problem. The unemployment earn a lot of money due to foreign employment that's why the foreign employment has been attractive opportunity to the Nepalese youth year by year whatever girls and boys or even elders go for foreign employment and leave the country which can be known through studying data.

On the others, as a summary it is clearly shown that the inflow of remittance have been increasing at a high rate, in which the national GDP rate is directly related to the various factors like total saving of the economy and total investment, without

which the economy cannot get higher GDP growth rate. The investment of the country like Nepal is directly dependent on the remittance inserted into the economy. Therefore, we can say that the remittances are major factor of the development of the country like Nepal.

Finally the data shows that there is the gap between saving and investment, thus utilization of remittance in investment is a great need of today which is in warding in to the economy.

CHAPTER-V

DATA ANALYSIS

5. Village Background

Jagatpur VDC is situated in the southwestern part of Chitwan district. The Chitwan Valley is an Inner Terai valley located in the south of Nepal, sharing a border with India. In rural Nepal, the Chitwan valley is one of the best areas to study migrants and its issues around immigration because of its history of development and migration. Before the early 90's, this valley was covered by virgin forests and only populated by the native Tharu people, who sparsely settled and mainly made a living by hunting and gathering. But since the 1950's Nepal's government started to open this valley for settlement by clearing the forest and allocating land to people from other areas of Nepal. People from neighbouring hills and mountains, where there was scarce land for agricultural production, were attracted to settle in this valley (Shrestha, 2009).

In Nepal, most migrated persons are found to go to India for foreign employment in the western part of Nepal but in the eastern and mid part of the country we could not find similar data. Some years back an overwhelming number of people used to go to India for different types of work mainly because of geographical proximity and not availability of jobs for needy persons in the home country. Very few people used to choose other countries as their destination for foreign employment. However, in the last one decade in different countries except India people having different educational levels are going for foreign employment. Most of the people from Nepal migrate to the Gulf countries like Qatar, Saudi Arabia, UAE, Singapore, Hong Kong, South Korea and other countries etc. Most are working as unskilled labor, some are semi-skilled but very few are fully skilled. Such a pattern can be found in this study area also.

5.1 Age Category and Migrated Workers of the Study Area

As shown in table 5.1 age group has been formulated as per the method of categorizing the age of migrated persons by NLSS. Below 15 years, no one has been gone abroad for foreign employment.

Table 5.1: Age Category and Migrated Person

Age Category	Total number of Migration	Sampled Migrated number	Sampled Percent	Average Earning Last Year (in Rs.)
15-29	511	48	45.28	262700
30-44	377	43	40.56	237565
45-49	293	15	14.15	195660
Total	1062	106	100	695925

Source: Field Survey, 2014

According to table 5.1, 15-29 age groups person's highest percentage of migrated. The result is similar to the finding of NLSS 2003/04. This supports that after fifteen years many youths in study area are obliged to seek foreign employment as their source of earning because their guardians cannot afford for their further education. On the other hand, persons falling in 45-49 are less than other category because this age is age of retirement. Persons with the age of 60 and more are not found for abroad job. Average earning of age 15-29 is highest of all other groups. The possible reason of this fact is that people of this age group have gone to the countries except India.

5.2 Migrated Workers and Field Work by Country of the Study Area

The table 5.2 shows the migrated workers field of work in destination country of the study area. The most favored country of Nepalese workers are Malaysia, Saudi Arabia, Qatar, United Arab Emirates and others.

Table 5.2: Migrated Workers and Fieldwork by Country (in percent)

Country \ Nature of work	Malaysia	Saudi Arab	Qatar	UAE	Others	Total
	Number & percent	Number & percent	Number & percent	Number & percent	Number & percent	Number
Construction	4 (19.4)	6(28.57)	5(23.80)	4(19.04)	2(9.52)	21
Hotel	2(13.33)	5(33.33)	4(26.66)	3(20)	1(6.66)	15
Security guard	3(20)	4(26.66)	4(26.66)	4(26.66)	-	15
Driving	3(14.28)	5(23.80)	7(33.33)	6(28.57)	-	21
Salesman	3(21.42)	3(21.42)	3(21.42)	3(21.42)	2(14.28)	14
Manufacturing	2(16.66)	3(25)	2(16.66)	3(25)	2(16.66)	12
Others	1(12.5)	-	3(37.5)	3(37.5)	1(12.5)	8
Total	18(16.98)	26(24.52)	28(26.41)	26(24.52)	8(7.54)	106(100)

(-) Means no availability of data.

Source: Field Survey, 2014.

In Malaysia, highest percentage, 25 percent of total numbers of people are found to work in construction. Similarly, 19.56 percent workers are worked in driving and salesperson. In other countries, such as Saudi, Qatar and UAE etc. in driving, salesman, and others sector some of the workers are engaged groups. Findings show that most of people have gone to Qatar in the driving field. (33.33) % of total number of persons in Qatar is working in the Driving field. The table shows the migrants persons are worked in construction, manufacturing; this sector is unskilled labor force in fact they doesnot produce high volume of remittance. However, if this high number of unskilled and semi-skilled labor-force had been

fully skillful, today's volume of remittance would be at least doubled. Moreover, 25 percent migrated persons in Qatar are working as drivers who are able to earn high volume of remittance

5.3 Causes Seeking to 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 other reasons. To findout the causes of seeking employment the respondents were asked to identify the prime causes to go for foreign employment. They gave one major reasons which is shown in the table 5.3.

Table 5.3: Causes of Seeking Foreign Employment

Employment Country	No. of Respondents	Causes			
		Unemployment	Family Debt Burden	Conflict	Earn Money
Saudi Arab	26	12(11.34)	7(6.6)	3(2.83)	4(3.77)
Qatar	28	15(14.15)	5(4.71)	2(1.88)	6(5.66)
UAE	26	12(11.32)	6(5.66)	1(0.96)	7(6.60)
Malaysia	18	10(9.43)	5(4.71)	-	3(2.83)
Others	8	4(3.77)	2(1.88)	-	2(1.88)
Total	106	53(50)	25(23.58)	6(5.66)	22(20.75)

(-) Means no availability of data.

Source: Field Survey, 2014

Table 5.3 shows that unemployment was the major cause for all respondents for foreign employment. Due to lack of employment opportunity within the country many respondents were forced to go for foreign employment. Second cause was family debt burden. Around 26.66 percent were gone for foreign employment

because of family debt burden. Third reason is conflict, where almost 18.33 percent seek foreign employment to avoid conflict. It was concluded that unemployment, family debt burden and conflict were the main causes to seek foreign employment.

5.4 Medium Used to Obtain Foreign Employment

Individuals who want to go for foreign employment need to know the job, salary, the nature of contract and the cost for getting the employment opportunity. Generally government registered manpower agency (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them individual contracts also play important role. The quality of job the costs are related to the medium used by the individuals. The cheating by agents and the torture are also related with the medium used. The medium used this was considered to be important and the respondents were asked to identify it. The responses are given in the table. 5.4.

Table 5.4 Medium Used to go for Foreign Employment by Respondent in Study Area

Employment country	No. of respondents	By MPA	By individual contact	By local agent/MPA	Relatives
Saudi Arab	26	16(15.09)	-	6(5.66)	4(3.77)
Qatar	28	18(16.98)	-	8(7.54)	2(1.88)
UAE	26	15(14.15)	-	8(7.54)	3(2.83)
Malaysia	18	13(12.26)	-	5(4.71)	-
Others	8	3(2.83)	3(2.83)	-	2(1.88)
Total	106	52(49.05)	3(2.83)	27(25.47)	11(10.37)

- Means no availability of data.

Source: Field Survey, 2014

The table 5.4 shows that among the respondents 52 persons went to seek foreign employment through registered Manpower Agencies. 3 respondents managed through their own contacts and 11 with the help of friends and relative. 27 individuals used local agents. It is concluded that majority of foreign jobs seeker used MPA and local agent as a medium to find the job. Few go for foreign employment in personal contact.

5.5 The Cost of Foreign Employment and Sources of Financing

A sustainable amount of money needs to be invested as a cost of foreign employment. The costs starts from obtaining a passport, medical checkup, Manpower agency commission, visa fees, air fare and cost of internal travel and hotel charge in Kathmandu at the time of processing the foreign employment. To find out the costs paid by the respondents, they were asked to quote expenses in different categories. The summarized version of the cost paid by different groups is given in the following tables.

Foreign job seekers in Nepal go and work in several countries. The place of employment depends on level of education, the types of skill learned, the ability to bear the cost of employment and other several factors. Because Nepalese labor force is unskilled majority of then get employment in gulf countries and Malaysia. The destination of employment may show their level of skill and income. So the destination was considered important and the information obtained in the interview is presented below.

5.5.1 Range and Average Cost Paid for Foreign Employment of Study Area

Table 5.5 shows the minimum and maximum cost of range and that weighted mean value. The cost of foreign employment is different for country wise. Table shows the total cost spend for foreign employment by the worker of different country wise.

Table 5.5 Average Cost Paid for Foreign Employment of Study Area

NRS '000'

Employment country	No. of respondents	Average cost	Ranges of cost	
			minimum	Maximum
Saudi Arab	26	90	35	120
Qatar	28	85	40	100
UAE	26	85	50	110
Malaysia	18	92	45	122
Others	8	165	140	350

Source: Field Survey, 2014.

Table 5.5 shows that average cost for foreign employment is Rs. 103.4 thousands. People who went to go other country like Korea, European Countries etc. they paid in average 165 thousands which is highest amount of cost. Malaysia is the second highest average cost for migrant workers than other country. The possible reason of this in others country the wage rate is high than gulf and other country. It shows that the respondent of this municipality had wide ranges of cost and it was high variability with the sample.

5.6 Remittance Income

In our study area, the average income transfer in the form of remittance per household is shown in the table. The average income of remittance per household is Rs. 34698 (NLSS 2003/04). This result is dissimilar to our study. Our study found that average remittance income Rs.221800.

Table 5.6: Total annual Remittance Income

Total remittance income last year in NRs	Number of households	Percent
Below one lakh	6	5.66
One to two lakh	75	70.75
Two to three lakh	15	14.15
Abobe three lakh	10	9.43
total	106	100

Source: Field Survey, 2014.

Most of households 70.75 percent receive the amount between one lakhs to two lakhs. Only 5.66 percent of people of households get below one lakhs. On the other hand 9.43 percent of total households in the study area are receiving above three lakhs in last year.

5.6.1 Country wise Average Remittance Earning

Nepalese migrant workers earn less than other countries labors. Income earned abroad depends on skill of workers; salary payment by company, working country types of company, duration of stay etc. to find out the income earned by Nepalese labor in abroad, the respondents were asked to give their annual income is given.

The table 5.7 shows that the respondents who have gone in the gulf countries have earned more income than in Malaysia but less than other country. The respondents who have done the work in UAE their average income is Rs 210000 and the respondents who have done the work in others country their income is Rs.410000. the possible reason is in others country there is high wage rate than Gulf and Malaysia.

Table 5.7: Country and Average Remittance Earning

country	Number/percentage of migrated persons	Average earning in last year (Rs.)
Saudi Arab	26	165000
Qatar	28	180000
UAE	26	210000
Malaysia	18	144000
Others	8	410000
Total	106	221800

Source: Field Survey, 2014.

5.6.2 Level of Education and Average Remittance Earning

The relationship between level of education and remittance income is positive.

Table 5.8 shows the education level and average remittance earning.

Table 5.8 Education Level and Earning Status

Level of education of migrated persons	Frequency	Percent	Average Earning in the last Year Rs
Primary	13	12.26	155000
Lower Secondary	21	19.81	161324
Secondary	39	36.79	176543
Higher Secondary	21	19.81	198768
Above	12	11.32	540000
Total	106	100.00	1231637

Source: Field Survey, 2014.

Overwhelmingly high 36.79 percent of migrated persons have studied up to secondary level. Similarly, 19.81 percent of total migrated people have passed higher secondary level but they are compelled to work as laborer in low wage which is humorous of their qualification and wastage of their investment and efforts. As per findings in this study with an increase in level of education of migrated persons average earning also increase. However, no such remarkable difference between primary level and secondary level is found because most of people are unskillful whether studied up to secondary or only primary. Somehow different is seen in average earning mainly because most of youths have gone to the gulf countries after passing the secondary level.

5.7 Use of Remittance Income

Utilization of remittance income depends upon the priority placed by the individuals on different uses, the size of remittance, the time of availability, opportunity for investment and many other factors. For utilization pattern of remittance income, we are broadly categorized in two type productive and unproductive sector. Unproductive sector means the expenditure on Household consumption, Loan Repayment, Cultural Expenses, Consumer Durable Goods, Real estate's etc. in the same way, productive sector means the expenditure on Education, Health, Business and agriculture investment. Majority of migrants of workers go abroad because of unemployment at home country and poverty in the households. Generally, the earnings by them are not big. There may be family rituals in waiting. Keeping all these conditions in mind the respondents were asked to identify the money earned abroad. To find out the use of remittance by the respondents are presented in the table.

5.7.1 Expenditure of Remittance Income in unproductive Sector

The table has shown the remittance income expenditure on unproductive sector. Unproductive sector means expenditure on regular household consumption, which is not productive. We have classified the unproductive expenditure with the help of similar type of research and the NLSS 2003/04.

Table 5.9**Average Annual Expenditure Before and After Remittance Income**

Sectors	No.of respondants	Average annual expenditure		Average change in amount	Percentage change
		Before	After		
Household consumption	106	25871	41679	15808	37.92
Loan payment	64	20000	76000	56000	73.68
Real state	24	-	167000	167000	100
Cultural expenses	99	4500	7467	2967	39.73
Durable consumer goods	106	-	35000	35000	100
Others	-	-	-	-	-
Total average	499	-	-	-	70.24

(-) Means no availability of data.

Source: Field Survey, 2014.

Table 5.9 shows the multiple response and answer of questions. In comparison to before and after remittance income moreover remittance income expenditure on every sector increases. In household consumption 37.92 percent increased. Similarly, consumer durable goods and real sector expenditure increased by 100 percent. The possible reason of this is of course when income increase the expenditure also increases.

5.7.2 Expenditure of Remittance Income in Productive Sector

The table 5.10 shows the remittance income expenditure on productive sector. Productive sector means expenditure on education, agriculture, business, cottage industry that is productive. We have classified the productive expenditure with the help of similar type of research.

Table 5.10: Average Annual Expenditure on productive Sector

sectors	No of respondants	Average Annual expenditure		Average change in amount	Percentage change
		before	After		
Education	46	3517	11045	7528	68.15
Agriculture	49	4325	6785	2460	36.25
Business	9	22189	37655	15466	41.07
Cottage industry	2	5643	8769	3126	35.64
Total / Average	106	-	-	-	45.28

(-) Means no availability of data.

Source: Field Survey, 2014.

The table 5.10 shows the multiple choices answer of questions, the average annual expenditure on productive sectors before and after remittance income. It is found that 45.28 percent expenditure is increased in productive sector after remittance income greater degree of change is found in education followed by business, agriculture and cottage industry respectively. The possible reason of higher change in education expenditure is that the awareness of people increased and the remittance holder become more concerned about the future of their children.

Moreover, due to the expansion of the market and small city urbanization business activities are expanded.

5.7.3 Total Land Holding Before and After Remittance Income

The land holding exercise before and after remittance income is shown in the table 5.11.

Table 5.11: Total Land Holding Before and After Remittance Income

Before remittance income			After remittance income		
Land holding size(Ropani)	No.of Respondant	percentage	Land holding size(Ropani)	No. of respondant	percentage
Landless	6	5.66	Landless	2	1.88
Up to 5	25	23.45	Up to 5	20	18.86
5-10	35	33.25	5-10	40	37.73
10-15	25	23.45	10-15	25	23.58
15-20	10	9.23	15-20	12	11.32
20+	5	4.65	20+	7	6.60
Total	106	100	Total	106	100

Source: Field Survey, 2014.

Table 5.11 shows the figure of land holding size before and after the remittance income. It is observed that the landless households decreased after remittance income. It is likely that people in rural areas prefer reside having own land than to do other business activities. It is also found the household who have already owned land also buy new land from their remittance income. This figure

symbolizes the character of rural practices of Nepalese economy that people say, “land is the property cannot be stolen”. It is proved that people do not prefer to take risk by investing in other sector as the households with high Ropany land buy extra land from their remittance income.

5.8 Changes in Social Condition Due to Remittance Income

This topic includes changes in living standard of remittance receiving households, impact on housing, migration, schooling, years of staying in foreign land and helpful in poverty alleviation etc.

5.8.1 Change in living Standard

Living Standard of foreign employees depend on the total year of staying in foreign land, nature of job, types of manpower, salary received by them, the condition of employer company etc. However, foreign employees living standard has become better than before. This topic includes years of staying in foreign land, trend of migration, changes in housing of people, consumption pattern, schooling, reduction of existing poverty, use of durable, necessary, luxurious goods that are elements of living standard.

5.8.2 Trend of Migration Due to Remittance Income

A study undertaken by Jagatpur VDC about the trend of migration, 106 families, whose members are in foreign labor market, have migrated due to remittance income. The trend of migration in the year 2010, 21 families have migrated which was increased by four families and reached 25 in 2011, 13 families were migrated by the end of 2012, 28 on 2013, & 19 families on 2014 are migrated for permanent settlement. Table 5.12 shows the trend of migration.

Table 5.12: Trend of Migration due to Remittance Income

Years in AD	No. of Migrated Persons
2010	21
2011	25
2012	13
2013	28
2014	19

Source: Field Survey, 2014.

5.8.3 Impact on Housing Due to Foreign Employment

Most of the house patterns have been changed after foreign employment. The thatched roof houses are replaced with tin roof and Rcc houses. The migrant workers invest a huge percentage of their income in housing which is relatively stable in nature. Following table shows impact of housing due to foreign employment.

Table 5.13: Impact on Housing Due To Foreign Employment

Roofing Materials	Before Employment	After Employment
Thatched Roof	41	24
Tin Roof	53	60
Modern (RCC)	12	22
Total	106	107

Source: Field Survey 2014

5.8.4 Impact on Schooling due to Foreign Employment

It shows that remittance becomes a major factor for transferring students from public school to private school. Parents are in search of quality education. Before

foreign job, 77.30 percent students have received education from public schools and 22.70 percent receive education from public school. After involving in foreign job the scenario has been changed. 53.80 percent attend in private schools and 46.20 percent only found in public school.

5.8.5 Use of Durable and Electronic Gadgets

Foreign job is considered as one of the major agent to have comfortable life. Among the sampled workers, the sampled households possessed 117 cell phones before being employed in foreign countries but after foreign job 325 mobile sets are owed. In average there are 3 mobile sets in each household. Similarly, before employment they had 56 TV and after foreign employment 105 TV sets are possessed. Only 8 computers were noted before employment and it has been increased to 80. Only 12 Refrigerators were noted, the numbers reached to 39 at the time of field survey

Table: 5.14: Use of Durable Electronic Goods

Gagets	Total Number		Average per Household	
	Before	After	Before	After
Mobile Sets	117	325	1.1	3.03
Television	56	105	0.52	0.98
Computer	8	80	0.07	0.74
Fridge	12	39	0.11	0.36
Furnishing (cost above 1000)	57	97	0.53	0.90

Source: Field Survey, 2014.

5.9 Problems Generated by Foreign Employment

The topic represents the negative impacts such as low and unpaid, duped cases, casualties, untimely arrivals and psychological effects of laborers migrants' families.

5.9.1 Households Labor Shortage: among the sampled households, 92 households have experienced shortage of manpower for traditional activities and 15 households have informed that they have not faced shortage. This data shows that there is a huge problem of manpower labour shortage in the village.

5.9.2 Psychological Impacts: Among the sampled households 94 families have faced psychological loneliness and 6 have psychological distress. 7 families seems indifference in this matter.

Table: 5.15: Psychological Impacts

Items	No. of Family	Percentage
Feeling of Lonliness	94	88.67
Psychological Distress	6	5.66
No psychological Effects	7	6.60
Total	106	100

Source: Field Survey, 2014.

5.9.3 Problems in Work and Pays

Low pay and untimely pay are the basic problems in employment, it is found that workers are facing problems at any kinds. Among the sampled workers, 35 workers have faced problem of low pay, 12 workers have been paid untimely, 25 workers have faced the problem working more than normah hours and 10 workers have been given different works than they have promised. However, 24 workers have noticed no mentioned problems.

Table: 5.16 Problems in Work and Pays

Items	No. of Workers
Low paid then promised wages	35
Untimely paid	12
Work more then 8 hrs without pay	25
Different nature of work then promised	10
Not facing any problems	24
Total	106

Source: Field Survey, 2014

CHAPTER VI

SUMMARY, FINDING, CONCLUSION AND RECOMMENDATIONS

6.1 Summary of the Findings

- (i) The main destinations of Nepalese workers are Gulf Countries and Malaysia. Seventy percent of total workers are employed in Gulf countries. By country wise Saudi Arab, Qatar, UAE and Malaysia are main destinations of Nepalese workers.
- (ii) Major reasons to seek foreign employment include unemployment, conflict, family debt burden and to earn money.
- (iii) The average cost for foreign employment was Rs.103.4 thousand. It ranges between to 35 thousand minimum and Rs.350 thousand was maximum. Source of financing for foreign employment for 89.63 percent migrant was borrowings.
- (iv) Major sectors of employment for Nepalese workers were building construction (19.61%), Salesman (21.42%) , Driving and manufacturing companies.
- (v) Age group of 15-29 and 30-44 are relatively more active on foreign employment.
- (vi) Income level of higher education group is high than of low educated employees.
- (vii) Average stay duration of abroad of the respondents was 2.89 years, which ranged between minimum 1 year to maximum 4.25 years.
- (viii) The workers earned more income in Gulf countries than Malaysia. Workers in the field like mechanical, hotel, drivers earn more than industrial, construction and agriculture farming.
- (ix) Most of the workers invest their income in real estate. Their expenditure is maximum on household consumption and repayment of loan.
- (x) Mostly the pattern of education has shifted from government school to private and public school.

- (xi) Only few workers have invested their money in business and industry.
- (xii) The migration pattern has increased rapidly from rural areas to urban areas of the same district and also to other districts.
- (xiii) The use of electronic goods like mobile, television, laptops etc has increased tremendously.
- (xiv) It is found that there is a chronic shortage of manpower for economical activities for agriculture and others in the time of cultivation and harvesting. Due to the lack of manpower the daily wages of such labour is also galloping.
- (xv) Among the sampled households 94 families have faced psychological loneliness and 6 families have faced psychological distress. It has also been found that some females have eloped to another male leaving husband and children. Sexual relationship to other males is also known which is responsible for splitting of family.
- (xvi) The problems like climatic difficulties, low pay, untimely pay, working more than normal hours, working differently than that they have been promised, workers are harming employees. Workers don't get chance to return back to their home when they want are some basic problems faced by foreign employees. Because of these problems, workers arrive before than the contracted tenure. Workers become injured while working in the foreign land and return being disabled.
- (xvii) Manpower agencies are not seen fare in their business deal. They have the lack of professionalism to successfully operate their business.

6.2 Conclusion

The economy is facing an acute/disguised unemployment. So they seek overseas employment to secure better and prosperous the remaining life. To solve the problem of unemployment, overseas employment has become one of the most important sectors. Most of Nepalese youths are attracted in this job. Downfall in economic development, lack of opportunity, low paid range in Nepal as compared

to abroad, lack of capital and proper ideas about business are some major reasons for looking overseas employment.

Remittance has emerged as one of the premier sources of foreign exchange of Nepal. Recently years they have been one important avenue of support for family members remaining at home. It seems migrant workers is an effective tool for poverty reduction. Though freeing employment is boom to the economy, the facilities are inadequate to back of the increasing trend of migration.

6.3 Recommendations

To solve the problems existed in foreign employment, to promote overseas employment and to take the advantages of remittance income more several suggestions can be made. The important recommendations include followings:

-) 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. So, the Ministry of Foreign Employment is required that could facilitate the problems of migrant workers on time. From which we can well manage foreign employment sector.
-) Migrant workers must be aware of the general information about the destination country, job conditions, their rights and duties under the legal regime of the destination country and under international law. This pre-departure training must be provided in collaboration with specialized agencies, NGO's, Trade Unions and migrant support groups in different migrant prone areas. Training should also include aspect such as process of sending remittance through the banking mechanism. So that the workers can select the destination and job suitable for them and inflow of remittance through formal channel can be increased.
-) The labour contract or an agreement with the employer which is essential before going to overseas employment must be done in Nepalese language.

Where by terms and conditions should be included and propose of doing agreement should be clear to him/her. So that the workers could not be cheated in home and foreign land.

-) Most of the respondents have not utilized their remittance and newly learnt skills at abroad while returning at homeland due to lack of technology, non availability of sizeable investments funds and lack of market etc. so the use of remittance into productive sector, it is necessary to make a key policy for sustainable economic growth and to reduce the level of poverty and unemployment.
-) To invest the remittance in productive sector, the government should initiate for the development of bonds like Remittance Bond, having higher rate of interest, or a kind of mutual fund. So that we can generate further income & employment from the remittance.
-) Nepalese government has adopted liberal economy and open democratic environment as its guiding principle economic and political strategy. In this regard, the policy formulated by the government should be guided on that. From that foreign direct investment can be attracted and we can minimize the dependency on foreign employment in the long run.
-) Most of the respondents of this VDC's have gone in unskilled condition. So they cannot earn more income than skilled workers. So technical training institution should be established in rural areas and a person who wants to go foreign employment should be given training before going foreign employment to related work.
-) Remittance has given positive impact on household economic indicators but this is not satisfactory. Maximum parts of remittance have been used as household expenses like loan repayment, house improvement and social spending. Thus the policy should be made to give more information to the respondents UN using their remittance into productive sector and should be given more opportunities to them in using their newly learnt skill.

-) Alternative employment opportunities in the native land should be focused on for long run development as remittances may not have permanent solution of sustainable economic development.
-) There is high sexual, mental and psychological abuse especially in the case of female workers; it should be given special attention.

Questionnaire for household survey, 2014
Central department of economics
Tribhuvan University
(For the Purpose of M.A. Thesis
Problems and Prospectus of Foreign Employment in Nepal

A. Introduction Of Foreign Employees

1. Name.....
2. Age.....
3. Sex.....
4. Education.....
5. Caste/ethnicity.....

B. Socio Economic & Family Status of the Overseas Employees.

6. Total member of the family.....
7. Marital Status
(i) married () (ii) Unmarried ()
8. Did you work anywhere before going for overseas employment?
(i) Yes () (ii) No (No)
If yes what work did you used to do?
.....
...
9. How much annual pay you used to earn from that job/work?
.....
...
10. Were you engaged in any social activities before going overseas employment?
(I) Yes () (II) No ()
If yes in what activities were you involved
.....
11. Do other members of your family is in any job/work?
i) Yes () (ii) No ()
If yes how many members?
.....

C. During the Process of Overseas Employment

12. Where (which country) did you go?
.....

13. Why did you want to go there?

Push factors	Pull factors
(a) Unemployment	(a) Employment
(b) Poverty	(b) Better living standards
(c) Conflict	(c) Better Education
(d) Family loan burden	(d) Friends / Relatives
(e) Others	(e) Others

14. How much did you pay for foreign employment?

15. How did you go there?

- (a) Through MPAs () (b) Through Relatives/ Friends ()
 (c) By own efforts () (d) Others ()

17. Did you have any technical skill before going abroad?

If yes, what did you have?

D. Situation of Overseas Employment

18. Which work did you do abroad?

- (a) Labour () (b) Technical ()
 (c) Official () (d) Store Keeper ()
 (e) Security Guard () (f) Others ()

19. Did you make any agreement with MPA?

- (a) Yes () (b) No ()

If yes, what types of agreement?

20. Were you cheated by MPA?

- (a) Yes () (b) No ()

If yes in what way you cheated?

21. Did you take any training abroad?

- (a) Yes () (b) No ()

If yes, what was the training?

22. Was your work safe?

- (a) Yes () (b) No ()

23. Did you use anything for safety?

- (a) Yes () (b) No ()

24. How much did you earn in a year?

 .

25. How much did you remit in a year?

.....

.

26. Which channel did you use to remit?

(a) Formal Channel () (b) Hundi ()

(c) Friends/ Relatives () (d) Oneself ()

(e) All

27. Why you Use that channel?

.....

.

28. Were you cheated while remitting?

(a) Yes () (b) No ()

29. How long you stay abroad?

.....

30. Do you want to go there again?

(a) Yes () (b) No ()

If yes, why do you want to go?

.....

31. Did you face problems while going for foreign employment?

(a) Yes () (b) No ()

32. Have you faced any types of difficulties/problems in the course of working in foreign land?

(a) Yes () (b) No ()

If yes what types of problems did you face?

(a) Yes () (b) No ()

..... (b)..... (c)..... (d).....

33. Did your households get any difficulties during your stay in foreign land?

(a) Yes () (b) No ()

If yes what types of difficulties did they face?

.....

34. Did you face any problems in works and pay?

(a) Yes () (b) No ()

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