

**FOREIGN LABOUR MIGRATION IN NEPAL; IMPACTS
OF REMITTANCES IN THE NATIONAL ECONOMY**

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Summary

This presentation paper contains the five chapters. The development of the country largely depends on the level of economic development. The economy of the nation depends on the growth of the different sectors like financial institutions, industry etc. Nowadays, banks are highly focused on entering the foreign currency in Nepal through the business called remittance. Many people go abroad to get the job in which they will be paid satisfactory which will lead to the growth of their future as well as could easily support to their families. Hence, they will send some portion of their earned money to their family through service called remittance. In this manner, banks could bring different currencies of the different country to Nepal.

Chapter I deals with the general introduction of the bank with its background. The remittance background has also been described in this chapter. The objectives of the study, significance of the study, problems of the study, importance of the study, limitations of the study and organization of the study have been simultaneously figured out. The brief introduction of remittance and the commercial bank has been illustrated in this chapter.

Chapter II deals with the review of the topic. How the other person has briefed regarding the remittance. What are the ways and methods they have used to enhance the importance of the remittance role in Nepal has been showed in this chapter. What are the things that they didn't mention regarding the role of the remittance which was important in the context of developing countries and which has been mentioned in this study? In this chapter, the methods, modes, different ways to send remittances and the parties involved in this process have been described thoroughly so that people could easily understanding regarding the remittance. The scopes of Nepal's Banking Industry have been point out in this chapter. What are the regulations of Nepal Rastra Bank has been specified in this chapter. Moreover, Nepal Rastra Bank's regulation in terms of

remittance has also been illustrated in a very simple way. This chapter has mentioned the previous studies in the same topic and the difference / gap between the previous studies and the study made by myself. The sectors that were not touched by previous researchers were analyzed and used in this study.

Chapter III deals with the methods and ways of collecting the data of the remittance. The ways of collecting the primary and secondary data has been explained in this chapter. What kind of data is used in this study has been mentioned in this chapter. The ways and techniques to present the data has been researched and used in the thesis. The tools has been described which has been used in the analysis process. All the methods of collecting the data and used for the analysis has been figured out in this study.

Chapter IV deals with the detail information on the remittance in Nepal after analyzing the data which was captured from the different sources by using the different types of methods. For easy purpose and clear view, some of the analysis has been illustrated and explained thru the tables and diagrams. The growths and contribution of remittance to the total economy of the country has been properly explained in this chapter. The contribution of remittance to the GNP of the nation has also been illustrated through tables and graphs. Using the different ways and methods, in this chapter, we had calculated or estimated the amount of remittance which will flow in next year. Moreover, in this chapter, I have included the findings of the study on Remittance in Nepal. What are the issues that have been overcome after studying in the mentioned chapter has been included in this thesis.

In this chapter, we have mentioned the inward and outward remittance flow of Nepal so that people could get clear picture. For clear picture, we have mentioned the utilization of formal and informal channels by the people to send the remittance in Nepal. We have mentioned the remittance flow of India and other countries to Nepal and the worldwide remittance as well.

Objectives of the Study

The objective of this study is to analyze the current impact of remittances on the national economy, assessing their overall contribution to socio –economic development. The focus of this study will be general on its nature, looking and comparing the latest available data on foreign remittances at disposal trying to determine the ways were utilized for the economic growth and also their use for improvement of human development in Nepal. The thesis will contribute to generate a debate among the general public on this important issue that often did not have yet adequate coverage among the different stakeholders.

-) Study the current status and trends of foreign labour migration in major countries of destination for foreign employment.
-) Study the facts and figures of inward remittances received from foreign employment and the role of remittance income for economic development of the country.
-) To analyze the socio-economic implications of remittances in Nepal.
-) To provide suggestions and recommendations to the concerned authorities.

Limitation of the Study

This research explains and analyzes the subject matter with the help of published data, therefore as a conclusion oriented research. It does not concern with fundamental and decision oriented research, considering the above matter, following are the limitations of the research:

-) Since very few researchers have been done in this area in the context of Nepal, the study mainly depends upon the published data.
-) This study is only concerned with the economic impact (micro and macro level) of remittance to its recipients and ultimately to the country as a whole that has resulted due to the booming foreign employment opportunities.
-) Since large volumes of remittance are entering inside the country through informal channels official data collection excludes these figures.

- J The study is mainly based on the published secondary data.
- J This study was conducted to fulfill the requirement of the MBS study of T.U. for a prescribed time, not for generalization purpose.
- J As a research student, the study is unbiased but resources and time period is limited.
- J The truth of the research result is based upon the available data and other sources.

Research Methodology

Research methodology is a set of rules and procedures that are considered while conducting the research. It refers to the aggregate of the research design used, data collection technique used, sampling design implemented, statistical tools and techniques employed and so on. Research methodology has now a due place in the academic programs of the universities in Nepal. The research orientation and activities are encouraged in the college and universities in order to reinforce and improve learning, and to enhance analytical and research skills. Also, it is now widely accepted that an understanding of the concepts and methods of research is not just the concern of the university family, but is essential for other professionals working in different fields. Thus, over the past few decades, the level of interest in research methodology has exploded. The knowledge of research method helps the researcher to find out the exact problem and suggest possible solution before the situation gets out of control.

Population and Sampling

A sample is the collection of items or elements from a population or universe. Hence, sample is only the portion or the subset of the universe or population. It comprises of some observations selected from the population. For instance, if 30 students are drawn from a population of 300 students of a college, 30 students are the sample for the study. Sampling is the process of selecting the sample. Population or universe refers to the entire group of people, events, or things of interest that the wishes to investigate. For example, if a student is

interested in investigating the smoking habits of the employees in that factory will form the population. Population may be finite or infinite. A finite population is one containing a fixed number of elements. The number of books in the library is an example of finite population. An infinite population is one without limits of any kind and is therefore indeterminate.

Nature of Data

The word 'data' in a simple sense is aggregate of facts which can numerically be expressed. Data are raw, facts or unanalyzed number which provides some important information after they are processed. Data are gathered for making correct and important decision concerning the field of enquiry.

Findings of the Study

Based upon the study of the various aspects of the remittance in Nepal, we came to know that remittance has been playing a vital role in the growth of the economy of Nepal. The major findings drawn from the study are pointed as follows:

-) Huge numbers of Nepali people are migrating day by day in search of an opportunity. According to the Table 4.1 Flow of Foreign Labour Migration from Nepal in Different Years, it clearly shows that the total numbers of migrants in FY 2000/01 are 55,025 which were just 2,159 in FY 1994/95. Further, in FY 2006/07 the total number is 204533 which have reached 384,665 in FY 2011/12. Major reason to seek foreign employment is unemployment, family debt and family burden, lack of opportunity and lack of proper environment for business in the country itself.
-) The top destination country seems Malaysia which has received the total number of Nepali migrant during FY 1994/95 to FY 2011/12 is 619,725 which are presented in the Table 4.2 Volume of Nepali Migrants to Different Main Destination. Likewise, Qatar has received 584,195, Saudi Arabia has received 394,572, UAE has received 262,379 and Kuwait has

received 57,145. Therefore following Malaysia; the other destination countries Qatar, Saudi Arabia, UAE & Kuwait are ranked in top five countries accordingly.

- J) As per the Table 4.3 No. of Male Migrant in Various Year and Table 4.4 No. of Female Migrants in Various Years, it tries to bring the Nepali female migrants in the picture of the study even though female migrant are in very few numbers in comparison to the male migrant worker. The number of both male and female migrant are in increasing rate. Total number of Male migrants has reached 361,707 in FY 2011/12 from 204,143 in FY 2006/07. Likewise, total number of Female migrants has reached 22,958 in 2011/12 which was just 390 in FY 2006/07.
- J) Despite global recession, remittance flow to Nepal seems to have increased consistently shown in the Table 4.5 Official Remittance Flow (Rs. Billion) to Nepal for Different Years. There is rapid increase in the remittance in FY 2007/08 and FY 2008/09. On the surface, this seems paradoxical, because it is seen that there is decline in number of migrant labourers in FY 2008/09 as compared to FY 2007/08. But remittance has increased even in FY 2008/09 and so on 2009/10 to 231.73 billion, FY 2010/11 to 259.08 billion & FY 2011/12 to 320.38 billion. The reason could be many. It is largely argued that workers sent their savings in the view of their expected return to Nepal due to global recession. Another reason could be that as this is official flow of remittance, the amount might have increased because of rapid increase in remittance business agency in FY 2008/09. But it is difficult to clearly understand why the remittance increased that substantially.
- J) The three NLSS (I in FY 1995/96, II in FY 2003/04 and III in 2010/11) reveal contribution of remittances to household economy which is presented in Table 4.6 Summary Statistics of Remittances and transfers. In FY 1995/96, about 23.4% households received remittances, which increased to 31.9% in FY 2003/04 and so 55.8% in FY 2010/11. Remittance per remittance-receiving household has increased consistently

in these periods. In these periods, remittance from Nepal and India has been declining steadily, but from other countries has increased significantly, from 22.4% of total remittance in FY 1995/96 to 53.3% of total remittance in FY 2003/04 to 69.1% of total remittance in FY 2010/11. The average amount received (only by remitting receiving household) also doubled in nominal terms in the first two periods (from Rs.15,160 to Rs.34,698) and drastically increased to Rs.80,436 in FY 2010/11.

Conclusion

There are pros and cons of all the products in the world. Any matter/product has its positive and negative impact on the economy. In this globalization period, all the products can be seen in the form of good and bad. It is the people who are responsible for using those products in a good or bad manner. Hence, the people who are using that product should have a pure heart who does not want to hurt anyone for their own benefits and who does not want to cheat their nation for their own benefits.

Remittance has also its pros and cons. Because of the migration, many skilled, talented and energetic people of the country have been migrated and hardly have they returned to their motherland. Many people returns only after their age didn't support them to work. Thus, country is lacking its energetic, talented and skilled manpower. Because of the lack of opportunities and the less benefit, many people of developing countries are migrating to the developed countries and this rate has been increasing year by year. Although mentioning the disadvantage of the remittance, it has a great advantage in the developing countries GDP. It plays a vital role in the development of the country by helping to increase or uplift the economy of the nation. Many people's living standard has been increased through remittance. Remittance income in developing countries has become a lifeline for economic development. Remittances are especially important for low-income countries or developing

countries like Nepal. It helps to boost the economy of the nation. Thus, we have to educate all the people to use the formal channels to send their money to their family so that the money will be safe and secure plus the nation received the benefits from this as well.

Thus, in summation, we can say that remittance has played a great role to sustain or maintain the economy as well as it helps to boost the economy of the country.

In the difficult situation of the country where there was the internal war between Maoist and the Government many business suffered. However, due to good volume of flow of remittance, the economy of the country was well placed. Remittance prevents economy to suffer from the internal war in the nation. Therefore, government should look into the possibilities to improve the remittance field in Nepal by imposing less tax.

Recommendation

Undergoing through above study it is concluded that the remittances sent by Nepalese foreign labour migrant is the backbone of the economy of the developing countries. We have seen in the above analysis as well that how the remittance has played the vital part in development of the economy of the nation. Government should take a proactive action against the remittance. Government should actively promote the formal channels of remittance inflow and discourage the informal channel of remittances. People should be educated regarding the pros and cons of formal and informal channels. They should understand the insecurity and time consuming pattern in transmitting the remittance through informal channels. They should be educated in terms of the security of the fund and the less time consuming pattern by transmitting the fund through formal channels. Based on the study, the following recommendations are adopted for the effective management of foreign employment occupation and regarding true utilization of remittance earnings as

well it is recommended that Nepal Rastra Bank in co-operation with other stakeholders should come up with concrete measures, which are also summarized below:

-) Millions of youth are compelled to heading for overseas seeking employment due to failure in creating opportunities within the country. Statistics for the last five years shows on average 250,000 people leaving the country annually for foreign employment, and the number is on rise. Although foreign employment remains a major source of foreign currency for the country, in the long-run it could fall in the remittance trap. It is another challenge of engaging the youths in the nation's development by creating employment opportunity within the country itself.
-) The country's economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in savings and investment rates. Consumption to GDP that stood at 88.3 percent in FY 200/01 has gone up to 93.3 percent by FY 2010/11. Consumption oriented economy naturally leads to dependency resulting in the dearth of resource for investment. Hence, the concerned body of GoN should create the foundation for economic growth through enhancement of saving and investment levels by discouraging unnecessary consumption.
-) Since most of the Nepali migrants have gone to Malaysia and Gulf Countries, so these destinations are congested area of the Nepali migrants whereas very less Nepali migrant went to Korea, Japan, USA etc where they can earn much more money because of skill, education and confidence etc. The Government of Nepal should make new policy to identify new potentialities destinations and create opportunities to go these destinations where the skilled workers will earn more money than the existing countries. Thus, government and recruiting agencies should initiate in providing appropriate trainings to the potential migrants to develop their skills. Apart from this, government should establish

Nepalese Embassy in these potential countries and should effectively monitor over the employment company's activity.

) An integrated operational system constituting high level effective coordination structure of all stakeholder agencies should establish to coordinate all related matters dealing with foreign employment down to the local level. Priority should give to labour diplomacy by appointing competent and professional labour attache' in destination countries, mobilizing non-resident Nepalis in expanding and promoting labour market, and protecting the rights of labour migrant workers. Conclude labour agreements with major destination countries. Foreign employment oriented quality training should provide to ensure access of women, dalits, poor, marginalized communities and people from remote areas.