

**Foreign Employment and Remittance in Nepal:  
Trend Analysis (FY 1996/97-2010/11)**

**A Thesis**

**Submitted to the Department of Economics,  
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in partial fulfillment of the requirements for the Degree of**

**MASTERS OF ARTS**

**in**

**ECONOMICS**

**Submitted by**

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**LETTER OF RECOMMENDATION**

This thesis entitled **“Foreign Employment and Remittance in Nepal: Trend Analysis (FY 1996/97-2010/11)”** has been prepared by Amar Nath Bhusal under my supervision. I hereby recommend it for approval by the Thesis Evaluation Committee.

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**APPROVAL LETTER**

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## ABSTRACT

*This study entitled “Foreign Employment and Remittance in Nepal: Trend Analysis (1996/97-2010/2011)” has been carried out in partial fulfillment for the degree of Master of Arts in Economics.*

*The study analyzes the trend of foreign employment and remittance in Nepal. For this purpose secondary data have been gathered. The data for this study have been collected through annual reports, journals, economic survey and related publications. These data have been presented in tables, figures, percentage and ratio. Correlation analysis has been computed to clarify the facts under study. The trend line and diagrams are also useful to justify the objectives under study.*

*During the study period, foreign employment has become a major contributor to increase income in the economy of Nepal. The number working abroad has been increased from 3259 to 384665 maintaining positive growth rate in comparison to previous FY except in FY 2008/09. Despite the country has opened the door for 108 countries, Malaysia, Middle East were the major destination of Nepalese job seekers. The amount of remittance has increased from Rs 2938 million to Rs 259.5 billion during the study period which shows the growing importance of foreign employment.*

*The average remittance to GDP ratio during the study period is found to be 13.2 that show the importance of remittance to overall economic activities of the country. The correlation coefficient of these two variables is found to be 0.62, which shows that the closer relationship between these variables. Consumption has sharply increased and become about Rs 1257.2 billion in FY 2010/11 along with remittance clears linkage between these two variables. Both poverty and remittance basically rural variables that have strong association in Nepal. Poverty level has decreased from 30.85 percent in FY 2003/04 to 25.16 percent in FY 2010/2011. Such achievement would not be possible without upsurge of remittance in rural Nepal. In FY 2009/10, remittance-CFE ratio become 61.6 percent shows the importance of remittance on CFE availability of the country. Various policies have been launched by the government to manage foreign employment sector well in its budget speech, periodic plans, employment related laws etc. The government should emphasize effective implementation of existing policies rather than to run for making only new policies.*

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## LIST OF ACRONYMS

BOP	:	Balance of Payment
CBS	:	Central Bureau of Statistics
CFE	:	Convertible Foreign Exchange
DLEP	:	Department of Labor and Employment promotion
ESCAP	:	Economic and Social Commission for Asia and Pacific
FDI	:	Foreign Direct Investment
GDP	:	Gross Domestic Product
GDS	:	Gross Domestic Saving
GON	:	Government of Nepal
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
MOF	:	Ministry of Finance
MOLATM	:	Ministry of Labor and Transport Management
NIDS	:	Nepal Institute of Development Studies
NLFS	:	Nepal Labor Force Survey
NLSS	:	Nepal Living Standard Survey
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
IPRD	:	Institute for Policy Research and Development
REM	:	Remittance
UN	:	United Nation
UNIFEM	:	United Nations Development Fund for Women
USAID	:	United State Agency for International Development
WB	:	World Bank
WMR	:	World Migration Report