

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Foreign employment is the process of migration from one place to another or one country to another country. Nowadays it has been global challenge to manage for most of LDCs. People do not want to stay in one place for a long period because the world itself is complex due to excessive population growth that creates lack of facilities, social disorder, lack of opportunity and lack of employment. Human needs are unlimited; so they migrate in search of education, health services, good living standard, entertainment and social security. In the least developed country like Nepal, the economy is small and it is not able to manage human resource and also not able to use the available natural resources. In such country there is problem of geographical difficulties, political instability, internal conflict, corruption, smuggling, robbery, lack of good governance etc. So, people migrate abroad for different purposes but employment is main phenomenon in LDCs.

Remittance income in developing countries has become a life line for economic development. By remittance we mean sending income in terms of money or goods in home by the migrants or the workers who have their earnings outside their home countries. Nowadays, this source of foreign income has been growing rapidly in each year in developing countries. Since long time in Nepal, many migrants have been transferring their incomes through the unofficial channels. Today, due to the establishment of different agencies like western union, international money express (IME) etc in several district headquarters of the country, the remittance flow has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flow in Nepal due to the emergence of unofficial channel even though it has recorded in balance of payment account. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 % of the recorded flows in developing countries (Ratha, 2005).

Migration is as old as the history of people has moved from country to country for searching new resources. From the early wild life age, people had been moving

different places for better facilities. The transmigration of human factor raised at the beginning of the process of civilization. Migration is form of geographical spiritual mobility between one geographical unit and another, generally involving the change in residency from the place of origin to the place of destination. People had been moving one place to another since ancient period and continue at present which has been an international phenomenon resulted due to complex mechanism, psychological, political, and institutional and other determinants (Singh, 2006).

On the context of Nepal labor migration and remittance have emerged over the last three decades as important feature of Nepalese economy. Although foreign employment and remittance for Nepalese people has long history, foreign labor migration and remittance have emerged over the last two decades as a prominent feature of Nepalese economy. It was started before early nineteenth century when the first Nepalese traveled to Lahore to join army of Sikh Ruler. Formally it started after Anglo-Nepal friendship treaty of 1816 that recruited 3000 Nepalese solders in British Gorkha Regiment. In this circumstance, foreign employment and remittance had been seen as major key factor to uplift the economic conditions of public, country and the world as well. Therefore the government was forced to adopt a liberal economic policy regarding operation of foreign employment.

One of the major sources of economy in the context of Nepal is remittance that covers nearly 30 percent of GDP in the F.Y. 2072/073 (MoF, 2016). In the last few years, demand for middle class manpower is very high in international labor market, especially in the Gulf countries. So, remittance has a vital role for capital-flow or currency-flow in developing countries. Now a day, poverty is burning challenge of both developing as well as under developed countries only the difference is its magnitude and types of poverty. It is a worldwide phenomenon and however it differs in its magnitude from one country to another.

Migration also affects those who remain at home. As a large percentage of youth leave the country for work, the elderly, women and children are left behind in a socially and economically insecure environment. The disruption of family relationships affects women disproportionately. In this present situation remittance is playing very vital role to reduce poverty level of Nepal to the downward ranges, especially in rural areas where there is no other opportunities to earn and get

employment without agricultural sector. But due to the lack of proper government policy to encourage the remittance income is the productive sector, almost 80 percent of remittance money is used in unproductive sectors like home building land buying and other luxurious goods. The people are migrated to other countries for work and earn money, which certainly help to reduce poverty level of rural areas.

Total number of absent population in Nepal is found to be 1,921,494 in 2011 against 762,181 in 2001. The highest proportion (44.81 percent) of absent population is from the age group 15 to 24 years (CBS, 2011). This is not clear, whether there is any relation among absent population, total migrated population and foreign employment or not. Despite these, this study mainly focuses on the impact of remittance income.

1.2 Statement of Problem

Recently due to the concept of globalization, remittance has become a basis of development for any developing country. The magnitude may differ but the role of the remittance to the development cannot be denied. The developing countries in this age can't even take a foot path ahead without external help like remittance, foreign direct investment and the foreign aid. In the case of Nepal, in this present situation of post war the one and only source of economic stabilization and growth is remittance income. According to CBS Nepal's per capita income is US \$ 640 (CBS, 2011) which is only due to the increasing trend of remittance income. But last fiscal year, it was US \$ 862 in GDP (MoF, 2017).

If we go on the poverty situation, its magnitude is very large especially in the rural areas most of the people are migrated to the overseas countries for work and earn money for the future of their family. In the rural areas we can find that most of the lower and middle class families are under debt. If any member of that family is migrated to other countries its debt is comparatively less than other families. So remittance income is playing very great role in the economic situation.

The contribution of remittance is nearly 30% in GDP and every year 5 lakh 12 thousand labors come in Nepalese labor market (MoF, 2017). The major factors attributing to large demand labor employment from Nepal are related to higher rate of unemployment, limited employment opportunities, low salary structure in the economy, insecurity in the rural areas because of insurgency and so on (Karki, 2006).

Other main reason is the willingness and enthusiasm of Nepal youth to visit and work in foreign country.

One of the wrong situations in overall development of the economy is use of remittance in inefficient place. Even though, the National Planning Commission has given priority for improvement in foreign employment and proper use of the remittance. In this regard, this study is projected to address the following questions, which are related to remittance and its proper economic use in the study area:

- a). What is the nature and trend of foreign employment in Nepal?
- b) What is the contribution of foreign employment in the study area?

1.3 Objectives of the Study

The main objective of the study is to analyze the role of foreign employment and remittance in economic status of migrants' households in the study area. Beside this, the specific objectives of this study are as follows:

- a) To analyze the nature and trend of foreign employment in Nepal.
- c) To assess the contribution of foreign employment in the study area.

1.4 Significance of the Study

In different periodic plan of government of Nepal has been implementing poverty reduction program for long time. Specially, since eight- five years plan, alleviation of poverty has been granted highest priority. Likewise several short as well as long term programs have been launched in this related field but results are not so satisfactory due to so many problems of the economy like unemployment, instability of government, natural disasters and good education system etc., large number of young manpower have migrated to foreign countries for work to the other countries or brain drain. Due to this emigration of stream somehow the people have been able to fulfill their basic needs. Therefore in this present time the remittance income is playing very important role to reduce then poverty in the rural areas of our country Nepal. Especially, in these areas of Nepal where there is no any job an opportunity to earn money to fulfill their basic needs except the agriculture sectors is very low. The people of the rural areas work for all the year but hardly get food even for six months.

When we compare the poverty level as well as the living standard of the migrated family and non-migrated family the migrated people's family is in high condition of living standard or they are feeling very comfortable to fulfill their basic needs for their existence.

But most of the remittance income is use in the unproductive fields like house building, land purchasing of luxuries goods and consumption etc. therefore the remittance income is not playing actual role for the development of the country as well as the reduction of the poverty level of entire country. In other words, in this days the remittance income is using in the advantage of the migrated people and their family only. If the remittance income is invested in the productive sector like industries development activities etc., then only the effect of that remittance income can be felt by other citizens of Nepal.

A growing trend foreign employment and remittances has drawn attention of both academia and policy makers. It is very much essential to the policy maker to know about the problems and prospect of foreign employment and to make effective policies regarding foreign employment. It also draws the attention of the government whether to encourage foreign employment or to discourage foreign employment. It is one of the challenging issues to mange foreign employment in least developed countries. It is one of the current issues of any researchers to have knowledge about it and it is also equally importance to other stakeholders. So this issue about foreign employment is one of the contemporary subject matter of the developing economy whose major source of income is remittance.

1.5 Limitations of the Study

The study has following limitations:

- i. The study is concentrated in Manchhyam Rural Municipality word no 5 and 6 to analyze the nature and trend of migration of the people in foreign employment in micro level.
- ii. Price of all commodities is calculated on the current price.
- iii. Only economic variables are analyzed.

- iv. Most of the data were brought from sampled people in Manchhyam Rural Municipality ward no 5 and 6.

1.6 Organization of the Study

The study has been separated into six chapters. The first chapter is the introductory chapter which includes background of study area, statement of the problem, objectives of the study, significance of the study, limitations of the study, and organization of the study. The second chapter focuses on the review of the literature that is divided into international context, Nepalese context and research gap. The third chapter is the research methodology that includes the research design, nature and sources of data, sample period covered, population, sample and sampling procedure, tools and method of primary data collection, data organization and processing, and tools and method of data analysis. The fourth chapter shows the trend of both foreign employment and remittance. The fifth chapter is the data presentation and analysis related to the study area. The last chapter is the major findings, conclusion and recommendations.

CHAPTER - II

REVIEW OF LITERATURE

The present research aims to analyze the inflow of remittance and its utilization as well on an economy which is entering inside the country. For this purpose, a review of related literatures in this concerned area is must, which will help to get clear ideas, opinions and other concepts. This chapter emphasize about the literatures which were concerned in this connections. Therefore, in this chapter conceptual framework given by different authors and intellectuals of this area, books, journals, research work and previous thesis related to labor migration and inward remittances are reviewed. Moreover foreign employment issues and inflow of inward remittances are reviewed and attempt has been made to present them properly.

2.1 International Context

IMF (1993) stated that workers remittance cover current transfer by migrants who are employed in new economics and considered residents there. A migrant is a person who comes to on economy and stays or in expected to stay for a year or more. Workers remittance often involved related persons. Persons who work for and stay in new economies for less than a year are considered nonresidents; their transactions are appropriate mainly to the component for compensation of employs

Nail (1995) pursuant to employment regulations, foreign employer means a legal or natural entity with its registered office outside the territory of the Czech Republic, with no permanent business presence in the Czech Republic, where such entity posts its employees to the Czech Republic to implement a commercial or other contract entered into with a domestic legal or natural entity. The posted employees are in an employment relationship with this foreign employer and, after they complete the job for which they have been posted by that employer to the Czech Republic, they return to the employer's registered office. Compliance with the requirements associated with the posting of employees is the responsibility of the legal or natural entity to which the foreigner will be posted by the foreign employer.

Many developing country governments have encouraged international labour migration, more often implicitly than explicitly. Such countries include Turkey, the Philippines, South Korea, India, Pakistan, Bangladesh, Sri Lanka, Jamaica, Cuba,

Barbados, Mexico, El Salvador, and Nicaragua. Their reasons are multiple. Emigration can provide relatively well-paid employment, especially attractive for governments struggling to keep pace with rapid labour force increases. In some countries (Egypt, Sri Lanka and India are prominent examples), educational systems are producing numbers of highly-educated graduates far in excess of domestic demand for such persons. By providing employment for both unskilled and skilled workers, emigration offers an outlet for domestic frustration that might otherwise present serious political problems, and can produce large inflows of valuable hard currency remittances.

Moreover, some governments have welcomed, if not encouraged, the emigration of selected ethnic groups and political dissidents. At the same time, sending country governments express concern that emigration deprives these nations of their best human resources, represents a transfer of educational investment from poor to rich countries and leads to abuses or exploitation of their workers. Out-migration can also pose the risk of rather serious and sometimes dramatic economic problems and the need to make sudden adaptations when migrants return unexpectedly and in large numbers, as occurred in the aftermath of Iraq's incursion into Kuwait in 1990.

Manterd (1997) concluded that the consequences of international migration for development (and the effects of development on migration) in countries of origin remain hotly debated – and poorly understood. The positive links are most clear over the long term, as illustrated historically by countries such as Sweden, Germany, and Britain, and more recently by 'transition cases' such as Italy, Greece, South Korea, and Taiwan, all of which went from being countries of emigration to countries of immigration. Over the short term (10 to 20 years), it has proven difficult to demonstrate empirically any 'automatic mechanism' by which international migration results in development. At the same time, there is evidence that rapid and successful development may increase emigration in the short term.

Although the poorest seldom have the means to migrate, remittances have been shown to play an important role in poverty alleviation for migrant households and in sub-national areas of out migration. The consequences remittances for income inequality depend greatly on the income composition of a given migrant stream. Inequality may increase if migrants are concentrated in upper-income households, but

may have neutral effect where migrants are fairly evenly distributed across income levels. The consequences of migration for labour markets and human capital in countries of origin are multiple and most often context-specific. It has been difficult to demonstrate absolute reductions in unemployment as a result of international migration, but emigration does appear to play an important role in absorbing labour force growth. Whether or not emigration constitutes a “drain” of workers at any skill level sufficient to hinder the development process depends upon the availability of human and other resources to fill the gap. Similarly, migration may or may not contribute to the acquisition of skills abroad. It is more clearly evident, however, that migration and remittances improve the ability of migrant families to educate and provide health care for their children.

Coss (2006) analysed that micro economic impacts in Latin America, found that consumption is overwhelming and increasingly important motive for sending money home by the emigrants and only negligible fraction is sent for assets accumulation. He also adds citing results of other studies that (a) remittance are accompanied by decline in female labour supply on account of income effects in Mexico; (b) household remittance receipt appears to be associated with a lower household likelihood of business ownership in Dominican republic because remittance can fulfil basic consumption needs; (C) the receipt of remittance has no discernible impact on the likelihood of achieving an age-appropriate education among children and (d) remittance income has the significant impact on health care expenditure among poorer households. In the case of Mexico, children are less likely to be breastfed and less likely to receive their full vaccination. Migration can increase inequality at first, but because of spill over effect and increasing network, inequality can decline later. Migration lowers the educational attainment of children due to the combination of parental absence arising from current migration as well as from lower future returns to schooling for children who intend to migrate.

Stark and Bloom(1985) 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 households initial relatives deprivation.

Chaudhary (1993) in his book has quoted five different researches conducted by (i) H. Remple, R. Lobdell (ii) G. E. Jonson and W. E. White in Kenya (iii) Remple and Cobdell in Pakistan (iv) B. Banrjee in Delhi (v) ILO and presented by A.S. Oberai and HKM Singh. The 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 type of capital formation. But the amount of remittance certainly is not equal. Chaudhary (1993) studied in his own research about the use of remittance. He concludes that first, initial consumption pattern largely affected the use of it. If the recipient is below the poverty line his/her elasticity of demand on necessary things 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 Chaudhary that affects the use is value system and attitude towards different types of occupation. Ravenstein (1885) was the first person to attempt forming migration theory, Ravenstein's "laws of migration" is also known as pull-push factors of migration; still predominates as framework of migration analysis. Push factors are land tenure system, unfavorable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of rural poverty in general and so on. Pull factors are employment, education and other facilities are opportunities known as bright light of the towns. On the one hand push factors push the migration from their place of origin and on the other hand pull factors pull the migration to the place of destination.

Quayyum (2008) focused on the importance of remittances inflow and its implication for economic growth and poverty reduction in Pakistan. By using ARDL approach where they analyzed the impact of remittances inflow on economic growth and

poverty in Pakistan for the period 1973-2007. The district wise analysis of poverty suggests that overseas migration contributes to poverty alleviation in the districts of Punjab, Sindh and Balochistan. However, NWFP is not portraying a clear picture. The empirical evidence shows that remittances effect economic growth positively and significantly. Furthermore the study also finds that remittances has a strong and statistically significant impact on poverty reduction thus suggesting that there are substantial potential benefits associated with international migration for poor people in developing countries like Pakistan. So the importance of remittance inflows cannot be denied in terms of growth enhancement and poverty reduction that consequently improves the social and economic conditions of the recipient country.

Fayissa and Nsiah (2008) argued that remittances enhance economic growth in countries where financial systems are not very strong by providing an alternative way to finance investment and help to overcome liquidity constraints. They argued that remittance is the back bone of the economy to enhance the living standard of the people. The study focused on national remittance and overseas workers that most of the LDCs income is from working in abroad. People migrate from one place to another in search of job where some of them are skilled, unskilled and semi-skilled. Income generated by skilled people is comparatively higher than unskilled and semi-skilled. Those countries that send skilled manpower to other countries earn higher income which is helpful to improve the level of poverty and living standard.

Most poverty reduction is possible only through the skilled manpower and good monetization by saving in banks which flow directly in productive sectors that rises the income of the people of the country. So, foreign employment and remittance play vital role for any countries that it helps the poor country to be employed and boost the economy of developed countries.

World Bank (2008) stated that 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 developing 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. It also stated in the BOP

manual (9th edition), states workers remittance cover current transfer by migrants who are employed in new economies and considered residents there. A migrant is a person who comes to on economy and stays or in expected to stay for a year or more. Workers remittance often involved related persons. Persons who work for and stay in new economies for less than a year are considered nonresidents; their transactions are appropriate mainly to the component for compensation of employs.

Mahmud, Sabur& Tamanna (2009) established the relationship between remittance, migration and development in the journal of sustainable development. On the basis of purpose of their study, they have recognized two distinct approaches about international migration by reviewing past literatures; one functional and second structural concept of migration and develop a new concept of migration known as integrated approach to international migration. This approach conceptualized migration as either cumulative decision of individual or a manifestation of a social structure. This approach has viewed migration as household strategy focused not so much to maximize income, as to diversify sources of income in order to minimize risk like unemployment, crops failure, loss of income etc. The direct effect of remittance is the contribution to national income while the indirect effect includes the shift in production stemming from withdrawal of labor force, erasing foreign exchange constraints and enhancing domestic saving and investment.

Maelan (2010) argued that migrants remittances contribute significantly to poverty reduction in developing countries and that their effect is all the more important that they are sent to countries which are more vulnerable. Since migrants remittances represent an important source of income for households living in home countries, these flows may have an effect on poverty in developing countries. Several microeconomic studies have shown that remittances often play an insurance role for migrants' families, but no analysis studied the stabilizing role played by remittances at the macroeconomic level. This specificity could be all the more determinant for developing countries that they are characterized by macroeconomic instability, especially trade instability based on their dependency on basic products.

While the negative effect of instability on development is largely recognized, to our knowledge, instability has not been taken into account at the macroeconomic level in the debate on the role played by remittances in development of home countries. Using

a panel sample of 65 developing countries over the period 1980- 2005, they first find that remittances have a significant and positive effect on poverty reduction in countries of origin. Furthermore, the effect of macroeconomic instability, and more precisely of trade instability and of climatic instability on poverty in home countries, is all the more attenuated that remittances are important. This result about the stabilizing role of remittances in developing countries confirms the microeconomic theory according to which remittances can play an insurance role for migrants' families.

Stratan and Christuga (2012) argued about the economic consequences of remittance in case of Moldova Republic. Workers' remittances have become the single most important source of foreign exchange currency in Moldova. Such high level of workers' remittance has huge macro economic consequences. Workers' remittances have played a significant role in boosting growth in recent years, through their effect on consumption. According to a government survey, on an average remittance constitute at least 65 percent of the recipient family in 41 percent families with migrant and between 35 to 65 percent for another 25 percent. The largest part of remittances is used to meet basic current consumption needs and the remainder to buy houses and land.

In case of role of remittance in growth of Moldova, unfortunately, higher the share of remittance on GDP does not increase the marginal propensity to invest. An increase in real GDP by 1% will increase remittances by 2.7% suggests that remittances respond to investment opportunities and the business and political climate in the home country as much as to altruistic and insurance considerations. So, to benefit from remittances and encourage sustainable GDP growth, it is important to assure stability at least for medium term period, macroeconomic stability and sound national policy and program which encourage the development of quality factors of economic growth. Good business environment, investment climate and functional national institutions. In addition, strong national education system and some additional national policies and programs are also much more important that could channel remittances to productive sectors in the economy.

IMF (2013) pointed out the fact that India receives the highest remittance, followed by China (\$51 billion) and Mexico (\$22.6 billion), Philippines (\$21.3 billion) and

France (\$15.9 billion). Though there was a slight dip in remittance from 2008 to 2009, it bounced back in 2010 to a level higher than in 2008. Kerala and Punjab are currently among the states which receive the highest remittance from overseas residents. Didar Singh believes the increase in remittances has much to do with a great degree of faith in the Indian banking system, coupled with a lack of faith in US banks. "Remittance may be in a number of forms, such as domestic consumption, property, health and education. This is real money that is very much a part of the local economy, and is not money that is simply parked in a bank," he adds. Just how much do the 27 million global desis, scattered across 190 countries around the world, contribute to the Indian economy? World Bank figures show a dramatic increase of almost 162% in the remittance that India receives from overseas Indians over the last eight years. While India received nearly \$21 billion from overseas Indians in 2003, the figure jumped to \$55 billion in 2010.

World Bank (2016) viewed that income generated through foreign employment is approximately 53,131 million Us Dollars through global. The world wide remittance income to GDP ratio is equal to 0.7 percent. officially recorded remittance flows to developing countries are estimated to grow by 6.5 per cent over Us Dollars 351 billion in 2016, with India again topping the chart with Us dollars 58 billion , followed by China (Us Dollars 57 billion), Mexico (Us Dollars 24 billion) and the Philippines (Us Dollars 23 billion). Similarly other large recipients are Nigeria, Egypt, Pakistan, Bangladesh and so on. In its report, the world bank notes that the true size of remittance flows, including unrecorded flows through formal and informal channels, is believed to be significantly larger. As a percentage of GDP, the top recipients of remittances in 2016 were Tajikistan (47 per cent), Liberia (31 per cent), Kyrgyz Republic (29 per cent), Lesotho (27 per cent), Moldova (23 per cent), Nepal (22 per cent), and Samoa (21 per cent). Worldwide remittances, including those to high-income countries are estimated to grow to Us Dollars 685 billion in 2015.

According to Work Bank, remittances to developing countries are expected to rise 8% in 2018 and 10% in 2019 to reach Us Dollars 534 billion in 2015. For South Asia, remittances in 2017 are expected to total Us Dollars 109 billion an increase of 12.5 per cent over 2016. East Asia and Pacific region, is estimated to attract Us Dollars

114 billion, an increase of 7.2 per cent over 2016; While Middle East and North Africa (MENA) is expected to receive Us Dollars 47 billion, an increase of 8.4 per cent over the previous year.

Tahir et.al (2015) examined the impacts of external factors like foreign remittances, FDI and imports on economic growth process of Pakistan economy through time series data analysis during the period 1977-2013. The main findings of this study is that remittances have played the vital role in the economic growth and also increase foreign exchange reserves which in turn stabilizes t domestic economy. Not only that, there is also positive and significant relationship between FDI and economic growth. An increase of one percent in FDI influenced the economic growth by 0.42. But, there is adverse relationship between economic growth and import. Theoretically, imports have positive relationship with economic growth but it depends on the structure and composition of imports. Main recommendations for government and policy makers on the basis of findings of study for sustainable development of economy are: attract FDI through business friendly environment, resolve power shortage issues, ensure better law and order conditions to boost the confidence of the foreign investors, implementation of policy about use of remittance in productive sector and minimization of imports of consumable goods by promoting for import of new technologies, ideas, capital goods and equipment to reduce the negative impact of import on growth of the economy.

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2.2 Nepalese Context

The Foreign Employment Act - 2064 (B.S. 2008) is enacted and enforced for promoting the business of foreign employment while safeguarding the rights and interests of workers and foreign employment entrepreneur's by making it a safe, well managed and dignified profession. As per the provision of the act, a separate foreign employment is established on 31 Dec. 2008 under the Ministry of Labor and Transport Management to look after foreign employment related activities, after its establishment, the department has adopted number of policies like rigorously curbing foreign employment related funds in collaboration with the private sector, ensure that conditions of contracts are enforced through effective monitoring in coordination with diplomatic mission abroad and see whether employees get the job and wages as stipulated in the contract. In addition, it is also responsible to make the employment agencies pay compensations to the persons made to return being stranded in foreign countries, strictly enforce the system of imparting orientation training before leaving for foreign employment and arranging necessary facilitation to the outgoing and returning workers at the international airport (NLC. 2015).

Kunwar (1993) viewed that foreign migration was due to low productivity and insufficient land which are the causes to leave the place of origin and hope to be better off in term of physical facilities and infrastructure at destination.

Seddon (2003) concluded that the major portion of the remittance is used for meeting household consumption and paying off loans borrowed to go abroad. Remittances are used for meeting daily necessities like food, clothing and payment of debt and interest. The survey done by department of women development under ministry of women, children and social welfare, on employment of women (2003) found that families were living out of remittance money. And remittance was helping to prevent more people from falling below poverty line. Use of remittance for the improvement

of the living standard is referred to by several studies (Seddon, 2003) Improvement in living standard includes housing improvement; higher expenditure on food, on personal items, domestic, equipment and other consumer durable.

Karna (2004) concluded that after the Second World War, employment opportunities in India grew significant and increasing number of Nepalese went there to find work, mainly in lower paid and menial jobs. This was widely consider a manifestation of Nepal's lack of development and helped encourage an emerging critique of Rana's failure to promote development in Nepal. After India independence (1947) and Treaty of friendship (1950) with India, there were few traveling restriction and no special permits required. Work could even be finding in the public sector in the India army, the police force and civil service. Many Nepalese joined the Indian army and police force on even larger no sought employment in the private sector. The study also argued that there are diverse migration pattern in Nepal. There is substantial internal migration from rural to urban areas and even within rural areas, driven by poverty, internal conflict, searching for jobs and better earning. The cross-border migration is mainly to India. Nepalese workers move to the Middle East and Asian countries for temporary employment. There is a flow of skilled emigration to more developed countries.

NRB (2005) found that 86 percent of Nepalese emigrant workers, other than India are working in the Middle East countries. Moreover, a majority (85 percent) of foreign employee are labour and 13 percent in army and a very small portion (2 percent) in foreign government services. The study further reveals that almost half of the people working abroad get only US 150 per month. It further points out that only one-fifth of emigrant workers send their money through banking channels.

Bhattarai (2005) conducted research with the aim of evaluating the Nepalese government policies and programs related to the regulation and management of foreign employment profession in Nepal with the major objectives as: (i) to identify the major issues and challenges in foreign employment (ii) to identify the problems faced by migrant workers (both male and female) both in home country and the country of destination (iii) to prioritize the needs of international migrant labors (iv) to evaluate the existing government policies and programs and suggest appropriate amendments in the existing policies. He found that lack of government monitoring in

foreign employment, deception of foreign employers inside and outside the country, unnecessary problems in air transports, administrative problems, lack of economic diplomacy etc. He suggested that to solve those problems the government should reform the existing foreign employment policies and laws, increase the employers awareness, extend the safe, profitable employment destination, to make the strong and effective economic diplomacy and to develop the skilled manpower.

Singh (2006) stated that initially remittance in Nepal was introduced with 'Gurkha' remittance 'the Gurkhas was renowned for good qualities of soldiers. That is why British India formally recruited Nepalese youth as a regular army, which later divided into British and Indian army. Nowadays, Nepalese going abroad are not only for armies but also spread all over the world for work and mostly they are concentrated in gulf areas in civilian front (Kshetry, 2003). Any Nepali to go for work legally, he/she needs to get permission from the department of labor under the ministry of labor and transport of the government of Nepal. From the official report of the labor department it is known that 107 countries are at the government list where Nepalese are allowed to go for work. But still some people are found going abroad without permission and working in the government restricted areas too. Because of this trend, data on foreign employed workers are not available in exact form. Majority of those who have left home for overseas job are eager to earn foreign currency by working hard to support their families.

Sapkota (2009) analyzed on the remittance market in Nepal. The presentations and a policy note are very informative. This blog post draws in information from his 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 2007/08. On official estimates of stock of Nepali migrants range from 400,000 in Malaysia, 300,000 in Qatar, 60,000-70,000 in South Korea, and two to five million in India.

Shrestha (2009) reviewed the history of labour migration from Nepal in the early 19th century and closely linked imperial politics. Recruitment of so called "Gorkha" soldier 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 got employment in the army of the *Shikh* ruler Ranjit Singh in Lahore and other joined

them after the defeat of the Nepalese army by the British. This traditional unit today is known 'Lahure' for soldiers. But today it is regulated by the 'Foreign Employment Act'. With the enactment foreign employment act, Nepalese started to migrate beyond India particularly to the gulf countries. There was significant growth of Nepalese migrants in East Asia, South East Asia and the Gulf 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% 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. Within South Asia, remittance as a share of GDP is highest in Nepal.

Pradhan (2009) presented a short glimpse on investment in different sectors, its problem and prospects through his article. On this he has expressed that, 'Deposit is the life blood of any financial institutions, and be it commercial bank, finance company, co-operative or non- government organization.' He also added, in consideration of 12 commercial banks and nearly three dozens of finance companies, the latest figure does produce a strong feeling that a serious review must be made of problems and prospects of deposit sector. Expected few joint banks, other organizations rely heavily on the businessman deposit receiving and credit disbursement. The author has mentioned that deposit mobilization carried out effectively is in the interest of depositors, society, financial sectors and the nation. Lower level of deposit rising allows squeezed level of loan delivery leaving more room to informal sector. That is why higher priority to deposit mobilization has all the relevance.

Subedi (2010) conducted the thesis to examine the utilization pattern of Remittance and to compare the economic status of migrant household before and after receipt of remittance. She uses the primary and secondary data and simple statistical instruments. The main conclusion of this study is the major sector of employment for Nepalese workers were security, building construction, Hotel as well as manufacturing sector. One the other hand, the major portion of the remittance is used in unproductive sectors like consumption, Real state, paying loan and social spending. But some portion of the remittance is used in productive sector like education,

business agricultural sector etc. Remittances have emerged as one of the premier sources of foreign exchange in Nepal. Recent 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 boon to the economy, the facilities are inadequate to back of the increasing trend of migration.

Bhattarai (2010) identified the major issues and challenges in foreign employment by using the descriptive or qualitative data analysis method. He shows that the human resources are very powerful resources, so the migration of youths for foreign employment is the panic situation for economic development of the country. This indication of active youth migration for foreign employment is not good sign for the overall development of the country. However, the developing countries like Nepal where labor market stock is a problem. Thus exporting in return for remittance poses an attractive component of development strategy. Similarly, in his study Nepal has opened foreign employment for 107 countries in the world. Nepalese have been gone for the foreign employment among 75 countries. There have been 1429423 Nepalese employers were gone by labour permit (Ashad, 2066). And there have been 25 million Nepalese processed for foreign employment by the open boarder without any permit, which is nearly 10 percent of whole population. Among them foreign labors 71 percent untrained 27 percent semi trained and 2 percent are trained.

Karki (2011) analyzed the inflow of remittance and to examine a utilization pattern of remittance by using the systematic sampling method and simple statistical tools. He states that, Historically Nepalese people established their business and work with neighboring countries like Tibet china and India. In Lichhavi period promoted Nepalese arts and popularity by Bhrikuti in China and many artists designers worked there. Artist Araniko invited by Kublai Khan for to constructing temples and stupas in China. Their histories show that at that time Nepalese were working in neighboring countries and send the earned amount to their motherland. At that period, Nepal was rich for culture, arts heritages and also economically in Malla regime too. Nepalese carried on the job continuously focusing trade between the neighboring countries

NLSS (2011) outlined that 56 percent families in Nepal have received remittance income in one year. The average household receipt is estimated at Rs. 80436 at current prices. Calculation of average remittance receipt per person comes out to Rs.

9245. of the numbers receiving such remittance, 58 percent is from within the country, 19 percent from India, and 23 percent from others countries. The number of families receiving remittance has been rising last 15 years. The first survey showed that only 23 percent families had received remittance while the recent third survey showed 56 per cent are receiving remittance. The share of remittance to household income in 1995/96 was 27 percent, which has gone up to 31 percent by FY 2010/11. For instance, the share of remittance received from India has come down to 11 percent with a decline of 24 points in the last 15 years, whereas the share of remittance received from countries other than India has increased to 69 percent from 22 percent in the same period.

Neupane (2011) analyses the impact of remittance on Nepalese economy. He argues that remittance is significant not only to increase domestic consumption expenditure and but also to enhance GDP in the nation. However, remittance has reduced the domestic investment in the nation since large portion of remittance is used upon the unproductive sector. The size of remittance inflow has been increasing in tremendous way in Nepal. Not only the size of remittance inflow has increased in the nation but it has been found that its share to GDP has also increased. The result obtained in his study has shown that increment of 1 percent in GDP brings 1.023 percent increase in domestic private consumption expenditure. From analysis of data made in this study, he found that remittance inflow and domestic consumption expenditure have positive relationship. Quantitatively his study has found that 1 percent increase in remittance inflow is responsible to bring approximately 0.030 percent increases in domestic private consumption expenditure other things being the same.

Tiwari (2012) analyzed that the role of the remittance in development of the study area. Beside, the specific objective of this study was to analyze the nature and role of remittance in the Nepalese economy, to examine general poverty scenario of the study area and to analyze the nature and extent of remittance income in the study area.

From the study, it was found that among the returnees from foreign employment only 35 percent of the workers are using the gain skill in abroad employment whereas the rest 65 percent of the respondents have not benefited from that gain skill in foreign

employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc.

The respondents of this VDC were not utilized their remittance caused by conflict and other non-availability of sizable investment funds for investing in productive sector of the economy sector. The respondents of this VDC said that remittances have increases their household economic and social indicators after returning from foreign employment. Around 81.73 percent respondents said that remittance have increased their economic status, 54.8 percent of respondents said that remittance income have increased their standard of living, around 59 percent of the respondents social attitude have increased due to remittance income and around 67.3 percent of the respondents increased their skills. But around 4 percent respondents said that economic status has been same, 39 percent have remain same standard of living, 35 percent said that their social status have remain same and 33 percent said that remained same level of their skill after returning from the foreign employment.

ILO (2016) made the study based on the survey of 421 remittance receiving households entitled " Promoting Informed Policy Dialogue on Migration Remittance and Development in Nepal". The findings of this study are: (i) only 1 percent people went through government channels for foreign employment, 36 percent through agents and more than half of migrants went through employment agencies, (ii) a migration journey costs on average NRS. 1, 50,000 and 87 percent households took loan to finance foreign employment journey with average interest rate 35 percent but average earning is monthly Rs.29, 927 only. Based on the study the identified challenges limiting the positive implications of migration in Nepal are: (a) limited banking network and a large proportion of an unbanked population, (b) high levels of poverty, unemployment and illiteracy, (c) poor and inadequate infrastructure, (d) limited human capital, (e) high migration costs, (f) lack of policy and institutional coherence on topics relevant to migration. Some suggestions to address the development challenges are offer collateral free loans to finance migration journeys overseas, negotiate bilateral agreements similar to EPS, deliver financial literacy programs targeting both migrants and their families, develop banking infrastructure especially in rural areas, investigate ways of facilitating returned migrant entrepreneurship by developing entrepreneurship training, providing grants to help

returnees to secure livelihood, offering cash based awards, offering loans with low or no interest rates and with collateral or non collateral basis and so on.

MoF (2017) outlined the remittance inflow grew by 5.3 percent to Rs. 450.00 billion in the first eight months of the fiscal year 2016/17. The ratio of remittances to GDP was 29.6 percent in fiscal year 2015/16. The outbound trend for foreign employment towards other countries except India has increased for failing to create much adorable employment in domestic market. As a result, remittance inflow has stood as a major pillar for overall balance of payment and external sectors' stability. The ratio of remittance inflow to GDP that had stood at 13.8 percent in FY 2006/07 went up to 29.6 percent in FY 2015/16. As per World Bank's report, Nepal stands second among the countries receiving the highest ratio of remittance to GDP. The growth rate of remittance inflow averaged 21.8 percent during last five years. Thus, remittance inflow has remained as a major source for foreign exchange. By the first eight months of current fiscal year 2016/17, BoP remained in surplus by Rs. 50.06 billion in comparison to the surplus of Rs.158.18 billion in the corresponding period of previous fiscal year. Current account that remained in surplus by Rs.158.55 billion during the first eight months of previous fiscal year has recorded a deficit of Rs.6.31 billion in the review period. BoP surplus remained low during review period as compared to that of corresponding period of previous fiscal year due to higher import growth and slowdown in remittance growth.

2.3 Research Gap

This research is made relating to the Role foreign employment and remittance on economic impact mainly concerning to Manchhyam Villlage Municipality Ward No.5 and 6. This study analyzes the nature and trend of migration and foreign employment and its economic impact in study area even there are many research about role of remittance in rural poverty reduction with different tools and techniques but there is not clear information about this topic and not yet the study of pattern of change in income and expenditure in this specific area.

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Research Design

The study is conducted under 'Descriptive Design' as the study systematically analyzed the nature, trend of foreign employment, income and expenditure pattern which indicate economic impact of migrant households. It mainly concern about the foreign employment and remittance income. In the research work mainly primary data is used to clear most of the objectives and for more additional information secondary data is used like information about demography in the study area, geographical situation and trend of migration. In this research the simple statistical tools are used like percentage, frequency, average, table, pie chart and bar diagrams etc. on the basis of sampled respondent, key informants consultation, focused group discussion, participatory rural appraisal.

3.2 Nature and Source of Data

The study is mainly conducted with primary data and in addition secondary data were also used for collecting general information and trend of migration and remittance in the study area.

3.2.1 Primary Data

Primary data were collected through the field survey. In order to collect primary data about the foreign employment and remittance were from the sampled households. For this purpose researcher had prepared the set of questionnaire for primary data collection.

3.2.2 Secondary Data

Secondary data were collected from various published and unpublished books, booklets, journals, articles, research reports, project report, dissertations published by concerned institutions for population distribution in the study area, necessary and required data were also collected from Statistical Year Book Nepal 2013 (CBS).

3.3 Sample Period Cover

The sample period covered for secondary data analysis is for 23 years from the fiscal years 1994/95 to 2016/17 due to lack of data before the fiscal year 1994/95. Similarly, the primary data and information were collected in the year 2018 for taking different aspects of foreign employment and remittance in the study area.

3.4 Population, Sample and Sampling Procedure

As stated earlier, due to time and budget constraint, this study is concentrated in Manchhyam Rural Municipality ward no 5 and 6 to analyze the nature and trend of migration of the people in foreign employment in micro level. In the study area, there are 784 households and total population is 3577. Among them, 350 household's people have gone to foreign employment that are taken as population of the study. From 110 households and 120 people were selected as sample units using proportional sampling method. In order to make the study meaningful as well as advanced in a given time period, a larger sample size is not possible. The strata are the two wards of the Village and the selection of sample households from each ward is made proportional to the size basis. The proportional distribution of the sample households among the nine wards is as given below.

**Table 3.1: Sample Size for the Study in Manchhyam Rural Municipality
Ward no. 5 and 6**

Ward No	Total No of Household	Number of foreign employment Households	Number of Sampled population
5	396	57	64
6	388	53	56
Total	784	110	120

Source: *Field Survey, 2018*

3.5 Tools and Methods of Primary Data Collection

- a) **Household Survey:-** Household survey is carried out with a pretested structured questionnaire (Appendix – I) in order to collect the required data

and information from the sample households and also to identify the view of local people about foreign employment and remittance in the study area.

- b) **Key Informants Consultation:-** Key informants consultation was conducted to identify the major objectives and also to identify the plan and policy to be taken to develop the condition of foreign employment and remittance to the local people. The major key informants were president and vice-president of Rural Municipality, principals of colleges and schools, local leaders of major political parties, social workers, senior citizens and knowledgeable persons of the study area.
- c) **Focus Group Discussion:-** To identify the major contribution of foreign employment and remittance in the study area and its future condition where intellectual teachers leaders are the focus group composed of 36 representatives.
- d) **Participatory Observation:-** To collect the primary data researcher watch the people or situation under study carefully for a period of time. Simply watch the situation and keep the record of those watched things. Form which required data is collected.

3.6 Data Organization and Processing

The collected data and information were organized and processed as per to find out the answers of the given research questions that could justify the given objectives of the study.

3.7 Tools and Methods of Data Analysis

The study used a descriptive data analysis along with a simple numerical analysis by using various tools. The major tools of data analysis of the study are tables, bar diagram, and pie chart, percentage, ratio, and other simple statistical tools like average and frequency distribution. All collected data and information were processed manually.

CHAPTER – IV

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This section provides a description about the introduction to study area, trend of foreign employment, remittance inflow of Nepal which is the first objective of this study and assesses the contribution of foreign employment in the study area which is the second objective of this study set in chapter 1.3. In other words this section gives brief introduction of the study area and answers the research questions set in chapter 1.2. To make this study systematic by systematic presentation of primary and secondary data collected primarily and secondarily on the basis of the objectives, this chapter is divided into different headings.

Brief introduction of the Menchhyam Village Body is illustrated in Sub-section 4.1.1 which includes geographical cultural and social features of ward No. 5 and six or previous Morahang VDC. Section 4.2 provides the information of nature and trend of foreign employment and remittance inflow of Nepal on the basis of secondary data which fulfils the first objective of this study set in chapter 1.3 and answers the first research question set in chapter 1.2. Section 4.3 provides the contribution of foreign employment economically as well as socially in the study area which includes (i) profile of the sampled respondents on the basis of age, sex, marital status etc. of the respondents, (ii) nature of foreign employment in the study area on the basis of destination country, agreement Vs receiving salary, reason to go for foreign employment, monetary cost, training gain, sources of financing etc. and (iii) sources of income of the respondents' HHs.

4.1.1 Introduction to the Menchhyam Rural Municipality

Tehrathum district is an area of 679 square kilometer and its total population is 101,577 with Population density is 150 per square kilometer. Myanglung, the head quarter of this district is 655 Km east from Kathmandu. This district has 2 municipalities and 4 village municipalities. Menchhyam Village Body (Combined 3 previous VDCs Morahang, Shreejung and Pounthak) with 6 wards is situated in 18 Km north-west from district head quarter (connected by muddy road). The population of this municipality is 8078, out of them 3683(45.59%) males and 4395(54.41%)

females..The literacy rate of this Village Body is 69.20%.The ethnicity of this Village Body is mixed which includes Brahmin, Kshetree, Gurung, Tamang, Sherpa, Limbu, Rai, Kami, Damai, Dashnami and others. Nepali language is the medium of general communication. Limbu, Sherpa, Tamang, Gurung language is also spoken by the people of these ethnic groups (CBS, 2011).

This Municipality is also prosperous in cultural aspect also. It has different types of Shivalaya and temples such as Gaukhuri Gupha, Gaukhuri Kirateshwor Mandir, Pathibhara, Siddheshwor sivalaya, Radha Krishna Shivalaya etc. It is also famous for Dhan Naach, Chyabrung Naach in Limbu culture, Sangini Naach and Chutka Bhajan in Chhetri Bahun and other cultural norms and values.

4.1.1.1 Introduction of Manchhyam Rural Municipality Ward no 5, 6

According to the population census of 2011, Manchhyam Rural Municipality (currently the Manchayam Municipality 5 and 6 no ward consists of 3577 population within 784 households (CBS, 2012).

- a) **Geographical Features:** -The Rural Municipality ward no 5 and 6 is situated at an elevation of about 1750 meters above sea level(CBS, 2012). This Rural Municipality is surrounded by Phedap Rural Municipality in north-east, Myanglung Rural Municipality in the south. It is diverse in nature northern part of this Rural Municipality has short hill peaks and southern part is Khorunga Khola. It is rich in vegetation like Sallo, Pine, uttis, etc.
- b) **Social Features:** - People of different ethnic groups live in this village like Brahmin, Kshetri, Janajati, Dalit etc. Most of the people speak Nepali language and a few of them speak their own mother tongue. Most of the people follow Hindu as major religion and a few of them are Buddhist. There is good religious and social harmony among the people.
- c) **Cultural Features:** -The Rural Municipality ward no 5 and 6 is rich in cultural aspects as well. It is rich with different cultural sites. It has different famous temples of God and Goddess like Radha Krishna Sivalaya, Pathivara, Gaukhuri Gupha, Gaukhuri Kirateshwor temple etc. However, those temples are very famous as people from other places also visit for both religious and entertaining purpose. People of different caste perform their typical as well as common feast and festivals which bounds people in the form of national unity.

- d) **Educational Status:-**There are 8 teaching institutions in the study area. One is Higher secondary another one is secondary level educational institution and another are primary educational institution. Here is good number of children enrollment in the school every year. Most of the parents are educated that why they give good priority for the education of the children. Different informal teaching institution is also here, which directly play a role to educate the people.
- e) **Health Status:-**There is a area health post and one hospital is under construction in the study area. People get normal treatment and normal disease patients benefited from this hospital. At present a few private clinics are established which directly help people to provide good health facility.

4.2 Nature and Trend of Foreign Employment and Remittance of Nepal

The terms foreign employment and remittance of Nepal are not new terms and both of them are highly positively correlated to each other.

4.2.1 Nature and Trend of Foreign Employment of Nepal

Foreign employment in Nepal is seen with the inception of recruitment of Nepalese as Gorkha Soldiers since 1815 A.D. and it has come to the current stage. Foreign employment now is completely different from what it was in the past. Currently 700 manpower agencies involved in recruiting the Nepalese for different purpose on behalf of the companies from abroad out of which only 648 agencies are operating as per the record of Department of Labour (DoFE, 2015).

Since the beginning of 19th century, it has been seen that Nepalese laborers prefer India as a major destination for employment. This may have been due to the open border in between the two countries. The Census of India on Nepalese nationals indicate that their number has increased from 82,071 in 1951 to 1,33524 persons in 1961 and thereby in 5,26526 persons in 1971. The Census on 1981 showed that 66.5 percent of the absentee Nepalese in India were engaged in some kinds of services. Furthermore, 1991 Census of Nepal revealed that there were 650337 absentee populations of which 81.2 percent were in India and the rest were in other countries. This constituted around 3 percent of the active labour force (estimated in 1996 at

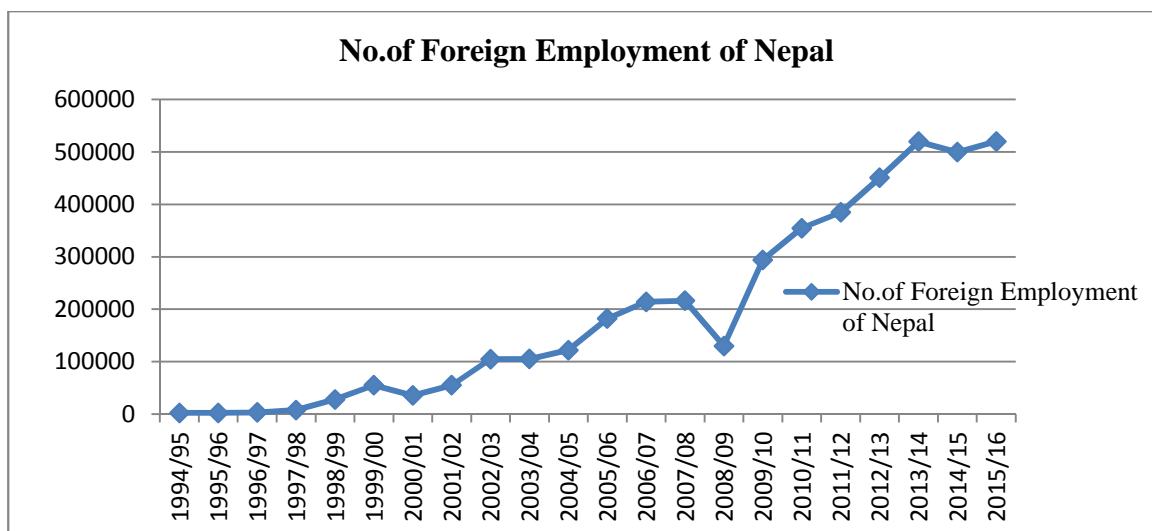
around 11.7 million). It is unofficially estimated that almost 33 percent of the unemployed labour force are working abroad. The Nepalese going to Gulf countries and India for job belong to poor families comparing to those going to South East Asian countries. Poorest among the poor are left behind in the Nepalese villages. These people cannot possibly go even to India because they lack the necessary element to do so, including network, resources and risk bearing capacity. Thus, the poorest of the poor are still deprived of the direct benefits of remittance. According to NRB's study, 24 percent of the total Nepalese working was in India followed by 16.3 percent in Saudi Arabia, 6.88 percent in Qatar, 6.88 percent in South Korea, 6.88 percent in South Korea, and 5.6 percent in U.A.E. (DoFE, 2015).

The number of job aspirants in foreign land increased dramatically, especially after the restoration of democracy. The Labor Act -1985 came as a boon for facilitating foreign employment and opening up avenues for the private sector. With the enactment of Foreign Employment Act -1985 and arrangement of distributing passport to the potential migrant workers by the District Development Offices, accompanied by higher demand for labor created by the oil boom in the Gulf, the Nepalese started to migrate beyond India, particularly to the Gulf.

The total number of migrant workers (excluding those migrating to India) increased to 940,824 in 2006/2007 from 1,926 in 1992/93. By the end of 2007, the total number crossed one million. The official figures of those working abroad are felt to be grossly underestimated. The official figures capture only those passing through formal procedures. In many cases, those who travel abroad for other reasons (for instance, for study) may be involved in paid employment.

The number of workers going abroad for employment has been steadily increasing as per the data provided by the Department of Labor and Employment Promotion. In 2006/07, the number of workers going overseas for employment was 214,094 compared to 2,159 in 1994/95.

Figure 4.1: Trend of Foreign Employment of Nepal



Source: *Department of Labor and Employment Promotion, 2015/16*

A total of 2,723,587 labours were migrant from 2008/09 through 2014/15. As illustrated in table 4.1, there was a steady increase in issued permits until 2013/14, when the total number dipped slightly. The 3.8 per cent decrease in 2014/15 from the previous year is attributed to the earthquake that hit Nepal in April 2015. The earthquake and subsequent aftershocks, which occurred in the last quarter of the fiscal year, disrupted all aspects of everyday life, including the operation of both government and private institutions facilitating foreign employment. As a result, there was a 48 per cent decrease in the number margining of labor in the last quarter of 2014/15, when compared with the same period in 2013/14.

4.2.2 Country-wise Foreign Employment Scenario

Nepali youth groups are attracted to foreign employment due to dearth of adequate employment opportunity in the home country. The number of Nepali workers going for foreign employment is growing every year. According to various reports, large numbers of Nepali workers have gone for foreign employment without securing government permission as well. Based on the official and unofficial records as of now, more than 3 million people have gone for foreign employment. As per the Nepal Living Standard Survey 2010/11, 56 per cent families in Nepal have received remittance income in one year. The average household remittance receipt per person comes out to Rs 9,245. The share of remittance in total income of families is on increase. The share of remittance to household income in 1995/96 years 27 per cent,

which has gone up to 31 percent by FY 2014/15.as per the information from the Department of Foreign Employment, a total of 58,710 Nepali workers are found to have one to different countries for foreign employment by second trimester of FY 2015/16. A separate Foreign Employment Department was established on December 2008 which has been carrying out foreign employment related activities. An Employment Permit System (EPS), Korea Section is established in the Department while a separate Japan international Trading corporation Organization (JITCO) unit has been formed in fiscal year 203/14, for sending workers to Japan. A total of 280,235 workers have gone for foreign employment until the second trimester of the current fiscal year. Of this total number, 13,744 are female and 266,491 are male while this member stood as 512,887 until the end of previous fiscal year. The total number and country-wise distribution of workers gone for foreign employment is given below.

Table 4.1: Country-wise Foreign Employment Scenario

Country Name	Total no. as of FY 2011/12	Total no. as of FY 2012/13	Total no. as of FY 2013/14	Total no. as of FY 2014/15	Total no. as of FY 2015/16	Total no. as of first 8 months of FY 2016/17
Malaysia	477908	636120	850269	1053097	1114076	1152540
Qatar	485909	589395	718269	842637	971675	1033944
Saudi Arab	345393	442388	529264	627510	766039	809222
UAE	234336	292783	347748	401447	454240	480491
Kuwait	54716	71989	91342	101010	111059	116707
Bahrain	27405	31623	35808	39973	43119	45043
Oman	16272	20245	23680	25980	29039	30451
South Korea	15707	20147	22272	27430	34862	34909
Others	49378	55877	69729	82184	95872	102840
Total	1707024	2160567	2688381	3201268	3619981	3806147

Source: *Economic Survey, 2015/17*

4.2.3 Trend of Remittance of Nepal

The official record shows a dramatic increment in the incoming remittance. It increased considerably from Rs. 11,300 million in 1994/95 to about Rs. 97,688.5 million in 2005/06. Remittance soared, particularly after 2001/02. Despite the huge trade deficit, the country is having surplus in the current account because of the growing remittances. The share of remittances in the current account receipts soared from 27.4 percent in 2000/01 to 33.6 percent in 2005/06. Even with the widening export import gap and with mounting burden of debt servicing, it appears that remittance is saving the country from balance of payment crisis.

Table 4.2: Trend of Remittance of Nepal

Fiscal Years	Rs. In Billion	Annual Percent Change	Ratio to GDP
1994/95	11.3	-	3.6
1995/96	19.6	43.2	4.2
1996/97	25.3	30.5	7.4
1997/98	28.8	4.3	9.9
1998/99	30.3	3.4	11.2
1999/00	31.8	12.9	33
2000/01	41.2	21.7	21.3
2001/02	55.7	15.9	18.2
2002/03	61.0	10.4	13.4
2003/04	67.98	5.2	9.1
2004/05	88.7	22.6	11.1
2005/06	97.69	49.0	14.9
2006/07	100.4	2.5	13.8
2007/08	142.68	42.5	17.5
2008/09	209.70	47.00	21.2
2009/10	231.73	10.5	19.4
2010/11	253.55	9.4	18.5
2011/12	359.6	41.8	20.5
2012/13	434.6	20.9	25.6
2013/14	543.3	25	27.7
2014/15	617.3	13.6	29
2015/16	665.1	7.7	29.6
2016/17	699	5.1	26.9

Source: *Nepal Rastra Bank, 2017.*

Table 4.2 shows that during the review period, remittance inflow grew by 5.3 percent and reached Rs. 449.99 billion in comparison to its 15.2 percent growth in the same

period last year. The net transfer income rose by 8.4 percent to Rs. 542.72 billion as a result of such expanded volume of remittance inflow. Such income had increased by 19 percent last year. Under the transfer income, grants and pensions have increased by 35.3 percent and 12.4 percent respectively in the review period.

4.2.4 Size of Remittance by Source

The proportion of all households that receive remittance is 56 percent in Nepal. The average income transfer in the form of remittance is Rs 80, 436 (in nominal terms) per recipient household. Per capital nominal remittance when the whole population is considered stands at NRs 9,245. NLSS III estimates that total amount of remittances in the country at NRs 259 billion in nominal terms. Internal source account for 20% for this amount. Gulf countries (especially Saudi Arabia and Qatar) together account for 26 percent, Malaysia 8 percent, India 11 percent, and the remaining 35 percent is accounted for other countries are given below. The increasing volume of remittances and its contribution to the national economy in the recent years is reflected in the increasing remittance to GDP ratio (Figure 4). The remittance to GDP ratio increased from 3.6 percent in 1994/95 to about 11 percent in 2004/05 and further to 16 percent in 2005/06. This ratio is relatively high compared to India and other South Asian countries.

Table 4.3: Remittances Received from Different Countries in FY 2015/16

Source of Remittance	Mean Amount of Remittance Received (Rs)	Total Amount of Remittance Received (Rs)
India	29,499	29,197,865,119
Malaysia	93,474	21,776,508,833
Saudi Arabia	108,561	25,770,996,309
Qatar	115,794	41,327,887,124
United Kingdom	164,842	7,719,576,662
European Countries and U.S.A.	224,609	82,362,803,100
Other	16,547	46,795,183

Source: Economic Survey 2015/16

The table 4.3 shows that in FY 2015/16 most amount of remittance is received by European countries and U.S.A and it is followed by Qatar. India is lies on third position in remittances received sources.

4.3 Contribution of Foreign Employment in Study Area.

4.3.1 Features of Sampled Households

4.3.1.1 Age Composition of Foreign Employment:- In this section, age description of foreign employment has been analyzed which helps to know how many people have been gone to foreign country among these age groups.

Table 4.4: Age Composition of Foreign Employment

Age Groups	Number of Respondents			Total Percentage
	Male	Female	Total	
Below 25	25	5	30	25
25-30	40	5	45	37.5
30-35	20	4	24	20
Above 35	20	1	21	17.5
Total	105	15	120	100

Source: *Field Survey, 2018*

According to table 4.4 Out of total foreign employees only 110 households were taken as sampled households; out of them half of the foreign employers are fall under the age of 25 to 30 years old (that is 45). Out of them, approximately male foreign employments are seven times more than female. Similarly second largest percentage hold by the age of below 25 years old, it covers the 25 percentage of total workers, where male workers are about seven times greater than female workers. In the same way, the age groups from 30 to 35 and above 35 years are 15 and 10 respectively. From the age group above 35 female foreign employers are absence because of family responsibility and male dominant society.

4.3.1.2 Gender Description of Foreign Employment: -In this section gender description of foreign employment has been included and the following table 5.2, which helps to know how many people are male and female workers gone for foreign employment.

Table 4.5: Gender Description of Foreign Employment

Gender	No. of Respondent	Percentage
Male	105	87.5
Female	15	12.5
Total	120	100

Source: *Field Survey, 2018*

Table 4.5 shows the gender descriptions of foreign employees, out of the total foreign employment 87.5 percent of them are male and only 12.5 percent of total workers are female. It means only few number of females have gone for foreign employment. This trend shows that most of the foreign employment is male because main responsibilities of family and also shows there is male dominated society.

4.3.1.3 Marital Status of Foreign Employment

The marital status of foreign employment is present in following table. This chart shows that how many of foreign employees are having marriage or not.

Table 4.6: Marital Status of of Foreign Employment

Marital Status	Number of Respondents			Total Percentage
	Male	Female	Total	
Married	45	5	50	40.00
Unmarried	60	10	70	60.00
Total	105	15	120	100.00

Source: *Field Survey, 2018*

The table 4.6 shows that most of the foreign employees in the study area are unmarried i.e. 58.33 percent and rest is married i.e. 41.67 percent .out of married foreign employers, male employers are exactly 9 times greater than female workers. Similarly unmarried male foreign employers are 6 times greater than female workers. If we analyze the ratio of married to unmarried workers under different sex, we get the ratio of married to unmarried of male workers is very high in comparison to female, but the ratio of married to unmarried female's workers is very low , that is only one married female worker out of seven female workers. This is because of male dominant society and lack of education on female workers.

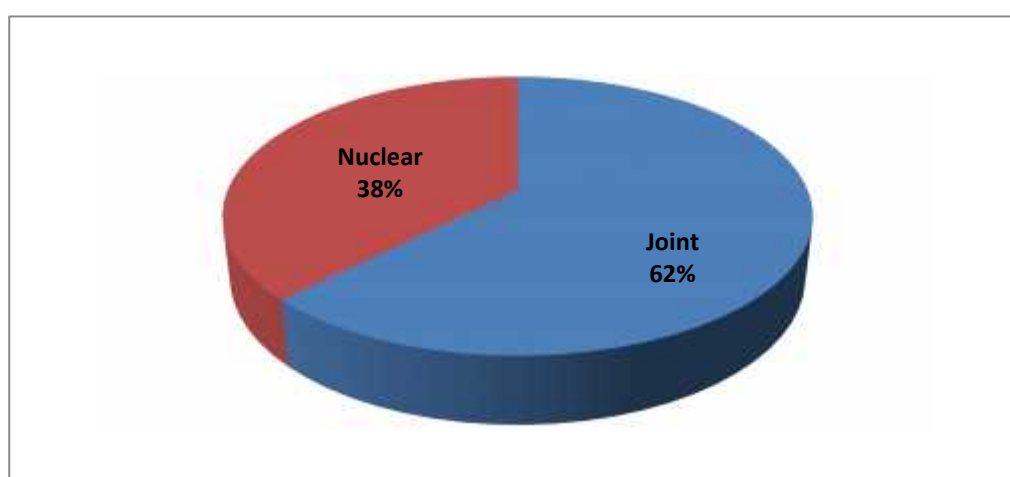
4.3.1.4 Family Status of Foreign Employment:-A social condition the size of the family is the one of the willingness and clarity of the individual to participate in the foreign labor market. Based on the field survey, the following table is created. This shows the family composition of foreign employers.

Table 4.7: Family Size of Foreign Employment

Family Size	No. of Respondents	Percent
Joint	75	62.5
Nuclear	45	37.5
Total	120	100

Source: *Field survey 2018*

Figure 4.2: Family Size of Foreign Employment



Source: *Field Survey, 2018*

Above table and chart shows that most of the HHs are in joint family. Joint family means the family contains more than two generation. According to table 62.5 percent of households lived on joint family and only 37.5 percent of HHs are lived on nuclear family.

4.3.1.5 Educational Status of Foreign Employment

In the following table educational status of employment has been shown which illustrates the educational background of the foreign employment. Here we take

foreign employment as an illiterate those who are not able to write and read even his/her name only. On the other hand literate are able to read and write.

Table 4.8: Educational Status of Foreign Employment

Educational Background	No. of Respondents	Percent
Illiterate	9	7.5
Literate	41	34.12
SLC	47	39.17
Higher Education	13	10.83
Total	120	100.00

Source: *Field survey, 2018*

The table 4.8 shows the educational status of foreign employees. Out of total respondents 7.5percent are illiterate that is 9 workers are illiterate over the 120. On the other hand, exactly one third of total foreign employers are literate. Above different educational status of foreign employments, higher percentage covered by SLC workers that is equal to 39.17percent. Similarly, only around 10.83 percent foreign employment is higher education holder. These data clarifies that illiterate and higher educated people are low interested to go to foreign countries for getting job but middle educated people are more motivated to go to foreign employment. This is because middle educated people are not interested to do lower level work and unable to do higher level work such as table work or managerial work inside the country.

4.3.1.6 Caste-Wise Distribution of Foreign Employment

In this section, the study categorized the foreign employment according to the caste system. The foreign employees are divided into different groups on the basis of caste system such as Brahman, Kshetri, Baishya and Sudhra.

Table 4.9: Caste Wise Distribution of Foreign Employment

Cast Groups	No. of Respondents	Percent
Brahman	39	32.5
Kshetri	33	27.5
Baishya	23	19.17
Sudhra	25	20.83
Total	120	100.00

Source: *Field survey, 2018*

In study area, the highest percentage of respondents is Brahman which is equal to 32.5 percent. Similarly second and third highest foreign employees are Kshetri and Sudhra respectively. That is nearly 27.5 percent Kshetri and 20.83 percent Sudhra. The lowest percentage of foreign employment is Baisya which is equal to 19.83 percent.

4.3.2 Nature of Foreign Employment in the Study Area

In this section the study analyzed the nature of foreign employment in the study area. That includes cast wise distribution of foreign employers, causes of foreign employment, agreement of receiving salary, participation in training before migration, average cost paid and rang of cost for foreign employment in study area, source of financing, types of job and duration of stay in foreign employment.

4.3.2.1 Situations of Nepalese Foreign Employment in Different Countries

In this section, major destination of foreign employees has been including which helps to know that how many people have gone to foreign country from the study area. Total number of country wise description of workers gone abroad for employment is given below.

Table 4.10: Country – Wise Employment Situation

Countries	No. of Respondents	Percentages
Malaysia	28	23.33
Qatar	37	30.83
Saudi Arab	21	17.5
South Korea	17	14.17
Others	17	14.17
Total	120	100.00

Source: *Field survey, 2018*

From the above table 4.10, it has clear that the highest number of workers is worked in Qatar which is equal to 37 out of 120 samples and it covered about 30.83 percent. Similarly the second largest numbers workers are worked in Malasiya which is equal to 23.33 percent which is less than Qatar. In the same way, third, and forth attractive destination countries of foreign workers are Saudi Arab and South Korea respectively. At last others countries includes UAE, American countries, European countries as well as Japan and so on.

It is clear that, most of the workers have gone in Gulf country. Due to the unskilled and illiteracy of foreign employment. So the main destination countries are Gulf country for the foreign employment from the study area. Comparison with the national scenario, it seems that Malaysia has been taken the higher share a percent for foreign employment which is similar to study area's result.

4.3.2.2 Causes of Foreign Employment

There must be several reasons of seeking foreign employment; the reason might be economical, social, and political. They may be related to the acquired skill and other reasons. To find out the causes seeking employment the respondents were asked to identify the major causes to go for foreign employment, they gave more than one reasons which are shown by the following table.

Table 4.11: Causes of Foreign Employment

Causes	No. of Respondents	Percentages
Unemployment	57	47.5
Burden of Loan	19	15.83
To earn more money	13	10.83
Poor Economic Condition	16	13.33
Personal Desire	12	10.00
Lack of sufficient food to eat	3	2.5
Total	120	100.00

Source: *Field survey 2018*

From the table 4.11, the main causes for going to foreign employment is unemployment which is main issue and challenge of our economy. In the study area, more than halve percentage of people have been gone abroad for job due to lack of working opportunities in home country. Similarly, the second important cause is poor economic condition and lack of appropriate environment to live in country. It's share approximately one fifth of total. It is clear that, about three- fourth of total respondents are compelled to go abroad for worked by the causes of unemployment and poor economic condition. Now, the reaming causes are to earn more money, internally desire to go to abroad and lack of sufficient food to eat which covers the percentage of total respondents are 15, 10 and 2.5 percent respectively.

4.3.2.3 Agreement and Receiving Salary

This section shows the present situation of agreement salary before going foreign employment and really received salary in work place. Today's with many countries Nepal determined basic salary scale however somewhere and sometime Nepalese migrant workers are compelled to receive salary lass than basic level. In following table and diagram analyzed the situation of agreement and receiving salary in aboard of the study area.

Table 4.12: Agreement and Receiving Salary in Different Country

Countries	No. of Respondents	No. of Workers Receiving Salary with Agreement	No. of Workers Receiving Salary below Agreement	Percentage of Workers Receiving Salary below Agreement (%)
Malaysia	28	14	14	50
Qatar	37	20	17	45.94
Saudi-Arab	21	12	9	42.86
South Korea	17	15	2	11.76
Others	17	14	3	17.65
Total	120	65	45	37.5

Source: *Field survey 2018*

The table 4.12 shows on an average about 37.5 percent Nepalese foreign employees receive salary below agreement before going foreign employment of the study area that means only 45 workers are getting labor compensation according to agreement in work place. All Nepalese workers are received employee compensation according to agreement in South Korea. Because of workers go there by EPS (employment permit System). From table, the high percentage of workers in Qatar receives employee compensation below agreement which is equal to approximately 71 percent. And same result found in Saudi-Arab. Similarly, 53.84 and 30 percent workers get salary less than agreement in Malaysia and Others (Japan, U.S.A., UK, etc.) countries respectively.

4.3.2.4 Participation in Training before Going Foreign Employment

This section explains the participation of foreign employment in vocational training before going to abroad for foreign employment. Vocational training is a practical skills or knowledge related to work which is done in workplace. It is helpful for foreign employment for adjustment in working environment. How many foreign employments are participated in training before going to abroad of study area is shown in the following table.

Table 4.13: Participation in Training before Foreign Employment

	No. of Respondent	Percentage
Trained Workers	21	17.5
Untrained workers	99	82.5
Total	120	10.00

Source: *Field survey, 2018*

The table 4.13, shows that very few Nepalese foreign employment are get training before going abroad for employment. The field survey presents the out of 120 respondents only 21 migrant workers are participating in vocational training and orientation class. This number is 17.5 percent out of total migrant workers. On the other hand remaining 52 or about 82 percent Nepalese foreign job seekers are gone abroad without any vocational training and orientation class.

4.3.2.5 Monetary Cost of Foreign Employment

A sizeable amount of money needs to be invested as a cost of foreign employment. The cost started from obtaining a passport, medical checkup, manpower agency, air fare, Visa expenditure, traveling cost and others expenses that include internal traveling cost, supported cost, buying personal used goods and so on. The country-wise average cost of going abroad for employment as well as minimum and maximum range of expenditure are shown in following table.

Table 4.14: Money Cost of Foreign Employment

Countries	No. of Respondent	Average Cost	Range of Cost		Average
			Minimum	Maximum	
Malaysia	28	81904	50000	120000	85000
Qatar	37	82631	35000	130000	82500
Saudi Arab	21	83181	50000	130000	90000
South Korea	17	85000	80000	90000	85000
Other	17	234375	200000	250000	225000
Total	120	567091	415000	720000	567500
Average		113418	83000	144000	155000

Source: *Field survey, 2018*

The table 4.14 shows that expenditure foreign's employment include payment on different utilities like passport, manpower companies, preparation etc. From the table the maximum range is paid by the foreign employment who go for foreign employment out of Gulf countries like Japan, European countries and so on. The number of these workers is less than the workers who go to the Gulf countries to earn money but the cost paid is seems a bit high of them. And for the Gulf countries the average cost of fees to go employment is seems as like as similar.

4.3.2.6 Sources of Financing

Most of the people of Nepal who want to go for foreign employment use several sources of financing. They are Loan, own income, borrowing from friends and relatives, selling fix assets and so on. Here loan is categorized in two sources, one is organized sources and another is unorganized sources. To find out of extent of sources used by the respondents they were asked to provide their source of financing the foreign employment. The information collected from the interview is presented in the following table.

Table 4.15: Sources of Financing for Foreign Employment

Sources of Financing	No. of Respondent	Percent
Own Income	14	11.67
Family saving	26	21.67
Having Loan	36	30
Selling Fix Assets	44	36.67
Total	120	100.00

Source: *Field Survey, 2018*

The table 4.15 shows the most of the people go for foreign employment through having loan i.e. viewed by 30 percent of a total respondents and 21.67 by selling fix assets, 36.67percent with family saving and only 11.67 percent with their own income. This shows that the main financing for foreign employment is having loan and selling fix assets.

4.3.3 Income and expenditure Pattern in the Study Area

This section analyzed the income and expenditure structure of the study area. The study is focused on how many sampled household are involving in income generating sources like agriculture, livestock, industry, business and services and what are the other sources of family income? Similarly what are the sectors of expenditures?

4.3.3.1 Sources of Income of Sampled Households

In the study area even though the different people are engaged in the different occupations like Agriculture, Jobs (government as well as private), Business and Foreign Employment etc. which are the main sources of income of the respondents family of the study area. The situation of the income depending on their sources in the sampled households is shown in the following table.

Table 4.16: Major Sources of Income of Sampled Households

Source of Income	No. of HHs	Percentage
Agriculture	70	58.33
Livestock	18	15
Industry	5	4.17
Business	12	10
Services	15	12.5
Total	120	100

Source: *Field Survey, 2018*

The table 4.16 shows that most of the sampled households (58.33 percent) have agriculture as main source of income. Similarly, others sources of income of sampled HHs are livestock, industry, business and services i.e. 15 percent, 4.17 percent, 10 percent and 12.5 percent respectively.

4.3.3.2 Amount of Receiving Remittance

It is clear that unemployment is the main causes of poverty in any state and unemployment plays the major role of migration to the other places from their native palace. The researcher got different income level in abroad and remittance also depends on that. This can be shown in the following table.

Table 4.17: Amount of Receiving Remittance

Income Class (Rs in Thousands)	No. of Respondent	Percentage
Up to 20	15	12.5
20-40	55	45.83
40-60	16	13.33
60-80	11	9.17
80-100	8	6.67
More than 100	15	12.5
Total	120	100

Source: *Field Survey, 2018*

Table 4.17 shows the monthly remittance of foreign employment in the study area, among 120 respondent 12.5 percent send money less than 20 thousand, 45.83 percent send 20-40 thousand, 13.33 percent sends 40-60 thousand , 9.17 percent sends 60-80 thousand, 6.67 percent send 80- 100 thousand only 12.5 percent send more than 100 thousand.

4.3.3.3 Mode of Receiving Remittance

This section shows the mode of receiving money from foreign employment. That includes once a years, twice of year, thrice a year, quarterly, half yearly and monthly. This is shown in the following table.

Table 4.18: Mode of Receiving Remittance

Mode of Receiving Money	No. of Respondent	Percentage
Once a Year	7	4.16
Bi- Monthly	10	8.33
Thrice a Year	14	11.66
Quarterly	19	15.83
Half yearly	15	12.5
Monthly	55	45.83
Total	120	100

Source: *Field Survey, 2018*

The table 4.18 shows that among total respondents 4.16 percents receive once a year, 8.33 percents receive bi-monthly, 11.66 percent receive thrice a year, 15.83 percents receive quarterly, 12.2 percent receive half yearly and 45.83 percent receive monthly. That means major portion of respondents receive money as month.

4.3.3.4 Means of Receiving Remittance

This section shows the mean of receiving money from abroad. That includes from bank, IME, friends and hundi. This is shown in the following table.

Table 4.19: Means of Receiving Remittance

Mean of Receiving Remittance	No. of Respondent	Percentage
Bank	20	16.66
International Money Express(IME)	80	66.66
Friends	12	10.00
<i>Hundi</i>	8	6.66
Total	120	100

Source: *Field Survey, 2018*

The table 4.19 shows that out of 80 respondents 16.66 percent receive remittance from banking channels, 66.66 percent through IME, 10% receive with the help of friends and only 6.66 percent receive by *Hundi*. This shows that majority of responden send money through IME and a few respondent by *Hundi*. Due to increase in banking knowledge and facilities more percent of respondent engaged in banking system.

4.3.3.5 Consumption Pattern of Sampled HHs

This section analyzed the utilization pattern of money receiving from abroad. Normally people spend his/her money gain from foreign employment to repay the loan and daily household expenses. It also depends on duration of time. At early time of foreign employment they spend greater amount of his/her money either loan payment or daily household expenses. The details monthly expenditure pattern of sampled household explains in below table.

Table 4.20: Consumption Pattern of Sampled HHs

Particulars	No. of Respondents	Percentage
Purposes of the remitted fund for food expenses	19	15.83
Purposes of the remitted fund are non food expenses	12	10.00
Purpose of the remitted fund is education expenses.	18	15.00
Purpose of the remitted fund is Health expenses.	14	11.66
Purpose of the remitted fund is Entertainment expenses.	12	10.00
Purpose of the remitted fund is Saving.	19	15.83
Purpose of the remitted fund is Repayment of the loan.	18	15.00
Purpose of the remitted fund for a new house.	8	6.66
Total	120	100

Source: *Field Survey, 2018*

The table 4.20 explains the respondents use of the remittance in different purposes such as; 15.83 percent of them use for food expenses, 10 percent for non-food expenses, 15 percent for the education expenses, 11.66percent for health expenses, 10 percent for entertainment expenses, 15.83 percent for saving, 15 for repayment of the loan and 6.66 percent stated that the purpose of the remittance collected from abroad was reconstruction or for building a new house.

The table 5.18 shows that the first priority of the remittance fund was given for repayment of the loan whereas the second priority of the remitted fund was for saving, third priority was for education expenses and the last was for entertainment expenses and reconstruction or building a new house.

4.3.3.6 Saving from Remittances

Saving is a part of income which is not spent on consumption. This section shows that total amount of saving of respondent in per receiving. Saving pattern of respondents in the study area can be shown as below.

Table 4.21: Saving from Remittances

Saving (In Thousands)	No. of Respondent	Percentage
Less than 5	17	14.16
5-10	19	15.83
10-15	30	25.00
15-20	23	19.16
20-25	19	15.83
Above 25	12	10.00
Total	120	100

Source: *Field survey, 2018*

The table 4.21 shows that among the total respondents 14.16 percent save less than 5 thousands in per receiving, 15.83 percent, 25 percent, 25 percent, 19.16percent and 15.83 percent save money 5-10, 10-15, 15-20, 20-25 and above 25 thousand respectively. It shows that most of the respondent saves the money between 10-15 thousand per receiving. Only a few respondents save above 25 thousand in per receiving.

CHAPTER - V

MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Major Findings

Foreign employment is the process of migration from one place to another or one country to another country. Due to lack of employment opportunities inside the country every year a large number of people have been gone to different countries in search of education, health services, good living standards and social security.

Remittance is defined as the money received by the country from the foreign employment. The official record shows a dramatic increment in the incoming remittance in every foreign employee's countries. The country with widening export import gap and mounting burden of debts servicing, it appears that remittance is saving the country from the balance of payment crisis.

Foreign employment in Nepal is seen to have been established with the inception of recruitment of Nepalese is Gorkha soldiers in 1815 AD, till it has come to current stage. 2,723,587 labor were gone 2008/09 through 2015/16, there was slightly increase in issued permits until 2013/14, when the total number dipped slightly. The 3.8 percent decrease in 2014/15 from the previous years is attributed to the earthquake that hit Nepal in April 2015. As a result, there was 48 percent decrease in the number margining of labor in the last quarter of 2014/15, when we compared with the same period in 2013/14.

As per the Nepal Living Standard Survey 2010/11, 56 percent families in Nepal have received remittance income in one year. The share of remittance in total income of families is on increase. The share of remittance to household income in 1995/96 years 27 percent, which has gone up to 31 percent by FY 2014/15. as per the information from the Department of Foreign Employment, a total of 58,710 Nepali workers are found to have one to different countries for foreign employment by second trimester of FY 2015/16.

The proportion of all households that receive remittance is 56 percent in Nepal. The average income transfer in the form of remittance is Rs 80, 436 (in nominal terms) per recipient household. Per capital nominal remittance when the whole population is considered stands at NRs 9,245. NLSS III estimates that total amount of remittances in the country at NRs 259 billion in nominal terms. Internal source account for 20 percent for this amount. Gulf countries (especially Saudi Arabia and Qatar) together account for 26 percent, Malaysia 8 percent, India 11 percent, and the remaining 35 percent is accounted for other countries.

Out of total foreign employment only 110 households were taken as sampled households; out of them majority of foreign employees are fall under the age of 25 to 30 years old (that is 37.5 percent). Out of them, approximately male migrant's workers are seven times more than female. Similarly second largest percentage hold by the age of below 25 years old, it covers 25 percentage of total workers, where male workers are about five times greater than female workers. In the same way, the age groups from 30 to 35 and above 35 years are 20 and 17.5 percent respectively from the age group above 35.

The gender descriptions of sampled workers, out of the total migrants 87.5 percent of them are male and only 12.5 percent of total workers are female. It means only few number of females have gone for foreign employment. This trend shows that most of the migrant workers are male because main responsibilities of family and also shows there is male dominated society.

The highest percentage of respondents is Barman which is 32.5 percent. Similarly second and third highest foreign employees are Kshetri and Sudra respectively. That is nearly 28 percent Kshetri and about 21 percent Sudra.

The highest numbers of workers are worked in Qatar which is equal to 37 out of 120 samples and it covered 30.83 percent. Similarly the second largest numbers workers are worked in Malaysia which is equal to around 23.33 percent which is less than Qatar. In the same way, third, and fourth attractive destination countries of foreign employment are Saudi Arab and South Korea respectively. At last others countries includes UAE, American countries, European countries as well as Japan and so on.

The main cause for going to foreign employment is unemployment which is main issue and challenge of our economy. In the study area, more than half percentage of people have been gone abroad for job due to lack of working opportunities in home country. Similarly, the second important cause is poor economic condition and lack of appropriate environment to live in country. It's share approximately one fifth of total. It is clear that, about three- fourth of total respondents are compelled to go abroad for worked by the causes of unemployment and poor economic condition. Now, the remaining causes are to earn more money, internally desire to go to abroad and lack of sufficient food to eat which covers the percentage of total respondents are 13.33, 10 and 2.5 percent respectively.

The most of the people go for foreign employment through their selling fix assets i.e. viewed by 36.67 percent of total respondents and 30 by heavy lone, 17.5 percent with family saving and only 15 percent with their own income. This shows that the main financing for foreign employment is having loan and selling fixed assets.

Very few Nepalese Foreign employees got training before going abroad i.e. 17.5 percent and 82.5 percent of employees go to foreign employment without having any vocational training.

The average cost for going gulf countries is around Rs. 82,631, the average cost for Korea is Rs. 85,000 and average cost of other countries is Rs. 234,375.

The majority of respondents go to employment for the construction i.e. 60.00 out of 120 respondents, 10 percent for agriculture, 21.25 percent for industrial, 6.25 percent for business, 15.00 percent for driving and only 7.50 percent for others (cleaners, carpenters etc.) like ways average stay duration is 2.8, 2, 3.2, 3.2, 3 and 3 respectively. From the table it is cleared that as the most migrated respondent were not skilled the majority of people work for construction with low paid salary and majority of respondents stay for long time duration in business occupation.

The most of the sampled households (58.33 percent) have agriculture as main source of income. Similarly, others sources of income of sampled HHs are livestock, industry, business and services i.e. 15 percent, 4.17 percent, 10 percent and 12.5 percent respectively.

The monthly remittance of foreign workers in the study area among the total respondents 12.5 percent send money less than 20 thousand, 45.83 percent send 20-40 thousand, 13.33 percent sends 40-60 thousand , 9.17 percent sends 60-80 thousand, 6.67 percent send 80- 100 thousand only 12.5 percent send more than 100 thousand.

Among total respondents 5 percents receive once a year, 7.5 percents receive twice a year, 15.00 percent receive thrice a year, 18.75 percents receive quarterly, 12.25 percent receive half yearly and 41.25 percent receive monthly. That means major portion of respondents receive money as monthly.

Out of 120 respondents 16.66 percent receive remittance from banking channels, 66.66 percent through IME, 10 percent receive with the help of friends and only 6.66 percent receive by hundi. This shows that majority of respondent send money through IME and a few respondents by Hundi. Due to increase in banking knowledge and facilities more percent of respondent engaged in banking system.

The respondents use the remittance in different purposes such as; 15 percent of them use for food expenses, 6.25 percent for non-food expenses, 10 percent for the education expenses, 15 percent for health expenses, 11.66 percent for entertainment expenses, 10 percent for saving, 18.75 for repayment of the loan and 6.66 percent stated that the purpose of the remittance collected from abroad was reconstruction or for building a new house.

Among the total respondents 14.16 percent save less than 5 thousands in per receiving, 15.83 percent, 15 percent, 25 percent, 19 percent and 15.83 percent save money 5-10, 10-15, 15-20, 20-25 and above 25 thousand respectively. It shows that most of the respondent saves money between 10-15 thousands per receiving. Only a few respondents save above 25 thousand in per receiving.

5.2 Conclusion

The study applies a survey method to analyze structure of foreign employment; remittance and it help to economic development, nature of consumption pattern of foreign workers' households. Among the foreign employment HHs only 120 HHs are chosen.

A growing trend of remittances worldwide has drawn attention of both academia and policymakers in recent years. Remittance income is emerging as one of most significant and reliable sources of external finances for many developing countries. Not only in the macro levels has contribution of remittances been direct and stabilize in migrant sending households in micro-level as well. A significant number of people in developing countries are receiving remittance and spending in health, education and day-to-day consumption.

The advantage of foreign workers goes beyond the immediate monetary gains. The returning employers increase the social capital through exposure to new technology, ideas, languages and people and produce intangible but important benefits to societies. Remittance money represents the most essential of family values, Hard work, thrift, sacrifice and hope for effective use of Remittance money which were lacking during the field survey conducted at various places.

International labour migration mostly in Gulf, Malaysia, South Asian and European countries as a new phenomenon of migration. In the context of Nepal, a number of people going abroad for work have been increased for the last few years, especially the organization of armed conflict in Nepal. Unexpectedly, foreign employment developed in such a way which has shifted from agriculture based economy towards remittance based economy.

Manpower agencies are almost unfair about their business dealing with the workers and their professionalism is questionable. The role of trade union organizations is also fund ineffective to address the issues of potential labour migrants in home country as well as in the country of destination.

5.3 Recommendations

From the study about the foreign employment and remittance in the study area, some recommendations are made as follows:

- i) Remittance plays positive role to save the economy from the balance of payment crisis but it is not the ultimate solution to reduce unemployment problems. So the government of Nepal should conscious to provide job opportunities inside the

country and should seek possible sectors to mobilize the manpower of the country.

- ii) Nepalese economy has received a large amount of remittance, but remittances are still being transferred through informal channels. Formal channels should be promoted. At least one formal institution must be established to facilitate transfer remittance in each destination.
- iii) Most of the respondents of rural areas came from lower income groups and based on agriculture occupation. So, they cannot easily afford for foreign employment. If they go foreign countries for employment, they should borrow or loan at the high- interest rate. So the policy should be made to give more opportunities to poor people of rural areas as well as facilitated to them from funds for foreign employment. In the case of this study area, almost all the workers from the lower income group are migrated to India to work because of lack of money with them where they are earning a very little amount of money comparing with the migrant workers to other Gulf countries and Malaysia. Thus, GON should provide loans to the poor people in the cheap interest rate for foreign employment.
- iv) Most of the respondents of this study area have gone to foreign employment in unskilled condition. So they cannot earn more income than skilled workers. So, the technical training institution should be established in rural areas and a person who wants to go to the foreign employment, should be given training related to the work has to be done in abroad and also the language of the migrating country before going to foreign employment.
- v) Most of the respondents had not utilized their remittance and newly learnt skills at abroad when they came back home because of lack of technology, conflict problems, non-availability of sizable investment funds and lack of market, etc. So the policy should make to solve the conflict situation, create a good environment and provided sufficient technology as well as market and the GON should play the role of facilitator for all the investors and the workers.
- vi) Surely remittance income is playing a very positive role to reduce rural poverty of the study area and also it is improving the social as well as other economic indicators of this study area but this is not satisfactory. The maximum part of the remittance income has been used in unproductive sectors like regular household expenses, loan payment, house improvement and social spending, etc. This doesn't give any return in the future. Thus, the policy should be made to give

more information to the respondents on using their remittance income into productive sectors like investment in Shares, Business, etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.

- vii) The concept of economic diplomacy should be implemented from the government of Nepal to increase the demand of Nepalese labor in the foreign labor market.
- viii) The Bilateral Agreement should be done from the ministry level with all the labor importing countries. Agreement done with United Arab Emirates and Korea can be the best examples of the positive impact of the agreement.
- ix) The labor desk should be established in the airports of labor migrating countries to help the Nepalese labor in various problems.
- x) The concept of labor attached should be implemented in every embassy. So that, all the problems of migrated labors can be solved from the different desk.
- xi) Different incentives should be provided by the government level as well as from the private sectors for encouraging the people to remit earned money through the formal channels.

Finally, this above case study of foreign employment and remittance in Manchhyam Rural Municipality word no 5 and 6 which is very current issue of the study area, therefore this study is very significant, while the study is concluded in small size and may not be sufficient to make general conclusions for the whole nation about the role of remittance income and labor migration. I am confident and hopeful that it will be certainly beneficial to the people of Manchhyam Rural Municipality word no 5 and 6 as a whole and side by side for the people of other neighboring Rural Municipality word no 5 and 6 of the entire country.

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APPENDIX

CONTRIBUTION OF FOREIGN EMPLOYMENT IN MANCHHYAM RURAL MUNICIPALITY WARD NO. 5 AND 6 OF TEHRATHUM DISTRICT

Questionnaire for Household Survey, 2018

1. Background Information of Interviewer

a) Name Title:

b) Age:

c) Education:

2. Foreign Employee Information

a) Name:-

b) Address: - District: VDC: Ward No:

c) Age: - d) Sex: - (1) Male (2) female

e) Cast: - (1) Brahman (2) Kshetri (3) Vaishya (4) Sudra (5) Other

f) Education: - (1) Illiterate (2) Literate (3) Till SLC (4) Higher education

g) Marital status: - (1) Married (2) Unmarried

3. Destination Country of foreign employee:- (a)Malaysia (b) Qatar (c) Saudi Arab
(d) South Korea (e) Others

4. How much time did you/he/s spend in abroad?

a) 1 year b) 2-3 years c) above 3 years

5. What are the causes for going to abroad for employment?

a) Unemployment b) Burden of loan c) To earn more money

d) Not appropriate to seat in own country due to the conflict

e) Internally desire to go to abroad

f) Lack of sufficient food to eat

6. Sufficiency of Agricultures Products (Do you have enough food to eat?)

a. Sufficient for less than 3 months

b. Sufficient for 3-6 months

c. Sufficient for 6-9 months

d. Sufficient for 9-12 months

e. Sufficient for the whole year

f. Available for selling also after consuming

7. What were the factors that you spent money in order to go to foreign country?

No.	Topic	Amount
1	Passport expenditure	
2	Medical expenditure	
3	Support expenditure	
4	Visa expenditure	
5	Traveling expenditure	
6	Others expenditure	
	Total	

8. What are the major sources of income for the family?

a. Agricultural Products

b. Daily paid labour

- c. Government services
- d. Foreign Employment
- e. Employment in the private sector
- f. Trade and business
- g. Other (Mention Details)

9. What are the major monthly expenses of the family?

Expenses Heading	Expenses in Rs.
-------------------------	------------------------

- | | |
|----------------------------------|--|
| 1. Food | |
| 2. Fuel | |
| 3. Electricity Bill | |
| 4. Transportation | |
| 5. Drinking water bill | |
| 6. School Fees | |
| 7. Medicine and Health treatment | |
| 8. Payment of Interest on Loan | |
| 9. Other (Mention Details) | |

9.1 What are the sources of family income to meet the above mentioned expenses?

Income Heading	Income in Rs.
-----------------------	----------------------

- | | |
|---------------------------------|--|
| a. Occupation Business | |
| b. Agricultural product selling | |
| c. Daily paid labour | |

d. Government Service

e. Foreign Employment

f. Previous Saving

g Loan

h. Other (Mention Details)

Total

10. Sources of financing to go to foreign country?

Topic	Amount	Common Interest rate
Own income		
Family Saving		
Having Loan		
Selling Fix Assets		
Total		

11. Did you repay the loan?

a) Yes b) No

12. How much money you receive from Foreign Employment monthly?

1. Up to Rs. 20,000

2. Rs. 20,000 - 40,000

3. Rs. 40,000 - 60,000

4. Rs. 60,000 - 80,000

5. Rs. 80,000-100000

6. More than 1 lakhs

13. How much money did you use to save per month?

14. During the period of living abroad, how much money and other materials did you bring when you returned back towards Nepal ?

Topic **Amount (in quantity)**

1. Cash

2. Jewellery/Luxurious goods

Total

15. Has any your family member been to abroad except you?

a) Yes b) no

16. Did you/ he/she participate in training before migrant?

a) Yes b) no

17. Did you get salary as the agreement did?

a) Yes b) No

18. How do you utilize the money you receive from Foreign Employment?

Expenditure and Investment	Amount (Rs.)
Food Expenditure	
Non food expenditure	
Education	
Health	
Entertainment	

Saving	
Loan Repayment	
Building or purchase new house	
Total	

19. Did you invest money in any vocational field?

a) Yes b) No

19.1. If not, why? a) Lack of time b) Lack of money c) Don't like

19.2. If yes in which sector did you invest?

a) Social works b) Skill related field c) Others

20. How do you utilize the money you receive from Foreign Employment monthly ?

21. Did you change your job in company or not during the period of your living?

a) Yes b) No

21.1. If yes for what purpose you did ?

a) Not getting salary as the sign

b) Due to the hard work

c) Having no interest

d) Others

22. Have you again made plan/thought to go to abroad?

a) Yes b) No

22.1. If No, why?

.....

23. To be specific, what about changes seen before you went to abroad and after you returned back from abroad ?

a) In economic condition

b) In daily life spending

c) In social status

d) In skill development

e) Other