

# CHAPTER ONE

## INTRODUCTION

### 1.1 General Background

Nepal is a small landlocked, developing and agricultural country. Poverty, unemployment, high population growth rate and dependency on agricultural are the main characters of Nepalese economy. Overall rate of economic growth was 2.4 percent at factor cost and 2.7 percent at producers price 2004/05, while agriculture and non-agriculture sectors contribute by 3.0 percent and 2.1 percent respectively (Economic Survey, 2005/06). Contribution of agriculture to Gross Domestic Product (GDP) was 38 percent (CBS, 2004). Around 78 percent population was dependent in agriculture and only 2 percent population was engaged in industry. Contribution of manufacturing sector is less than 10 percent of GDP. Nepal's Gross National Income (GNI) was 6 billion and so was GNI per capita US \$240 as FY 2002/03 (WDR, 2005). The population receiving less than US\$1 a day was estimated to be 37.7 percent and less than US\$ 2 a day was around 82.5 percent (WDR, 2005). Total Foreign Direct Investment (FDI) during 1988/89-2002/02 marked Rs.22.6 billion. Foreign exchange earning from tourism declined from 3.6 percent in 1998/99 and 1.2 percent contributed GDP in 2004/05. Trade deficit was as high as Rs.82 billion during the period 2003/04 and currently estimated to be as high a Rs.100 billion (22 percent of GDP). Fiscal deficit is estimate to be 8.9 percent of GDP and overall budget deficit it is around 5.2 percent of GDP in 2005. Gross Domestic Savings decline from 15.2 percent in 1999/00 to 12.3 percent in 2004/05. Although open unemployment is relatively low,

underemployment or disguised unemployment is as high as 50 percent. (Dahal, 2004)

Nepalese economy suffers from numerous structural constraints. However the economy has tremendous potential for sustainable high level of growth based on prime foundation of Nepalese economy, which are: water resources, tourism, human resources and remittance and biodiversity (Dahal, 2005).

It is often argued that water resources abundant in Nepal could be instrument for economic development. Of the total 83,000 megawatt theoretical hydropower potential in Nepal, commercial potential is projected to be 40,000 mw. It will be sufficient not only in meeting domestic requirements but also to generate surplus electricity for export and to substantially increase the size of GNI and level of GNI per capita (Dahal, *ibid*).

Tourism is important sector of Nepalese economy. Continuously it has helped Nepalese economy to increase employment, to earn foreign currency and it has also helped to improve regional imbalance. Highest snow peak mountains lushy evergreen forests in Terai, Panaronic hills, diverse biological potentials and harmonic culture and friendly people attractive thousand of tourist every year. The total foreign exchange earning from tourism sector was Rs.7.2 billion in FY2003/04 and 1.5 percent of GDP (Dahal, *Ibid*). In the absence of large scale industry and mineral deposits tourism has opened an alternative avenue for employment and income.

Human resource is another important economic resources of Nepal. It is importance has increased tremendously in recent years. Unskilled, semi-skilled and skilled people have shown inclination towards foreign employment which has resulted in substantial growth of remittance economy. The magnitude of remittance is estimated to exceed Rs.100 billion (Dahal, *ibid*). If the present trend continues, it is speculated that remittance economy will substitute many other areas of the economy in Nepal. On the other hand, the economic and commercial value of biodiversity is yet to be estimated. However, Nepal possesses magnificent biodiversity especially, the forest resources which have the great value with the economic development (Dahal, *ibid*).

Nepalese economy has been passing through the critical phase of low level equilibrium trap circumscribed by poverty and stagnation. Underemployment was recorded as high as 53.7 percent. The economy is facing recession engulfed by ongoing conflict, increasing inefficiency and mounting corruption (Shrestha, 2004). Therefore acceleration in overseas employment of Nepali labor force and remittances has been instrumental for survival, poverty alleviation and improvement in living standard of the people. Foreign labor employment has become strategy for survival of the rural subsistence household. It helps to increase foreign exchange and reserves the resources in scarce economy.

Foreign employment for Nepalese people has long history. It was started before early nineteenth century when the first Nepalese traveled to Lahore to join army of Sikh Ruler Ranjit Singh. Foreign labor employment started after Anglo Nepal friendship treaty of 1816 that recruited 3,000 Nepalese soldiers in British Gorkha Regiment (Dahal,

ibid) Friendship treaty between India and Nepal in July 1950 gave movement of worker on reciprocal basis and the Nepalese labors needed no work permit to work in India (Keyestha, 2000). They were recruited in Army, police force and civil service and private sector. With the enactment of foreign labor employment act 1985 Nepalese labor started to take employment beyond India particularly to the gulf, where oil boom created massive demand for foreign labor. There was significant growth of Nepalese labor in East Asia, South East Asia and Gulf. By the end of mid 1990 on the average 6.7 percent of the total remittance started to come from overseas (CBS, 1997). Relatively less well off people from rural and urban Nepal have been working in the Gulf. Period between 1997 and 2003 could be considered the boom period for foreign labor employment. Nepalese labor employment to the Gulf; middle East; Malaysia; Korea and Japan rapidly increased during this period. Insurgency has displaced more people at a greater scale internally and internationally in Nepal. Nepalese labor are going rapidly to India and overseas countries (Shrestha ibid). The unofficial sources report that every day, thousand of Nepalese are crossing Nepalese boarder. On average 284 Nepali workers are receiving approval from the Department of labor, GON (Dept. of Labor, 2003) everyday to go to Malaysia and Gulf countries. This statistics does not include the overseas employment through unofficial channels.

The rise in foreign labor of young Nepalese abroad in search of work has contributed largely to revenue growth. Nepal living survey 2003/04 estimates that the total amount of remittance in the country is NRs.46 billion in nominal term. Which was India accounts for 23 percent, three Arab countries for 27 percent, and other countries for 17 percent. Remittance sent by workers to their relatives back home from both formal

and informal sources totaled Rs.100 billion compared with the contribution of the manufacturing sector of Rs.36 billion and that of financial and real estate sector of Rs.51 billion (Pant, 2004). It reveals the fact that the remittances sent by workers have contributed substantially. Nepal Rastra Bank (NRB) indicates that the total foreign exchange reserves in mid-February 2003 amounted to Rs.111.2 billion which is also result of the increased inflow of workers remittance from third countries. The government since last fiscal year claims that it has maintained favorable macro economic stability because the flow of remittance from the official source alone totaled Rs.80 billion equivalent to 17 percent of the GDP (Karna, 2004).

For foreign employment government has formulated different programs, plans and polices. GON of Nepal introduced the foreign employment Act 1985, primarily with a view to regularize and control the activities came out by manpower agencies related to foreign employment. After eighth five year plan government paid attention to foreign employment. The Ninth plan launched a long-term strategy to reduce unemployment and increase competitiveness of Nepalese labor in international market thorough skill development. The tenth plan aims at creating opportunity for foreign employment and improving capacity for income generation by developing skilled manpower, design pragmatic policies to regulate and provide security to foreign employment. Diplomatic missions abroad were to be mobilize to promote foreign employment during the plan period.

## **1.2 Statement of the Problems**

Foreign labor employment and remittance are the important contributors to Nepalese economy. Large scale of remittance is entering in national economy over last few years and demand for middle level

manpower is very high in international labor market especially in the Gulf countries, Malaysia, South Korea, Japan etc.

The population census of 2001 A.D. reported that 762,181 persons were out of the country to foreign employment. According to the NRB in the year 2003/04 remittance accounting Rs.58 billion were received in Nepal which is 40-50 percent of all foreign currency earnings. The major factor 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 (Shrestha, 2004). Other main reason is the willingness and enthusiasm of Nepal youth to visit and work in a foreign country.

Since many years foreign employment rate is increasing, but most of unskilled labor had gone to foreign land. Nepalese labor force seeking foreign employment have very low level of technical education and formal training. They are compelled to take danger, difficulty and dirty work in foreign country. Slowly training, institute are being established in Nepal to develop skills on individuals who are seeking foreign employment so that earning capacity of the employed can be increased and competitiveness in the labor market can be increased. But these institutes are in infancy. Individuals seeking foreign employment have spent large amount of money as a cost for employment. The cost includes passport fee, medical charge, visa fee, air fair and commission to employment agency. To finance the employment individual have to dependent on several sources of funds which included internal saving, borrowing from relatives, funds received from the sales of fixed assets like land and animals, borrowing from moneylender etc. Formal financial institution like banks, cooperatives and finance company do not provide

loan easily. It is very difficult to arrange the funds needed to foreign employment by people coming from lower (income) class.

Most of the workers after returning from foreign jobs are migrating to urban areas from rural areas. Urbanization is increasing in small town as well as regional centers. On the other hand, scarcity of able bodied labor force in the rural areas. Absent of male workers in rural areas home forced females to take male work which might have increased their total work. It might cause the decrease in production and their different socio-economic problems. However, the workers sent their remittance to their relative back home, it has positive impact of economic condition of their family. Around 500 foreign employment agencies have been registered under the department of labor to facilitate foreign employment. Most of the time, there is dispute between manpower companies and prospective job seekers. There is widespread complains of extortions and cheating. Government has no mechanism to solve the problems of labor seeking foreign employment.

Nepal receives remittance through formal and informal channel such as bank, hundi, friends or self carrying. Most of Nepali workers send money through informal channel like hundi and friends relatives. The remittance is also transferred in the form of goods like different consumers durables, gold, garments etc. The official records do not show unofficial cash transfer, personal imports of the foreign workers, and saving brought home on return. The official transfers are quoted from banks and foreign exchange facilities. So there is a huge gap between the earning officially quoted and actual earnings (Puri and Ritzema, 1989).

Mostly remittance are used for subsistence needs such as expenses such as food, clothing and housing. They are also use for improving

housing, buying land (urban areas), buying, cattle, buying durable consumer goods, social cultural ceremony (birth, wedding, death), loan repayment of the family and for better health or education. The contribution of remittance in the Nepalese economy is said to be very important but it has not yet been systematically estimated. It is necessary to understand the contribution made by remittance in the micro level to make suitable policies related to regulate it. Answers of the following questions are very pertinent in the initial stage which will be sorted out from a study from a village development committee in Illam district.

- ) What are the economic impacts of remittances in the rural areas ?  
Who gets benefit ?
- ) What are the reasons for labor seeking foreign employment? Why most of the rural youth are interested to foreign employment ?
- ) How is the trend of foreign labor employment and remittance in last ten years ?
- ) How remittance are being used rural area?
- ) What visible socio-economic change are brought by foreign employment in rural community.

### **1.3 Objective of the Study**

The main objective of this study is to assess the impact of foreign employment and remittance in rural community in Nepal. The specific objectives include:

1. To describe the past trends of foreign employment and remittance in Nepal.
2. To identify the characters and nature of foreign job seekers.
3. To identify the sources of financing and cost of foreign employment.



4. To find out the use of remittance and its change.
5. To make relevant recommendation to policy maker.

#### **1.4 Importance of the Study**

The single most important aspects of emigrant worker is the remittance that they send to the country. Nepal has been enjoying the remittance from the British Gorkha serving UK governments well as Indian; Singapore police force and Brunei government. Besides these Nepalese have managed to go for work especially in Gulf areas, Europe, North America and some South East Asian nation. Some estimated record and analytical study shows the Nepalese remittance altogether Rs.69 billion (Rs.40 billion from India Rs.29 billion from other countries) which was account 25 percent of the GDP (Seddon, 2003), Nepal living stander survey 2003/04 estimates that the total amount of remittance in the country is Rs.46 billion, Nepalese worker sent their remittance from formal and informal sources totaled Rs.100 billion (Pant, 2004) and NRB records, 2003/04 shows that around Rs.57 billion which was account 11.44 percent of the GDP. These data are difference each other. However, it is true that it is important component of national economy as well as household economy. From last few years, it has the significant sharing in the foreign exchange reserve in Nepal.

In the past, the kind of job of Nepalese worker did abroad was only the armed force. After the restoration of democracy international job market was opened in about 40 countries. Thus in the new phenomenon of entering into the WTO, efficient and skilled labor force is required and diversification in the skill and destination. This study will concentrate on the role of remittances in rural Nepal and guide to make it more helpful in eradicating rural poverty and increasing the capacity of level force. The economic indicators will help to plan rural area.

## **1.5 Limitations of the Study**

1. Due to time, money and availability of data constraints this study is based on trend of labor migration and remittance for last ten years at national level.
2. This study is based on sample size of study area. It may not be helpful to make general conclusions.
3. Simple statistical tools have been used like ratio and percentage further analysis may be needed with adequate sample and more concrete data to draw more valid conclusions.

## **1.6 Organization of the study**

The first chapter is the introductory chapter. The study of theory of migration and demography has been reviewed in the second chapter, which is presented under the title "Review of literature". Nepalese study in the labor migration and remittance is another matter of review. The third chapter includes research methodology. The fourth chapter includes flow of labor migration; its composition, diversification and its trend. This chapter also include review of government policies about foreign employment and remittance. The fifth chapter gives data analysis of study. The sixth chapter, which is the last, is summary; conclusions and recommendations.

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

Foreign labor migration and remittance have emerged over the last two decades as a prominent feature of the Nepalese economy. Although unjustifiably neglected previously a number of recent studies have contributed in bringing this topic increasingly into both public and academic debates. The literature review is grouped into theoretical base of labor migration and remittance, historical perspective of foreign employment in Nepal, causes of emigration, impact of emigration in the economy, destination of employment and extant of employment in foreign countries, use and effects of remittance and practices of government. In this chapter for the propose of literature review, various theories/principles/models of foreign employment and remittance are examined.

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

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

E.G. Ravenstein, (1885) was the first person to attempt forming migration theory. Revenstein's "laws of migration" is also known as, push-pull factors of migration; still predominates as framework of migration analysis. Push factors are land tenure system, unfavorable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of rural poverty in general and so on. Pulls factors are

employment, education and other facilities are opportunities known as bright light of the towns. On the one hand push factors push the migrants from their place of origin and on the other hand pull factors pull the migration to the place of destination.

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

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

The theory of remittance or its relations with different variables has not been yet established. This is because there is no perfect relationship of it with other variables. The causes of migration, place of destination, types of work engaged in destination, environment of destination, family causes and a lot of variables affect. Volume of remittance and its use and

impart. However any model has not been a fit, different scholar academicians have tried to theorize their empirical researches in a conclusive frame.

Ray Chaudhuri (1993) has quoted five different researches conducted by i) H. Remple, R. Lobdell ii) G.E. Jonson and W.E. Whitelaw in Kneya iii) Remple and Cobdell in Pakistan iv) B. Banjee in Delhi v) ILO and presented by A.S. Oberai and HKM Singh. Their common idea is propensity to remit of all migrants and proportion of remittance is equal and depends on the types of work received abroad, level of education of migrants, marital status, origin of migrant rural or urban. The proportion of income remitted is more or less same of all types of migrants, but the amount of remittance certainly is not equal. Ray Chaudhari (1993) studied in his own research about the use of remittance. He concludes that first, initial consumption pattern largely affect the use of it. If the recipient is below the poverty line his/her elasticity of demand on necessary thing is high, i.e. it encourages local consumption expenditure. If he/she is above the poverty line; it makes him/her rise in income status, so consumption pattern shifts to goods for facility and luxury. Secondly, expenditure of remittance in receiving household depends upon availability of desired commodities or services too. If they are not available they lead to establish wholesale and retail unit. Thirdly, the use of it depends on propensity to save and it is affected by level of income and ceremonial duties like marriage. If they are high one's propensity to invest reduce. The fourth element proposed by Chaudhari that affects the use is value system and attitude towards different types of occupation.

Elbadwi and R. Rocha (1992) synthesized the old researches in two categories: endogenous migration and international workers' remittance concerns the income differential and wage rate between two place, there is 'required' level of remittance which must be equal to average income of family and community, on the other hand portfolio approach to international workers' remittance suggests volume of remittance depend upon decision whether to save in host country or remit to the home country. The volume of remittances is affected by relative rate of return of interest rate, foreign exchange, real estate values and rate of inflation and difference in the black market exchange rate and official exchange rate. The first approach considers income and demographic variables as the main determinant and economic policy influences less and so it is long run analysis, and second insists on macro economic policies, economic and social environment for higher remittance and short run treatment.

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

## **2.2 Historical Perspective of Foreign Employment in Nepal**

Kanskar (1982) in his research, "Migration, Remittance and Rural Development", reviewed preceding of migration with reference to remittance. He found the origin of Nepalese emigration to be after the

Anglo Nepali War in 1814 and was totally for recruitment in the army. The Indian Army was not only open to Nepalese soldiers for recruitment but also managed for their permanent settlement. Government had no official policies to encourage it. The Prime Minister, Bir Samser JBR, encouraged the people to join the British recruitment. About 200,000 Nepalese males joined the British regiment even during the first world war. The Anglo-Nepal convention held on 15<sup>th</sup> May 1815, created alternative labor market to the Nepalese in India. The emigration to India accelerated because of disequilibria in labor growth and employment opportunity growth and miserable day to day life of Nepalese hill area.

Seddon (2000), in his book, "Foreign Labor Employment and Remittance Economy of Nepal" shows the history of labor migration from Nepal. Data backs at least to the beginning of the early 19<sup>th</sup> century and closely linked to British imperial politics. Recruitment of so called "Gurkha" soldiers into the (British) India army was institutionalized in 1816 after Nepal had lost the war with the British East India Company. Prior to that some Nepalese had sought employment in the army of the Sikh ruler Ranjit Singh in Lahore and other joined them after the defeat of the Nepalese army by the British. This tradition, until today is reflected in the name "Lahure" for soldiers. But today it is regulated by the "Foreign Employment Act". With the enactment of foreign employment act, Nepalese started to migrate beyond India particularly to the Gulf, where oil boom had created massive demand for foreign labor. There was significant growth of Nepalese migrants in East Asia, South East Asia and the Gulf.

### **2.3 Causes of Emigration**

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

Kshetry (2004) in his article "Emigrating Workers in National Perspectives" identified the causes of Nepalese emigration as limited employment opportunities in government and private sector. Underdevelopment of industries and rudimentary services sector provides limited number of jobs to ever increasing labor force. In the farm sector which conventionally used to absorb almost all the work force failed to do so because of low motivation for farm sector work. The entrepreneurs in this sector are not enthused to invest more either due to low returns or risk involved in this sector. Such events and lure of making quick money at least from legal means by going overseas for menial work prompted to exit large number of workers from rural Nepal.

Kunwar's (1993) concluded 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 terms of physical facilities and infrastructure at destination.

### **2.4 Impact of Emigration in Economy**

Kshetry (2004) has studied the impact of foreign employment in national economy and concluded that the single most important aspects of



emigrant workers is the remittance they send to the country. He has also identify transfer of technology and management skills as another positive aspect that emigrating workers usually bring into the country. Nepal has not been able to demonstrate such benefits distinctly. Mostly very few who have the experience of foreign job up to stay back and start their own enterprise based on work experience. Otherwise they are tempted to go overseas again. The changes in socio-demographic and management skills were another positive aspects that emigrating workers noticeably showed. Nation is devoid of the labor of prime age because of foreign employment. It has been distinct in the farm sector. Labor is becoming scarce in rural areas because of the able people leaving the rural area either for overseas jobs or for urban work. It has mixed implications both positive and negative. The plus point is that as deforestation has been reduced there is large population pressure on forest based resources. Negative aspect of emigration was noticed from increased small plots of land as well as reduced productivity in rural agricultural farms.

Pokharl (2004) identifies Nepali overseas worker sending foreign exchange to Nepal as the backbone of Nepalese economy. They bring with them not only money but also special skills, knowledge and exposure. With appropriate strategies and programs this resource plays an important role in rural transformation.

Shrestha (2004) says that in recent years remittances emerged as one of the primer source of foreign exchange received through foreign employment. Nepal Rastra Bank (2002) indicate that foreign employment can play vital role in improving rural economy and reducing poverty and unemployment.

## **2.5 Destination and Extent of Employment in Foreign Country**

Labor and Employment Promotion Department has recognized 57 countries where Nepalese labor force can go for employment purpose through official channel. Out of them 41 countries have been recognized only after 1997/98. Records show that Nepalese Labors have spread all over world from South Asia to America, Europe and Africa. The total Nepalese people employed abroad accounted to 242,005 in 1993/94. Most of them (70.6% of total) were employed in the Arabian countries. The growth of emigrated labor force seems fluctuating but the trends is still increasing. There was a 137.6 percent growth in the fiscal year 1997/98, 258.9 percent growth in 1998/99 followed by 27.9 percent in 1999/2000. The Nepalese migrant workers are found in every countries of the world, but the major destination are four Asian countries viz. Saudi Arabia, Qatar, UAE and Malaysia.

Thapa (2003) in his article "Nepali Workers in the Gulf Countries" estimated 450,000 to 500,000 Nepali workers working in various countries of the Gulf. He estimated that around 12,000 were in Kuwait, over 70,000 in Qatar, over 350,000 in Saudi Arabia. Poudel (2003) stated that there were 400,000 Nepalese workers working in Gulf and east Asian countries. When is estimated that 2.4 million Nepalese migrant workers are working in India.

Seddon (2003) in his report "Migration and Remittance: The Case of Nepal" estimated that 760,000 Nepalese lived abroad which was about 3 percent of the total population or 6 percent of the adult working population of the population census of 2001. Of these, nearly 600,000 were in South Asia (mainly India), around 110,000 were in the middle

East, nearly 35,000 were in east and south Asia and around 23,000 were in western Europe, North America and Australia, with their remainder elsewhere. The 1991 census ten years earlier suggested a total of 660,000 inhabitants had migrated to foreign countries. This was about the same proportion of total and adult population.

Wyss (2004) argues that international migration becomes a livelihood strategy due to lack of well paid job in Nepal. He is of the view that there are five places of destination of Nepalese migrant workers India, India/British Army; Gulf/Malaysia/ South Korea/Hong Kong and Europe/America.

## **2.6 Uses and Effect of Remittance**

The major portion of the remittance is used for meeting household consumption and paying off loans borrowed to go abroad (Seddon et al., 1999; NRB, 2001). 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, NRB, 2001). Improvement in living standard includes housing improvement; higher expenditure on food, on personal items, domestic, equipment and other consumer durable.

Shrestha (2005) in his report titled "Foreign Remittance : A Panacea for Nepalese Economy" has states that remittances can generate a beneficial impact on the economy through various channels, such as saving, investment, growth, consumption and income distribution. Remittances have relaxed the foreign exchange constraints of the country and strengthened its balance of payment (BOP) position.

Seddon (2003) in his article shows that the real statistic of foreign employment is much more higher than the official data. Official source accounted only Rs.2.9 billion remittance in 1996/97 but he estimated more than 35 billion. The authors tried to analyze dynamic of remittance it use and impact on rural economy.

Pant (2005) in his report titled "Remittances and Development in Developing Countries" has states that remittance are important financial resources to the receiving countries at the micro and macro level. They increase both the income of the recipient and the foreign exchange reserve the recipient's countries. Mostly remittance are used for basic subsistence needs and for daily needs such as food, clothing and housing. These three components make up a significant portion of the income of the recipients household. At an individual level remittance increase the income and reduce the poverty of the recipient's. Generally in the developing countries only a small percentage of remittances are used for saving and used as productive investment such as income and employment generating activities as buying land or tools, starting a business and other activities. However the money spent on better education of the children and health is believed to have a favorable effect on growth, which tends to help in output production. At the macro

economic level remittance provide significant sources of foreign currency and contribution to the balance of payment. Remittance also contribute to the expansion of communication services courier companies as well as money exchange services, which contribute to the expansion of economic activities and increase the employment opportunities.

## **2.7 Practices and Process of Government and Non- Government Agencies**

Most of the government institutions and agencies like Nepal Rastra Bank, Nepal Planning Commission, Ministry of Labor and Transport, Department of Labor etc. are giving more focused to this topic in the over last few year. According to the special study of the NRB research department carried on 2001. A survey of foreign employment remittance economic and Nepal. This survey generate some information different issues relating to foreign employment and remittance economy of Nepal. The study has covered the ten district of the four development regions through a sample survey. According to this study, 86 percent of the Nepalese migrant workers went to Gulf countries. Out of the total migrant labor force 26.9 percent earns around Rs.50 thousand yearly, 28.8 percent ears Rs.50 to 100 thousand per annum; 12.5 percent ears Rs.100 to 150 thousand per annum and 31.9 percent earns more than Rs.150 thousand. This survey also revealed that, 85 percent of the Nepalese migrant are involved in general labor work, 13 percent are in army service and 2 percent are in foreign government service. 26 percent of all households surveyed received remittance of Rs.500 thousand, 25 percent have received Rs.50 thousand, 15 percent have received Rs.50 to 100 thousand. 16 percent have received Rs.500 thousand per annum.

Similarly 19 percent of all remittance sent through banking channel, 21 percent orders, 7 percent by hundis and 36 percent by mixed of all channels. The total remittance received in the fiscal year 2000/01 was recorded Rs.15.90 billion. This study has tried to include every cast/ethnic groups, geographical region and different people from different socio-economic background, the income level and expenditure pattern are mostly affected by socio-economic academic background and geographic region.

After eighth five year plan NPC started to refer the objective of encouraging foreign employment to create appropriate condition for increasing employment opportunities at home and abroad. In the same year 1992 association of foreign employment agencies (NAFEA) was established. It has also encouraged to emigration. The Ninth plan referred to foreign employment as a means of income sources promised to make institutional arrangements to make foreign employment opportunities simple and well managed for the Nepalese labor force. The Tenth 5 years Plan gives much emphasis in promoting foreign employment. It also known as programs for promoting foreign employment, providing entrepreneurship training for returning migrant workers and imparting skills to developing migrant workers. The labor sector plan includes an ambitious target to increase the number of placement in foreign employment from 104,739 in 2001/02 to 550,000 in 2006/07. (NPC, 10<sup>th</sup> plan)

On the basis of various related literature can give conclusion that foreign employment and remittance is one important component of national economy. They have focused that migration happens due to push

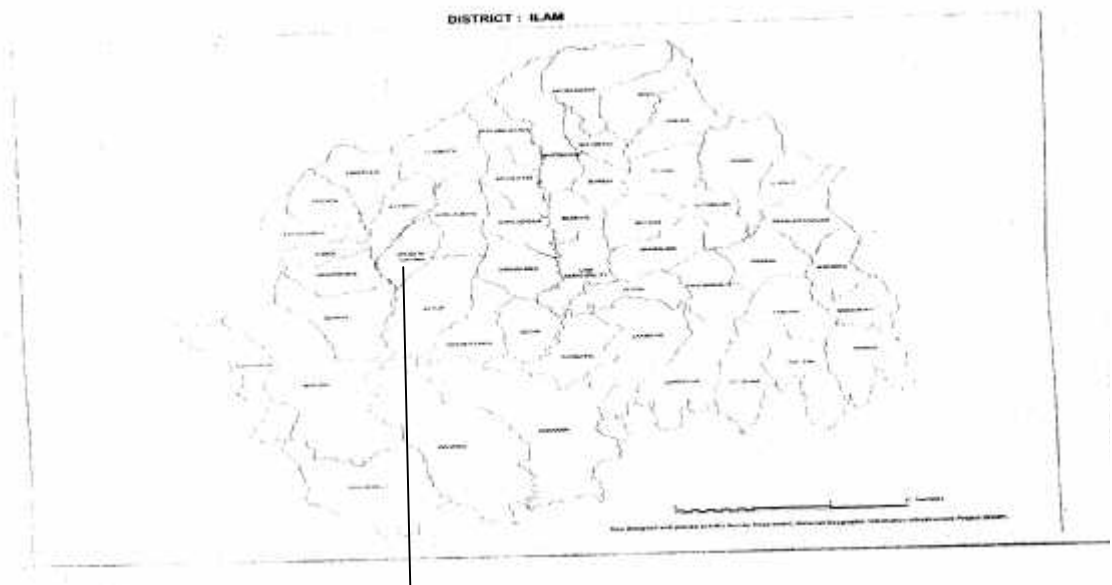
and pull factors. So people are migrating one country to another country. Foreign employment helps to enter large amount of remittance into national economy. Remittance have positive impact on national economy as well as household economic conduction. So every nation should have given more priority to these issues recently. However, there haven't been studies regarding a comparative study done on foreign employment and remittance and its impact in Dhuseni VDC. This micro level study aims to fulfill gap of knowledge of volume, trends socio economic status, causes and consequences of foreign employment and remittance at the study areas.

# CHAPTER THREE

## RESEARCH METHODOLOGY

The methodology section of this study has been divided into five different sections. The sections are map of study area, location of the study area, research design, sample design and sample size, data collection and data processing.

### 3.1 Map of the Study Area



**Dhuseni VDC**



### **3.2 Location of the Dhunseni VDC**

The study area is Dhunseni VDC of Ilam district. The VDC lies in Ilam district which is situated in the eastern development region of Nepal. It is the hilly region among three ecological zones. The district extends between 26°40' and 27°8' north latitude 87°40' and 88°10' east longitude. The total area of Ilam district is 1703 square kilometers.

The east and south of Ilam district is bordered by Indian states of west Bengal and Jhapa district of Nepal. The north and west part of the district is bordered by Panchthar, Dhankuta and Morang district respectively.

Ilam is divided into 48 village development committee and one municipality. Dhunseni is one of the VDC of Ilam where the study was done. It is 20 kilometers west from the district headquarter. The east part of this VDC is bordered by Manglabare west by Akatapa north and south by Maglabare and Gitpur VDC. Dhunseni is terraced hilly land. No any rivers pass through this VDC. There is no any jungle and parks inside this VDC.

Dhunseni VDC is divide into 9 wards and there are 833 number of household. Maximum number of the household undertake agriculture profession. The main crops of this VDC are rice, wheat, corn and some cash crops are gingar, cardoboom, brooum-stick, tea etc. Dhunseni is linked by gravel road from headquarter connecting Santidada and Manglabare VDC . Dhunseni VDC has access to electricity and telephone.

Main purpose of selecting of this VDC as area of study includes district officials Ilam district reported that maximum number of foreign job seeker are living in this VDC, the VDC is accessible to the researches himself and it may also represent a typical hill VDC in Nepal.

### 3.3 Research Design

This study is a case study of Dhuseni VDC. It is a micro level study. This is a analytical as well as descriptive type of research design. The unit of information is household and type of data collection for the study area cross-sectional. They descriptive type of research design is used to make the analyzed facts more meaningful and useful for the propose.

### 3.4 Sample Selection Procedure

In Dhuseni VDC, there are 833 households and total population is 4515. Among these household 162 people are migrant workers. Out of these migrant workers 72 workers were selected in equal number from each 9 wards by applying random sampling method. This survey was conducted from March 15, 2006 to March 25, 2006 A.D. The selection sample size is given in the following table.

**Table 3.1**

**Sample size of respondents household of Dhuseni VDC**

Ward No.	Total Number of household	Respondents household	Number of sampled household
1	82	12	8
2	117	24	8
3	38	10	8
4	95	17	8
5	109	19	8
6	79	16	8
7	110	21	8
8	118	25	8
9	85	18	8
Total	833	162	72

*Source: Field Survey, 2006.*

### **3.5 Data Collection**

#### **3.5.1 Primary Data Collection**

All the selected 72 household of returnees respondents were interviewed and relevant information was collected through the medium of questionnaires. The questionnaire included open and close-ended questions. Personal interview was taken by the researcher and the questionnaires were filled. Cross checks, editing and indirect questions were also put sometimes when the answer were through to be unrealistic and irreverent. The format of questionnaires are given in appendix.

#### **3.5.2 Secondary Data Collection**

Besides primary data some required data related to the study had been collected from secondary sources available from official and unofficial sources. The relevant data are complied from publication of the national planning commission secretariat : Central Bureau of Statistics, budget speeches of GON, Economic surveys, Annual publication of Nepal Rastra Bank, different records of department of labor GON and other periodical, journals, books, reports, magazines, seminar papers, reports of research centers data and information from donor agencies like WB, ADB, IMF, IDA, UNDP etc.

### **3.6 Data Processing**

After the complete of field work, all the information of the filled up questionnaires was presented in a master table identified the respondents number and the variable related. Some variables were described after editing and cross checking. These data were tabulated manually. Data processing is done with the help of a scientific calculator and computer. Frequency tables and other statistics in used to make comparisons of different groups of the respondents. The respondents were grouped according to ethnic composition such as Brahmin/Chhetri, Limbu, Mongolioid and Dalits.

**CHAPTER FOUR**  
**FOREIGN LABOR EMPLOYMENT AND REMITTANCE**  
**ECONOMY OF NEPAL**

**4. Foreign Labor Employment**

Foreign employment in Nepal started after the Nepalese Army headed by Kajeer Amar Singh Thapa was defeated by the British East India Army in 1814. The convention (May/1815) between Kajeer Amar Singh Thapa and Major General Ochterlony of East Indian Company came to a consensus that Nepalese deserved to join the British, East Indian Company (Sanwal; 1965). Because of that provision the Nepalese emigration process was initiated for military purpose to outside the country, but an invisible emigration to India was initiated in mid 1800s. Peasantry in eastern and far eastern hilly parts of India was encouraged by promoting tea plantation and settlement in the forested area (Dixit 1997). During this period Nepalese migration to India, started which was besides to join military recruitment. Friendship treaty between India and Nepal in 1950 promoted free movements between two countries and the previous agreements were further consolidated.

It was after the establishment of democratic system in 1990 that Nepal integrated herself to the world and then diversities in dimension of emigration occurred. Enactment of foreign labor employment Act 1985 realized the importance of emigration through unofficial channel and recognize the future of foreign labor employment. Search of employment outside the country was entrusted to manpower agencies.

#### 4.1 Foreign Labor Employment: Trend and Composition

Restoration of democracy in 1990s opened the door of international labor market. Near about 8 million nonresidential Nepalese are spread over forty countries (Department of Labor, 2003). The supply of Nepalese youth in foreign countries in search of work is increasing day by day at a high rate. The distribution of Nepalese about as shown by the population census of 2001 is given in the following table.

**Table 4.1**

##### **Number of Migrant Nepalese Working in Different Countries in 2001**

S.N.	Countries	Number of People	In Percent
1	India	589050	77.28
2	Saudi Arabia	67460	8.85
3	UAE	12544	1.65
4	Malaysia	6813	0.90
5	Qatar	24397	3.19
6	Hong Kong	12001	1.97
7	Korea	2679	0.35
8	Singapore	3363	0.44
9	Kuwait	3688	0.48
10	Bahrain	2737	0.35
11	Japan	3720	0.49
12	China	1354	0.17
13	Russia and Other	747	0.09
14	Other Asian countries	3849	0.51
15	Australia	2497	0.32
16	United Kingdom	7271	0.95
17	Germany	1638	0.21

18	France	250	0.03
19	Other European Countries	1998	0.26
20	USA, Canada and Mexico	9557	1.25
21	Other countries	1877	0.24
	Total	762181	100

*Source: Population Census, 2001, National Report CBS*

Above table shows that total absentees of the country, reported by the population census Report 2001, is 762,181. Out of this number 589,050 people i.e. 77.3% of total absentees have gone to India, which implies that migration in Nepal is still associated with India. Major destination of Nepalese emigrants except India are Hong Kong, Malaysia, Saudi Arab, Qatar, UAE, UK and USA. More especially, only three Gulf countries Saudi Arab, Qatar and UAE have contained 60 percent of Nepalese absentees except India. This brings the fact that Nepalese emigrants are mainly in this three Gulf countries.

## **4.2 Growth of Foreign Employment**

Labor and employment promotion department has recognized 57 countries where Nepalese can go for employment purpose. Out of them 41 countries have been recognized only after 97/98. Records show that Nepalese people have spread all over the world from South Asia to American, Europe, Africa and Atlantic ocean. How the number of foreign employment seekers can be shown through the report prepared by labor and employment promotion department of the government is given below:

**Table 4.2**  
**Number of Nepalese Migrant Workers Employed in Different Part of**  
**the World in Different Fiscal Year**

FY	Arabian countries	East Asia	South East Asia	Other Asian countries	Africa	Europe America Australia	Other	Total
1995/96	2015	114	-	-	-	-	5	2134
1996/97	2638	522	51	-	-	-	48	3259
1997/98	7166	347	89	-	-	-	143	7745
1998/99	26883	696	171	46	-	-	-	27796
1999/00	34098	1119	180	71	14	32	28	35543
2000/01	42862	681	11313	47	12	61	89	55025
2001/02	50719	689	53078	58	16	84	89	104739
2002/03	59269	1345	44062	70	6	85	161	104998
2003/04	53805	2119	45892	462	16	115	337	102786
2004/05	71141	1085	66322	842	-	229	84	139703
Total	350596	7817	222196	1596	64	606	974	583728

*Source: Labor and Employment Promotion Department Nepal, 2005.*

Above table shows that Nepalese people employed abroad accounted to 583728 from 1995/96 to 2004/05. Out of the total, more than half of the laborers went to Arabian countries. The next region of choice is south East Asia where 221196 have gone for employment. The third highest number of workers has been employed in East Asian countries followed by other Asian countries, Africa, America, Europe, Australia, and all other countries. These numbers show that the major destinations of Nepalese migrant workers are the Gulf region and South

East Asia. This data does not show migrant workers in India and migrant workers officially unregistered even in this regions.

If we look into the growth of emigrated labor force it seems fluctuating but the trend is increasing. In a period of 10 years, the number has increased from 2134 to 583728 which is 273.5 times more. Annual growth rate is tremendous in every fiscal year except 2001/03 and 2004/05 in which year it was show growth. The year 2002/03 has a negative growth. It shows that more and more number of people are seeking foreign employment which further results in the growth of remittance in the economy.

### **4.3 Most Favored Destinations of Nepalese Workers**

The most favored countries of destination to Nepalese workers for foreign employment is defined from the perspective of the number of workers in that country. It might be related to the level of skill required or the level of wages earned by unskilled Nepalese workers. The countries which have maximum number of Nepalese workers in different fiscal years is given in the following table:



**Table 4.3**  
**Number of Nepalese Migrant Workers in Different Countries in**  
**Selected Fiscal Years**

FY	S. Arabia	Qatar	UAE	Malaysia	Total
1999/00	17867	8791	6360	171	33184
2000/01	17966	14086	8950	11306	52308
2001/02	21094	19895	8411	52926	102526
2002/03	17990	26850	12650	43812	101302
2003/04	16875	24128	12760	45760	99523
2004/05	13366	42394	12626	66291	134677

*Source: Labor and Employment Department, 2004.*

Above table indicates that upto FY 2000/01 Saudi Arabia received the maximum number of Nepalese workers in one country and Qatar followed by. In 2001/02 Malaysia received the highest number followed by Saudi Arab. From 2002/03 on wards Malaysia remained first and Qatar remained second most important country. The importance of Saudi Arab has some what diminished in those years as a principle employing country for Nepalese foreign workers. It is also the evident from the table that there is rapid growth in the demand for Nepalese workers in Malaysia and Qatar. There is stable demand in united Arab Emirates. There is declining trend for the demand of Nepalese workers in Saudi Arab.

## **4.4 Remittance**

Remittance brought by British Gorkha soldiers and the wages earned in different parts of India by seasonally employed Nepalese labors were significant in the Nepalese economy since earlier period but no due attention was given to it. There was no accounting of Nepalese employed in India. British Gorkha soldiers brought remittance in hard foreign currencies. Later on in 1990s when there was massive out flux of Nepalese labor in the Gulf countries and Malaysia. Foreign currency brought by them increased tremendously and foreign employment and remittance brought by them attracted national attention. Internal arm conflict started in 1995 had negative impact on several sectors of the economy such as industry, tourism and even agriculture. The sustainability of Nepalese economy depended mostly in foreign aid and remittance. This is how remittances got prime attention in Nepalese context and several countries were opened for foreign employment. Nepalese unemployed youth started to be attracted to foreign employment. The importance of the remittance on Nepalese economy can be judged by the growth. In the number of persons leaving the country each year for foreign employment.

### **4.4.1 Growth of Remittance**

Remittance provides not only the significant portion of the GDP but it also contributes in savings and investment. The growth of remittance depends on the number of labor forces working outside the country, the level of earnings, the portion of income that is sent back home. Other sources of remittance such as government transfers, investment made by nations in other countries. The size of remittance

also determine the availability of foreign currency in the country. Nepal Rastra Bank, the central bank of Nepal publishes data related to remittances continuously. The growth of the remittances and sources of remittances is given in the following table. The category of other remittance includes the money remitted by the labor employed in foreign land. It is only the money sent through formal channels.

**Table 4.4**

**Total Convertible Foreign Exchange, Total Remittance, Gorkha Remittance, Other Remittance and their Share and Growth in Different Fiscal Year**

*(in Million)*

FY	Total + CFE Receipt	Total Remittance	* Gorkha Remittance	° Other Remittance	Share of other remittance in total rem.	Share of Remittance in CFE (%)	Annual growth rate of other rem.
1994/95	39150.3	3506.7	1842.9	1663.8	47.45	8.95	-
1995/96	37459.8	2660.2	716.0	1944.2	73.08	7.1	16.85
1996/97	38280.4	2938.0	979.9	1958.1	66.6	7.67	0.71
1997/98	44383.9	4084.2	1285.9	2798.1	68.5	9.08	42.89
1998/99	55939.8	6520.6	1627.0	4898.6	75.04	11.25	75.06
1999/00	64250.0	6031.4	1288.2	4744.2	78.6	9.39	-3.15
2000/01	89823.2	9797.6	3557.5	6240.1	63.7	10.91	31.53
2001/02	76153.3	14859.8	4334.2	10525.6	70.8	19.5	68.67
2002/03	98659.8	41630.0	4221.4	37408.6	89.8	42.1	255.40
2003/04	120643.0	56629.8	4504.8	52125.0	92.04	46.9	100.39
Total							

Source: NRB Quarterly Economic Bulletin April, 2004-MID July 2004.

\* Economic Survey, 2003/04.

4 Total Remittance minus Gorkha remittance

+ convertible foreign exchange

Above table shows that the convertible foreign exchange grew from Rs.39150.3 million in 1994/95 to Rs.120643 million in 2003/04 in 2003/04 which is about 3.08 times more. Similarly remittance increased 16.15 times. It indicate that when remittance is increased then convertible foreign exchange also increased, because the increasing rate of remittance contributes to increasing rate of convertible foreign exchange. It is also shown by the share of remittance in convertible foreign exchange. Initially which was 7.24 percent but it was highly jumped in twice of 46.9 percent in 2003/04. The trend is fluctuating after 1998/99 to 2001/02 but after 2001/02 it highly jumped. The other remittance grew from Rs.1663.8 million in 1994/95 to Rs.52125 million in 2003/04 which is about 31.33 times more. Its share in total remittance is appreciable. Initially the share of other remittance in total was 47.45 percent which grew 92.04 percent in 2003/04. After 2000/01 it increased at high rate. After 1994/95 it did not go down from 47.45 percent rather went on the path of increasing trend. The annual growth rate of other remittance, the rate of change is extra ordinary which was 255.40 percent in 2002/03. The rate of change occurred negative (3.15%) once in 1999/00. But other fiscal year the rate of change was not negative but highly fluctuated. So the flow of other remittance has been favorable to increased in convertible foreign exchange and in total remittance.

#### **4.4.2 Contribution of Remittance to the National Economy**

From the mid 1990s, remittance was viewed as a significant contributor to the national economy. It also increased domestic saving and investment. Investment depends on domestic saving and foreign assistance. Since there is increase in domestic savings due to remittances,

it has helped in the investment and growth of economy. The data obtained from economic survey 2004/05 in this required is presented in the following table.

**Table 4.5**  
**Composition of GDP, Saving, Investment and Remittance in Nepal in**  
**different Fiscal Year**

*(in million)*

Fiscal Year	GDP in Product price	Domestic saving	Investment	Remittance	Remittance as percentage of GDP	Remittance as percentage of saving	Remittance as percentage of investment
1994/95	219175	32465	55231	3506.7	1.59	10.8	6.34
1995/96	248913	34426	68017	2660.2	1.06	7.72	3.91
1996/97	280513	39162	71084	3938.0	1.4	10.05	5.53
1997/98	300845	41438	74728	4084.2	1.35	9.85	5.46
1998/99	342036	46563	70061	6520.6	1.9	14.0	9.30
1999/00	379488	57577	92272	6031.4	1.58	10.47	6.53
2000/01	410287	61030	98313	9797.6	2.38	16.05	9.96
2001/02	422301	49807	103616	14959.8	3.54	30.03	14.44
2002/03	454935	52747	117504	41630.0	9.15	78.92	35.42
2003/04	494882	60493	132107	56629.8	11.44	93.61	42.86

*Source: Economic Survey, 2004/05*

*\* Convertible foreign exchange*

Above table shows that the GDP grew from Rs.219175 million in 1994/95 to Rs.494882 million in 2003/04 which is about 2.26 times more. Similarly, the saving increased by 1.86 times, more and investment increased by 2.39 times. If we compare the growth of remittance. It is 16.15 times more in the same period. Initially the contribution of remittance in GDP was only 1.59 percent which grew to the tone of 11.44 percent proving its importance. Remittance as the percentage of saving

has increased from about 10.8 percent in 1994/95 to more than 93 percent in 2003/04. If we compare the contribution of remittance in the investment portfolio. It has increased from 6.34 percent in 1994/95 to 42.86 percent in the fiscal year 2003/04. It indicates that if remittance is increased it has support to increased domestic saving. If domestic saving is increased, investment also increased and if investment is increased GDP also increased. Thus, the positive relationship of these sectors is found each other. From all above data, whether it is economic growth or economic vulnerability of the country in a conflict ridden situation remittance has played a significant role.

## CHAPTER FIVE

### DATA ANALYSIS

This section provides description about the social characteristic of the respondents, status of economic condition, occupation causes to seek foreign employment, medium used to obtain foreign employment, destination, duration of stay in abroad, income earned in abroad, system of transfer remittance, use of remittance and its change.

#### 5.1 Social Characteristic of Respondent

Social condition such as caste/ethnic composition, size of family; age, marital status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. for the purpose of the study the sample was classified into four distinct ethnic groups such as Brahmin/Chhetri, Limbu, Mangoliod and Dalit. other social characters considered important for these groups were family size, age, marital status and literacy rates. The information obtained by interviewing the respondent is presented in the following table.

**Table 5.1**  
**Average Family Size, Age, Marital and Literacy Percentage of**  
**Different Ethnic Groups of Sampled Households**

Cast/ethnic group	No. of respondents	Average family size (no.)	Average age (years)	Percent of married	Percent of literate
Brahmin/Chhetri	29	5.44	30.62	62.06	100
Limbu	19	5.78	29.31	68.42	89.47
Mangoloid	19	6.10	31.78	89.47	78.94
Dalit	5	6.20	25.60	60.00	60.00
Total	72	5.75	30.23	70.82	88.88

*Source: Field Survey, 2006.*

Above table shows that among workers seeking foreign employment from Dhuseni VCD is mostly dominated by Brahmin/Chhetri followed Limbu, Mangoloid, Dalits are seeking foreign employment but their size is very small. Average size of family for household is 5.68 members which is higher than national average. Mangoloid and Dalit have higher family size then other group. Average age of the respondent is 30.33 years. Dalit had lower average age than other group. Most of the respondents were married. The percentage of married respondent was 70.82. Mongoloid had highest marital status than other groups. The respondents of Brahmin/Chhetri were all literate and highest percentage of illiterate was from the Dalit.

From the above table we can conclude that foreign employment seeking families from Dhuseni VDC have very high family size, most of the respondents were married and 88.88 percent were literate.

## **5.2 Status of Economic Condition**

Economic condition is one of the most important factor of emigration. It is expected that people from lower economic condition should seek foreign employment. But the cost of funding. foreign employment is quite high and poor people may not be able to afford it. In this VDC respondents were classified into lower, lower middle, middle and high income group according to their own assessment of their economic condition. The information obtained is presented in the following table :



**Table 5.2**

**Frequency Distinction of Economic Condition of Different Ethnic Groups  
of Respondents from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Economic Condition			
		Lower income group	Lower middle income group	Middle income group	Higher income group
Brahmin/Chhetri	29	7	10	11	1
Limbu	19	13	4	2	-
Mangoloid	19	15	3	1	-
Dalit	5	5			
Total	72	40	17	14	1

*Source: Field Survey, 2006.*

Above table shows that the most of the respondents of this VDC who participated in foreign labor market were having lower income group. All dalits were from lower income group. Most of the respondents of Brahmin/Chhetri who took foreign employment came from lower-middle and middle income group. There was only one respondent from higher income group and he came from Brahmin/Chhetri category.

From above analysis we can conclude that majority of the persons seeking foreign employment came from lower income level. It can be suggested that most in the higher class, lower, middle and middle income groups also participate in foreign labor market but in the Dalit class only low income group participated in foreign labor market. It might be due to the feeling that all Dalits consider themselves as low income group.

### **5.3 Occupation of Respondents**

Occupation is one important reason for migration. Under employment and low income encourage out migration. White colour job with good income discourages out migration. To find out their

occupational background the respondents were asked to identify their main occupation themselves into three categories. The responses are summarized in the table :

**Table 5.3**  
**Frequency Distribution of Occupation of the Respondent from**  
**Different Ethnic Group in Dhuseni VDC**

Cast/ethnic group	No. of respondents	Occupation		
		Agriculture	Agriculture wag labor	Business
Brahmin/Chhetri	29	25	1	3
Limbu	19	17	2	-
Mangoloid	19	17	2	-
Dalit	5	5	-	-
Total	72	64	5	3

*Source: Field Survey, 2006.*

Above table shows that most of the respondent identified agriculture as their main occupation. Five out of 72 respondent thought that their main occupation was agriculture and wage labor. Three respondents said that their occupation was business came from Brahmin/Chhetri category. Total respondents of Dalit had agriculture has occupation and surprising by they didn't say that they were agricultural wage labor..

#### **5.4 Causes Seeking to Foreign Employment**

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

causes to go for foreign employment. They gave more than one reasons as follows:

**Table 5.4**  
**Frequency Distribution of Causes of Seeking Foreign Employment by Different Ethnic Group of Respondent from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Causes			
		Unemployment	Family debt burden	Conflict	Earn money
Brahmin/Chhetri	29	29	13	19	4
Limbu	19	19	11	6	2
Mangoloid	19	19	13	6	3
Dalit	5	5	4	2	-
Total	72	72	41	33	9

*Source: Field Survey, 2006.*

*\* Due to multiple answer the total will be more than 100 percent.*

Above table shows that unemployment was the major cause for all respondents because all respondents told that there was no employment with in the country. Second cause was family debt burden. Around 57 percent were to go to foreign employment because of family debt burden. Among the ethnic groups Limbu, Manoloid and Dalit showed higher percentage of people debt burden than Brahmin/Chhetri. Third reason is conflict, where almost 46 percent seek foreign employment to avoid conflict. Brahmin/Chhetri group were predominately more inciting from conflict and other cause is earn more money but it is insignificant causes.

It was concluded that unemployment, family debt burden and conflict were the main causes to seek foreign employment.

## 5.5 Medium Used to Obtain Foreign Employment

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

**Table 5.5**

**Frequency Distribution of Medium Used to go for Foreign Employment by Different Ethnic Group of Respondent from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Medium		
		By MPA	By individual contact	By Local agent via. India
Brahmin/Chhetri	29	22	6	1
Limbu	19	17	2	-
Mangoloid	19	17	1	1
Dalit	5	4	1	-
Total	72	60	10	2

*Source: Field Survey, 2006.*

The table shows that among the respondents 60 persons went to seek foreign employment through registered manpower agencies. Ten respondents managed through their own contacts with the help of friends and relative. Two individuals used local agents of Indian contractors.

It is concluded that majority of foreign jobs seeker use MPAs as a medium to find the job. Some use their friends and relatives as medium and very few choose local agents of Indian firms.

## 5.6 Status of Skill of Migrant Workers

Skill is one of the most important factor which helps to find the proper job and increases the purchase power of labor. Anybody, who is trained can earn more money and get better job than unskilled labor. Most of the Nepalese seeking foreign employment are said to be untrained. They do not have adequate skills due to which employed in menial work and are paid low. The assessment of individual towards their own status of skill development the sources of training were asked in the interview. The responses received are presented in following table.

**Table 5.6**  
**Frequency Distribution of Skill Status of Migrant Workers of**  
**Different Ethnic Groups from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Unskilled respondent	Skill developed through	
			Institute	Friends/Relatives
Brahmin/Chhetri	29	23	5	1
Limbu	19	18	1	-
Mangoloid	19	17	1	1
Dalit	5	5	-	-
Total	72	63	7	2

*Source: Field Survey, 2006.*

Above table shows that 63 or 87.50 percent of job seeker considered themselves as unskilled before getting foreign employment. Among remaining 9 or 15.50 percent some had skills related to driving,

electricity wiring, carpentry and manson. Some even had simple training in hotel management. Out of 9 individuals 7 were training in training institute. Two individuals development skills through apprenticeship. It shows that most of the foreign seekers were untrained, unskilled labor.

## 5.7 Destinations, Costs and Work Related Cases

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

**Table 5.7**

### **Frequency Distribution of Destination of Different Ethnic Group of Migrant Workers from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Destination		
		Gulf only	South East Asia	Both
Brahmin/Chhetri	29	20	8	1
Limbu	19	14	4	-
Mangoloid	19	14	5	-
Dalit	5	4	1	-
Total	72	53	18	1

*Source: Field Survey, 2006.*

Above table shows that 53 migrants have chosen Gulf (73.61%) as their destination which was followed by South East Asia (26.39%). Among the Gulf returnees if the individual country was observed it was

mostly Qatar 22(30.55%), Saudi Arabia 18(25.00%) and UAE 13(18.05%). South East Asia countries seem second choice of migrant workers (25 percent or 18 persons went there) where Malaysia is the most preferred country.

It is concluded that Gulf states and Malaysia are the most dominating destination from the migrant workers from Dhuseni VDC.

## 5.8 Cost of Paid for Foreign Employment

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

**Table 5.8**  
**Average Cost Paid and Range of Costs for Foreign Employment by**  
**Different Ethnic Group from Dhuseni VDC**

(Rs. '000')

Cast/ethnic group	No. of respondents	Average cost (in Rs. thousand)	Ranges of cost	
			Minimum	Maximum
Brahmin/Chhetri	29	95.93	45	150
Limbu	19	97.89	80	150
Mangoloid	19	86.10	46	110
Dalit	5	98.00	90	110
Total	72	93.99	45	150

Source: Field Survey, 2006.

Above table shows that average cost for foreign employment is Rs.93.99 thousand. Dalit had paid high average cost than other group because they have not more information about foreign employment and they have totally borrowing low in high cost. Limbu and Brahmin/Chhetri were second and third highest payers. Mongoloid paid minimum cost which on the average was Rs.86.1 thousands. The range of the cost is 45 to 150 thousand which is paid by Brahmin/ Chhetri. Dalit had paid minimum Rs.90 thousand. It is high rate than other group. Brahmin/Chhetri and Limbu had paid maximum Rs.150 thousand. It is higher than other two group. It shows that the respondent of this VDC had wide ranges of cost and it was high variability with the sample.

## 5.9 Source of Financing

Most of the rural people of Nepal who want to go for foreign employment use several sources of financing the cost involved. They are loan, sales of property including land, internal saving as well as funds mobilize through friends and relatives. To find out the 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 5.9**  
**Frequency Distribution of Source of Financing of Cost of Foreign Employment for Different Ethnic Group of Respondents in Dhuseni VDC**

Cast/ethnic group	No. of respondents	Sources		
		Loan	Sales of land	Family saving
Brahmin/Chhetri	29	25	-	4
Limbu	19	17	-	2
Mangoloid	19	18	1	-
Dalit	5	5	-	-
Total	72	65	1	6

*Source: Field Survey, 2006.*



Above table shows that 65 respondents or 90.29 percent of the total borrowed loan to pay the cost of foreign employment. Another 6 respondents or 8.33 percent used their internal family savings to pay the cost. Only one person sold land and he came from Mangoloid group. Among the respondents who use family saving the maximum number was from Brahmin/Chhetri categories.

It can be concluded that the cost of foreign employment is financed by borrowing and family savings. Family saving are used by Brahmin/Chhetri category.

### 5.10 Types of Job Performed in Foreign Employment

Since the skill of Nepalese workers is low most of them get employment in manual job. To find out the types of jobs performed the respondents were asked to give the type of work they did while being employed in foreign country. The response categorized into five different groups is given in the following table.

**Table 5.10**  
**Frequency Distribution of Types of Job Performed in Foreign Country**  
**for Different Ethnic Group of Respondents from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Occupation				
		Building Construction	Mechanical	Agriculture farming	Industrial workers	Hotel/catering
Brahmin/Chhetri	29	7	4	-	12	6
Limbu	19	9	3	2	3	2
Mangoloid	19	9	2	3	4	1
Dalit	5	5	-	-	-	-
Total	72	30	9	5	19	9

*Source: Field Survey, 2006.*

Above table shows that 30 or 41.66 percent respondents have done the works in building construction. Dalit were totally engaged in this work. Higher percentage of Limbu and Mangoloid were employed in this profession than Brahmi/Chhetri. Industrial work is the second dominant work of emigrants workers. Nineteen or 26.38 percent respondents have taken industrial work. The maximum number came from Brahmin/Chhetri group. Nine respondents did mechanical work which was equal to hotel/catering job. Dalit were not engaged in these two work. Only five respondents were engaged in agriculture farming. They came from Limbu and Manogoloid groups.

It can be concluded that the major occupation of the Nepalese migrant workers are building construction and productive industrial work and followed by other mechanical, hotel catering and agriculture farming.

### **5.11 Duration of Foreign Stay**

Duration of foreign stay of emigrants workers depends upon availability to work, facilities provided by company, salary rate, health of workers, visa permit date, home urgency and other several reasons. Sometime the respondents return their home due to inferior type of job low salary, family affairs such as death of any family members, sickness and their own bad health. To find out the duration of foreign stay the respondents were asked to provide their length of stay. The results are summarized in the following table.

**Table 5.11**  
**Duration Stay in Abroad for Different Ethnic Group of Respondents**  
**from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Average stay in year	Range in year	
Brahmin/Chhetri	29	3	1	5
Limbu	19	3.15	1	5
Mangoloid	19	2.89	1	4
Dalit	5	2.80	1	3
Total	72	2.99	1	5

*Source: Field Survey, 2006.*

Above table shows that average duration of stay abroad is 2.99 year. The respondents of Brahmin/Chhetri and Limbus were stayed more than 3 year and Mangoloid and Dalit were stay less than 3 years. Maximum stay is 5 years and minimum is 1 years of all group. The respondents of Brahmin/Chhetri and Limbu were found to stay for maximum 5 years.

It can be concluded that the duration of stay in abroad of the respondents were around 3 years.

## **5.12 Numbers of Family Members who Work Abroad**

Because of the attraction of foreign employment, more than one person from each family have gone to foreign countries. The attraction of foreign employment may be availability of job, relatives/friends who are employed in abroad etc. In this case from this VDC may be employed in abroad more than one family member. The provided answer of respondent is presented. in the following table.

**Table 5.12**  
**Number of Family in Abroad for Different Ethnic Group of**  
**Respondent from Dhuseni VDC**

Cast/ethnic group	No. of respondents	Family members in a broad			
		One	Two	Three	More than three
Brahmin/Chhetri	29	17	10	1	1
Limbu	19	5	1	-	-
Mangoloid	19	2	-	-	-
Dalit	5	-	-	-	-
Total	72	23	11	1	1

*Source: Field Survey, 2006.*

Above table shows that 23 respondent's in one family member (son/brother) are working in abroad out of themselves. Where was 17 respondent of Brahmin/Chhetri have one family member were working in abroad now and 10 respondent's have two members have gone for foreign employment from same group. From Dalit no more than one family member has gone in abroad. And maximum number of Limbu and Mongoloid respondents more than one family member are working in abroad.

It can be concluded that maximum number of family member of Brahmin/Chhetri have gone for foreign employment than other group. It can be also shows that Limbu, Mongoloid and dalit can not easily afford foreign employment than Brahmin/Chhetri group.

### **5.13 Causes to Return to Work Again**

The labor employed about when returns back he has two options. He may stay have take some new profession or continue as farmer or return back to foreign employment. Those who return, may be returning

for several reasons such as easy continuation of job, unavailability of job at home, avoiding conflict. Those who do not return, may not be returning again with several reasons such as difficulty in job, willingness to stay with family, no urgency to make more money because the debt has been paid, marriage or death of the older member of the family etc. How the sample individuals responded to further employment in foreign land was solicited through the questionnaires and the responses are summarized to below :

**Table 5.13**  
**Frequency Distribution of Causes to Return for Foreign Employment for Different Ethnic Group of Respondents**

Cast/ethnic group	No. of respondents	Causes to return		
		Employment propose	Conflict	No plan to go
Brahmin/Chhetri	29	7	14	8
Limbu	19	8	6	5
Mangoloid	19	7	5	7
Dalit	5	3	1	1
Total	72	25	26	21

*Source: Field Survey, 2006.*

Above table shows that among the respondents, 51 or (70.83%) plan to return to foreign employment for which the reasons is unemployment and conflict. Among them 25 or 34.73% want to return to foreign employment again due to employment opportunity. Another 26 or 36.11 percent want to return to foreign employment due to conflict. Twenty one or 29.16 percent respondents don't plan to return again which may be because they had done difficult, danger and dirty work in abroad. Ethnic groups wise 80 percent of dalits groups want to return back to foreign employment. It is a result of economic necessity.

It can be concluded that continuous foreign employment is means to avoid the unemployment and conflict in the country.

## 5.14 Income Earned Abroad

It is often heard that Nepalese workers get low paying jobs in overseas. So they earn less money than laborers from other countries. But income earned abroad depends on skill of workers, salary payment by company, working country, types of company, duration of stay etc. To find out the income earned by Nepalese labor in abroad the respondents were asked to give their monthly salary earnings. The responses are given in the following tables.

**Table 5.14**  
**Frequency Distribution of Income Earned in Abroad for Different**  
**Ethnic Group of Respondents**  
**(In Rs. Thousand)**

Cast/ethnic group	No. of respondents	Average Monthly income								
		Based on destination		Based on Skill		Types of Jobs				
		Gulf	Malaysia	Skilled	Unskilled	Mechanical	Hotel	Industry	Cons.	Agr. far.
Brahmin/Chhetri	29	9.88	8.58	18.00	8.86	20.75	10.33	9.75	8.71	-
Limbu	19	9.76	9.5	17.33	8.25	14	12.5	8.33	8.33	8.5
Mangoloid	19	9.5	8	16	8.72	12.5	10	8.75	8.75	8
Dalit	5	8.5	7	-	8.20	-	-	-	8.2	-
Total	72	9.64	8.58	17.55	8.61	16.66	10.76	9.31	8.52	8.2

*Source: Field Survey, 2006.*

Above table shows that the respondents who have done the work in Gulf countries they have earned more income than the respondents of Malaysia. The respondents of dalit who have done the work in Gulf countries they have earned less income than other three ethnic groups but it is more than the income of Malaysia which was earned the same group.

The respondents of Limbu who have done the work in Malaysia, they have earned more income than other three ethnic groups. Similarly the table shows that the skilled respondents earned much more income than unskilled workers which was Rs.17.55 thousand income earned skilled workers per month and only Rs.8.61 thousand income earned unskilled workers. The skilled respondents of Brahmin/Chhetri earned more than one thousand of Limbu's respondents and more than two thousand of Mongoloid respondent, which was Rs.18 thousand Rs.17.33 thousand and Rs.16 thousand per month. Where totally respondents of dalit were unskilled. Similarly the income was different according to the jobs. The respondents who have done the mechanical work, they earned more income than other work. Which was average Rs.16.6 thousand per months. The respondents of Brahmin/Chhetri earned much more income than other two groups Limbu and Mongoliod which was Rs.20.75 thousand per month. Similarly the respondents who have done hotel/carrying work they were also earned high income than other three productive industry, building construction and agriculture farming work. Where the respondents of Limbu earned more than two thousand income than other two Brahmin/Chhetri and Mongoloid groups. Which was 12.5 thousand per month and Rs.16.33 thousand income was respondents of Brahmin/Chhetri and Rs.10 thousand income was Mongoloid. The table also shows that the respondents who have done industrial, construction and agriculture farming work the average per months income was not much different. It was around Rs.8 to Rs.9 thousand. It was also shows that the respondents were unskilled who have done these three types of job but the respondents of Brahmin/Chhetri and dalit were not engaged in agriculture farming.

It can be concluded that the respondent earned more income in Gulf countries than Malaysia and skilled workers earned much more money than unskilled workers. In types of job the workers of Mechanical and hotel/catering earned more income than others three industrial, construction and agriculture farming work.

### 5.15 System of Transfer Remittance

Income transfer depends on the availability mean of transfer institutions and facilities and their reliability. Formal channel used in bank, money transfer agencies etc. Uses of informal channels are hundi, friend/relatives and/or bringing back by own self. For finding out the channel used the respondent of this VDC were asked to identify the channel used. The respondents might have sent the remittances several times and they might have used different channels at each time. They were asked to identify all the channel used. The answer provided by respondents is presented by following table.

**Table 5.15**  
**Frequency Distribution of Channels Used to Transfer Remittance by**  
**Different Group of Respondents**

Cast/ethnic group	No. of respondents	Method used (in number)				
		Bank	Hundi	Relative friends	own self with return	All users
Brahmin/Chhetri	29	16	14	15	13	7
Limbu	19	12	10	6	5	3
Mangoloid	19	12	9	7	4	2
Dalit	5	4	3	2	3	1
Total	72	44	36	30	25	13

*Source: Field Survey, 2006.*

*\* Due to multiple answer the total will be more than 100%*



Above table shows that 44(61.11%) respondents used formal institution like bank, 36 or 50 percent respondents used hundi. Thirty or 41.66 percent sent back the remittances with friends/relatives. More than half respondent of Brahmin/Chhetri sent their income by friends/relatives. Twenty-five or (34.72%) brought back remittances themselves on their return. Around one sixth respondents used all the available channels. The Brahmin/Chhetri was highest number even in all channels user category. The use of several channels shows that the method used depends on the availability of channels to be used. High number of formal channels as well as used of friends and relative as well as bringing back themselves shows that the foreign employment labor have great concern of safety and reliability of this channels to transfer the remittances.

It can be concluded that above 50 percent respondents of this VDC were used informal channel.

### **5.16 Use of Remittance**

The use of remittances depends on the priority placed by the individuals on different uses, the size of the remittance, the time of availability, opportunity for investment and several other factors. Majority of migrant workers go abroad because of unemployment at home and poverty in the households. Generally the earnings made by them are not big. The cost of foreign employment is borne by borrowing. There may be family rituals in waiting. Keeping all these conditions in mind the respondents were asked to identify the uses they made for the money earned abroad. Each individuals spent the earnings in more than one uses. To find out the use of remittance by the respondents they were

asked to list the use of the money in different heads. The answers given by respondents are presented in the following table.

**Table 5.16**  
**Different Number of Use of Remittance for Different Ethnic Group of Respondents**

Cast/ethnic group	No. of respondents	Household expenses				Bank deposit	Lending	Investment
		Loan repayment	House improvement	Social spending	land purchase			
Brahmin/Chhetri	29	25	21	10	12	5	10	4
Limbu	19	17	9	14	6	2	3	1
Mangoloid	19	18	7	13	4	2	2	1
Dalit	5	5	2	3	-	1	-	-
Total	72	65	39	40	22	10	15	6

*Source: Field Survey, 2006.*

*\* Due to multiple answer the total number of uses are more than the total number of sample size.*

Above table shows that 65 or 90.27 percent respondents used remittances in loan repayment. Forty or 55.55 percent used in social spending like wedding . The respondents from Limbu, Mangoloid and Dalit were in maximum number who spent their remittance in social spending. Thirty-nine or 54.16 percent of the respondents used their income in house improvement or construction. The respondents from Brahmin/Chhetri were in maximum number who used their income in house improvement/construction. Twenty-two respondents used their income to purchase land. It was also done by Brahmin/Chhetri group. Only 10 respondents deposited their income in bank. Fifteen respondents lent their remittance money to other borrowers. It was also done primarily by Brahmin/Chhetri group. Only 6 respondents or 8.33 percent invested

their income into productive sector. Among the investor some used on commercial agriculture farming, some in small business and industry. It was also done in maximum number from Brahmin/Chhetri group.

It can be concluded that most of the remittance have been used to meet loan repayment social expenses and house improvement. Land purchase, lending and bank deposit are other uses of remittances. Very few respondents invest the remittances in direct productive sector. Which increases further production and employment.

### **5.17 Reasons of Non-Utilization of Remittance into Productive Sector**

Nepalese migrants workers have earned some part of money in abroad and they were returned in home. But they have not used their income into productive sector. Why they haven't used their income into productive sector ? There may have been several reasons. These reasons might be insecurity, lack of knowledge, lack of market, lack of sufficient capital, non availability of opportunities for investment etc. To find out the reasons of not utilization of remittance into productive sector the respondents of this VDC were asked and their answers are given in the following table.

**Table 5.17**

**Frequency Distribution of Reasons of Non Utilization of Remittance for Productive Purposes by Different Ethnic Groups of Respondents**

Cast/ethnic group	No. of respondents	Reasons				
		Conflict	Lack of sizable capital	Lack of knowledge	Lack of market	Investment in productive sector
Brahmin/Chhetri	29	12	8	2	3	4
Limbu	19	10	3	3	2	1
Mangoloid	19	11	2	3	2	1
Dalit	5	2	1	1	1	-
Total	72	35	14	9	8	6

*Source: Field Survey, 2006.*

Above table shows that 35 or 48.61 percent respondents said that conflict was main cause due to which the remittance was not used in productive purpose. Another 14 or 19.44 percent respondents opined that there was lack of sizable capital to invest. It might be related to small saving after all other expenses. Lack of knowledge to make investment and perceived lack of market for the produce was made by little more than 10 percent of the respondents. The reasons were proportionately distributed between the ethnic groups except that respondents from Limbu and Mongoloid group gave higher emphasis to conflict as a reason of non investment in productive purpose.

It can be concluded that conflict and non availability of sizable investment funds from remittances were the main reasons for not investing in productive sector of the economy.

## 5.18 Utilization of Skills Learned in Foreign Employment

Nepalese migrants workers have learnt different kinds of skill abroad. When they return back they are expected to utilize those skills back home. But they are observed into utilize their skills in country. It might depends on different conditions. These conditions may be place availability of work, availability of industry, quality of skills learnt, lack of technology, financial availability etc. To find out the perceived reasons, the respondents were asked to provide reasons. The responses are listed in the following table.

**Table 5.18**

### **Frequency Distribution of Reasons of Non Utilization of Skills Learnt Abroad by Different Ethnic Group of Respondents**

Cast/ethnic group	No. of respondents	Reasons				
		Lack of technology	Lack of capital	Lack of market	Lack of positive social attitude	get other good job
Brahmin/Chhetri	29	14	6	5	3	1
Limbu	19	7	4	4	3	1
Mangoloid	19	6	4	4	4	1
Dalit	5	2	1	1	1	-
Total	72	29	15	14	11	3

*Source: Field Survey, 2006.*

Above table shows that 29 or 40.27 percent respondents said that main cause was lack of technology available in the country. They work in different level of technology abroad. Among those who consider technology majority came from Brahmin/Chhetri groups. Fifteen respondents focused that there was lack of capital to practice their newly learnt skills. Another 14 respondents of different groups responded that there was no market to utilizes their skills. Another 11 respondents

thought that there was no positive social attitude. Only 3 respondents said that they got other good job due to which they didn't try to use their newly learnt skills.

It can be concluded that most of the respondents from this VDC did not utilized their newly learnt skills back home and the main reasons given for the observation were the technology, lack of capital, lack of market and social attitude.

### **5.19 Change in Household Economy Due to Foreign Employment**

It is often believed that if somebody received foreign employment his household economy will improve. The change in economic wellbeing improvement in living standard, improved skills, social status might be same of the areas where the changes take place. To find out the change in house-hold due to foreign employment the respondents were asked to give their own judgment. The answer given by them is presented in the following table.

**Table 5.19**  
**Frequency Distribution of Change in Different**  
**Indicators of the Respondents**

Indicators	Change in conditions			Total
	Increased	Decreased	Remarried same	
Economics status	43 (59.72)	3(4.16)	26(36.11)	72(100)
Standard of living	38 (52.77)	2(2.77)	32(44.44)	72(100)
Social attitude	52 (72.22)	-	20(27.77)	72(100)
Skills	65 (90.27)	-	7(9.72)	72(100)

*Source: Field Survey, 2006.*

*Figures in the parenthesis indicate percentage.*

Above analysis is based not on the ethnic group but in total sample without categorization. It shows that 43 or 59.72 percent respondents reported that their economic status has increased after returning from foreign employment. Another 26 or 36.11 percent respondents said that their economic status remained same. Three respondents said that their economic status decreased in economic status decreased. Decreased economic status might have been resulted with high cost low pay or short employment. Another 38 or 52.77 percent respondents have increased the living of standard after returning from foreign employment. Thirty two or 44.44 percent respondents said that the living standard remained same. Only about 3 percent respondents reported that their standard of living worsened. Fifty two or 72.22 percent respondents felt that social attitude towards them have changed and were looked upward because of their earnings. But 22 or 27.77 percent thought that it reminded same. Among the respondents, 90.27 percent have developed new skills while working abroad. But 7 respondents said that they had same skill because performed same work abroad as they have done in Nepal.

It can be concluded that most of the respondents felt that their was a positive change in their household economic and social indicators after returning from foreign employment.

## **5.20 Impact on other Indictors**

How the foreign employment and remittance impacted on certain household indicators? Do they live in better house? Do they sent their children to better schools? How the health have changed? Are their family better dressed? Are they protected from rural indebtedness at the time of need? These were very pertinent questions. Positive impact on

them depended on size of income of respondents brought from foreign employment, family size, economic condition of family, before foreign employment, knowledge of respondents, culture of society etc. To find out the impact for an employment on households indicators the respondents were asked to respond on the changes brought by foreign employment. The answer provided are given in the following table.

**Table 5.20**  
**Frequency Distribution of Impact on Other Household Indicators of the Respondents**

Indicators	Increased	Worsened	Same	Total
Condition of housing	56(77.77)	-	26(36.11)	72(100)
Education of children	40(55.55)	12(16.66)	20(27.77)	72(100)
Health of family members	32(44.44)	10(13.88)	30(41.66)	72(100)
clothing	38(52.77)	-	34(47.22)	72(100)
cash available with themselves	24(33.33)	12(16.66)	36(50)	72(100)

*Source: Field Survey, 2006.*

*Figure in the parenthesis indicate percentage*

Above table shows that 77.77 percent respondents reported to have improved condition of housing. It shows that anybody who had returned from foreign employment either have made new house or repaired old house. Around respondents reported that the house condition remained same. The reason of static condition was not given. It might be low income or other more pressing priorities. More than half of the respondents reported that the education of children have improved after foreign employment. It might be the result of improvement of economic condition of the individuals who could afford boarding school for their



children. But one sixth of the respondents reported that the educational condition of their children worsened. It might be due to the absence of parents to guide the children at home. Around 36 percent respondents reported that the level of education of their children remained same. It has no explanation on itself. Thirty-two respondents reported that the health condition of their family members after have improved foreign employment. It might be result of again income and affordability of medical services. Around 14 percent respondent reported worsened health condition of their family members. It might be due to over work or burden in the family cores. Above 14 percent respondents said that the health condition of their family members remained same even after returning from foreign employment. It might be due to general health condition of the area and health awareness. More than half of respondents said that household members are using better clothing after returning. It might be related to increased purchasing power and cloth after returning from foreign employment. When the availability of liquid cash to meet various household read was assessed. One third of the respondents said that they have cash to meet their need. About one sixth of the respondents said that they were worse off. Remaining one half said that they are in usual situation. It indicates that foreign employment has increased the liquidity situation of one third of the participant of foreign employment. The lower level of liquidity might have been the result of high expenses, low income of the high cost of foreign employment. It was not analyzed in detailed in this study.

It can be concluded that around 50 percent respondents of this VDC have improve different household economic indicators due to

foreign employment. But around 10 percent have worsened and around 35 percent respondents have same level of household indicators even after returning from foreign employment. In short, people who have returned from foreign employment have received some economic benefit and improved their financial social and economic condition but it cannot be said it has improved their life tremendously. It might be a indicator that remittances brought by the foreign bound labor have benefited other than the employee himself.

## **CHAPTER SIX**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **6.1 Summary**

The main objective of this study is to identify the impact of foreign employment and remittance in rural community in study area. Moreover the study tried to identify the past trend of foreign employment and remittance of Nepal, socio-economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance.

To fulfill the objectives of the present study, Dhuseni VDC of Ilam district was selected area and a sample survey was conducted during 2004. The sample size was 72 households was chosen by single stage random sampling method and data were collected through questionnaire method. Some secondary data were used to compare the composition of foreign employment and remittance in this study. Data are analyzed by using simple statistical tools like mean percentage and ratio.

#### **6.2 Major Finding of the Study**

From the study, following conclusions are drawn.

1. The main destinations of Nepalese workers are Gulf countries and Malaysia. Sixty percent of total workers are employed in Gulf countries. By country-wise Saudi Arab, Qatar, UAE and Malaysia are main destinations of the Nepalese workers. In 2004/05 the

workers have gone 13366 in Saudi Arab, 42394 in Qatar, 12626 in UAE and 66291 in Malaysia.

2. Remittance received by Nepal in 2003/04 were around Rs.57 billion, which was 19 times of that 1994/95. The growth rate is around 36 percent.
3. The contribution of remittance to GDP, saving and investment in 2003/04 were 11.44 percent, 93.61 percent and 42.86 percent respectively. Share of remittance in convertible foreign exchange reserve was accounted by 46.9 percent in 2003/04.
4. The socio-economic characters of migrant workers was age group of 30-40 year, 70.82 percent married, 88.88 percent literate, 55.55 percent coming from lower income group and 88.88 percent coming from agriculture occupation.
5. Major reasons to seek foreign employment include unemployment, conflict family debt burden and earn money.
6. The means to get foreign employment for (83.35%) of sample respondents were MPAS. Others went either through unregistered agents or personal initiative.
7. Majority (87.50%) foreign job seekers didn't have skills and took unskilled labor jobs.
8. The average cost for foreign employment was Rs.93.99 thousand. It ranges between to 45 thousand minimum and Rs.150 was maximum. Source of financing for foreign employment for 90.29 percent migrant worker was borrowings.
9. Major sector of employment for Nepalese workers were building construction (41.66%) and industry (26.38%).
10. Average stay duration of abroad of the respondents was 2.99 years, which ranged between minimum 1 year to maximum 4.25 years.

11. Maximum number of respondent was one family member working in abroad now. The respondents of Barhmin/Chhetri were maximum family member were working in abroad.
12. The respondents of this VDC want to go again because of the unemployment (70.85%) and conflict (36.11%). Out of the causes maximum respondents of Brahmin/Chhetri were suffering from conflict.
13. The workers earned more income in Gulf countries than Malaysia. It was average Rs.9.64 thousand and Rs.8.58 thousand per month than a skilled workers earned much more money than unskilled workers which was Rs.17.55 thousand income of skilled workers and Rs.8.61 thousand unskilled workers. In types of job workers of mechanical and hotel/catering earned more income than other industrial, construction and agriculture farming.
14. Above 60 percent respondents used formal channels (banks) to send remittance. Informal channels like hundi, relative and friends and bringing back by themselves were other channels remittances.
15. The remittance have been eroded due to household expenses like as loan repayment (90.27%), house improvement (54.16%) and social spending (55.55%). Minimum part of remittances has been used into productive sector like as land purchase (30.55%) bank deposited (13.88%) and commercial agriculture farming and small business (8.33%). In this case the respondents of Brahmin/Chhetri were forward.
16. The respondents of this VDC were not utilized their remittance caused by conflict and non availability of sizable investment funds for investing in productive sector of the economy sector.
17. The respondents from this VDC did not utilize their newly learnt skill back home caused by lack of technology, lack of capital, lack

of market and lack of positive social attitude. Out of the cause, higher percentage (40.27%) is said caused by the lack of technology.

18. The respondents of this VDC said that remittances have increased their household economic and social indicators after returning from foreign employment. Around 55 percent respondents said that remittances have changed their economic status and standard of living and around 72 percent said that increased their social attitude and around 90 percent respondents skills. But around 36 percent respondents said that economic status has been same, 44 percent have remained same standard of living, 27 percent said that remained their social attitude same and 9 percent said that remained same level of their skill after returning from foreign employment.
19. The respondents of this VDC said that remittance have also done impact their other indicators. It was said that around 77 percent respondents improve their condition of housing 55 percent respondents improve their education of children 44 percent improve their health of family members, 52 percent improve their clothing and 33 percent increased their cash available. But around 15 percent respondents have worsened their education of children, health of family member and cash available. And around 36 percent respondents have same level of housing, 26 percent respondents have same level of education of children and around 47 and 50 percent have same level of clothing and cash available.

### **6.3 Recommendations**

From the present study, some recommendations are made as follow:

1. Since most of the migrant workers have gone Gulf countries and Malaysia so these destinations are congested area of the Nepalese workers. Thus MPAs, agent and employed company have been cheated to maximum workers. On the other hand the workers of these destinations cannot earn much more money than other destinations, like Japan, Hong Kong, Korea. So the ministry of labor and transport management GON should make new policy to identify new potential destination and create opportunities to go these destinations. Where the workers will earn more money.
2. Nepalese economy has received large amount of remittance but remittances are still being transferred through informal channels. Formal channels should be promoted. At least one formal institution must establish to facilitate transfer remittance in each destination.
3. Most of the respondents of rural areas came from lower income groups and based on agricultural occupation. So they cannot easily afford foreign employment. If they go foreign countries for employment, they should borrow, loan in high cost. So the policy should be made to give more opportunities to poor people of rural area as well as facilitated to them from funds for foreign employment.
4. Most of the respondents of this VDC have gone in unskilled condition. So they cannot earn more income than skilled workers.

So technical training institution should be established in rural areas and a person who wants to go foreign employment, should be given training before going foreign employment to related work.

5. Most of the respondents have not utilized their remittance and newly learnt skill when they came back home caused by conflict, non availability of sizable investment funds, lack of technology and lack of market. So policy should be made to solve the conflict situation, create good environment and provided sufficient technology as well as market.
6. Remittances have given positive impact on household economic indicators but this is not satisfactory. Maximum parts of the remittances have been used household expenses like loan repayment, house improvement and social spending. Thus the policy should be made to give more information to the respondents un using their remittance into productive sector and should be given more opportunities to them in using their newly learnt skill.

Finally, one entitled case study of foreign job seekers in Dhuseni VDC which is the important current issue of nation is very significant, while the study is conducted in small size and may not be sufficient to generalized for the whole nation about labor migration. By this study I am confident that it will be certainly beneficial to the people of Dhuseni VDC and side by side for the people of other neighboring VDC of the entire country.



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## APPENDIX

### Foreign Employment and The Remittance Economy of Nepal

#### Questionnaire for Returnees of household head in case of absence of Employee

1. Background Information of Interviewer: Background Information of Person who went abroad for a job:
- a) Name Title:
  - b) Age:
  - c) Education

2. Family Background:

No.	Name, Title	Age	Sex	Education	Profession	Marital Status	Remarks
1							
2							
3							
4							
5							
6							
7							

3. In which class do you belong looking at your economy condition of family ?
- a) lower
  - b) medium-low
  - c) medium
  - d) higher
4. Information towards Foreign Employment:
- a) Gone country
  - b) Time of leaving country to abroad
  - c) Time of returning back from abroad
  - d) Duration of settling down in abroad.
5. What are the causes for going to abroad for employment by you on the basis of primary factors?
- a) Job not found in country
  - b) To decrease family loan
  - c) To income high amount of money
  - d) Not appropriate to seat in own country due to the conflict
  - e) Internally desire to go to abroad

- f) Due to the friends and relative persons went
- g) To prevent from abuse
- h) Any other to be mentioned.....

6. 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 by Aeroplane	
6	Others expenditure	
	Total	

7. What were the sources from which you collected money to go to foreign country ?

No	Topic	Amount	Common Interest
1	From own Income		
2	Having loan: a) From Bank b) From Merchant/Higher class people c) From Relative person d) From Public Institution		
3	Help from friends, parents		
4	From selling various things		
	Total		

8. How many times/duration did you take to complete your brought loan while going to abroad?

Answer:-

9. What about your agreement (in duration) to stay in foreign country while going to abroad?

Answer:-

10. Did you get full time to live in abroad as you did agreement before you went or not?

- a) Yes
- b) No

If not .....

If more time stayed, why?

11. How much money did you spend per month from your salary in the following topics ?

S.N	Topic	Amount (Rs)
1)	For Food	
2)	For Setting Down	
3)	In Health	
4)	Entertainment	
5)	Others	
	Total	

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

Answer:-

13. Whether you came with your saved money or sent already through any media before you returned back?

- Brought money along with you
- Used media to send money
- If you used media to send money, which are the following media that you used?

S.N.	Media	Sent money (in Amount)
1	From Bank	
2	From Hindi	
3	From Friends/Relatives	
4	Brought with yourself	
	Total	

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

S.N	Topic	Amount(in quantity)
1	Cash	
2	Gold and expensive materials	
3	Things(clothes)	
	Total	



15. Have you again made plan/thought to go to abroad?  
If so, why?  
Answer:-
16. Has any your family member been to abroad except you?  
Answer:-
17. Information about Foreign Employment Condition:  
Answer:-
18. What sort of job did you do? (Any one)
- a) In Industry
  - b) In Agriculture
  - c) In Building construction
  - d) In Shop, Department Store, Super Market
  - e) In Hotel/ Household
  - f) Others
19. Had you obtained any skill before you went to abroad ? If you yes, what sort of skill did you learn/ gain ?  
Answer:-
20. What sort of job did you in foreign country?
- a) Safety
  - b) No Safety/ No Security
21. Did you change you job in company or not during the period of your living ?
- a) Yes
  - b) No
  - c) If yes for what purpose you did?
22. What about your per month income according to time work done in foreign century ? (In Nepali Rs. equivalent)

S.N	Work	Work Done Per Day Hour	Monthly salary
1)	work done according to agreement		
2)	having over time		
3)	maximum monthly income		

23. Did you get salary as the agreement did ?
- a) Yes
  - b) No

Information towards the use of /Remittance.

24. What are the sectors that you spent and invested money earned from foreign country ?

S.N	Expenditure and Investment	Amount (Rs)
1	In Regular house expenditure	
2	For paying loan - To pay old loan - To pay loan which was brought in order to go to abroad	
3	For repairing and building house	
4	To buy small piece of land to build house	
5	To buy land	
6	In education	
7	In health	
8	In business	
9	In social service/ work	
10	Saved money	
	Total	

25. Did you invest money in any vocational field ? If yes, in which sector did you invest ? If not, why ?

Answer:-

26. What about opportunity to invest in indigenous country ?

a) 100% not                      b) 100% yes                      c) Maximally yes

If not, why?.....

27. Have you ever used/implemented your skill obtained in abroad to indigenous country ?

a) Yes    b) No

28. Are there any organizations/institutions established in foreign country for the welfare of Nepalese Labours ?

a) Yes    b) No

If yes, what sorts of organizations are there ?

29. What about the condition of Nepalese labours in foreign country as you have seen of experienced ?

Answer:-

30. What sorts of problems realized/faced by you during you worked in foreign country ?
- a)
  - b)
  - c)
31. How and which way is appropriate to go to abroad ?
- a)
  - b)
  - c)
32. In your opinion what is to be done to promote foreign Employment ?
- a)
  - b)
  - c)
33. 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) others
34. What are the problems that you realized while you went for foreign Employment Appointment ?
- a)
  - b)
  - c)
35. What about your suggestion to make foreign Employment more reliable, transparent, believable ?
- a)
  - b)
  - c)