

**TREND AND PATTERN OF REMITTANCE AND FOREIGN  
EMPLOYMENT IN NEPAL**

**A Thesis**

**submitted to the Central Department of Economics  
Tribhuvan University, Kirtipur, Kathmandu, Nepal  
in Partial Fulfilment of the Requirements  
for the Degree of Master of Arts in  
Economics**

**By**

**Deepa Paneru**

**Roll No.: 92/070**

**Central Department of Economics  
Tribhuvan University Campus  
Tribhuvan University  
Kirtipur, Kathmandu, Nepal  
April 2017**

## **RECOMMENDATION LETTER**

This thesis entitled **Trend and Pattern of Remittance and Foreign Employment in Nepal** submitted by Ms. Deepa Paneru under my supervision as partial fulfilment of the requirements for the degree of Master of Arts in Economics. I forwarded it with recommendation for approval.

.....

Prof. Dr. Sohan Kumar Karna

Thesis Supervisor

Date: 03/04/2017 A.D.

22/12/2073 B.S.

## APPROVAL LETTER

This thesis entitled **Trend and Pattern of Remittance and Foreign Employment in Nepal** submitted by Ms. Deepa Paneru has been evaluate and accepted as partial fulfilment of the requirements for the degree of Master of Arts in Economics by evaluation committee comprised of:

Thesis Committee

.....

Prof. Dr. Ram Prasad Gyanwaly

Head of Department

.....

Prof. Dr. Neelam Kumar Sharma

External Examiner

.....

Prof. Dr. Sohan Kumar Karna

Thesis Supervisor

Date: 23/04/2017 A.D

10/01/2074 B.S.

## ACKNOWLEDGEMENTS

This thesis entitled **Trend and Pattern of Remittance and Foreign Employment in Nepal** has been prepared for partial fulfilment of the requirement for master's Degree in Economics. I would like to acknowledge and appreciate all sorts of help and support that I received from several people and organization in the course of my study. Without such support, this work would have incomplete.

I am pleased to take this opportunity to express my deep dense of gratitude to my thesis supervisor Prof. Dr. Sohan Kumar Karna, at the Central Department of the Economics, University Campus Kirtipur, T.U. for his most guidance, encouragement and constructive suggestions throughout my work. Similarly I am grateful to Prof. Dr. Ram Prasad Gyanwaly the Head of the Central Department of Economics for his invaluable suggestions and guidance. I also feel privileged to express my gratitude to all the teachers of Central Department of Economics for their gracious response to my queries.

I also would like to thank all the non- teaching staff members of Central Department of Economics and all the staff members of library, T.U Kirtipur, for the help they extended to me during this project in several ways.

I am equally indebted to Mr. Arbind Chaudary, Mr. Keshab Paneru, Ms. Erika Paneru, Ms. Kalpana Rijal and Ms. Pragya Rijal, who helped me in completing my research work.

It is my most present opportunity to express my gratitude to my family who encouraged me in this project with all the warmth and affection. I also would like to thank for the efficient word processing of the manuscript so as to bring the work into reality.

Deepa Paneru  
April, 2017

# TABLE OF CONTENTS

<b>RECOMMENDATION LETTER</b>	<b>i</b>
<b>APPROVAL LETTER</b>	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>iv</b>
<b>LIST OF FIGURES</b>	<b>v</b>
<b>ABBREVIATIONS AND ACRONYMS</b>	<b>vi</b>
<b>CHAPTER I: INTRODUCTION</b>	<b>1</b>
1.1 Background of the Study	1
1.2 Statement of the Problem	6
1.3 Objectives of the Study	7
1.4 Significance of the Study	7
1.5 Limitations of the Study	8
1.7 Organization of the Study	9
<b>CHAPTER II: REVIEW OF LITERATURE</b>	<b>10</b>
2.1 Review of Literature on International Studies	10
2.2 Review of the Literature on Nepalese Context	16
2.3 Research Gap	22
<b>CHAPTER III: RESEARCH METHODOLOGY</b>	<b>23</b>
3.1 Research Design	23
3.2 Area of the Study	23
3.3 Sample of the Study	23
3.4 Model of the Study	24
3.5 Collection of Data	25
3.6 Reliability and Validity of Data	25
3.7 Analysis and Interpretation Method	25

<b>CHAPTER IV: ANALYSIS AND INTERPRETATION OF DATA</b>	<b>27</b>
<b>4.1 Trend and Pattern of Remittance and Foreign Employment in Nepal</b>	<b>27</b>
4.1.1 Trend of Remittance Income in Nepal	27
4.1.2 Trend of Foreign Employment in Nepal	30
4.1.3 Most Favoured Destination of Nepalese workers	33
4.1.4 Pattern of Remittance Inflows in Nepal	
4.1.5 Pattern of Foreign Employment in Nepal	36
<b>4.2 Relation Between Remittance and Private Consumption</b>	<b>42</b>
4.2.1 Estimation of the Main Model	44
<b>4.3 Problems and Prospects of Foreign Employment in Nepal</b>	<b>46</b>
4.3.1 Problems	46
4.3.2 Prospects	48
<b>CHAPTER V: SUMMARY OF THE FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS</b>	<b>54</b>
5.1 Summary of the Findings	54
5.2 Conclusions	56
5.3 Recommendations	57
<b>REFERENCES</b>	<b>59</b>
<b>APPENDICES</b>	
Appendix - I Trend of Remittance , Private Consumption, and GDP of Nepal	
Appendix -II OLS Estimation	
Appendix - III Monthly Remittance Inflow in F/Y 2015/16	

## LIST OF TABLES

<b>Table</b>	<b>Title</b>	<b>Page</b>
Table 4.1	Year Wise Nepali Labour Migrants	30
Table 4.2	Current Trends in Obtaining Labour Permit in Different Year by Sex	32
Table 4.3	Outflow of Workers in April 2015 (After and Before Earthquake)	33
Table 4.4	Nepalese Migrant Workers Working in Major Countries in Different Year	34
Table 4.5	Distribution of Number of Remittance by Development Region	36
Table 4.6	Distribution of Number of Remittance by Ecological Zone	37
Table 4.7	Number and Size of Remittance Received by Rural/ Urban	38
Table 4.8	Percentage of Share of Remittance in Income by Consumption Quintile	38
Table 4.9	Work Migrants' Origins and Destinations Abroad from Rural/Urban	39
Table 4.10	Work Migrants' Origins and Destinations Abroad from Development Region	40
Table 4.11	Work Migrants' Origins and Destinations Abroad from Ecological Region	40
Table 4.12	Top Three Destination for Labour Migrants from Major Districts from F/Y 2008-2015	41
Table 4.13	Model Estimation	44

## LIST OF FIGURES

<b>Figure</b>	<b>Title</b>	<b>Page</b>
Figure 4.1	Line Graph Showing the Trend of Remittance Income in Nepal	28
Figure 4.2	Top Ten Remittance Receipts for Nepal	29
Figure 4.3	The Trend Line Showing Relation of Remittance, Private Consumption, and GDP	43



## **ABBREVIATIONS AND ACRONYMS**

AD	Anno Domini
BoP	Balance of Payment
CBS	Central Bureau of Statistics
DoFE	Department of Foreign Employment
F/Y	Fiscal Year
FDI	Foreign Direct Investment
GCC	Gulf Corporation Council
GDP	Gross Domestic Product
GMM	Generalized Method of Moment
GNI	Gross National Income
GoN	Government of Nepal
GRT	Global Remittance Trends
ICIMOD	International Centre For Integrated Mountain Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
LDCs	Least Developed Countries
MoF	Ministry of Finance
NAFEA	Nepal Association of Foreign Employment Agencies
NIDS	Nepal Institute of Development Studies
NLSS	Nepal Living Standard Survey
NMS	Nepal Migration Survey
NRB	Nepal Rastra Bank
NRN	Non Resident Nepalese
ODA	Official Development Assistance
PIDE	Pakistan Institute of Development Economics
PSM	Propensity Score Matching
SAARC	South Asian Association for Regional Cooperation
SBP	State Bank of Pakistan

SLC	School Living Certificate
TVET	Technical and Vocational Education and Training
UAE	United Arab Emirates
UN	United Nations
USD	United States Dollar
VDC	Village Development Committee
WB	World Bank
WP	Working Paper

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Nepal is a developing country with a very unique geographical setting .it is a land lock country surrounded by India in south, east and west and by China in north. It covers the area of 147181 square kilometres along 500 miles from the east to west and 80 to 150 miles from north to south (Pudasaini & Bhattarai,2012). Land with wide climate and attitudinal variation the perennial rivers and the Himalaya are the most important assets of country. The total population according to the preliminary report of population census in 2011 is 2crore 66 lakhs 20 thousand 8hundred and nine. According to Nepal labour force survey 2008 about 73.9 percent people depend on agriculture. However it is difficult to calculate the exact size of remittances flows in Nepal due to the emergence of unofficial channels even though it has recorded in balance of payments account. It is estimated that unrecorded flows through informal channels are believed to more than 50 percent of recorded flows in developing countries (Retha, 2005).

Nepal is an agrarian country, and no quality education is the causes for foreign employment. lack of work culture large number of applicants for few vacant post, highly educated applying low level job etc similarly no more fertile land, no industry, no electricity , no more infrastructure so the destination of employment of Nepalese people are abroad.

Remittance refers to those portions of migrants earnings sent from the migration destination to the place of foreign. The term remittances are normally limited to denote monetary and other cash transfers transmitted by migrants. By remittance we mean sending income in terms of money or goods in home by the migrants or workers who have their earnings outside their home country. Remittances have proven to be one of the significant internationals flows in recent years, so the reason for increasing per capita income as \$742 of Nepalese people (Wikipedia, 2017).

In terms of age distribution, the majority of international migration are between the age of 15-29 years are 50.3 percent of the total migrant population. Similarly, 0-14 year age group are 8 percent ,45-59 year age group are 7percent, 30 – 44 year group are 34 percent and above 60 years is one percent ([www.moltom.gov.np](http://www.moltom.gov.np)).

Initially, remittance in Nepal was introduced with gorkha remittance. 'The gorkhas' were renowned for good qualities of soldiers. That is why British India formally recruited Nepalese youth as a regular army, which later divided into British and Indian army. Now a days, Nepalese going abroad are not only for armies but also spread all over the world for work and mostly they are concentrated in gulf areas in civilian front ( Kshetry, 2003) .

Any Nepali to go for work legally, he/she needs to get permission from the Department of Labour under the Ministry of Labour and Transport of the Government of Nepal. From the official report of the Labour Department it is known that 110 countries are at the government list where Nepalese are allowed to go for work . But still some people are found going abroad without permission and working in the government restricted areas too. Because of this trend, data on foreign employed workers are not available in exact form. Majority of those who have left home for overseas job are eager to earn foreign currency by hard working to support their families. From the past decades increasing number of Nepali people has been migrating abroad in the pursuit of better opportunities. Definitely, a decade long maoist's insurgency in Nepal (1996 – 2006) compelled for the massive exodus,rather than living under uncertainties and life threatening risks associated with the civil war, thousands of people adopted for emigration whether as labourers, students or as other status of residency. With the 2005 figure alone, it is estimated that 4.77 percent of the Nepali population are emigrants and there is an upward pressure on the figure ( Devkota, 2014).

The global economic crisis and its impacts led to a worldwide decline in remittance flows by 6 percent from 2008 to 2009. However, the remittance for the Asia-Pacific region were hit the least, declining only 2 percent as compared with the declines in Europe and Central Asia 15 percent Latin America and the Caribbean 10 percent, the middle East and North Africa 7 percent, and sub-Saharan Africa 3 percent. The case in Nepal was unusual, however. Remittance flows did not decrease during the

financial crisis, nor in the following years. In 2009, South Asia was expected to experience a sharp slowdown (Retha, & Mohapatra, 2009).

However, remittance flows to Nepal grew robustly in 2008 and exceptionally for South Asia continued to grow in the subsequent years; there was not even a lagged response to the crisis and the weakened global economy. Indeed, from 1998 to 2010 remittance inflows to Nepal never declined. During the time of the global financial crisis, remittances grew by 9.5 per cent from 2008 to 2009, and by 18 per cent from 2009 to 2010. In 2009, Nepal was the fifth highest recipient of remittances in terms of share of GDP worldwide. Of the 10 countries receiving the highest remittances as a share of GDP, Nepal had the highest growth rates, which were sustained to 2010. The financial crisis did, however, cause a decline in the growth rate of the remittance inflows to Nepal. From 2007 to 2008 remittances to Nepal grew by about 40 per cent, from US\$ 1.7 billion to 2.7 billion, but from 2008 to 2009 the growth rate declined to 9 percent. Nevertheless, Nepal is among only 20 countries worldwide that had positive remittance growth rates between 2008 and 2009. A closer look at the monthly remittance flows from 2007 to 2009. Overall fluctuations but a distinctive fall of remittances from July to August 2008. However, the flows recovered in the subsequent months and grew substantially from February to March 2009, becoming even higher than they were in July 2008 (Hoerman, & Kollmair, 2010).

Remittance is the money sent back home by the workers who have migrated abroad. It would include cash or non-cash items, and could arrive in the country through a formal or informal channel. In the recent years, there has been an increasing demand for the Nepali workers in international labour markets, and hence, the amount of remittance flow into the Nepali economy has been on an upward trend in fact, it has been so for the past 10 years. Essentially, our economy has grown depended on remittance over the past decade (Thagunna, & Acharya, 2013).

According to the official Record, the daily Remittances inflow from official channel in Nepal is roughly estimated Rs 2 billion plus which is nearly seven times higher than official development assistance and five times higher than export earnings (IOM, 2010).

According to World Bank India remained in the top position of remittance receiving countries with 70 billion US dollars in 2013 while Pakistan brought in 15 billion US dollars and Bangladesh 14 billion US dollar , securing their sports in the top world's top ten remittance receiving Nation. Remittance flows to developing countries reached an estimated \$401 billion in 2012, rising by 5.3 percent compared with 2011. Remittance flows to the developing world are expected to aggregate \$427 billion in 2013, a rise of 6.7 percent over the previous year (World Bank, 2013).

They are estimated to grow by 9.5 percent in 2014. The top recipients of officially recorded remittance for 2012 are India (\$70 billion), China (\$66 billion), the Philippines and Mexico (\$24 billion each), and Nigeria (\$21 billion). Other large recipients include Egypt, Pakistan, Bangladesh, Vietnam, and Lebanon. As a percentage of GDP, the top recipients of remittance in 2011 were Tajikistan 47 percent, Liberia 31 percent, Kyrgyz Republic 29 percent, Lesotho 27 percent, Moldova 23 percent, Nepal 22 percent and Samoa 21 percent. Cause of political instability prevailing in the country, many workers regard foreign employment as their only feasible option. Again, paucity of economic opportunities at home and rising employment prospects abroad have also tempted Nepalese to seek employment abroad (Seddon, 2005).

According to the statistics of the Department of Labour and Employment Promotion, the number of workers going abroad for employment increased by 17.9 percent to 453,543 in 2012/13 from 384,665 in 2011/12. With the increase in the number of workers, the inflow of remittance has soared. In 2012/13, remittance aggregated USD 4.93 billion, a rise by 11.7 percent compared to USD 4.41 billion in 2011/12. Likewise, the remittance to GDP ratio increased from 10.7 percent in 2000/01 to 13.8 percent in 2006/07 and further to 25.5 percent in 2012/13 (SAARC Secretariat, 2014).

Remittances are typically helpful to meet specific needs of the respondents' family members and thus tend to increase their standard of living. In lower class or poor households, they may finance their remittance to fulfil their basic needs, such as in consumption, housing, children education and health care and to pay for loan. In middle class or rich households, they may provide either loan for individuals going abroad or capital for businesses and entrepreneurial activities. From macroeconomic point of view, this source may be more stable than capital flows. It is said that

remittance has presented more than 100 percent of GDP in Nepal in the late 1990s moreover, it would be highly beneficial to the country where there is natural calamities, political conflict, people war, low investment in entrepreneurial activities and economic research ( Gaudel, 2006).

World Bank report has stated Nepal could face a slowdown in remittance. Remittance inflows, which pump in the post earthquake period, has slow down by January 2016, in three month to April 2016 remittance has contracted by 5.3 percent (in dollar term) compared to the same period of the previous year. The slowdown in the Remittance inflow has coincided with the sharp decline in the outflow of Nepali migrant workers, following the gorkha earthquakes, the outflow of migrant worker has declined significantly for 10 month in a row with a contraction of 25 percent by April 2016 this is one of the steepest and longest declined of migration worker departure. Which has exceeds the contraction in 2009 A weaker demand for worker from oil /commodity producing host countries, particularly gulf countries and Malaysia is likely to have contribution to this declining the dispute over the free- visa free ticket scheme also hit departures to Malaysia. A small decline in Remittance can have large macroeconomic impact, in the last 10 years Remittance has increased 29 percent of the country's GDP. The reality is that remittance play vital role in the Nepali economy. Remittance is nearly 10 times higher than foreign aid 2.5 times longer than total expenditure .NRB statistics also suggested that growth rate of remittance is declining. Remittance growth Nepal has been declining for six months. Straight even through the total amount of fund received has been swelling. The pace of growth started slowing down in mid-December 2015 , recording a continuous declining from 29 percent to 19.26 percent in mid-January , 15.90 percent in mid-February , 13.91 percent in mid-March , 12.71 percent in mid-April and 11.87 percent in mid-May (WB, & IMF ,2016).

According to (CBS, 2011) approximately 79 percent of the remittance income is found to be spent on daily consumption .Nepal Rastra Bank's recently published fifth household budget survey in F/Y 2015 reveals that Nepal's import is likely to increase in the coming days as Nepali spend over 85 percent of income on consumption.

According to a survey report, each Nepali household is spending Rs 86 of every Rs 100 it earns on consumption. Despite the rise in income of people, their habit will badly hurt the savings culture in Nepal.

The report found that an average household earns Rs 30,121 per month at present. However, each household spends Rs 25,928 on consumption. The findings of the fifth household budget survey released by Nepal Rastra Bank (NRB) showed that average household is saving only 13.92 percent.

The report revealed that the country is becoming more and more consumption oriented. But Nepal Rastra Bank's survey has shown some positive indicators as a pattern of increasing expenditure in consumption is not bad at all for economy, what Nepal needs to do is to substitute the imported consumer items with local products.

## **1.2 Statement of the Problem**

Nepal is a poor country. It has low level of living standard, low level of productivity high rate of population growth, high level of unemployment and so on. Growing population has increased labour force and lack of employment opportunities within the countries have been the reason behind the recruitment to the foreign migration. In the recent years, the war of globalization has induced Nepali youth for better living standard, which is the important pull factor for immigration .But unemployment, food scarcity, is the strong push factor. Similarly, existing conflict due to the political instability is also being the cause of it. Because of the high rate of unemployment Nepalese people are interested to go outside of country for seeking job either being student or as being labour . This study tries to show the importance of remittance in Nepalese economy.

Remittance helps an underdeveloped countries to fulfil its investment, saving, consumption as well as technology gap. But the constant rise in remittance earnings, the productive use of remittance has been the matter of concerned. while the direct impact of remittance in poverty alleviation is not much controversial, impact on health education , gender issue , social participants politics , women empowerment social change culture change have been still under ploughed areas. Remittance is also seen to increase dependency. Remittances inflows are quite volatile since countries that rely too much on them may face economic shocks when the flow is disrupted. Due to emigrant (brain drain) of qualified, capable, creative active manpower productive channels are going too stopped. Hence the government should be formulated and implemented appropriate policies so that remittances inflows are used



in productive sectors, consumption sector such as education and industries. One of the big problems of research particularly in developing countries like Nepal is lack of availability, reliability, and systematic publication of data and migration sector cannot be excluded from this situations. Similarly it is difficult to calculate exact size of remittance flows in Nepal due to the emergence of unofficial channels .Hence a detail analysis of migration phenomena from the prospective of poverty, gender, and development at various level of spatial aggregation is difficult. This research has attempted to analyze the relation between remittance, consumption and investment by using regression model. Basically this thesis work attempts to analyze the current situation of remittance and foreign employment along with researchers the answer of the question. Hence the study deals with the following research questions:

1. What is the trend and pattern of overseas employment and remittance?
2. What is the relationship between remittance and private consumption?
3. What are the problems and prospects of foreign employment in Nepal?

### **1.3 Objectives of the Study**

The general objective of this study is to analyze trend and pattern of remittance and foreign employment in Nepal, the specific objectives of this study are as of,

1. To find out the trend and pattern of remittance and foreign employment in Nepal
2. To explore the relationship between remittance and private consumption, and
3. To identify the problems and prospects of foreign employment in Nepal

### **1.4 Significance of the Study**

Remittances are typically helpful to meet specific in needs of the respondents' family member and thus tend to increases their standard of living. In lower class or poor household, they may finance their remittances to fulfil their basic needs, such as in consumption, housing, education and health care and to pay for loan. In middle classes or rich households they may provide their loan for individuals going abroad or capital for business and entrepreneurial activities. These sources may be more stable

than capital flows. Moreover, it would be highly beneficial to the countries, where there is natural climate, political conflict, people war low investment in entrepreneurial activities and economic recession.

This study sketches the outline of the condition of foreign employment in Nepal. So it is not only useful to those who want to know about the condition of foreign employment in Nepal but also to show who are keen interested to know about its trend, contribution effectiveness of foreign employment of our country as a whole. This study provides a significant insight to the different agencies of the society which plays a key role for the development of country. Similarly, it clearly states the economic status of the people of country after the flow of remittance.

The study is to analyze the relation between the remittance and private consumption by using 17 years of data. So, this research will be helpful to identify and analyze whether the inflow of remittance in our country is consumed or invested and it will also be helpful for the analysis of relation between the remittance and growth. Also it will be helpful for the other researchers for the same field. Therefore it is an attempt to investigate and explore the issue and fact of the same field. It explores the new foundation on the relationship among the remittance and consumption. Moreover, it will be a policy suggestion to the concerned – The problem and challenges face by foreign employers, with its better prospective. Therefore, this thesis has its distinct significance in the field of remittance and foreign employment.

### **1.5 Limitations of the Study**

Although there is a need of analyzing overall trend and pattern of remittance and overseas employment in Nepal. Due to lack of time resources, money, availability of data constraints, this study has confined within limited things, which is known as the limitation of the study.

- a. Remittance is considered only which is entered through the formal channel.
- b. Emigration for permanent settlement has not been the subject of the investigation in this study
- c. Only remittance and nominal GDP are taken as an independent variable to study the relationship between remittance and private consumption. There may

be number of factors that affect private consumption besides remittance inflow and nominal GDP. Hence the study is imitated to those determinants.

- d. The data before F/Y 2000 have not been studied, due to the fact that the country started to enjoy remittance inflows remarkably after F/Y 2000. Therefore the period from 2000 to 2016 has only been considered.
- e. In trend analysis the number of people gone for foreign employment by different year to different countries has been studied and an inflow of remittance from those countries to Nepal has been studied. In pattern section the number of people gone for foreign employment from the development region, ecological belt and rural, urban has been studied and most migrants from these region to the major destination countries with respected male and female has been discussed. Also remittance receipts from the internal and external sources have been studied.
- f. In addition the data base used to collect information on the labour permits only present the total number of labour permits issue and thus can't differentiate who is repeat migrant. So the research obtained from the research may not be generalized in other settings.

## **1.7 Organization of the Study**

The study is divided into five different chapters. Chapter one deals the introduction of the research which covers background of the study , statement of the problem , objectives of the study , research hypothesis , significance of the study , limitation of the study and organization of the study . Chapter two deals the review of the literature which covers review of international study, review of Nepalese study and research gap. Chapter three deals research methodology which covers design of research area of study , sample of study , economic model , collection of data , reliability and validity of data , analysis and interpretation of data . Chapter four deals with the analysis and interpretation of data covering trend and pattern of remittance income, private consumption , GDP and foreign employment and its problems with different prospects in Nepal including graphical, tabular, diagrammatic presentation of data and mathematical estimation of the regression model. And chapter five deals with summary of the findings, conclusions, and recommendations of the research

## **CHAPTER II**

### **REVIEW OF LITERATURE**

Various researchers have been conducted internationally on the issue of overseas employment and remittance. But in the Nepalese context, it is found that many studies have been conducted to analyze the economic impact that the inward remittance might have due to the overseas employment. Today the term remittance has taken a central place in debates among development exports all over the world owing partly to the fact that its volumes is growing at an exponential rate in recent years. The renewed debate started particularly after 1990s when it was observed that the dependency theory and structural view on remittance. The theory states that remittance never contributes the development of developing countries mainly for the reason that international migration encouraged brain drain from developing countries. However, developed mentalist and neoclassical thinker during 1960s and 1970s had maintained optimistic views on remittance believing that capital and knowledge transfer by migrants would help achieved development needs of lest developed countries in the world.

Review of literature provides the guideline to the researcher that how to proceed the research work .Regarding books, journal, published and unpublished bulletins and materials, newspaper manifesto of the political parties, appraisal report of the function of the government bodies and non -governmental organization, report if diplomatic organization, bibliography manuals, auto biography, meeting of seminars and workshops, internet etc, can be read in reviewing the literature.

Dennis (1991) has justified that remittance is usually calculated as the combined value of worker's remittance and labour income or consumption of employees for migrants working abroad for either more or less than one year. Beside this, remittance reflect the monetary dimension in the complex web of linkage that exists between migrating countries and their home countries

#### **2.1 Review of Literature on International Studies**

Amjad (2014) has focused on the role of remittance in developing strategies, community resilience and human security as well as in rebuilding of assets

destroyed in the conflict. A common perception is that every third household in KP (Khyber Pakhtunkhwa) has a family member working abroad, and most probably these household receive remittance from their members. The researcher stated that Education and Vocational Training Department and Department of Industries to take into account the impact of migration and remittance on the provincial and local economy given its current size (variously estimated as being 10 to 15 percent of its GDP) and its role in reducing unemployment pressures in the local market.

Arif (2009) has conducted impact evaluation of remittance in Pakistan. The study has focused beyond the impact of remittance on Pakistan's economy to new facets of the role of remittance in Pakistani society. This study is based on face-to-face household surveys of 548 migrant-sending families in 9 high migration districts of Pakistan. A comprehensive, structured questionnaire was prepared jointly by IOM and the Pakistan Institute of Development Economics (PIDE). The study focuses on remittance from Saudi Arabia because the Gulf Cooperation Council States host 90 percent of Pakistani labour migrants, the majority of whom are in Saudi Arabia. The study concludes with policy recommendations for the government sector, private and public recruiting agencies, the banking sector and countries of destination. These recommendations include investigating overseas employment opportunities for the workforce from the poor regions of Pakistan, enhancing the skill level of the Pakistani workforce, having pre-departure training for labour migrants so that they are aware of the challenges they may face abroad, and advising the banking sector to take the necessary measures to encourage overseas workers to remit and invest money in Pakistan.

Azam & Khan (2011) have discussed on worker's remittance and economic growth with objective to analyze the impact of workers' remittance on economic growth. The statistical analysis is made through simple log linier regression model and the method of least square is used .The study calculated that workers' remittance is significant and has positive impact on economic growth and development. These findings suggested that the relevant authorities of both the countries need to formulate appropriate policies in order to encourage worker remittance and such remittance must be utilized more efficiently.

Behzadan, & Chisik (2016) have shown that an important determinant of a foreign transfer generating a Dutch disease effect in the income of the recipient. The marginal propensity to consume luxury services is larger for wealthier recipients who are more likely to receive the benefits of foreign aid than they are to receive remittance. In three good model of international trade with production. This study shows that foreign aid can generate a Dutch disease and remittance can foster economic growth. An empirically verify these hypotheses with data from a panel of data covering the years 1991-2009 while dealing with the issues of omitted variable bias and possible endogeneity of remittance.

Connel (2015) has drawn research together by leading scholars, which investigate the significance and role of remittance in economic and social development. They examine topics including reflections on methodology, the motives and determinants of remittance, their socio-economic impacts (especially at the household level), the role of community organisations and social remittance, and the broad social and cultural impacts of remittance. Special attention is given to small island and Central Asian states, where remittance is of particular significance. The collection traces the recent historical evolution of remittance and concludes with an examination of policy implications in both sending and receiving countries.

Dzanis (2013) has analysed the impact of remittance on domestic investment with the objective to investigate the impact of remittance inflow to the developing countries on investment under different levels of institutional and financial development. The empirical analysis is carried on sample of 79 developing countries covering the period 1995-2005. The estimates suggest that remittance inflow, sound institutions and well-develop financial sector increase domestic investment .Moreover, the result also indicate that when the institutional setting and the depth of financial intermediation are such that access to external finance is limited, remittance inflow is an important source of financing investment. The finding is robust to alternative static and dynamic panel estimators and different measures of institutional quality and financial development. An important implication of these findings is that the extent to which an economy benefits from remittance inflows is driven by the prevailing institutional environment.

Giuliano & Arranz (2005) have used a cross-country of data series covering about 73 developing countries between 1975 and 2002. The authors investigate the interaction between remittance and financial development and its impact on growth. The analysis emphasizes how a country's capacity to use remittance may be influenced by local financial sector conditions. The empirical findings suggest that remittance can promote growth in less financially developed countries. A one percentage point increase in remittance as a share of GDP is associated with a 0.2 percentage points, controlling for the level of financial development. The authors conclude that in countries with less-developed financial systems, remittance act as a de facto substitute for financial services, providing households with credit and insurance and increasing investment opportunities, leading to higher growth. The analysis accounts for the endogeneity of remittance and financial development using a Generalized Method of Moments (GMM) approach, and is robust to various measures of financial sector development used, and is robust to a number of sensitivity tests

Gupta (2005) has discussed on macroeconomic determinants of remittance in India. The author analyzed the determinants of remittance to India and found that their growth over time can be explained by the increase in migration and total earnings of the migrants. Remittance is also affected by the economic environment in source countries, and appears to be countercyclical that is, higher during periods of low economic growth in India. None of the remaining economic or political variables considered in the paper, including political uncertainty, interest rates, or exchange rate depreciation, are found to affect remittance significantly.

Joshi & Piya (2016) have assessed the history of migration in Nepal based on a review of the existing literature and reviews migration from the prospective of push and pull factors. The study analyzed the growing importance of remittance in the national economy as well as in the household economy and follows up with a discussion on the socio-economic issues related to migration. The study concludes with the discussion on the prospective issues related to migrant in Nepal.

Pong (2005) has examined the prospects and challenges of out- migration from South Asia and its neighbouring countries. The study analyzed the trend, nature and extends of out- migration from South Asia and its neighbouring countries. It also provide the detailed review on labour rights issue and helped to all concerned parties set up a

policy framework as well as legal instruments to harness the benefits of labour migration and build a protection regime for migrant workers.

Rahman (2014) has analysed the worker's remittance and economic development in Pakistan with the objective to examine the role of worker's remittance on the economic development using time series data, co-integration technique. This study indicated that there is long run relationship exist between the worker's remittance and economic development in Pakistan.

Retha (2013) has traced the emergence of a new trend within the international country. The global remittance trends (GRT) undertake a critical gender analysis of the mainstream framing within it. In the development potential of international migration and remittance and in the strategies designed to harness this potential. The main argument is that in the debate about the framing of the GRT gender dimensions has been largely absent and the mainstream framing is generally gender blind. At the same time however it is infused with gendered representations and stereotypes which has concrete gender specific implications in terms of policy making illustrated with an example from rural Mexico. The paper demonstrated leads to complex and seemingly contradictory process of gender execution and inclusion within the GRT and may have adverse gender implications

Sayan (2003) has aimed to fill the gap in the literature by documenting some key business cycle properties of workers' remittance received by Turkish economy. More specifically, the paper investigates whether there is a relationship between the amount of remittance sent to Turkey by the large number of Turkish workers living and working in various parts of Europe (particularly Germany), and growth and crisis cycles in Turkish and host country economies. For this purpose, regularities between fluctuations in the national outputs of respective economies and remittance flows to Turkey are analysed and implications of results for Turkish economy as well as other Mediterranean economies are discussed.

Taylor (2006) has summarized current thinking on international migration and its impacts. It has considered what governments' policy objectives concerning international migration ought to be and presented some examples of how they might be achieved. This paper has tried to dispel some of these, as a first step towards



thinking realistically about international migration and designing sound policies that can use international migration as an instrument for development

Thieme & Boker (2004) have stated that labour migration to India is the most important source of income for people in Far West Nepal. To better understand the effects of labour migration, a research analyzing why and how migrants invest their money in financial self-help organizations was undertaken. Fieldwork was conducted in the communities of origin in Nepal and migrant communities in India. Based on the study, the paper provides an overview of the existing financial self-help associations, their strengths and weaknesses, accessibility and possibilities of benefits and losses for the migrants and their families. The major conclusion is that migration helps to improve income or security but can also undermine a household's financial situation by perpetuating debt and dependency.

Khoudour (2007) has examined a detailed analysis of the economic and social effects of these currency flows and draws attention to the potential long-term risks involved. Accordingly, it analyses trends in remittance in Colombia over the last few years, paying special attention to their importance to the country's economy and the socio-economic characteristics of their senders and recipients. This analysis is followed by an assessment of remittance in Colombia which indicates that, while they may help to improve the situation of the country, they also entail a number of costs that may, in the long term, be detrimental to its economy.

Retha, Devrisevic, & Plaza (2016) have provided a comprehensive picture of emigration, immigration, and remittance flows for 214 countries and territories, and 15 country groups, drawing on authoritative, publicly available data. The current edition of the fact book updates the information in the 2011 edition with data collected from various sources, including national censuses, labour force surveys, and population registers. It provides selected socio-economic characteristics such as population, labour force, age-dependency ratio, gross national income per capita, and poverty headcount.

Zanker (2015) has considered the effects of migration in terms of absence of household members. Migration can have direct and indirect effects on the

households, communities and countries where migrants come from. For instance, a direct effect can be the loss of labour. An indirect effect could be the reorganisation of gender roles as a result of the labour loss. Furthermore, migration can have effects at the micro (household), meso (community) and macro (country level). Effects can be financial (e.g.investment) or social (e.g. Emotional wellbeing of children left behind).

## **2.2 Review of the Literature on Nepalese Context**

Adhikari, Gurung, & Seddon (2010) have stated that official statistics seriously underestimate the number of Nepali migrant workers abroad and both the volume and value of remittance flowing back into Nepal from those workers. Original research by the authors suggests that many migrant workers abroad are working illegally and unofficially, and that the bulk of remittance also flow back into Nepal informally and illegally. The scale of remittance, consequently, is at least ten times greater than official estimates indicate (equal to 13 percent of GDP) and quite possibly twenty times greater (equal to 25 percent of GDP). This indicates the need for a thorough reconsideration of Nepal's balance of payments. The authors illustrate how remittance flow back into Nepal unevenly, contributing to growing inequalities, both between regions and between social classes.

Aryal (2016) has analysed the role of Remittance in the economic development of Nepal, by using 40 years of secondary data collected from published sources. Econometric model used to analyse the data. Findings suggest that remittance does not support in capital formation, it contributes in consumption related spending.

Bhattarai (2005) has identified the issues and challenges on foreign employment, nature of labour migration, trend and the number of socio-economic and demographic aspects related to the migration of Nepali migrant workers. Similarly, this study has also evaluated the internationally recognised policies and programmes to protect the rights of the migrant workers.

Bohara (2016) has examined labour migration for employment. Reflects efforts to capture the trends in labour migration from Nepal identify the structural gaps and suggests ways to move forward for the Government and stakeholders. This report fills

that gap and goes beyond to highlight the achievements of the Government as well as remaining challenges. It presents a guide for policy-makers to use when addressing labour migration issues, particularly to ensure that the rights of migrants are foremost protected.

Dhungana (2012) has assessed remittance and Nepalese economy with objective to analysis the relationship between remittance and economic growth of Nepal using secondary data, multiple regression models. This study conducted that the Nepalese economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in saving and investment rates. Consumption oriented economy naturally leads to dependency resulting in the dearth of resources for investment. Consumption oriented remittance have only increase our reliance on import. Even if a fraction remittance gets challenged towards productive sectors such as infrastructure development.

Fields (1975) has analyzed unemployment and underemployment in LDCs within a quantity adjustment framework. Four extensions of the Harris-Todaro model are made, including allowances for more generalized job-search behaviour, an urban traditional sector, preferential hiring by educational level, and labour turnover considerations. The result of these modifications is a much lower predicted unemployment rate, which accords more closely with actual observations. Some additional policy implications deriving from the analysis are noted.

Gaudel (2006) has examined the role of remittance income and its need for economic development of Nepal. The remittance income has become an important contributor to the current transfers in Balance of Payments of Nepal. By establishing the relationship between the remittance, GDP and Grants with the help of Ordinary Least Square method, the researcher has found that 1 percent change in remittance income increases GDP by 2.13 to 5.17 percent and 1 percent increases in Grants increases GDP by 14.3 to 15.4 percent. From the test statistic it is apparent that all regression models are highly significant at 1 percent level as indicated by the size of F statistic. In the study two conclusions were made by the researchers- (a) remittance income and grants appear to be the most relevant variable to raise nominal GDP in Nepal, and (b) pension and other items have also significant impact on increasing nominal GDP in Nepal.

Gurung (2008) has stated that social exclusion is a useful framework for understanding migration. Migration and the choice of destination are functions of the forms of the social exclusion and inclusion. The social exclusion as measured by economic assets and human cultural, social and geographical capital may explain or is correlated with the migration destination decision and the choice of destination. The researcher has used probit regression model to examine migration choice and multinomial logit model is used to examine the choice of destination. The indicator of social exclusions is found to provide opportunities and constraints for migrant and the choice of destination at National level. By using the data from Nepal Living Standard Survey 2003/04, the researcher conclude that social exclusion, as defined by asses to different types of capital, determines migration. But it affects both benefits and costs, so in sum the estimated affect are not always obvious, for example, illiterate people migrate more than the literate.

Karki (2012) has identified how remittance impacts various socio economic dimensions of remittance recipient households. The study conducts an impact evaluation based on propensity score matching (PSM) approach by surveying both remittance recipient households (treatment households) and non-recipient households (control households) in Dhanusha district. The study revealed that of the total 25 socio economic variables and analyzes the impact gain resulting from remittance flows in the study area. With the help of STATA statistical software programme, the study concludes that migrant sending household had higher consumption than those of non sending households. Both of the groups spent a sizable fraction of their income on food and wedding expenses followed by land purchases.

Leslie (2011) has emphasized the role of education while going abroad for foreign employment and traced out the actual situation of Nepal regarding the foreign employment. The researcher argued that every day more than eight hundred young Nepalese leave the country hoping to get the job in Gulf and East Asian countries. However, many returned with empty hand even working after years, instead of putting money into their child's education, a family would rather risk entrusting their child's future well-being to a manpower agency rather than an educational institution. Nepalese students themselves are probably not as keen to study and pass their SLC.

The researcher found that the foreign countries used the large pool of unskilled labourers from Nepal to decrease their own costs. Because of this, foreign countries are getting on one hand cheap labour and on the other Nepalese working abroad are not getting rights and honourable jobs. This has compelled Nepalese people to sell their labour at a throw away price. Hence the study focused on the role of education and suggest for the better prospects of migration from Nepal.

NRB (2016) shows that the remittance send by Nepali workers working abroad has grow by 15.2 percent to Rs 427.37 billion in the review period compared to a growth of 4 percent in the previous year . Consequently net transfer receipt has increased by 19 percent to Rs 500.60 billion in the previous period such receipt has increased by 1.3 percent in the same period of the previous year. The report signifies that the number of worker going abroad for foreign employment which directly affects the remittance has decreased in the review period. The number of Nepalese worker seeking foreign employment based on final approval for foreign employment has decreased by 23.2 percent in the first eight months of 15/16 .It had increased by 17 percent in the same period of the previous period.

Pant (2011) has explored the harnessing remittance for productive use in Nepal. The author concluded that remittance contribute largely to the national economy. The remittance sent home by the migrants affect development at both the household and national levels. At the household level, remittance helps to reduce poverty, improve standard of living and attain higher educational level, at the macro level, remittance job opportunities and income of the people. Remittance inflows help to augment foreign exchange reserves and improve the current account position.

Panta, & Budha (2016) have focused on the role of the nominal exchange rate in driving remittance inflows. And an empirical results shows that depreciation of Nepalese currency has a positive impact on remittance inflows. Likewise, the economic activity of India is found to have significant positive impact on remittance inflows in Nepal. Further, the cyclical component of the remittance inflows is positively affected by nominal exchange rate, and economic activity of India, the Gulf nations and advanced

Regmi & Tisdell (2010) have examined remitting behaviour of Nepalese rural -to urban migrants, uses data for Nepal to test contemporary hypotheses about the remitting behaviour and associated motives of rural-to-urban migrants and to consider the likely impact of such remittance on rural development. Possibilities for inheritance, degree of family attachment, likelihood of eventual return to place of origin and family investment in the education of the migrants are found to be significant influences on levels of remittance by Nepalese migrants. However, in Nepal, remittance does not seem to result in long-term capital investment in rural areas and so may not promote long-term development of this area.

SAARC (2014) found that officially recorded remittance flows to developing countries reached an estimated \$401 billion in 2012, rising by 5.3 percent compared with 2011. Remittances flows to the developing world are expected to aggregate \$427 billion in 2013, a rise of 6.7 percent over the previous year. They are estimated to grow by 9.5 percent in 2014. The top recipients of officially recorded remittance for 2012 are India (\$70 billion), China (\$66 billion), the Philippines and Mexico (\$24 billion each), and Nigeria (\$21 billion). Other large recipients include Egypt, Pakistan, Bangladesh, Vietnam, and Lebanon. As a percentage of GDP, the top recipients of remittances in 2011 were Tajikistan 47 percent, Liberia 31 percent, Kyrgyz Republic 29 percent, Lesotho 27 percent, Moldova 23 percent, Nepal 22 percent and Samoa 21 percent. The researchers examine the impact of remittance on the Nepalese economy. This is followed by an analysis of the various initiatives undertaken by the concerned officials for encouraging remittance inflows through the official channel. Finally, the paper attempts to provide some policy options for enhancing the productive use of remittance as well as encouraging remittance through the official channel.

Sapkota (2013) has explored that Nepal is one of the highest recipients of remittance (percentage of GDP) in the world. For a small land-locked economy battered by a decade-long Maoist insurgency (1996–2006), prolonged political instability, slow growth rate and large exodus of youths for employment overseas, high inflow of remittance bears a huge significance both at micro and macro levels. Exploring various facets of high migration and remittance, this article shows remittance-induced Dutch disease effects and policy laxity to improve investment climate in Nepal. Since

it is costly to sterilise the impact of remittance each year, it might be prudent to learn to live with it and gradually channel remittance to productive usages with a goal to boost productivity.

Sijapati (2015) has analysed an in-depth overview of Nepal's labour migration sector in Nepal, including trends and patterns of the population growth and labour markets; the demand situation in countries of destination; the technical and vocational education and training sector in Nepal and its relationship to labour migrants; and the process of labour migration and support provisions in place for workers. The focus on the report is on the examination of the various inter-linkages between these different aspects of Nepal's labour migration sector.

Shrestha (2008) has assessed the contribution of foreign employment and remittance to Nepalese economy and also identifies the information needs and gaps. An attempt is also made to assess the role of remittance in poverty reduction. At a time when the country's major economic indicators are not favourable, the remittance have played a vital role in maintaining macroeconomic stability and keeping the economy afloat. Though remittance sent home by migrant workers is a boon to the economy, the facilities are inadequate to back up the increasing trend of migration. Inadequate information on foreign employment, lack of skill training and lack of assurance of safe working environment and rights of the migrant workers have obstructed foreign employment. Therefore, this study presents an understanding and analysis of the current scenario and practices, opportunities and challenges in the Nepalese financial system, and to identify appropriate investment avenues, to channelize the growing remittance flows into the formal and productive sectors of the economy. Aim as to identify appropriate investment opportunities to channelize remittance flows into the Nepali financial system

Thapa (2011) has analyzed the concentration of remittance whether it is consumed or invested by using the data of domestic investment, consumption and GDP from 1977 to 2011 and by applying two stage least square. With the algebraic expression and mathematical explanation he reaches to the conclusion that we are exporting cheap labour force at the cost of stagnant domestic production. It has been evidently proven that remittances income is consumed but insignificantly invested. Through positive, its contribution to growth is meagre. Thus remittance is necessary but not

sufficient for growth in Nepal because it is consumed but not invested. Besides it has recommended formulating those policies to check high domestic consumption expenditure and divert it in to the productive investment.

Thaguanna & Acharya (2013) have analyzed the effect of remittance on macroeconomic variables by using the nine years of data. The empirical result suggests that remittance have more causality on the consumption pattern as well as the import pattern, and less on investment. Furthermore, with available literatures, this article discusses the importance of channelling the remittance funds into the productive capital, mainly the public infrastructure, in comparison with the South Korean case study.

### **2.3 Research Gap**

After analysing and revising the entire literature, the study shows that there is lack of the analysis of the trend and pattern of foreign employment and remittances in Nepal. Here in the study, trend of remittance has been drawn and relation of remittance with private consumption has been studied. Similarly trend of foreign employment and its problem and prospect also has been studied by establishing the relationship with the time series data for 17 years. Hence the study justifies the present work.



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter deals the method and procedure of the study under consideration in order to achieve the objectives of the research. It describes in detail about the works that is to be done in course of conducting the research. It consists of design of the study, area of the study, data collection procedure and data analysis procedure as well.

#### **3.1 Research Design**

The research design followed in the study is the quantitative qualitative and descriptive analysis. The quantitative research seeks to collect data which is in a numerical form and which can be analyzed or presented by using table or chart or figure or graphs or statics. The study was associated with the quantitative analysis of statistical data of remittances income, private consumption and GDP of Nepal during the period of F/Y 2000 to F/Y 2016, by using the secondary data from the official site of MoF, GoN, NRB and DoFE. It has been presented in the data, table and figure.

Qualitative research design consists of written or spoken words and doesn't normally include any numerical measurement. So the descriptive analysis is made to show the current trend and pattern of remittance, foreign employment and its problems and prospects in Nepal. So the study is quantitative, qualitative and descriptive.

#### **3.2 Area of the Study**

The study has used the data of remittance entered into Nepal through legal channels. Since the total volume of remittance has include in the study that may come in any part of the country. So the area of the study is the whole Nepal.

#### **3.3 Sample of the Study**

The researcher used 17 years data of remittance, private consumption and GDP of Nepal as the sample of research. The nominal GDP at current price is taken as GDP and the Remittances are the workers' remittances from the quarterly economic bulletin as published by the NRB.

Total remittance inflow into Nepal and total consumption is considered as the population of the study. As the remittance inflow into Nepal through the formal channel i.e official record is consider as the sample for the study. The study is fundamentally related with the macroeconomic variable: remittance inflow, nominal GDP, private consumption of Nepal. Sample period is chosen from the F/Y 2000 to 2016.

### **3.4 Model of the Study**

This study specifies a model to explain the relationship between private consumption and remittance inflow with the help of OLS (Ordinary Least Square) regression analysis. To analyze the effect of the remittance over the private consumption, private consumption is considered as the dependent variable. Its value is determined by number of variable, but here hypothetically the private consumption is considered as the function of remittance inflow and nominal GDP. So, here in the study private consumption is considered as the dependent variable and remittance and nominal GDP is considered as independent variable.

Here in the model, private consumption is the function of remittance inflow ( $R_t$ ) and nominal GDP at the same time period ( $Y_t$ ). To show the effect of remittance in private consumption,  $R_t$  has been used in the model as the independent variable.

For analysis of the relationship between remittance and consumption, here multiple regressions have been used and the time series data for 17 year has been used from F/Y 2000 to F/Y 2016.

The private consumption function is given by:

#### **Model:**

$$C = F(\text{Rem}, \text{GDP})$$

Where,

C - Private consumption

Rem, - remittance inflow

GDP - nominal GDP

The regression model is given by:

$$C_t = \beta_1 R_t + \beta_2 Y_t + u_t$$

Where,

$C_t$  private consumption at time t

$R_t$  Remittance inflow at time t

$Y_t$  nominal GDP at time t

$\alpha$   $\beta_1$   $\beta_2$  Parameters

$U_t$  Error terms

Further analysis has been made with the attained output from the eviews 8 software programme. The results are explained accordingly.

### **3.5 Collection of Data**

The data for the study are remittance, private consumption and GDP of Nepal. Only secondary data of remittance, private consumption and GDP were used for the study. For the purpose of the study, data of remittances were collected from various issues of Quarterly Economic Bulletin of NRB and economic Survey of MoF; GoN .Also the researcher visited the official website of NRB and MoF, GoN for other supporting information. And data for foreign employment were collected from official site of DoFE.

### **3.6 Reliability and Validity of Data**

The data for the study were collected from the authorized monetary authority of Nepal, NRB and fiscal policy authority MoF of Nepal. These data were already tested and verified by the authorized organization and used as a standard data. So the data are supposed to be reliable and valid in their original form. Thus no any measure was taken to establish the reliability and validity of the data.

### **3.7 Analysis and Interpretation Method**

To study the relationship between remittances and private consumption, the statistical tools linear regression analysis (Ordinary Least Square) method is used in the study

(lead methodology,  $PC = 54431.46 + 0.6384GDP + 0.399 \text{ Rem.}$  ) . For the result and analysis of the regression model the statistical software e- views 8 is used and descriptive method is used. For the analysis of trend and pattern of remittance and foreign employment, the analysis is done with the help of table, figure, and graphs in quantitative result on secondary data.

## **CHAPTER IV**

### **ANALYSIS AND INTERPRETATION OF THE RESULTS**

This chapter analyzes the trend and pattern of foreign employment and remittance in Nepal, including the remittance inflow and outflow of migration from various dimensions, such as a number and size of remittance received from the different countries and its receipts household, its share of income, trend of migration in different countries and source of origin and relation of remittance with private consumption, and problem and prospects of foreign employment.

#### **4.1 Trend of Remittance and Foreign Employment in Nepal**

In this section to analyse the current trend of remittance and foreign employment in Nepal, it has been analyzed from the different aspect. This is explained below;

##### **4.1.1 Trend of Remittance Income in Nepal**

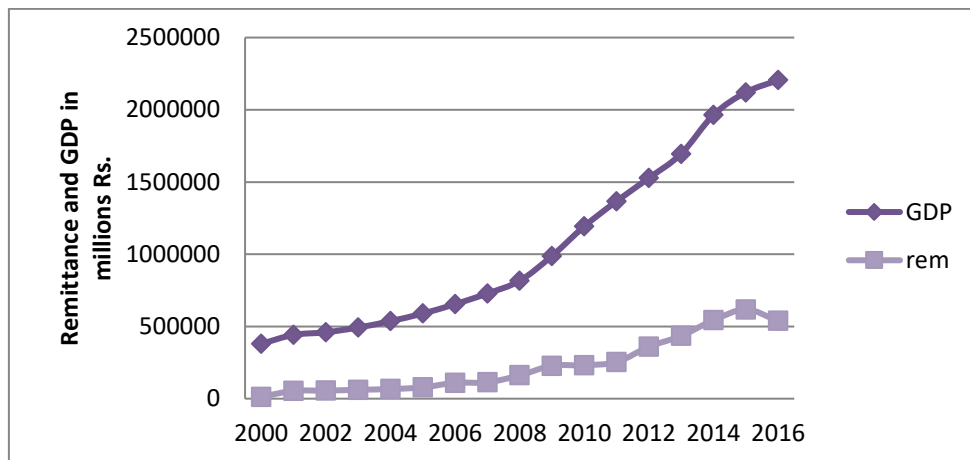
The remittance inflows were 12662.3 million in the year 2000. The country has started to enjoy the flow of remittance only after F/Y 2000. In F/Y 2001 the remittance of the Nepalese economy jumped very high, it was 53525.2 million and after then the flow of remittance has continuously increasing..

In F/Y 2008/09 the global economic crises and its impacts led to the world wide decline in remittance flows by six percent, but remittance inflows to Nepal never declined. During the time of global financial crises, remittance grew by 9.5 percent from 2008 to 2009, and by 18 percent from 2009 to 2010. In 2009 Nepal was the fifth highest recipient of remittance in terms of share of GDP worldwide.

In F/Y 2013 Nepal has been third largest remittance receiving country in the world, receiving Rs 434 billion(434581.7 million) inflow in Nepal. There was huge amount of remittance entered in to the Nepalese economy so that it reached 665.06 billion in F/Y 2016 (See Appendix I).

**Figure 4.1**

**Line Graph Showing the Trend of Remittance Income in Nepal**



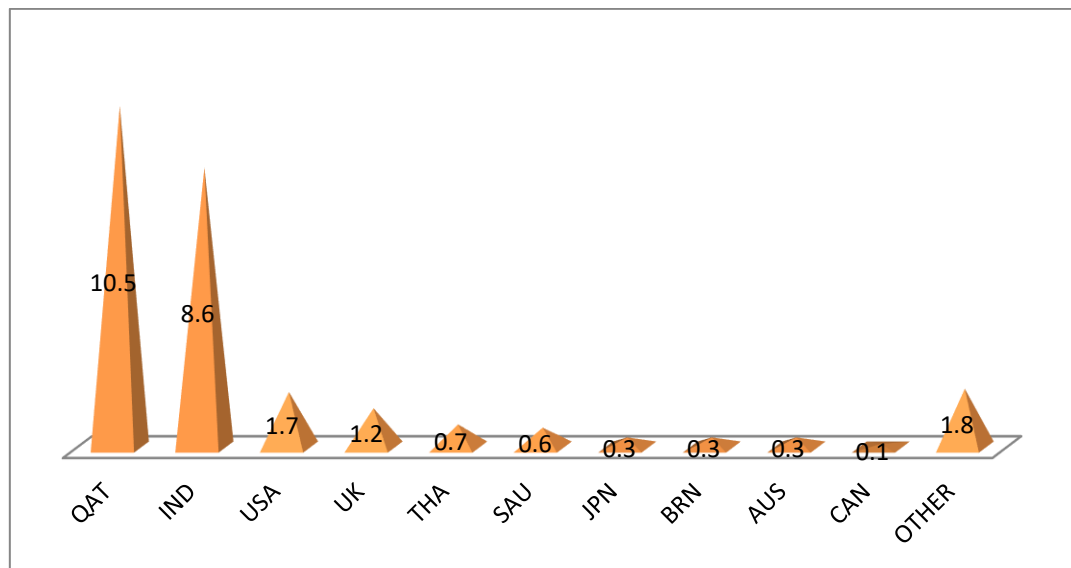
Source: Calculation based on e-views 8 (see appendix I)

To justify the trend of remittance income in Nepal, here bar diagram is also presented. From the diagram it can be seen that after 2001 the inflow of remittance started to increase in the succeeding year. In F/Y 2008/09, even during the time of global financial crises, remittance grew by 9.5 percent from 2008 to 2009, and by 18 percent from 2009 to 2010. The inflow of remittance stood at 231.73 billion in 2009, it was 231.73 billion in the same period of the previous year 2008. In F/Y 2012 remittance rise by 11.7 percent, likely wise the remittance to GDP ratio increased from 10.7 percent in 2000/2001 to 13.8 percent in 2006/7.

In 2009 Nepal was the fifth highest recipient of remittance in terms of share of GDP worldwide it was 22.21 percent. And in F/Y 2013 Nepal has become third largest remittance recipients country in the world, receiving 25.54 percent share of remittance to GDP.

The remittance inflow, which jumped in the post earthquake period, slow down by January 2016 ‘in three months to April 2016, remittances contracted by 5.3 percent’ (in dollar term) compared to the growth of 13.6 percent in same period of the previous year 2014/15. In F/Y 2015/16 the remittance inflows reached 665.06 billion rupees. Figure also shows the share of remittance to GDP is in increasing trend. It reached 29.7 percent in F/Y 2015/16 (see appendix III).

**Figure 4.2**  
**Top Ten Remittance Receipts for Nepal (Rs in million)**



Source: World Bank - Migration Remittance Data 2015; World Bank- Migration and Development Brief, 26 April, 2016.

The figure 4.2 shows that Nepal received remittance from the top ten remitter countries. Hence, Nepal received the higher remittances from Qatar was 10.5 million US\$ in F/Y 2012. Similarly , from India , USA, UK, Thailand, Saudi Arabia, Japan, Bahrain , Australia, Canada 8.6 , 1.7, 1.2, 0.7, 0.6, 0.3, 0.3, 0.3 , 0.1 million of US\$ respectively and 1.8 million from their countries.

The remittance inflows soared last year immediately after the earthquake and have been one of the most important income sources of the earthquake affected households. In 2015, Nepal received remittance from around 35 countries. The highest bilateral remittance inflows was from Qatar ( \$ 2.02 billion ) , followed by Saudi Arabia ( \$ 1.8 billion ) , India ( \$ 1 billion ) , UAE ( \$ 803 million ) and the United States ( \$ 332 million ) . Qatar and Saudi Arabia absorbed about 124368 and 98246 migrant respectively in 2015. Malaysia was the most popular destination with 202,828 migrants in 2015, but the remittance inflows from Malaysia are lower than from other destination ( \$ 185 million).

#### 4.1.2 Trend of Foreign Employment in Nepal

The trend of foreign migration for employment in Nepal begins in 1814, after the Nepal British Indian war. A total of 4,650 Nepalese youngsters were received to the British armed forces as a British – Ghurkha regiment. Migration of Nepalese for other employment begins to work in tea states of Darjeeling in second half of 19<sup>th</sup> century. International labour migration mostly to Gulf States, Malaysia and other South East Asian countries is a new phenomenon of migration in the Nepalese context with about 30 year long history. Now a day in Nepal the trend of foreign migration is rapidly increasing for the purpose of getting employment, higher education and for business purpose.

**Table no. 4.1**  
**Year Wise Nepali Labour Migrants**

F/Y	Number of Migrants	Percentage Change
2000/01	55000	
2001/02	104700	1.47
2002/03	10500	0.03
2003/04	106700	0.03
2004/05	13900	0.99
2005/06	165300	0.78
2006/07	204500	1.17
2007/08	249051	1.35
2008/09	219965	0.9
2009/10	294094	2.26
2010/11	354716	1.8
2011/12	384665	0.9
2012/13	415800	0.93
2013/14	527800	3.37
2014/15	515887	0.36
2015/16	418713	2.92

Source: World Bank - Large Scale of Migration and Remittance in Nepal 2011; Central Bureau of Statistics – National Population and Housing Censuses 2012; Department of Foreign Employment – Monthly Progress Report, 2015; Department of Foreign Employment - Yearly Report, 2015; Economic Survey -2017.



The table 4.1 shows that the total number of workers going abroad for foreign employment was 55,000 in F/Y 2001/02. The trend of overseas employment was steadily increasing up to F/Y 2007. After several years of strong outflows of Nepali migrants began to slow in 2008, decreased by 12 percent. In the wake of the global financial crisis, there was a sharper decline in the international labour migration. Some countries such as Korea and Malaysia even stop fresh recruitments in January 2009, which is a proxy of reduction this out flows of migrants from Nepal.

While the total number of workers going for foreign employment was only 2,19,965 in 2008/09, it reached 2,94,094 in F/Y 2009/10. The figure rose by 16.5 percent to 52,78,00 in 2014 from 415800 in 2013. The annual average growth of workers going overseas for employment was 22.0 percent. The sharp increase in the number of labour permits issued for foreign was a positive indication of these efforts, although there was an increase generally in people wanting to go abroad for work. .

Again, the number of workers going abroad for foreign employment has been continuously falling in the recent months. The number of Nepalese workers seeking foreign employment was 5,15,887 in F/Y 2014/15; it has been decreasing by 16.1 percent in the three months of current F/Y 2016/17. It has decreased by 12.3 percent (418713) in the same period of the previous year 2015/16.

**Table 4.2**  
**Current Trends in Obtaining Labour Permit in Different Year by Sex**

Date	Male	Male percentage	Female	Female percentage	Total	Total percentage
2008/9	211371	96.09	8594	3.1	219965	92.18
2009/10	284038	96.58	10056	3.42	294094	93.16
2010/11	344300	97.06	10416	2.93	354716	99.99
2011/12	361707	94.03	22958	5.96	384665	99.99
2012/13	423122	93.84	27767	6.15	450889	99.99
2013/14	490517	94.39	29121	5.60	519638	99.99
2014/15	478199	95.71	24421	4.88	499620	100.59
2015/16	306491	93.3	21744	3.97	328235	97.02

Source: Department of Foreign Employment- A Status Report for 2015.

A total of 2,723,587 labour permits were issued by the Department of Labour and Employment from 2008/09 through 2015/16. There was a steady increase in issued permits until 2013/14, when the total number dipped slightly. The 3.8 percent decrease in 2014/15 from the previous year is attributed to the earthquake that hit Nepal in April 2015. As a result, there was a 48 percent decrease in the issuing of labour permits in the last quarter of 2014/15, when compared with the same period in 2013/14... The rate has decreased by 16.1 percent in the three months of current F/Y 2016/17 it has decreased by 12.3 percent in the same period of the previous year 2015/16.

The table 4.2 shows data on labour permits issued, men accounted for the bulk of the labour migrants over the past seven years, at 95.7 per cent. However, there has been a significant increase in the number of permits acquired by women in that same period, as figure illustrates. The share of women labour migrants peaked in 2012/13, at nearly 6.15 percent of the total labour migrants and has been falling since 2008/9 to 2010/11 as a 3.1, 3.42 and 2.93 percent respectively.

**Table 4.3**  
**Outflow of Workers in April 2015 (After and Before Earthquake)**

Month after and before earthquake	Number of labour permits in relative months	
Magh	48,941	Average 48,537
Falgun	44,460	
Chaitra	52,210	
Baisakh	31,375	Average 31,979
Jestha	37,962	
Ashad	26,600	

Source: Department of Foreign Employment, 2015-. A Status Report for 2015, Nepal Earthquake Assessment Unit - 2015

On 25 April 2015, Nepal was struck by a powerful 7.6 magnitude earthquake. The immediate effect of the earthquake on foreign employment was negative with the sharp decline in the number of labour permits issued. In the three months period of earthquake, an average of 48,537 about permits was issued during the three months after the disaster decline to 31,979. The crisis hit districts accounted for 21 per cent of all labour permits issued in 2014/15.

#### **4.1.3 Most Favoured Destination of Nepalese Workers**

The most favourite destination of Nepalese workers for foreign employment is defined from the prospective of the number of worker in that country. It might be either related to the level of skill needed to inter in to the country for any type of work or it related to the condition cost to entry to that particular country. Generally the Nepalese workers are either unskilled or semi skilled so, they prefer those countries for the foreign employment where they can adjust with their qualification. So the Gulf or Arabian countries are being the easiest destination for Nepalese workers to get employment and earn money.

**Table 4.4**  
**Nepalese Migrant Workers Working in Major Countries in Different Year**

Country	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2012/13	2014/15	2015/16	Total
Malaysia	11306	43697	43812	45760	37373	41211	47505	50554	35070	577810	72930	102240	202828	60979	1216075
Qatar	14086	15203	26850	24128	20629	32953	45209	85442	76175	484797	56119	55221	124368	129038	1140518
Saudi Arabia	17966	17337	17999	16875	7006	9056	1989	42394	48749	359771	40791	60859	98246	138529	877567
UAE	8950	6748	12650	12760	6832	15336	25252	45342	31688	21671	25244	38085	53699	52793	357050
Oman	885	307	307	3194	1386	1834	1721	1967	2291	11502	1568	2810	2300	3059	35131
Kuwait	904	556	818	606	175	909	4002	5099	6360	24342	7165	9558	9668	10049	80211
Bahrain	68	86	95	105	504	1036	1440	2626	4247	19533	1902	2883	4165	3146	41836
South Korea	245	87	336	804	730	651	950	146	2909	12007	1207	1764	5158	7352	43346
Other countries	615	950	1464	2219	1291	3252	3121	15481	12476	43157	2677	3025	7070	8149	104942
Total	25025	8497	104331	106451	75926	106508	86730	249051	219965	1554590	209603	273445	207502	399617	4033715

Source: MOLTOM – Foreign Employment and It’s Contribution to Economy of Nepal; MoF- Migration Departure and Remittance , 2013; Data from Qatar- 2013( [http://: bgdoha.com](http://bgdoha.com)0 ; Saudi Arabia – Estimates, De Bel- Air 2014; Department of Labour and Employment Promotion DELEP -2002; World Bank - Large Scale of Migration and Remittance in Nepal 2011; Central Bureau of Statistics – National Population and Housing Censes 2012; World Bank – The World Bank Retrieved October 8,2015; Department of Foreign Employment – Monthly Progress Report Retrieved September 30 ,2015 ; Department of Foreign Employment - Yearly Report ,2015; Economic Survey -2017.

The table 4.4 shows that number of migrant people visiting abroad for foreign employment during F/Y 2001/02 was 55025 by the F/Y 2004/05 it became 75, 926 and in F/Y 2008/09 reached 219965. The trend of foreign migration from Nepal was continuously increasing up to 2008. But in F/Y 2008/09 the rate has declined by 29,086. The global economic crises and its impact led to worldwide declined trend of foreign migration. . Some countries such as Korea and Malaysia even stop fresh recruitments in January 2009, which is a proxy of reductions this out flows of migrants from Nepal to Malaysia by 15,484.

Out of total migrant (4033715) , 12,16,075 people visited Malaysia for foreign employment from the F/Y 2000 to 2015/16 , 11,40,578 for Qatar 8,77,567 for Saudi Arabia 35,7,050 for UAE ,35,131 for Oman , 80,211 for Kuwait 41,836 for Bahrain , 34,346 for Saud Korea and 10,4,942 for other countries.

Qatar, Saudi Arabia, and UAE have remained the top employment destinations for low to semi-skilled Nepalese migrant workers .They together accounted for 92 percent of total migrant workers in FY2014.

The table shows that number of migrant people visiting abroad for foreign employment during F/Y 2009/10 was 1554590 by the F/Y 2012/13 it became 273445 and in F/Y 2015/16 reached 399617. Out of total migrant (2944757), 859787 people visited Malaysia for foreign employment from the F/Y 2009/10 to 2015/16, 799843 for Qatar 698196, for Saudi Arabia 191492 for, 21239 for Oman, 60782, for Kuwait 31629, for Saud Korea 2748 and, 64078 for other countries. Qatar, Saudi Arabia, and UAE have remained the top employment destinations for low to semi-skilled Nepalese migrant workers .They together accounted for 92 percent of total migrant workers in FY2014.

The trend of migrant people is continuously increasing up to F/Y 2014/15. Table shows that the number of worker leaving for foreign job has been declined as 10, 7885 in F/Y 2015/16 in comparison to the same fiscal year of previous year 2014/15. The data shows that the number of workers leaving for foreign employment job in Malaysia is been declining, it was 202828 in the previous year and reached 60979 in the recent year. Similarly the flow of migration in Qatar, Saudi Arabia, and UAE Kuwait Oman has been increased.

#### 4.1.4 Pattern of Remittance Inflows in Nepal

In this section to analyze the current pattern of remittance inflow in Nepal, it has been analyzed with different aspect. Which is explained below?

**Table 4.5**  
**Distribution of Number of Remittance by Development Region**

Development region	Urban Nepal	Rural Nepal	India	Malaysia	Saudi Arabia	Qatar	United kingdom	Other countries	Donor agency
Eastern	18.2	43.5	8.7	5.1	6.3	10.5	0.8	6.9	0.0
Central	24.7	39.2	13.7	4.2	4.1	5.4	1.1	7.4	0.2
Western	16.1	32.0	22.9	4.3	5.1	8.1	1.2	7.4	0.0
Mid west	13.8	43.2	28.5	5.2	3.1	3.6	0.2	2.4	0.0
Far west	15.1	41.8	39.2	2.0	0.4	0.4	0.2	0.8	0.0

Source: Nepal Living Standard Survey- Calculation Based on NLSS Database 2010; NRB- Fifth Household Budget Survey 2015; Central Bureau of Statistics 2010- National Population and Housing Census, National Planning Commission Secretariat, Government of Nepal, 2011, CBS.

The table 4.5 shows the eastern development region receives 18 percent of remittance from urban Nepal, and 43.5 percent of remittance from rural Nepal. In total eastern development region receives 62 percent of remittance from the internal source. Central development region receives 64 percent of remittance from internal source and rest 36 percent from the external source, which is followed by eastern mid- west and far west and western development region. As we move to west from the east development region , the remittances receive from India increases where eastern development receives only 8.9 percent of remittance the far west development region receives 49.2 percent from countries Saudi Arabia , Malaysia, Qatar , seems significant remittance received from Uk seems significant. Remittances interned more from the other country to eastern, central and western development region and least to the mid west and far west region. Only 0.2 percent of the remittances are received by central development region by donor agency.

**Table No. 4.6**  
**Distribution of Number of Remittance by Ecological Zone**

Development region	Urban Nepal	Rural Nepal	India	Malaysia	Saudi Arabia	Qatar	United kingdom	Other countries	Donor agency
Mountain	25.6	47.3	10.1	5.2	3.8	2.7	0.4	4.9	0.0
Hills	21.3	32.5	17.8	5.1	4.4	7.3	1.4	10.1	0.1
Trair	16.5	42.6	20.3	3.8	4.6	6.8	0.6	4.9	0.0

Source: Nepal Living Standard Survey- Calculation Based on NLSS Database 2010; NRB- Fifth Household Budget Survey 2015; Central Bureau of Statistics 2010- National Population and Housing Census, National Planning Commission Secretariat, Government of Nepal, 2011, CBS.

The table 4.6 shows the distribution of number of remittances by ecological zone. Mountain region receives 72 percent of the remittances from the internal sources and rest 38 percent of the remittances from the external sources which is followed by hills and mountain region. In all regions, the share of remittance from the countries seems significant. Hilly region gets 10 percent of remittance from other countries and the remittance received by the mountain and hilly region is almost same. These facts show that the people have higher tendency to involve in the internal remittance generating activities in comparison to rest. High Indian remittances in the Tarai region shows people from Tarai region have higher tendency to go to India then in others.

**Table No. 4.7****Number and Size of Remittance Received by Rural/ Urban**

Rural/Urban	Percentage of HH receiving remittance	No of remittance receiving by household	Average number of remittance among recipient HHs	Average amount of remittance among recipient HHs (Rs)	Average per capita remittance received
Urban	46.7	1,433	1.6	126,049	13,333
Rural	58.2	3,718	1.7	70,759	8,285

Source: Nepal Living Standard Survey- Calculation Based on NLSS Database 2010; NRB- Fifth Household Budget Survey 2015; Central Bureau of Statistics 2010- National Population and Housing Census, National Planning Commission Secretariat, Government of Nepal, 2011, CBS.

While observing the number and size of remittance received by rural and urban Nepal, it is found that more HHs from the Rural Nepal receives remittance than in urban Nepal, where almost 6 HHs out of 10 HHs receive remittance. But in the urban Nepal less than 50 percentage of HHs receive remittance. Although the rural Nepal has higher percentage and number of remittance received but the average amount of remittance received and average per capita remittance received is significantly higher in the urban Nepal than in the rural Nepal. It may indicate the situation of high discrepancy between the labours from urban Nepal. This may be the outcome of poor information for the labour in the rural Nepal and not attracting quality in them.

**Table No.4.8****Percentage of Share of Remittance in Income by Consumption Quintile**

Consumption Quintile	No. of HHs receiving remittance	Percentage of HHs receiving remittance	Share of remittance of income
First	383	12.1	28.8
Second	483	15.2	22.6
Third	590	18.6	31
Fourth	718	22.6	33.3
Richest	1,004	31.6	34.8

Source: Nepal Living Standard Survey- Calculation Based on NLSS Database 2010; NRB- Fifth Household Budget Survey 2015; Central Bureau of Statistics 2010- National Population and Housing Census, National Planning Commission Secretariat, Government of Nepal, 2011, CBS.



The table 4.8 shows that as we move above from the poorest quintile to the richest quintile, the percentage of the HHs receiving remittance and the share of the remittance in income both increases exception of second quintile. In the poorest quintile 12 percent of HHs receives remittance and in this quintile 28.2 percent of the income is determined by remittance. In the richest quintile 31.6 percent. Of the HHs receive remittance that contributes 34.8 percent in the income.

#### 4.1.5 Pattern of Foreign Employment in Nepal

In this section to analyze the current pattern of foreign employment in Nepal, it has been analyzed with different aspect. Migration destination tends to vary according to the place of origin .Which is explained below:

**Table no 4.9**  
**Work Migrants’ Origins and Destinations Abroad from Rural/Urban**

By type	India	Malaysia	Qatar	Other Gulf Countries	Total
Rural	42.7	11.5	70	38.8	100
Urban	25.7	13.0	26.4	34.9	100

Source: Department of Foreign Employment- Migration for Employment Report Nepal, 2015; Department of Foreign Employment – An Analysis of Labour Market and Migration Trends in Nepal, 2015.

While observing the number of work migrants from rural and urban Nepal, the table 4.9 shows that migrant from rural area are more likely to be in Qatar by 70 percent, India by 42.7 percent and Malaysia by 11.5 percent and then other gulf countries by 38.8 percent. And migrant from urban area go to India by 25.7 percent and Malaysia by 13.0 percent, Qatar by 20.4 percent and other gulf countries by 34.3 percent.

**Table no. 4.10****Work Migrants' Origins and Destinations Abroad from Development Region**

By Development Region	India	Malaysia	Qatar	Other Gulf Countries	Total
Eastern	17.6	15.1	11.3	56.0	100
Central	29.5	13.8	13.3	43.5	100
Western	43.1	12.6	7.5	36.8	100
Mid Western	70.5	7.1	2.8	19.6	100
Far- Western	93.1	0.0	2.8	4.1	100

Source: Department of Foreign Employment- Migration for Employment Report Nepal, 2015; Department of Foreign Employment – An Analysis of Labour Market and Migration Trends in Nepal, 2015.

The table 4.10 shows that most migrants from the eastern region (56 percent) head for the other gulf countries, another quarter to Malaysia and other developed countries, and only about 18 percent to India. Similarly, migrants from central region are more likely to be in the other gulf countries by 44 percent, to Malaysia 14 percent and other countries 13 percent. In contrast, migration from the less-developed mid- and far-western regions is overwhelmingly to India with 71 percent and 93 percent respectively. Migration rate to the Malaysia and other gulf countries are the lowest from the mid- eastern and from the far- western development region. Only about seven percent of migrants from the far-western region went to the gulf and other developed countries.

**Table no 4.11****Work Migrants' Origins and Destinations Abroad from Ecological Region**

By Ecological Region	India	Malaysia	Qatar	Other Gulf Countries	Total
Mountain	43.8	37.1	10.9	8.2	100
Hills	47.8	31.4	10.9	9.9	100
Tarai	35.0	44.8	12.3	8.0	100

Source: Department of Foreign Employment- Migration for Employment Report Nepal, 2015; Department of Foreign Employment – An Analysis of Labour Market and Migration Trends in Nepal, 2015.

The table 4.11 shows the pattern of migration from hilly region are more likely to go to the India by 47.8 percent and by 44.8 percent go to the other gulf countries from Tarai region and by 43.8 percent go to the India from Mountain region. Similarly, Migrant from Tarai is more likely to go Malaysia by 12.3 percent and by 10 percent from Mountain and Hilly region.

**Table 4.12**

**Top Three Destination for Labour Migrants from Major Districts from F/Y  
2008-2015**

Top origin districts, male and female	Top destination countries: man( total share in seven years of all male labour migrant permits for that districts)	Top destination countries: women (total share in seven years of all male labour migrant permits for that districts)
Dhanusa	Qatar (34.43%) Saudi Arabia(32.23 Malaysia (24.89)	United Arab Emirates (35.26%) Malaysia (34.21%) Qatar (11.05%)
Mahottari	Qatar (40.11%) Saudi Arabia (27.01%) Malaysia (24.83%)	United Arab emirates (26.29%) Malaysia (35.77%) Lebanon (15.86%)
Jhapa	Qatar (23.44%) Saudi Arabia (20.48%) Malaysia (35.49%)	United Arab Emirates (35.13%) Malaysia (39.21%) Qatar (9.14%)
Morang	Qatar (20.74%) Saudi Arabia (23.10%) Malaysia (39.72%)	United Arab Emirates (29.41%) Malaysia (45.36%) Qatar (9.12%)
Sindhupalchowk	Qatar (15.52%) Saudi Arabia (19.34%) Malaysia (48.83%)	United Arab Emirates (38.73%) Malaysia (25.17%) Lebanon (11.61%)
Makwanpur	Qatar (19.352%) Saudi Arabia (22.24%) Malaysia (44.53%)	United Arab Emirates (28.83%) Malaysia (38.37%) Qatar (8.60%)
Kavrepalanchowk	Qatar (15.50%) Saudi Arabia (19.24%) Malaysia (47.71)	United Arab Emirates (32.66%) Malaysia (37.32%) Qatar (11.20%)

Source: Department of Foreign Employment- A Status Report for 2015

The table 4.12 shows receipts of labour permits over the past seven year from the fiscal year 2008 to 2015, with top three destination countries of most labour migrant district with respective to the male and female. According to data higher male labour permits were issued for Malaysia by 48.83 percent from Sindhupalchwok, then from Kavrepalanchwok by 47.71 percent, then Makawanpur by 44.53 percent, then Jhapa, Mahottarai and Dhanusha districts respectively . Similarly, number of female labour permits was issued over the past seven year for Maslaysia by 45.96 percent from Morang, then from Jhapa by 39.21 percent, then from Makawanpur, Kavrepalanchwok, Mahottarai, and Dhanusha districts respectively.

Qatar was second most favoured destination country from Mahottarai district, receiving higher labour permits issued for male by 40.11 percent. Then Dhanusha by 34.43 percent then from Jhapa Morang, Makwanpur, and kavrepalanchwok district s respectively. United Arab Emirates has second most favoured destination country for female worker, receiving higher labour permits issued by 38.73 percent from Sindhupalchwok. Then from Jhapa by 38.73 percent then from Dhususha, kavrepalanchwok, Morang, and Makawanpur districts respectively.

Similarly, Saudi Arabia comes third destination country for overseas employment from Nepal for male workers. The share of labour permits issued were higher in Saudi Arabia by 32.23 percent from Dhanusha, then 27.01 percent from Mahottarai then from Morang , Jhapa , Makwanpur , Kavre, Sindhupalchwok districts respectively .

## **4.2 Relation between Remittance and Private Consumption**

According to CBS (2011), approximately 79 percent of the remittance income is found to be spent on daily consumption .Nepal Rastra Bank's recently

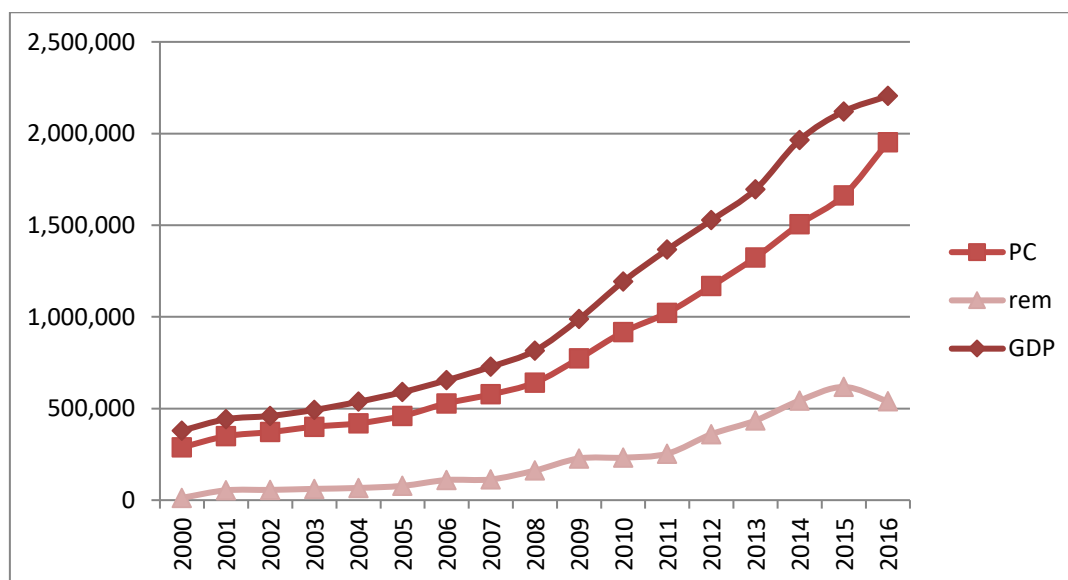
Published fifth household budget survey in F/Y 2015 reveals that Nepalese spend over 85 percent of remittance income on consumption.

Where remittance interns into the country, such remittance is used for the various purpose such as daily consumption , education , capital formulation , business, household property, saving repay loan and others. So the remittance inflow affects the private consumption.

Here the private consumption is considered as the function of remittance inflow and GDP of the same time period. It is due to whenever remittance enters into the economy it becomes the part of the disposable income which is one of the dominant determinants of private consumption. Similarly, hypothesizing GDP of the same period is also such determinant which positively effects the private consumption. Here both remittance income and GDP is assumed to have positive effect on private consumption.

**Figure 4.3**

**Line Graph Showing the Relation of Remittance, Private Consumption, and GDP**



Source: Calculation based on e- views 8 (see appendix I)

To show the relation between remittance, GDP and private consumption, here bar diagram is presented. From the bar diagram it can be seen that the ratio of remittance, GDP and private consumption in F/Y 2000 AD was very small or simply negligible. After 2000 the inflow of remittance started to increases, and then in succceding year, it has become significant figure. Similarly, the GDP and private consumption is also increasing trend. As a consequent increases in the remittance inflow in to the economy the GDP and private consumption also increases.

It can be seen that the trend of remittance inflow, private consumption and GDP of Nepal especially from 2012 has been increasing steadily. So the figure shows the relation of remittance, private consumption and GDP. If the remittance increases GDP and private consumption also increases. In F/Y 2015/16 Remittance hold 29.7 percent of whole GDP of Nepal and almost 83 percent of consumption.

#### 4.2.1 Estimation of the Main Model

This study specifies a model to explain the relationship between private consumption and remittance inflow with the help of OLS regression analysis. This part of the report includes the findings and analysis of the empirical model used in the study.

**Table 4.13**  
**Model Estimation**

Variable	Coefficient	Std. error	t- statistics	Probability
GDP	0.638433	0.031148	20.49679	0.0000
REM	0.399853	0.096223	4.155475	0.0011
C	54431.46	11702.26	4.651365	0.0005

Source: Calculation through e-views 8 (Appendix II)

Result of the regression model:

Number of observation - 17

$F(2, 13) = 12981.78$

Probability - 0.0000

$R^2 = 0.9995$

$Adj.R^2 = 0.9994$

The above table shows that private consumption is the positive function of remittance and GDP at time period  $t$ . It is shown that the coefficient  $\alpha = 54431.46$ , which is positive and any increase in remittance and GDP increases the private consumption. It means the private consumption is positively associate with the flow of remittance and nominal GDP in Nepal. As model shows, if one unit of remittance inflow increases on

an average private consumption also increases by 0.39 units. This means if one million remittance enters in to Nepal, private consumption increases by 3.9 lakhs, on an average. If GDP increases by one million, private consumption increases by 6.3 lakhs. Here remarkable thing is that remittance inflow is positively related with private consumption.

The constant or the intercept term is 54431.46 shows the autonomous private consumption is 54431.46 units. It is also shown that the calculated F statistics is 12981.78 which are greater than the table value of F (6.70) at 5 percent level of significance and 13 degree of freedom. That is calculated  $F = 12981.78$  is greater than table value of  $F = 6.70$  so the null hypothesis is rejected. This implies that the alternative hypothesis is accepted and hence can be concluded that there is significant relationship between the remittance and private consumption in Nepal. . In the obtained result the estimated parameters also seems statistically significant by F – test at 5 percent level of significance

The coefficient of determination i.e.  $R^2$  and adjusted  $R^2$  seem to be very high i.e. 0.9995 And 0.9994, which shows the magnitude of the goodness of fit of the regression line and is the high percentage of the explained variation from the total variation to be explained. The table value of  $R^2$  and adjusted  $R^2$  shows that the total variation in private consumption is 99.9 percent, which shows that 99.9 percent variation in private consumption is determined by the independent variables remittance inflow and nominal GDP. Also  $R^2 = 0.9995$  which is the larger coefficient of determination implies the higher explanatory power of the explanatory variable remittance and GDP for the estimation of the explained variable.

It's important to mention that such variation in private consumption is not sufficiently determined by the independent variables remittance inflow and nominal GDP. There may be number of factors that affect such variation in private consumption beside remittance inflow and nominal GDP. Former research can be done by identifying such determinants and incorporating such determinants in the model.

### **4.3 Problems and Prospects of Foreign Employment**

In this section the problems faced by foreign employee from Nepal has been pointed out and described with different prospective, which is explained below:

#### **4.3.1 Problems**

Nepal is in the course of moving peace building and state-restructuring, Nepal is facing numerous social and economical problems and getting opportunities as well. How Nepal is responding to these problems and opportunities today will determine the future prospect. The rapid increase in the number of overseas migrant workers has been resulted in large inflows of remittances, which is used for investments in different sectors like education, health and infrastructure of development and mostly in consumption and house building. Nonetheless, labour migration is likely to raise a number of problems like brain drain, risk dependency, reintegration productive work upon return and the abuse of migrant workers.

Though foreign employment helps to uplift the economic status of the nation, it has created different types of problems. There are several problems faced by the employees while departing from Nepal to foreign countries and working there. It is mandatory to minimize the problems faced by Nepalese employees in the foreign countries facing problematic situation. Some of the problems seen in the foreign employment are as follows:

➤ **Condition of workers**

The employees are forced to work for long duty without holidays, leisure time and often paid no wages. Mostly, the semi-skilled and unskilled workers go to the foreign countries so they do not get job as per the agreement in contract they have done. The employee is forced to work in low paid jobs and minimum salary.

➤ **Manpower companies cheat the employees**

Most of the manpower companies, agent and brokers cheat the people. So, they do not get the offered jobs and have been treated as illegal immigrants.



So, they are forced to leave the working countries not reaching the time stated in contract.

The manpower companies charge a huge sum of money for the visa and other legal processing which forces the employees to sell the property to take the money on high interest.

The manpower companies do not train the employees about the laws of the working countries before going there which has created more possibility of imprisonment in the foreign country. The manpower companies or agent do not train the people to work safely, so that many employees are found dead in the foreign countries while they are working in the factories and in construction work.

➤ **Linguistic problem**

The employees from Nepal in foreign country do not know the language they have to communicate with. The lack of communication and different language used by the foreign people brings misunderstanding and hampers the work efficiency. As a result employees have to be abused and punished.

➤ **Dignity problems**

Workers do not get any respects for their hard work instead they are being mentally and physically tortured. Moreover, most of the household female workers are being sexually abused and exploited. Women who try to defence such exploitation and 'culture shock' have to face verbal abuse and brutality in return by their boss.

➤ **Insurance facility**

There are many occupational safety and health facilities provided by the countries and companies as the labour contract done under the labour laws. But only a few have imitated access to provided health facilities. The workers are not assured with the provident fund, leaves and wages. Though the legal

workers are insured for the accidents at the workplace, they face difficulties in getting access to the health services for other health problems.

Several workers have returned to Nepal having lost parts of their body from different countries like Japan, Korea, India, and Gulf countries while doing work in the countries. But only few get compensation. There are some victims of occupational hazards in Korea, physically handicapped who have won the cases in Korean courts and got compensation.

Most of the migrants for work are not protected by insurance, have limited access to health facilities, have no provident fund and no guarantees of wages or leave. Legal migrants are only insured for the accidents at the workplace and they find it hard to access the health service for other health problems

➤ **Lack of professional training and technical knowledge**

There is lack of knowledge on destinations, the nature of jobs, the required process and terms and conditions of jobs among prospective migrants. The problem is to reach them with critical information to reduce their vulnerability to the abusers.

Nepalese women who find employment as domestic helpers overseas may not be familiar with 'modern' kitchen and household appliances, which can present them with problems.

#### **4.3.2 Prospects**

➤ **Need of legal, technical and professional training**

There is a high chance that low-skilled migrants from low income countries work in risk prone working conditions since they usually accept the jobs that are rejected by local workers (WHO 2009). Workers from Nepal are less skilled and are usually grouped in to the lowest tier of the occupation and income ladder. So they take positions as construction workers, domestic caregivers, or truck drivers and are subjected to dangerous conditions, excessive heat, and domestic abuse. Because of this, foreign countries are getting on one

hand cheap labour and on the other Nepalese working abroad are not getting rights and honourable jobs. This has compelled Nepalese people to sell their labour at a throw away price.

Foreign employment Act 2064 has clearly made a legal provision for sending Nepalese for foreign employment. But, this act is not correctly implemented. There is a need of legal, technical and professional training for these people so that they can meet the challenges and can take benefit of the advantages of the opportunities available in the market. Technically trained, skilled and competent people can compete with others and secure right jobs, which fetch them good salary.

➤ **Role of government -in dealing with dead body and occupational hazard**

Most international migrants particularly in gulf countries are employed in the occupations which fall in the category of "three Ds" (difficult, dirty, and dangerous). The contractors in the construction sector often do not meet the labour laws and health and safety standards in order to reduce the maintenance cost of the workforce (NIDS state of migrant health 2005). There are no legal provisions that stipulate what should happen in such cases how the deceased's body can be brought back to Nepal, or who should take responsibility for it.

There creates problems in relation to the dead body and the financial responsibility for dealing with it. So the legal authority and government of Nepal should be responsible for bringing the dead body back to Nepal and also people with occupational hazard should be supported financially by the government.

➤ **Survey should be made by the government to check the quality of training**

The government of Nepal has introduced mandatory pre-departure training for the migrant workers, but some of the training institutes in Nepal provide certificates to the migrants without completing the training or even after no attendance at the orientation session at all. Employers should provide

orientation on possible health risks and appropriate training for preventive measures and all necessary access to health care services to all their workers.

For this the government should make survey to check the implication of laws and rules about training made for the foreign employees must be done before leaving Nepal. It needs active and direct observation. It would be better if the government itself takes the responsibility to train and inform its people beforehand sending them to different countries for work and jobs.

➤ **Extension of working Time**

Industrialized countries are interested in the recruitment of migrants from poor countries for physical labour and the migrants are often provided with short term contracts (Lowell, & Kemper, 2004). So the Government of Nepal should made bilateral labour agreements between Nepal and countries to which Nepalese migrate for work in order to extend the duration of migrant working year.

➤ **Free visa- free ticket provision enforced by government of Nepal**

The country had enforced free visa – free ticket provision for Nepali migrant workers seeking employment in the six gulf countries Qatar, Saudi Arab, United Arab Emirates, Kuwait, Bahrain, and Malaysia, Oman. But the translation into operational reality has been challenging. The cost of migration, such as the charges, commissions and fees, including hidden expenses for foreign employment and labour permission, is high. There is a general perception that the labour migration process needs to be more systematized and transparent.

➤ **Challenging recruitment process**

The current process of labour migration is not yet systematic or transparent from the advertising for jobs available to the contract signing and permit approval and through the journey in the destination country, is filled with various challenges and management gaps. Government should make a survey of labour destinations to find out their requirements in terms of employees

skills and also should make survey about the reliability of the jobs that are advertising on the magazine, post etc.

➤ **Role of government in finding new destination countries**

The government of Nepal is working on a reform plan that aims to promote safe migration for foreign job aspirants. Considering the looming crisis in the foreign employment sector, recruiting agencies have started search for new labour destination countries, representatives from manpower recruiting agencies including Progressive Foreign Employment Entrepreneurs Forum Nepal had visited various European and other countries having good economic status to explore the possibility of sending workers there.

The government has started to search new migrant destination as alternative of gulf state and Malaysia as a short term solution. The department has already sought approval from the Ministry of Labour and Employment to open Lithuania, a country in northeast Europe, as a new destination for Nepali migrant workers.

➤ **Role of government in provision of adequate wage**

The government has been working to increase the minimum wage for Nepalese, and accordingly, in May 2012, increased the minimum wage for Nepali workers in Malaysia to about NPR 24,000 per month; workers in Saudi Arabia are expected to earn a monthly salary of NPR 25,000 and NPR 16,000 in the UAE. The Malaysian government raised 65 percent in basic salary, benefiting millions of low-income workers including migrants, effective from new year 2013, as part of the government's drive to transform the country into one of the high-salary nations.

The fresh salary hike has been enforced in line with the Malaysian government's minimum wages order 2012, published in the Federal Government Gazette. As per the hike, workers are to get a minimum salary of up to ringgit 900 (Rs 26,000) per month, up from ringgit 546, in most parts of Malaysia. The government of UAE and Qatar announced the minimum salary

wages of Nepali worker. According to the scale of the minimum salary in UAE currency will for unskilled-800, semi skilled- 1000, skilled- 1200 and highly skilled-5000 per month in UAE. Meanwhile, in Qatar, the minimum salary of Nepali worker is for unskilled-900, semi skilled- 1100, skilled-1500 and highly skilled- 4200 riyal per month. The ministry is also working to fix the service charge for Nigeria and Saipan.

➤ **Condition of women**

Growing facilitation and involvement of women in foreign employment is another area of concern .Women domestic servants overseas are extremely vulnerable to harassment in their workplace, There is no bilateral agreements between governments to address the vulnerabilities of women labour migrants.

Although Nepal has signed nine international conventions so far which are aimed at protecting domestic workers, these conventions are not effectively implemented. In order to decrease the rate of exploitation of migrant workers, Nepal should strengthen its efforts to increase the skill level of prospective migrants and educate them about employment.

Nepalese women who find employment as domestic helpers overseas may not be familiar with modern kitchen and household appliances. So this may create difficulties to them while working abroad. It can be done by establishing occupational training services and rebranding migration as a choice rather than necessity

➤ **Provision of insurance facility**

Foreign employers sometimes provide the cost of a worker's insurance, to cover the period of employment. This money is provided through Nepalese recruiting agencies to prospective labourers, and insurance is sought locally. However, there are no insurance agencies in Nepal which will provide the required insurance for more than one year. Thus, labourers are rarely able to find insurance policies that will cover them for more than one year. There is

also need of providing them accidental and life insurance to make their life more secured.

➤ **Rights to vote**

Many of the Nepali youths are working abroad, they do not have the opportunity to vote in Nepal as they cannot afford to travel back home. If the government makes some sort of provision to vote through embassies or consulates, Nepali abroad as well as the nation would benefit.

➤ **Service centre in local level**

Most of the services for foreign labour migrants are centralized in Kathmandu and not available at the districts or even regional level. In addition the labour village, the government has made efforts to open a Labour Banks but it is not yet operating. The decentralization of services is one of the major challenges in promoting safe labour migration with informed choices.

Hence, the service center, training centre should be establish in regional districts. In order to promote the more labour migration and safe labour migration in the more effective way conference and other informative programme should be organized occasionally in such districts. This will encourage migrants from local level. The capacity of skills training institutions needs to be enhanced in all over the Nation, so that prospective migrants can seek out higher paying employment and self employment for youth and adults seeking foreign labour migration.

## **CHAPTER V**

### **SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

This chapter is divided into three parts. The first part deals with the summary of the findings, second part deals with the conclusion and the third part deals with the further recommendations of the research.

#### **5.1 Summary of the Findings**

The trend of foreign employment in Nepal is begun in 1814. But the country has started to enjoy remittance inflow remarkably only after F/Y 2000. The trend was continuously increasing up to 2008. In F/Y 2008 the global economic crises led to worldwide decline in remittance flows by 6 percent, but in Nepal instead of declined, it increases by 9.5 percent in 2009 and by 18 percent in 2010. But the outflow of migrant has declined by 29, 086 in the same period of F/Y. Then after both outflow of migrant and inflow of remittance was increasing trend. But the Nepal hit by earthquake in 2015 this led negative impact on this trend. In F/Y 2015/16 it has been declined by 18.4 percent, due to decreased in overseas employment, remittance inflow contracted by 5.3 percent (in dollar term) in F/Y 2015/16, reached 665.06 billion ( See Appendix II).

Most migrants comes from mid and far east region, travel to India. Migration from western and eastern region tends to go to the Malaysia and the gulf countries. And from central region tend to go the other developing countries. The migration pattern is changing; in terms of development region migration for work is more prevalent in the east development region, followed by the central and western region. In terms of social and ethic group, hill janjati receive more remittance, followed by hill Brahmin and hill chhetries. Hill dalit receive more remittance than their counterparts in Tarai. In terms of wealth status everyone from poor to rich migrant, but especially household belongs to the middle class is higher.

The number of people gone for foreign employment is higher in the rural area than urban area but average amount of remittance received seems significantly higher in the urban area than rural area. Number of people involved in the foreign employment



is highest in the Tarai region but average amount of remittance received is higher in hilly region.

The major destination countries for overseas employment for male worker in Nepal are Malaysia which is (48.83 percent) from Sindhupalchok, second destination country found Qatar from Mahottari district (40.11 percent) and third is Saudi Arabia (32.23 percent) from Dhanusha. For female migration, Malaysia is found as major destination country (47.96 percent) from Morang, second is UAE (38.73 percent) from Sindhupalchok and third remained Qatar. And the highest remittance inflow was ( \$ 2.02 billion) from Qatar in F/Y 2015. Malaysia, Qatar, Saudi Arabia, and UAE have remained the top employment destinations for low to semi-skilled Nepalese migrant workers.

Overseas employment is heavily male dominated; roughly 95 percent of all labour permits are given to male labour

From the findings of research, it was found that the rate of growth of GDP is very low whereas the rate of growth of remittance is very high which implies that huge amount of remittance is used in household consumption and there is no saving and investment

Private consumption is the positive function of remittance and GDP of Nepal

The autonomous increase in private consumption is 54431.46 million in every year.

The increment of private consumption is greater than that of remittance and GDP.

The autonomous increase in GDP is very low. This can be improved by increasing remittance income in investment and decreasing in household consumption.

There is significant role of remittance on the private consumption implies that increase in remittance increases the private consumption.

The explained variable private consumption is best estimated by explanatory variable remittance and GDP.

The magnitude of goodness of fit of the regression line is best estimated by the remittance. Also there is the high percentage of explained variation from the total variation to be explained. This also indicates that there is 99.5 percent of total variation in private consumption by regressed variable remittance and GDP.

Coefficient of determination is very high which implies the higher explanatory power of the explanatory variable remittance and GDP.

Migrants are unable to convert remittance savings into productive investments in the absence of skills gap, economic diversity, and a financial system that is able to mop up small amounts of savings from multiple sources and channel them into productive business purposes.

In case of Nepal there are two problems regarding the foreign employment. First active labour force is compelled to migrate for foreign employment due to lack of employment opportunities here resulting backwardness in development and second is lack of proper management in the foreign employment; it has appeared with the number of problems: excess concentration to consumption and unproductive expenditure with negligible investment.

## **5.2 Conclusion**

- The study shows the positive relationship between the foreign employment and remittance inflow in Nepal, due to decreases in the outflow of migrant, remittance inflow has contracted. The reason behind this drop in the number of outbound Nepali migrants may be that the country had enforced free visa – free ticket provision for Nepali migrant workers seeking employment in the six gulf countries Qatar, Saudi Arab, United Arab Emirates, Kuwait, Bahrain, and Malaysia, Oman. Due to drop in the price of oil and also earthquake hit Nepal in April 2015. The decreased in the outflow of Nepali migrant could help fulfill the domestic demand of worker for reconstruction after earthquake that will encourage the internal remittance inflows. But if we continue to lose foreign jobs and can't create employment within country, it will have huge impact in our economy.

- The study shows, significant relationship between remittance and private consumption. The regression analysis concludes that private consumption is the positive function of remittance. And also the pattern of remittance inflow and consumption is in increasing trend. The Nepalese economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in savings and investment rates. Consumption oriented economy naturally leads to dependency resulting in the dearth of resource for investment. Consumption oriented remittance have only increased our reliance on imports. Even if a fraction of remittance gets channelled towards productive sectors such as infrastructure development, it can have multiplier effects and push economic growth to a higher level.
- There are large number of cases : of fraud, deception, exploitation, sexual harassment, abuse, physical and mental torture, confiscation of identity cards, restriction of mobility, poor living and working conditions, longer working hours than agreed to, termination of contracts, non-provision of salaries and lack of medical treatment that majority of labour migrants face. Many prospective migrate workers do not have understating on migration process as a result they become victims of trafficking, fraud and deception.

### **5.3 Recommendations**

- Counselling centres and new training centres should be established and the existing ones should be improved in all over the nation. In order to promote the more labour migration and safe migration in the more effective way conference and other informative programme should be organize occasionally in regional districts. This will encourage migrants from local level, so that prospective migrants can seek out higher paying employment and self employment.
- Credit support should be provided to the poor in order to promote their participation in overseas employment. Also formal banking system is largely not available in rural areas. There is a need to assess the feasibility of innovative services, including mobile technology and other forms of digital technology, so that households receive remittances faster, more cheaply and in a more secured way.

- Since the remittance is the determinant factor of GDP, it should be used in the productive sector. Otherwise the increasing volume of remittances increase import which affect the BOP. As the import increases, ultimately the increasing volume of remittances increases the trade deficit.
- The rate of dependence of the Nepalese economy on the GDP should be minimizing by increasing the domestic goods and service and increasing level of employment in the domestic economy. Otherwise if there is any shock in the inflow of remittances, than the Nepalese economy face the vulnerable situation and it will be very difficult to re correct it.
- Significant amount of remittance is still entering through informal channel which should be discouraged. If not so, it will increase the unnecessary consumption and help to increase the trade deficit.
- The autonomous increase in GDP is very low. This can be improved by increasing remittance income in investment and decrease in household consumptions.
- The current process of recruitment labour migration is not systematic and transparent from the advertising for jobs available to the contract signing and permit approval and through the journey in the destination country, is filled with various challenges and management gaps. The government should make a survey of labour destinations to find out requirements in terms of employees skills and also should make a survey about the reliability of the jobs that are advertising on the magazine post.
- Most gulf countries do not have Embassies/Consulates in Nepal; An effort should be made to establish consulates in Kathmandu. Visa processing is both time consuming and costly. Although the Ministry of Labour and Employment has introduced zero cost policy for foreign job seekers, translation into reality has been challenging. Also the foreign employment policy is control-oriented rather than promotion oriented, a comprehensive review of the foreign employment policy should be made and the labour migration process needs to be more systematized and transparent.

## REFERENCES

- Adhikari, J., Gurung, G., & Seddon, D. (2010). Foreign labour migration and the remittance economy of Nepal. *The Journal of Critical Asian Studies*, Vol.34, 2002-Issue 1
- Amjad, R. (2014). *Analysing the impact of overseas migration and worker's remittances in Khyber Pakhtunkhwa (KP): Suggested measure for maximizing development benefits*, Pakistan: Lahore School of Economics, Pakistan.
- Arif, G.M. (2009). *Economic and social impact of remittances on household: the case of Pakistani migrant worker Saudi Arabia*, Switzerland: International Organization for Migration, Switzerland.
- Aryal, K. (2016). *Role of remittances in economic development of Nepal*, Kathmandu: School of Management, Kathmandu University.
- Azam, M., Khan, A. (2011) Workers remittance and economic growth: Evidence from Azerbaijan and Armenia, USA: *Global Journal of Human Social Science*, Vol.11. Issue 7 Version 1.0. Nov.2011
- Behzadan, N., & Chisik, R. (2016). *Are aid and remittances similar in generating the Dutch disease?* Department of Economics, Ryerson, Toronto: Toronto University.
- Bhattarai, P. (2005). *Migration of Nepalese youth for foreign employment problem and prospects: A review of existing government programme and policies*-Kathmandu: Siphil, Youth Action Nepal (YOAC).
- Bohara, P. (2016). *Labour Migration for Employment: A Status Report for Nepal*, Government of Nepal, Ministry of Labour and Employment. Kathmandu: Nepal
- CBS (Central Bureau of Statistics) (2011). *Statistical bulletin*, vol. 114.no.1
- Connell, J. (2015). *Migration remittances the international library of studies on migration series*, Australia: Associate Prof. of University of Sydney and Queensland, Australia.
- Dennis, T. (1991). Remittances and their impact: A Study of Tonga and Western Samoa, *The Journal of National Centre for Development Studies*, The Australian National University Press, Canberra Australia.

- Devkota, J. (2014). Impact of migrant's remittance on poverty and inequality in Nepal. *Forum of International Development Studies*, p 38
- Dhungana, B.R. (2012). Remittances and Nepalese economy, *The Journal of SMC*, Bhartpur: Nepal
- Dzanic, J. (2013). Impact of remittances on domestic investment: The role of institutional and financial development. The global review of accounting and finance, Vol.IV, No.2, pp, 65-84.
- Fields, S.G. (1975). Rural urban migration urban unemployment and underemployment and job search activity in LDCs, *The Journal of Development Economics*, Vol. 2, issue 2, pages 165- 187
- Gaudel, Y.S. (2006). Remittances income in Nepal: Need for economic development. *The Journal of Nepalese of Business Studies*, Vol III, No.1.
- Giuliano, P., & Arranz, M.R. (2005). *Remittances financial development and growth*, Washington D.C: International Monetary Fund Research Department. F22, F43, 016
- Gupta, P. (2005). *Macroeconomic determinants of remittances: Evidence from India*: European Department, India.
- Gurung, Y.B. (2008). *Migration from rural Nepal : A social exclusion framework*, Master Thesis in Population Economics, Central Department of Population Studies, Kritipur, Kathmandu: Nepal.
- Hoermann, B., Kollmair, M. (2009). *Labour migration and remittances in the Hindu Kush: Himalayan region*, Kirtipur. ICIMOD Working Paper. Kathmandu: Nepal. ICIMOD, Kathmandu.
- IOM (International Organization for Migration) (2010). Intra – regional labour mobility in the Arab world, *The Journal of Nepal*, Central Department of Economics, Tribhuvan University, Kathmandu: Nepal
- Joshi, N.P., Piya, L. (2016). Migration and remittance in Nepal: A reviews of the push and pull factors and socioeconomic issues, Japan: *The Journal of Contemporary India Studies: Space and Sociology*, Hiroshima University, Japan.
- Karki, P. (2012). *Impact evaluation of remittances: A case study of Dhanusha district* - NRB Dhanusha: Banking Development and Research Unit: Janakpur: Nepal.

- Keshetry, D, B. (2003). *Remittance cost and benefits*, Nepal Rastra Bank, Samachar, and Kathmandu: Neapal
- Khoudour ,D. (2007). *International migration and development: The socio-economic impact of remittance in Colombia*: Co-ordinator, International Migration Research Group, Colombia.
- Leslie, J. (2011). Foreign employment flip side of remittances: *Spotlight News Magazine*, Friday Aug. 26, 2016. Issue name: Vol.o5No\_2 July 1-2011)
- Lowell, B., & Kemper, Y. (2004). *Transactic roundtable on low skilled migration in the twenty first century, prospect and policies*, International Migration, Health Inequalities Research Group, Spain: Department of Spain. – Retrieved from Open Policy Forum.
- NIDS (Nepal Institute of Development Studies) (2006). *State of migrant health 2005, 2006*, Nepal country report, NIDS, Kathmandu: Assessed on 27/02/2009
- NRB (Nepal Rastra Bank) ( 2016). *Neapl remittance association*, Kathmandu: NRB Working Paper, ICIMOD2010, CSLM25/06/2015- Available on- [Nrb.org.np/publications literature review/ working paper/..](http://Nrb.org.np/publications literature review/ working paper/) Nepalese context.
- Pant, B. (2011). *Harnessing remittances for productive use of Nepal*.NRB research department, NRB Working paper economic review, pp, 1-20. - Red. [nrb.org.np](http://nrb.org.np)
- Panta. & Buddha ,B.B.(2016). *Remittances and exchange rate linkages: Experience of Nepal*, deputy director of NRB, NRB Working Paper No. 332.ref.
- Pong.S. (2005).Prospects and challenges of out-migration from South Asian and its neighbouring countries, labour & development, vol.11, no.1
- Pudasaini B., &Bhattarai, P. (2012). *Nepal electricity authority examination book*, Asian Books House pvt.ltd, Bagbazar Kathmandu: Nepal
- Rahman, Z. ( 2014). Workers remittance and economic development in Pakistan: A time series analysis (1980- 2010), *Journal of Economics and Suitable Development*, Vol,5.No.22
- Regmi, G., & Tisdell, C. (2010). Remitting behaviour of Nepalese rural to urban migrants: Implications for the theory and policy; *The Journal of Development Studies*, Vol. 38, 2002. Issue 3

- Retha, D. (2005). Remittances: Life line for development, finance and development, published in: *A Quarterly Magazine of the IMF*, Latin America. 42:42-45
- Retha, D. (2013). *The impact of remittances on economic growth and poverty reduction*, Washington D.C: Migration Policy Institute
- Retha, D., & Mohapatra, S. (2009). *Revised outlook for remittance flows 2009–2011: Remittances expected to fall by 5 to 8 percent in 2009*. Migration and development brief 9. Washington, D.C.: USA: World Bank
- Retha, D., Plaza, S., & Dervisevic, E. (2016). *Migration remittances fact book*, Third Edition, World Bank Group, Sweden: Government Office of Sweden, KONMAD
- SAARC (South Asian Association for Regional Cooperation) (2014). *Role of remittances & financial development*. Seven meeting of the intergovernmental expert group (LEEG) on financial issue, SAARC Secretariat, Kathmandu: Nepal
- Sapkota, Chandan. (2013). Remittances in Nepal: Boon or bane? *The Journal of Development Studies*, Kathmandu; Nepal .Vol.49, 2013, issue 10
- Sayan, S. (2003). *Remittances and output fluctuations in host and home countries: The case of remittances from Turkish: worker's in Germany and the Eu*, Bilkent University, Department of Economics, European University Institute, Turkish.
- Seddon, D. (2005). Nepal's dependence in exporting labour. University of East Anglia based in Norwich, UK: Migration policy institute, (MPI) Published in – *Migration Information, Spotlight News Magazine*, Retrieved from- <http://www.migrationinformation.org/prof/display>
- Shrestha, B. (2008). *Contribution of foreign employment and remittance to Nepalese economy*, Central Department of Economics, Tribhuvan University, Kathmandu: Nepal.
- Sijapati.B. (2015). *Analysis of Labour Market & Migration Trends in Nepal*. Federal Ministry of Economic Cooperation and Development, BMZ, Kathmandu: Nepal
- Taylor, J. Ed. (2006). *International Migration & Economic development*, Department of Economic and Social Affairs, Italy: United Nations Secretariat Turin, Italy



- Thagunna, K.S., & Acharya, S. (2013). An empirical analysis of remittances inflow: The case of Nepal, *International Journal of Economics and Financial Issue*, School of Management, Kathmandu University, Lalitpur: Nepal.vol.3, No. 2, 2013, pp.337-344
- Thapa Parajuli, R.B. (2011). *Consumed but not invested: An inquiry into 'remittance growth nexus in Nepal*.
- Thieme, T., & Boker, U.M. (2004). Financial self help association among Far East Nepalese labour migrants in Delhi: India. *The Journal of Asian Pacific Migration*
- WB (World Bank) (2013). *Migration and development brief 20*: Washington D.C.: WB.
- WB (World Bank). & IMF( International Monetary Fund) (2016). *Remittance slow down in 2015*, Nepal development update 2016. <https://www.gfmd.org/files/documents>
- WHO (World Health Organization)(2009). *International migration health and human rights*, publication series, issue no, 4: WHO, Accessed on 19/02/2009.
- Wikipedia- Remittance to Nepal, available on [https/ en.m.wikipedia.org/wiki.rem...](https://en.m.wikipedia.org/wiki/rem...)
- Www. migration policy. Org/about/copy .Php. www. Moltm. Gov. Np
- Zanker, J.H. (2015). *Effect of remittance and migration on migration sending countries, and household, professional evidence and applied knowledge services*

## APPENDIX I

### Trend of Remittance, Private Consumption and GDP of Nepal

Time	GDP	Private Consumption	Remittance	Rem. As % of GDP	Increase in % of GDP
2000	3,79,488	28,7,947	12,662.3	3.33	22.76
2001	4,41,519	34,8,989	53,525.2	12.12	321.71
2002	4,59,443	37,1,402	55,805.9	12.14	4.26
2003	4,92,231	40,0468	61,530.6	12.5	10.25
2004	5,36,749	41,9,290	66,493.8	12.38	8.06
2005	5,89,412	45,9,350	78,043.4	13.24	17.36
2006	6,54,084	52,7,814	10,9,696.1	16.77	40.52
2007	7,27,827	57,6,911	11,3,081.8	15.53	3.08
2008	8,15,658	64,1,085	16,1,472.6	19.79	42.79
2009	9,88,053	77,2,762	22,7,453.9	21.21	29.86
2010	11,92,774	91,6,993	23,1,725.9	19.42	10.5
2011	13,66,954	10,22,126	25,3,551.6	18.44	9.41
2012	15,27,344	11,67,861	35,9,554.4	23.4	41.8
2013	16,95,011	13,24,363	43,4,581.7	25.54	20.86
2014	19,64,540	15,05,803	54,3,294.1	28	25
2015	21,20,470	16,62,962	61,7,278.8	29.1	4
2016	22,04,869	19,52,204	53,8,870	29.7	2.7

Note: The entire figure is in ten million

Source: Nepal Rastra Bank: BOP Situation of Nepal, 2016 ;Nepal Rastra Bank- Annual Report 2015; Nepal Rastra Bank Monetary Policy for 2016/17(July 2016) ; Asian Development Bank Macroeconomic Update Nepal August 2014,February 2015, March 2016 vol,4 no1 Final Economic Survey(2015 Various Issue); Ministry of Finance, Government of Nepal F/Y 2014, 2015 (Economic Survey2015); Nepal Rastra Bank Annual Report( based on The Annual Data of 15/16 )Research Department.; Migration Remittance Team ,Development Prospect Group (World Bank 2017) Central Bureau of Statistics, Data Base.; NRB House Hold Budget Survey 2015: Ministry of Finance 2015: .NRB - A Hand Book for 2016 : NRB – Macroeconomic Indicators of Nepal 2016

## APPENDIX II

### OLS ESTIMATION

Dependent Variable: PC

Method: Least Squares

Date: 01/10/17 Time: 13:22

Sample: 2000 2015

Included observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GDP	0.638433	0.031148	20.49679	0.0000
REM	0.399853	0.096223	4.155475	0.0011
C	54431.46	11702.26	4.651365	0.0005
R-squared	0.999500	Mean dependent var		775394.2
Adjusted R-squared	0.999423	S.D. dependent var		441672.7
S.E. of regression	10613.42	Akaike info criterion		21.54499
Sum squared resid	1.46E+09	Schwarz criterion		21.68985
Log likelihood	-169.3599	Hannan-Quinn criter.		21.55241
F-statistic	12981.78	Durbin-Watson stat		2.281917
Prob(F-statistic)	0.000000			

### Appendix III

#### Monthly Remittance Inflow in F/Y year 2015/16

Mid/ Month of F/Y 2015/16	Monthly Rem. Inflow (in billions )	Rem. In %
July- August	53.27	26.3
August – September	107.67	27.5
September – October	166.42	24
October – November	215.39	19.4
November – December	271.4	19.4
December – January	323.69	17.3
January – February	375.16	16.9
February – March	427.37	15.2
March – April	481.69	13
April – May	538.87	10.2
May – June	598.95	8.6
June – July	665.06	7.7

Source: NRB- Macro Economic Update mid Aug, 2015; Migration and Remittance Team Development Prospect Group -World Bank 2016