



## RESEARCH ARTICLE

## SITUATION OF FOREIGN EMPLOYMENT AND REMITTANCE IN NEPAL: A CASE STUDY OF SIMTA RURAL MUNICIPALITY OF NEPAL

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## ABSTRACT

The study aims to explore the situation of foreign employment and remittance on social and economic status in households. For this purpose, a total of 116 households having migrant family members (at least one) were selected in Simta Rural Municipality of Surkhet District, Nepal. The information was collected via interview by using a structured interview schedule. Descriptive as well as inferential statistics were carried out to analyze the impact of remittance. The impact of remittances on both economic status and the social status of the sampled households is remarkable. At a time when the country's major economic indicators are not favorable, remittances have played a vital role in maintaining macroeconomic stability and keeping the economy afloat. Though remittances sent home by migrant workers are 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. Formulation and effective implementation of pro-poor migration policy is the need of today. The government should play a proactive role to promote foreign employment by inducting and adhering to the policy of economic diplomacy. Replicating the best practice of the region has to be endorsed in our national context for promotion and regularization of foreign employment, to encourage the official transfer of remittance, and to streamline the asset and skill of the returnees for the economic development of the country.

## KEYWORDS

Foreign employment, Remittance, Socio-economic impact, Household status.

## 1. INTRODUCTION

Nepal is a landlocked country surrounded by India in the South, East, and West and by China in the north. The most important assets of the country include the land with the wide climate and altitudinal variations, the perennial rivers and the Himalayas. Subsistence agriculture is implying low productivity (Karki, 2012). Remittance is money transferred by foreign workers or remitters from host countries to their home countries and become a lifeline for economic development. Migrants have been transferring their incomes through unofficial different agencies like western union, international money express (IME) etc. The remittance flow has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flow in Nepal due to the emergence of an unofficial channel. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 percent of the recorded flows in developing countries (Ratha, 2005).

Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. Workers' remittances are a significant part of international capital flows, especially with regard to labor-exporting countries (Al-Assaf et al., 2014). Remittance now a day is considered one of the six pillars of the economy other being an investment, trade, water, and tourism. At the household level, it helps to smooth the consumption & investment in human and physical capital. Remittance also generates benefits to the communities if

they are spending on locally produced goods & services, and helps poverty reduction. In Nepal's case penetration of remittance helped to poverty reduction. The IMF's country stated that in the absence of remittance the percent of local poverty would be 36 to 37 (Shrestha, 2008).

## 2. MATERIAL AND METHODS

## 2.1 Research design

Mostly quantitative and some qualitative information were collected to observe the situation of foreign employment and remittance in the study area. The information was obtained from primary as well as secondary sources. The information and type of data collected for the Study in cross-sectional.

## 2.2 Selection of the Study Area

This study focused onward number 4 of Simta Rural Municipality of Surkhet District, located in north-east parts of district headquarters. The geographical location of the Simta Rural Municipality is between 280° 44' and 280° 64' North latitude and between 810° 86' and 820° 04' East longitude. It is bordered by the Salyan district in the east, Jajarkot in the North, Chhingad Rural Municipality in the west and Gurdakot Municipality in the South. The Rural Municipality includes nine wards and covers 22915 ha of area.

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### 2.3 Sample Size and Sampling Procedure

For the study of the situation total of 116 households were selected. This sample comprised about 5 percent of the total population. Sample from ward four was identified as strata and samples are selected as non-proportionally. Samplings were done from those households whose family members were engaged in foreign employment within the Rural Municipality. The sampling procedure of the study was purposive sampling. Purposive sampling was adopted because of the unavailability of all the required information from people on the research site. In addition to this, time and budget limit were other driving forces to adopt purposive sampling. However, proper care and precaution have followed to make the study valid.

### 2.4 Methods of data collection

For primary data, the members of the selected households were interviewed with a sampled household questionnaires and relevant information collected through the medium of a questionnaire. The questionnaire includes both open and closed types. The researcher took the personal interviews and fill up the questionnaire. Cross-check, editing and indirect question were also done to check the validity and relevancy of the questionnaire. The secondary information was obtained through reviewing to fulfill the research objectives. Different publications of Central Bureau of Statistics (CBS), District Agricultural Development Office (DADO), Economic Survey, Books, Reports, Magazines, Seminar Papers and information from donor agencies like WB, ADB, IMF, IDA, UNDP, etc.

### 2.5 Data Processing and Analysis

The collected data were regrouped and reclassified for analysis. Data entry and analysis were done by using a computer software package, which is Statistical Package for Social Science (SPSS) and Microsoft Excel.

## 3. RESULT AND DISCUSSION

Dominance of male migrants is very high in Simta rural Municipality. Age groups 25-30 were the most active groups of migrants that are followed by age group of 31-35.

Table 1: Age composition of Migrants of Simta Rural Municipality			
Number of respondent			
Age group	Male	Female	Total
Below 25	17(14.66)	4(3.45)	21(18.10)
25-30	51(43.97)	8(6.90)	59(50.86)
31-35	21(18.10)	2(1.72)	23(19.83)
Above 35	13(11.21)	0(0.00)	13(11.21)
<b>Total</b>	<b>102(87.93)</b>	<b>14(12.07)</b>	<b>116(100)</b>

Figure in parenthesis indicates percentage Source: Field survey, 2020

Table 2: Gender Description of Foreign Employment			
Gender	No. of Respondents	Percentage (%)	$\chi^2$
Male	102	87.93	3.07 <sup>a</sup> at df=1
Female	14	12.07	
<b>Total</b>	<b>116</b>	<b>100</b>	

Source: Field survey, 2020 a = significantly different at 5 percent level of significance.

Table 3: Marital status of foreign migrants			
Number of respondents			
Marital status	Male	Female	Total
Married	57(49.14)	11(9.48)	68(58.62)
Unmarried	45(38.24)	3(2.59)	48(41.38)
<b>Total</b>	<b>102(87.93)</b>	<b>14(12.07)</b>	<b>116(100.00)</b>

Figure in parenthesis indicates percentage Source: Field survey, 2020

Respondent migrants have different level of education. Among the total respondents 13.79percent of migrants were found illiterate. Maximum migrants have primary education. Very few migrants have above secondary level of education as well they remained the lowest.

Table 4: Educational Status of Migrants			
Educational Background	No. of respondents	Percent	$\chi^2$
Illiterate	16	13.79	7.35 <sup>a</sup> at df=3
Primary	54	46.55	
Secondary	39	33.62	
Above secondary	7	6.03	
<b>Total</b>	<b>116</b>	<b>100</b>	

Source: Field survey, 2020

The migrant workers were classified into different caste group on the basis of Hindu religion. Majority of migrants were Dalit (42.24percent) that are followed by Janajati, Kshetri and Brahman respectively.

Table 5: Cast wise distributions of migrants		
Cast group	No. of respondents	Percent
Brahman	13	11.21
Kshetri	22	18.97
Janajati	32	27.59
Dalit	49	42.24
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field survey, 2020

Causes for foreign employment might be economical, social, and political. To find out the causes seeking employment the respondents were asked to identify the major causes for foreign employment, they gave more than one reasons. Increase unemployment condition is the major causes for foreign employment. Internally desire of the migrants, burden to loan and insufficient food are also the causes of foreign employment that are ordered into decreasing manner.

Table 6: Causes for foreign employment		
Causes	No. of respondents	Percent
Unemployment	73	62.93
Burden to loan	13	11.21
Lack of sufficient food to eat	7	6.03
Internally desire	23	19.83
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Field survey, 2020

Very few migrant workers got training before foreign employment. About 8percent of respondents were participating in vocational training and orientation class. On the other hand, about 92 percent of migrant respondents were gone abroad without any vocational training and orientation class. Vocational training was practical skills or knowledge related to work which were done in workplace. It is helpful for migrant workers for adjustment in working environment.

Table 7: Participation in training before migrant		
Workers	No. of respondents	Percentage
Trained	9	7.76
Untrained	107	92.24
<b>Total</b>	<b>116</b>	<b>100.00</b>

Source: Field survey, 2020

Sizeable amount of finance was invested as a cost of foreign employment. The cost started from obtaining a passport, medical checkup, manpower agency, air fare, Visa expenditure, traveling cost and others expanses include internal traveling cost, supported cost, buying personal used goods and so on. Large numbers of respondents where migrants were migrating to Qatar, Kuwait and Saudi due to lower investment. Maximum range of expenditure was paid by the migrants for foreign employment out of Gulf countries like Japan, European countries and so on. The minimum range of cost were invested at Qatar, Kuwait and Saudi (Rs. 40000) whereas the maximum range of cost were invested for other countries (Rs. 600000).

**Table 8: Average cost paid and range of costs for foreign employment**

Country	No. of respondents	Average Cost (NRs.)	Range of costs	
			Minimum (NRs.)	Maximum (NRs.)
Malaysia, UAE	41	85903	50000	125000
Qatar, Kuwait, Saudi Arabia	54	82347	40000	120000
South Korea	13	89450	78000	950000
Others	8	253575	80000	600000
<b>Total</b>	<b>116</b>	<b>511275</b>		

Source: Field survey, 2020

Most of the Nepalese people were used several sources of financing such as Loan, own income, borrowed from friends and relatives, selling fix assets and so on. Major sources of financing were helped (42.94 percent) by friends, parents. About 31percent of total expenditure amount, the migrant workers managed through loan. Similarly, selling fix assets and own income were 22 percent and 4 percent respectively.

**Table 9: Sources of financing for foreign employment**

Source of financing	Total amount (NRs)	Percentage
Own income	350000	4.29
Having loan	2500000	30.67
Having help	3500000	42.94
Selling fixed assets	1800000	22.09
<b>Total</b>	<b>8150000</b>	<b>100</b>

Source: Field survey, 2020

Normally people were spending money gained from foreign employment to repay the loan and daily household expenses on food, health care, education, calibration of cultural, festival, clothing and entertainment and so on. Some migrants were investing to purchase land that covers the third highest rank.

**Table 10: Use of money receiving from foreign employment**

Headings of expenditure	Monthly amount expenditure	Percentage
Repay the loan	1200000	34.55
Repairing works in the home	246513	7.10
Purchase land	832000	23.96
Daily household expenses	975000	28.07
Invest in business/Occupation	132350	3.81
Invest in agriculture	52000	1.50
Others	35098	1.01
<b>Total</b>	<b>3472961</b>	<b>100.00</b>

Source: Field survey, 2020

Consumption pattern of remittance were categorized as food, clothing, health, entertainment and so on. More than halve of total daily expenses

spending in food (59.75 percent). Similarly, one fifth of total share were used for clothing (20.99 percent). Due to the rural areas respondents were spend negligible amount in entertainment (2.72 percent). Likewise, the shares on health care were 12.33 percent. Others expenses such as communication, paying electricity bill, fuel, education fee were 4.21 percent.

**Table 11: Household Expenditure Pattern**

Spending time	Spending amount (NRs)	Percentage (percent)
Food	760000	59.75
Clothing	267000	20.99
Health	156780	12.33
Entertainment	34580	2.72
Others	53580	4.21
<b>Total</b>	<b>1271940</b>	<b>100.00</b>

Source: Field survey, 2020

#### 4. CONCLUSION

The study applies a survey method to analyze the structure of foreign employment and the use of remittance in the various sectors as well as socio-economic dimensions of migrant households. The study was conducted at Simta Rural Municipality of Surkhet district. Altogether, 116 households were chosen and survey at ward number 4. Remittance income is increasing due to significant and reliable sources of external finances for many developing countries. Remittances are emerging sources at the micro-level also. The received remittances are spending for health, education and consumption. The returning migrants enhance technological development, ideas that may be beneficial to societies. In the context of Nepal, the number of people going abroad for work has been increased and unexpectedly, foreign employment developed in such a way that has shifted from an agriculture-based economy towards a remittance-based economy. Manpower agencies are almost unfair about their business dealing with the workers and their professionalism is questionable. A growing trend of remittances worldwide has drawn the attention of both academia and policymakers in recent years.

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