

FOREIGN EMPLOYMENT AND REMITTANCE IN NEPAL

A Seminar Paper

By

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STUDENT DECLARATION

This is to certify that I have completed the seminar paper entitled "Foreign Employment and Remittance in Nepal" under the guidance of "Mr. Deepak Dahal" in required fulfillment of the requirements for the degree of Bachelor of Business Administration at Faculty of Management, Tribhuvan University. This is my original work and I have not submitted it earlier elsewhere.

Date: December, 2023

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CERTIFICATE FROM THE SUPERVISOR

This is to certify that the seminar paper entitled "Foreign Employment and Remittance in Nepal" is an academic work done by Rujju Shrestha submitted in the required fulfillment of the requirements for the degree of **Bachelor of Business Administration** at Faculty of Management, Tribhuvan University under my guidance and supervision. To the best of my knowledge, the information presented by him/her in the seminar paper has not been submitted earlier.

Signature of the Supervision

Name: Deepak Dahal

Date: December, 2023

LETTER OF ACKNOWLEDGEMENT

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BBA 2nd Semester

TABLE OF CONTENTS

STUDENT DECLARATION.....	ii
CERTIFICATE FROM THE SUPERVISOR.....	iii
LETTER OF ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS.....	v
LIST OF TABLES.....	vi
LIST OF FIGURES.....	vii
CHAPTER I: INTRODUCTION.....	1
1.1 Background of study.....	1
1.2 Statement of Problem.....	3
1.3 Objectives of Study.....	4
1.4 Methodology.....	5
1.5 Structure of the Paper.....	5
CHAPTER II: DESCRIPTION AND ANALYSIS.....	6
2.1 Literature Review.....	6
2.1.1 Theoretical Review.....	6
2.1.2 Empirical Review.....	8
2.2 Analysis.....	12
2.3 Discussion.....	18
CHAPTER III: CONCLUSION.....	19
3.1 Summary.....	20
3.2 Conclusion.....	21
3.3 Implications.....	22
References.....	23

LIST OF TABLES

Table 2.1: Summary of Theoretical review	8
Table 2.2: Summary of Empirical review.....	11
Table 2.3: Outflow of Nepalese Manpower for foreign employment.....	13
Table 2.4: Value of Remittance received in Nepal.....	15
Table 2.5: Inflow of remittance from major destination countries.....	17

LIST OF FIGURES

Figure 2.1: Outflow of Nepalese for foreign employment.....	14
Figure 2.2: Value of remittance received in Nepal.....	16
Figure 2.3: Inflow of remittance from major destination countries.....	18

CHAPTER I: INTRODUCTION

1.1 Background of Study

Nepal has witnessed a significant rise in foreign employment, becoming a crucial aspect of its economic landscape. Foreign employment is one of the most significant practice that effects the macroeconomics greatly. The phenomenon of migration is as old as the history of the mankind. Pokharel (2004) identifies Nepali overseas worker sending foreign exchange to Nepal as the backbone of the Nepalese economy. Remittance sent by the Nepali workers abroad constitute a substantial portion of the country's GDP. These financial inflows contributes significantly to poverty reduction, improvement of living standards, and increased access to education and healthcare for the families of migrant workers. However, the reliance on remittances also poses challenges, such as potential decrease in workforce productivity and a neglect of other sectors of the economy.

According to Foreign Employment Act 2006 of Nepal," Foreign employment means the employment means the employment in which a worker gets abroad." Nowadays, it has become a common trend for Nepalese youths to go to different countries for working and earning. In 2006, migrant workers in the industrial countries sent home more than \$300 billion, nearly three times the \$104 billion received as foreign aid by the developing countries.¹ this figure exceeds the foreign direct investment to developing countries which stands at \$167 billion. Among the recipients, India ranks at the top with the remittance inflow of \$24.5 billion, followed by Mexico (\$24.2 billion), China (\$21 billion), Philippines (\$14.6 billion) and Russia (\$13.7 billion). Labor migration for overseas employment has rapidly increased, particularly after globalization.

The Nepalese economy is increasingly becoming dependent on remittance sent home by migrant workers. At times when the county's major economic indicators do not display a good picture, remittances have played a vital role in keeping the economy afloat. Instability and insecurity are crucial problems for the low economic growth of 2.5 percent (Ministry of Finance, 2007a). The Overseas migration and remittances have been instrumental in

poverty alleviation as well as for improving the living standards of the people (Seddon et al., 1999 and Shrestha, 2004).

At present, thousands of Nepalese youths are leaving the nation for foreign employment. As per preliminary report of the 2021 census 2.1 million Nepalese are abroad which nearly 10% of the total Nepalese population is. At present, all most all rural households depend on at least one member's earning from employment whether it is from domestic or abroad. In the last decade, foreign labor migration has become the backbone of Nepalese economy and society. The subsequent remittances have been equivalent to over a quarter of the GDP in recent years, with latest figure of 879.3 billion NPR in 2018/19, making it a significant source of foreign exchange earnings (MoF, 2076/77). In the last decade, foreign labor has become the backbone of Nepalese economy and society. According to the department of foreign employment, everyday around 1500 Nepalese youths were going abroad for jobs before the pandemic (COVID 19) hit the world earning the foreign currency. Likewise, during the pandemic, the economic turndown adversely impacted the foreign and domestic labor market with the number of workers experiencing temporary or permanent jobless. Labor market is a place where the supply and demands for the jobs meet with the workers or labor providing all the services that employers demand.

In recent times, with the increasing number of Nepalese attracted towards foreign employment, various issues are arising, such as increasing of fraudulent activities and irregularities inside the country, lack of adequate information regarding rights and security measure of foreign employees, lack of adequate information regarding social, cultural lifestyle of destination country as well as lack of information regarding rights and security measure of foreign employees at destination country. Some other incidents like illegal migration, trafficking and human smuggling through informal medium are also increasing. Furthermore, the manpower agencies that are working in foreign employment sector are being more business oriented than being responsible toward foreign employees. The government service structure and service delivery system are also not effective in responding to public demands. It is certain to say that the foreign employment and remittance inflow in Nepal may be badly affected by COVID-19. Due to adverse effect of COVID-19, many businesses of destination countries are struggling to continue their

operations and that is why, they have reduced working hours, compelled to work just for food without payment, provided no pay holiday, and in some cases job opportunities have also been curtailed, which caused a decrease in remittance and affected every aspect of Nepalese economy such as decrease in productive investment, consumption, investment on education and health care, expenditure on food and other basics.

1.2 Statement of Problems

In recent time, with the increasing number of Nepalese attracted towards foreign employment, various issues has arisen within the country. Nepal's reliance on foreign employment and the consequential remittance inflows has been a subject of increasing concern among researchers and scholars.

Nepal heavily relies on remittances from its migrant workers abroad. Nepal ranks 19th position in top remittance receiving countries of the world and it ranks 4th position when the remittance is compared as a percentage of GDP (Rajan Chhetri, Shiva Chandra, 2020). While remittances contribute significantly to the country's GDP, there is a risk of over-dependency.

Research studies, such as those conducted by the International Labor Organization (ILO) and the Center for the Study of Labor and Social Security (CSLSS) in Nepal, have extensively documented the exploitative labor practices faced by Nepali migrant workers. These practices include low wages, substandard working conditions, and the vulnerability of workers in host countries.

Exchange rate volatility is another problem that arises due to foreign employment. Remittances are often sent in foreign currencies, and fluctuations in exchange rates can affect the value of remittances when converted to the local currency (Thapa, 2014).

The social impacts of foreign employment on families and communities have been addressed in research by organizations like the Migration Policy Institute (MPI) and the Nepal Institute for Development Studies (NIDS). These studies delve into the challenges faced by families left behind, including the strains on relationships and the potential societal disruptions.

Scholars such as Dr. Ganesh Gurung and Dr. Bishnu Uprets have contributed to the discourse on the economic implications of remittance dependence in Nepal. Their research underscores the fragility of the economy in the face of external shocks and the need for diversified economic strategies.

The phenomenon of skills drain and brain drain has been discussed by researchers from institutions like the South Asia Institute of Advanced Studies (SAIAS) and the Nepal Economic Forum (NEF). Their studies explore the impact of migration on the depletion of skilled human resources and the potential consequences for Nepal's long-term development.

Furthermore, issues such as increasing of fraudulent activities and irregularities inside the country, lack of adequate information regarding rights and security measure of foreign employees, as well as lack of adequate information regarding social and cultural lifestyle of destination country. Some other incidence such as illegal migration, trafficking, and human smuggling through informal medium are also increasing. Therefore, this study has raised the following research questions:

1. What is the trend of foreign employment in Nepal?
2. What is the impact of foreign employment and remittance on the economy of Nepal?

To answer these questions, the research will employ a multifaceted methodology to comprehensively analyze the trend of foreign employment and remittance in Nepal. The primary methods include document analysis, article and journal review, and the utilization of secondary data.

1.3 Objectives of Study

Foreign employment and remittance have emerged as pivotal components of the Nepalese economy, shaping its economic landscape significantly. The continuous rise in remittance inflows has positioned it as a foundation of the country's economic framework, with the Nepalese economy relying extensively on this financial influx. Therefore, this study attempts to examine the evolving trends in migration patterns and remittance inflows,

aiming to comprehend their intricate interplay and assess their profound impact on the national economy. The specific objectives of the study are mentioned below:

1. To examine the trend of foreign employment in Nepal.
2. To examine the impact of foreign employment and remittance on the economy of Nepal.

1.4 Methodology

This study is structured as a literature review, encompassing both conceptual and theoretical perspectives, along with an empirical review. The primary focus is to gain insights into the current status of economic growth in Nepal. Additionally, the research aims to explore and analyze the connection between foreign remittance the money sent back by Nepalese working abroad and the overall economic growth of the country.

The information are collected from websites, journals, reports and research articles. The relevant secondary data were collected from a variety of official publications. A portion of the study's data is also collected from the publication of the Nepal Rastra Bank.

1.5 Structure of the paper

Chapter one of the paper includes the background of the paper, statement of the problem, objective of the study and the methods employed. Similarly, chapter two of the paper comprises the theoretical review of the empirical studies in order to strengthen the theoretical foundations. Furthermore, the paper also consists of the relevant data and its analysis and also the discussion part where critical assessment on the issue has been provided based on theoretical, conceptual and empirical review. The third chapter constitutes the summary, conclusion of the study along with the implications for the policy makers.

CHAPTER II

DESCRIPTIVE AND ANALYSIS

2.1 Literature review

Foreign employment and remittance play a crucial role in shaping the economic landscape of developing countries like Nepal. This literature review aims to provide an in-depth analysis of the existing research on the relationship between foreign employment and remittance in Nepal, shedding light on the economic, social, and cultural implications of this phenomenon.

During the last two decades, foreign labor migration and remittance have evolved as a significant element of the Nepalese economy. Although previously unjustifiably neglected, a number of recent research have contributed to bringing this problem more prominently into public and academic debates. The literature review is divided into two sections; Theoretical review and Empirical review.

2.1.1. Theoretical Review

Foreign employment and remittance can be studied using many theoretical frameworks that explains the behavior of people and household on the context of migration and remittance. According to the new economist of Labor Migration (NELM) framework, Stark, O., & Bloom, D.E. (1985) the decision to migrate is influenced by the expected income differential between the origin and destination country. However, NELM provides a valuable perspective for evaluating individual and family decision on labor migration and remittance behavior.

Likewise, under the Human Capital concept, Becker, G.S. (1964) migration decisions are influenced by an individual's skills, education, and experience. People who have greater human capital, as per the theory, are more likely to move and earn better salaries in the destination country.

Pant (2005) in his study titled "Remittances and Development in Developing Countries" has stated that remittances are important financial resources to the receiving countries at the micro and macro level. They increase both the income of the recipient and the foreign exchange reserve the recipient's countries. Mostly remittances are used for basic subsistence needs and for daily needs such as food, clothing and housing. Some of the theoretical review of foreign employment and remittance are stated below,

1. **Migration Theories:** Migration theories, including the neoclassical economics model and the new economics of labor migration, have been instrumental in understanding the motivations behind foreign employment. Scholars like Douglas S. Massey and Ronald Skeldon have extensively researched migration patterns, contributing to the theoretical foundations that explain the decision-making processes of individuals seeking employment abroad.
2. **Remittance Behavior Models:** Theoretical frameworks exploring remittance behavior often reference the altruistic and self-interest motives of migrants. Research by Richard H. Adams and others, as seen in studies published by the World Bank and the International Monetary Fund (IMF), has provided insights into the determinants of remittance flows, including the impact on the economic well-being of both sending and receiving countries.
3. **Dependency Theory:** Scholars such as Raul Prebisch and Paul Baran, who are associated with the dependency theory, have influenced discussions on the economic implications of remittance dependence. This theory posits that developing countries may become economically dependent on external factors, such as remittances, and their work provides a theoretical lens to examine Nepal's reliance on remittance inflows.
4. **Institutional Theory:** Institutional theories, as applied by scholars like Douglass C. North, help analyze the role of institutions in shaping migration policies and practices. This perspective is relevant in understanding the institutional challenges associated with foreign employment in Nepal, as discussed in research by organizations like the Nepal Migration Study Group and the Institute for Integrated Development Studies.
5. **Return Migration Theories:** Theoretical frameworks related to return migration, such as the theory of cumulative causation by Myron Weiner, provide insights into the dynamics of reintegration. Researchers like Jeffrey H. Cohen and Bruno Riccio have

expanded on these theories, examining the challenges faced by returnees and the impact of return migration on communities and economies.

The theories can be summarized as:

Table 2.1

Summary of Theoretical review

Theories	Foreign Employment and Remittance in Nepal	Literature
Migration Theories	Understanding motivations behind foreign employment.	Scholars: Douglas S. Massey, Ronald Skeldon
Remittance Behavior Models	Exploring determinants of remittance flows.	Scholars: Richard H. Adams
Dependency Theory	Examining economic implications of remittance dependence.	Scholars: Raúl Prebisch, Paul Baran
Institutional Theory	Analyzing the role of institutions in shaping migration policies.	Scholars: Douglass C. North
Return Migration Theories	Exploring dynamics of reintegration and impact of return migration.	Scholars: Myron Weiner, Jeffrey H. Cohen, Bruno Riccio

2.1.2 Empirical Review

In this study, different literatures are critically reviewed to obtain the relationship between foreign employment and economic growth. One empirical theory on foreign employment and remittance in Nepal suggests that foreign employment has positive impact on remittance flows, which in turn have a positive effect on economic growth and poverty reduction.

In recent decades, Nepal has witnessed a substantial surge in foreign employment and remittance inflow, emerging as a pivotal element in the nation's economic landscape. Positioned among the leading beneficiaries of global remittances, Nepal's economic trajectory has been notably shaped by this phenomenon. The remittance sector has emerged as a potent force in mitigating poverty and fostering economic expansion.

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

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

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

Numerous studies have delved into the nexus between foreign employment and remittance dynamics in Nepal. According to Kshetry (2004), remittances constitute the foremost financial inflow from emigrant workers, playing a pivotal role in the national economy. The study also highlights the valuable contributions of emigrants, such as technology transfer and managerial skills, though these benefits have not been prominently demonstrated in Nepal.

Research by Sharma and Gurung (2017) indicates that the duration of stay in the destination country and income significantly shape remittance patterns among Nepali migrants. Another study by Sharma et al. (2018) establishes a positive correlation between foreign employment, household income, and remittances, leading to beneficial impacts on household consumption and investment. This trend has notably elevated the economic well-being of migrant workers' families in Nepal over the past decade.

Moreover, research, including a 2018 study by Uprety and Aryal, underscores that while foreign employment and remittances offer advantages, there are significant social and cultural challenges.

Dhakal's study in 2020 revealed that remittance income plays a pivotal role in alleviating poverty and bolstering household income, particularly in rural areas of Nepal. As labor migrates to foreign lands, the influx of remittances from these workers to their families contributes significantly to the country's economic landscape

According to a study by Adhikari and Rajaure (2019), foreign employment significantly and positively influences remittance flows to Nepal, with a more pronounced impact observed in rural areas compared to urban centers. The research further establishes that remittance inflows play a crucial role in reducing poverty in the country. Additionally, the study suggests a reinforcing cycle where foreign employment stimulates remittance flows, contributing to economic growth and furthering poverty reduction.

Table 2.2*Summary of Empirical Review*

Key points	Detail
Economic Impact of Remittances	Remittances are pivotal in Nepal's economy, serving as a significant source of foreign exchange. The remittance sector mitigates poverty and fosters economic expansion. Nepali overseas workers are considered the backbone of the economy (Pokharel, 2004).
Contributions of Overseas Workers	Overseas workers bring in monetary remittances and contribute special skills, knowledge, and exposure. Appropriate strategies and programs can play a crucial role in rural transformation (Shrestha, 2005).
Channels Of Impact	Remittances impact the economy through saving, investment, growth, consumption, and income distribution (Shrestha, 2005). Eased foreign exchange constraints and strengthened balance of payments position (Shrestha, 2005).
Social and Cultural Challenges	Studies, including Uprety and Aryal (2018), underscore advantages of foreign employment and remittances but also highlight significant social and cultural challenges.
Role in Poverty Alleviation	Dhakal's study in 2020 reveals that remittance income plays a pivotal role in alleviating poverty and bolstering household income, particularly in rural areas.
Geographical Impact	Adhikari and Rajaure (2019) suggest that foreign employment significantly and positively influences remittance flows to Nepal, with a more pronounced impact observed in rural areas compared to urban centers.
Reinforcing cycle	Adhikari and Rajaure (2019) propose a reinforcing cycle where foreign employment stimulates remittance flows, contributing to economic growth and furthering poverty reduction.

2.2 Description and Analysis

2.2.1 Trend of Foreign Employment in Nepal

Migration is one of the major factors affecting population distribution of Nepal. Job opportunity, education facility, medical facility and topographic situation are the key causes of migration. Human movement from mountain to hill; hill to Terai; and rural to urban area migration are the major trend observed in Nepal (Bossavie, Laurent; Anastasiya, 2018). Migration has direct impact on various sectors including financial, social, demographic, and biological. The study has used secondary data from Department of Foreign Employment (DoFE), Central Bureau of Statistics (CBS), Ministry of Finance (MoF). Remittance is playing a crucial role in the Nepalese economy. The highest foreign labor migration was found in the year 2013/14. The trend was continuously increased until 2013/14 and it has started decreasing thereafter. International labor migration has mostly taken place to Malaysia, Qatar, Saudi Arabia, 110 UAE and other Southeast Asian countries and it is growing over the time that has shifted the agricultural based economy towards remittance-based economy. Country wise status of foreign employment for the fiscal year 2008-2022 (TABLE 2.2)

Table 2.3*Outflow of Nepalese manpower for the foreign employment (2009-2022)*

Fiscal year	Malaysi a	Qatar	Saudi Arabia	UAE	Kuwait	Bahrain	Japan	Others	Total
2009/10	113982	55940	63400	33188	8255	4234	156	12047	291562
2010/11	105906	102966	711116	44464	15187	4647	6003	6099	356388
2011/12	98367	105681	80455	54482	24575	5865	3163	8469	381057
2012/13	156770	90935	86276	52295	14401	3390	3114	44229	451410
2013/14	214149	128874	86876	54965	19353	4185	3435	15189	527026
2014/15	202828	124368	98246	53699	9668	4165	2300	11919	507193
2015/16	60979	129038	138529	52793	10049	3146	3059	12903	410496
2016/17	98437	125892	76884	56526	13576	4007	2251	15597	393170
2017/18	10427	103174	40963	60243	17555	4862	761	22218	353983
2018/19	9999	75024	46080	62776	15995	4633	959	20661	236127
2019/20	39159	29836	39260	52057	8971	3304	939	8062	181588
2020/21	107	22130	23319	11609	2	3136	553	3758	64624
2021/22	26091	76823	125368	53844	22786	7592	2478	7100	322082

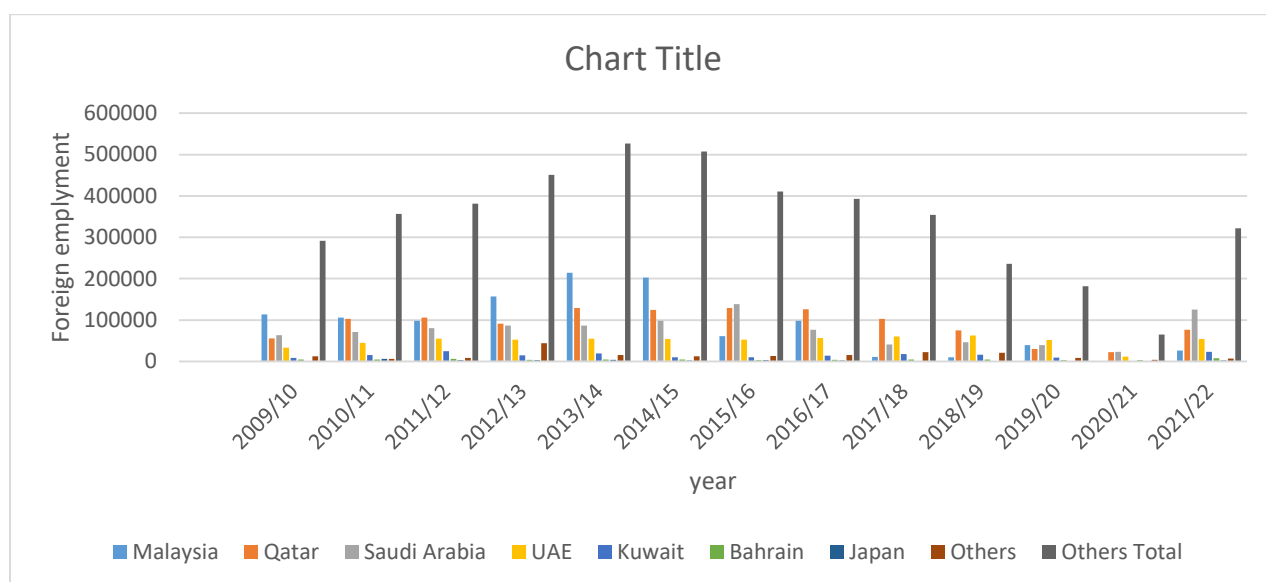
Source: Nepal labor Migration Report_2022

Table 2.2 shows there were a growing number of Nepalese labor migrations leaving the country, reaching a study period high of 527026 in 2013/14. Following that, there was a steady decline in the number of people acquiring work permits, with 236127 being the highest reported number in 2018/19. According to labor permits, almost 83% of workers traveled to the Gulf countries in the fiscal year 2018/19, making them the main location for foreign employment today. Prior to now, there was a significant propensity to work in Malaysia (39.55% of all foreign worker in 2014/15), but for a variety of reason, the figure has drastically fallen (4.10% in FY 2018/19). The table above illustrates that after the FY 2015/16, Qatar has become the preferred destination for Nepalese migrants. Nepalese

migrants had acquired 30.76%, 25.74%, and 18.90% of employment from UAE, Qatar and Saudi Arabia, respectively, in FY 2018/19. The graph 2.2 shows the comparison statics describing the migration of Nepalese migrant workers towards the four main destination countries and their distribution among those countries from Fiscal Year 2009/10 to 2021/22.

Figure 2.1

Outflow of Nepalese manpower for Foreign Employment



2.2 Trend of remittance inflow in Nepal

To track and understand the trends in remittance inflow in Nepal, multiple sources can be consulted. The Nepal Rastra Bank (NRB), functioning as the central bank of Nepal, stands out as a primary and reliable source for economic data, regularly releasing reports and statistics encompassing various economic indicators, including remittance inflows. Government reports from agencies like the Ministry of Finance in Nepal can provide valuable insights into the prevailing trends. International organizations such as the World Bank and the International Monetary Fund (IMF) often contribute to the understanding of global economic trends, including remittances, and may offer specific data relevant to

Nepal. Studies conducted by research institutions, both within Nepal and internationally, can also furnish comprehensive insights into the trends and impacts of remittance inflow. Furthermore, reputable media outlets in Nepal, through news articles and reports, can provide real-time updates on the current trends and dynamics of remittance inflow, offering a holistic perspective on this critical aspect of the country's economic landscape.

Table 2.4

Value of remittances received in Nepal from 2013 to 2022(in billion U.S. dollars)

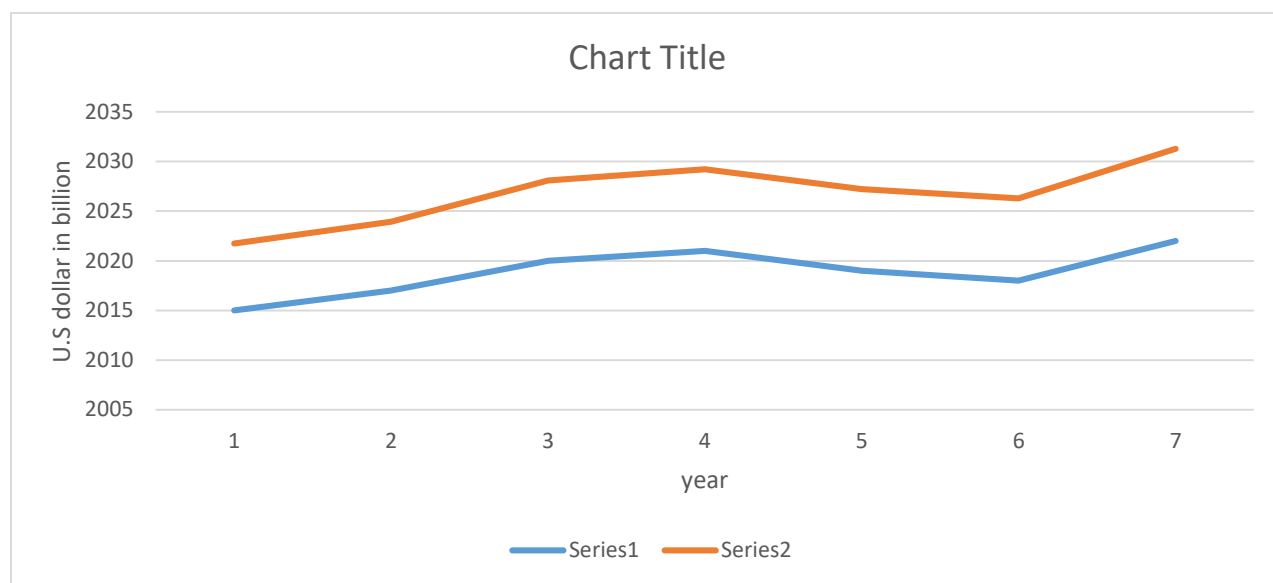
Characteristic	Value in Billion U.S. dollars
2013	5.58
2014	5.89
2015	6.73
2016	6.61
2017	6.93
2018	8.29
2019	8.24
2020	8.11
2021	8.23
2022	9.29

Source: <https://www.statista.com/statistics/880745/nepal-value-of-remittances/>

According to a study on the structure of remittance inflow to Nepal, remittance inflow growth to Nepal was 25.02 percent in the fiscal year 2013 and it continued to decline till the Fiscal Year 2016, in which it was 4.57 percent. Meanwhile in the fiscal year 2018/19, the growth rate increased by 16.4 percent. The ratio of remittance inflow of remittance inflow to GDP additionally rose from the fiscal year 2010/11 to 1015/16, peaking at 29.6%, the highest level throughout the study period. In 2022, the personal remittance received in Nepal increased by 1.1 billion U.S. dollars (+13.37 percent) since 2021. With 9.29 billion U.S. dollars, the personal remittance received thereby reached their highest value in the observed period (S. Ganbold, Oct 4, 2023).

Figure 2.2

Value of remittances received in Nepal from 2013 to 2022



2.3 Country wise Inflow of Remittance in Nepal

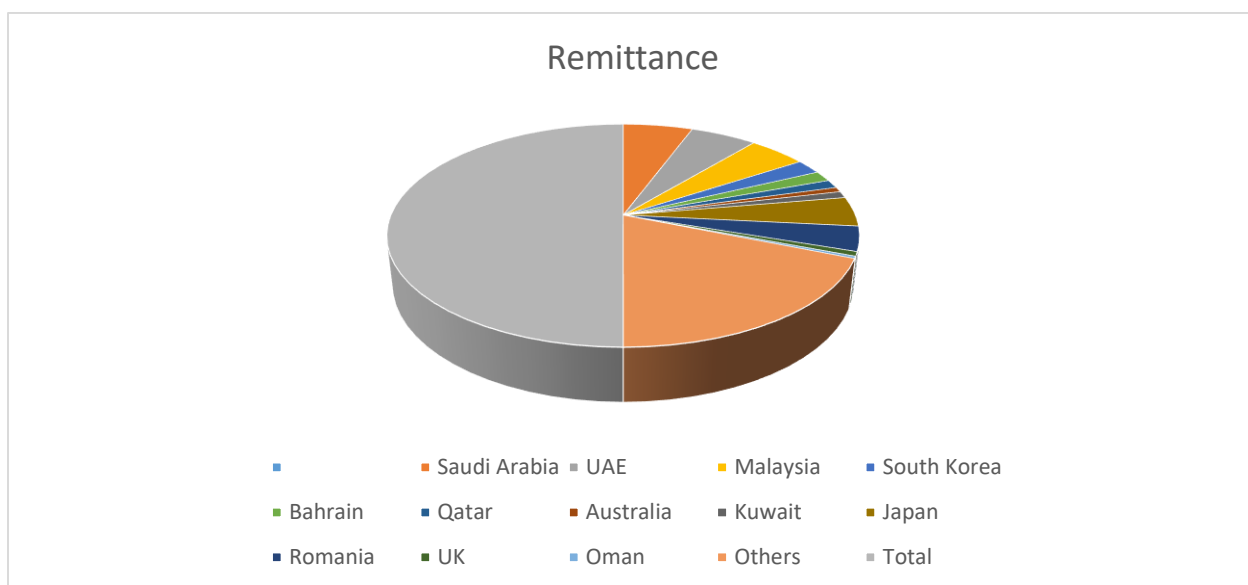
Currently, Nepal has institutional connections with more than 110 nations to facilitate foreign employment. Most Nepali migrants seeking employment abroad travel to Gulf Countries. The majority of Nepali migrants i.e. more than 90% work in Malaysia, Saudi Arabia, Qatar, Kuwait, and Bahrain. Other desirable destination for Nepalese employee includes South Korea, Japan, and Australia. The major destination countries' remittance rates are shown below:

Table 2.5*Inflow of Remittance from major destination countries*

Countries	Remittance (NRP in FY 2018/19)	Percentage of Remittance
Saudi Arabia	89	11.35
UAE	85	10.84
Malaysia	74	9.44
South Korea	33	4.21
Bahrain	24	3.06
Qatar	19	2.42
Australia	11	1.40
Kuwait	15	1.91
Japan	67	8.55
Romania	56	7.14
UK	10	1.28
Oman	5	0.64
Others	296	37.76
Total	784	100

Source: <https://www.spotlightnepal.com>

According to the table 2.3, the Gulf countries up to 30.23% of all remittance sent to Nepal for the fiscal year 2018/19. Nepal had the greatest percentage of remittance from the Gulf States, coming from Saudi Arabia (11.35%), while the UAE (10.84%) held the second-place spot during the same time frame. In terms of overall remittance inflow to Nepal, Malaysia (9.44 percent), the leading destination country over the last period, held the third place position. Remittance from Japan (8.55%), South Korea (4.21%), and Australia (1.4%) were among the countries that contributed a significant sum to Nepal. The pie diagram shaded with the data major remittance contributing countries in Nepal from Fiscal Year 2018/19 is below.

Figure: 2.3*Inflow of Remittance from major destination Countries***2.4 Discussions.**

The main objective of this study is to observe the scenario of foreign employment and remittance economy in Nepalese perspective. The study also tried to identify the historical track of foreign employment in Nepal and inflow of remittance in national as well as global prospects, and then evaluate the impact of the remittance in the Nepalese economic sector. Foreign employment and remittance inflow are vital components of Nepal's economy, contributing significantly to its economic growth and development. Nepal is one of the countries with highest dependence on remittance, with remittance accounting for around one-third of its GDP.

Based on theoretical and review of empirical studies, it is found that the economic growth of Nepal has positive effect of remittance on GDP while negative effect on private gross fixed capital formation. The study shows that when remittance increases, the economic growth of the country also increases and when the remittance decreases, the economic growth of the country also decreases. This is because, an increase in foreign remittance can lead to increased household income, reduction in poverty, diversified income sources etc. While foreign remittances bring about numerous

positive impacts on economic growth, it's important for policymakers to address challenges such as the potential dependency on remittances, the risk of economic vulnerability to external factors, and the need for sustainable, long-term development strategies to ensure continued growth and resilience.

Foreign remittances make up a substantial portion of Nepal's Gross Domestic Product (GDP). The money sent back by Nepali workers employed abroad has become a primary source of income for many households, contributing significantly to the overall economic output of the country. Remittances also play a crucial role in poverty reduction and improving living standards. The inflow of funds from migrant workers has helped lift many families out of poverty by providing them with financial resources for basic needs such as education, healthcare, and housing.

Additionally, foreign remittance plays a pivotal role in fueling the economic growth of Nepal, contributing significantly to the country's financial stability and development. As one of the key drivers of the Nepalese economy, remittances from abroad serve as a lifeline for many households, bolstering consumer spending and improving living standards. The steady influx of foreign funds not only alleviates poverty at the grassroots level but also acts as a reliable source of foreign exchange, enhancing the nation's balance of payments. Additionally, remittances play a crucial role in supporting the financial sector, as families receiving these funds often invest in education, healthcare, and small-scale entrepreneurial activities, thereby fostering human capital development and entrepreneurship. However, Nepal faces challenges such as over-dependence on remittances, which can expose the economy to external shocks. Thus, a balanced approach to leveraging foreign remittances alongside domestic policies that encourage sustainable economic growth is essential for Nepal's long-term prosperity.

CHAPTER III: CONCLUSION

3.1 Summary

The seminar paper sets the stage for the exploration of foreign employment and remittances in Nepal by providing a comprehensive overview of the significance of these phenomena in the context of Nepal's economy and society. It begins by outlining the historical background and evolution of foreign employment in Nepal, highlighting key factors contributing to its growth. Additionally, motivations behind Nepali citizens seeking employment abroad, such as economic opportunities and the quest for a better standard of living, are discussed. The central research question and objectives that will guide the subsequent analysis are articulated, fostering a clear understanding of the purpose and scope of the paper.

Delving into a detailed examination of foreign employment and remittance patterns in Nepal, the paper provides a thorough description of the current state of foreign employment, including statistics on the number of Nepali workers abroad, their destination countries, and the sectors they are employed in. The analysis section explores the multifaceted impact of remittances on the Nepalese economy, encompassing economic growth, poverty alleviation, and social dynamics. Furthermore, the challenges and opportunities associated with foreign employment, such as labor exploitation, impact on families left behind, and potential for skill transfer, are scrutinized. By employing a combination of statistical data and qualitative insights, this section aims to offer a comprehensive and nuanced understanding of the complex dynamics surrounding foreign employment and remittance flows in Nepal.

Synthesizing the findings from the description and analysis, the paper offers a holistic understanding of the implications of foreign employment and remittances in Nepal. It reiterates key insights derived from the research, emphasizing their significance in shaping the socio-economic landscape of the country. Additionally, any limitations of the study are addressed, and avenues for future research are proposed. The conclusion highlights the policy implications of the research findings, providing recommendations for stakeholders

and emphasizing the need for a balanced and sustainable approach to foreign employment that maximizes benefits for individuals seeking opportunities abroad and the development of Nepal as a whole.

3.2 Conclusion

In conclusion, the research on foreign employment and remittance in Nepal underscores the undeniable contribution of overseas employment to the nation's economic landscape. The infusion of remittances has played a pivotal role in uplifting the living standards of families, reducing poverty, and supporting local economic development. However, the study emphasizes that reaping the full benefits of this phenomenon requires a nuanced approach to address challenges such as the vulnerability of migrant workers and the social ramifications of family separation. Policymakers are urged to negotiate favorable terms for Nepalese workers abroad, ensuring their legal protection and well-being.

Moreover, the research underscores the imperative of enhancing the skill sets of Nepalese workers to align with global market demands. Skill development initiatives can significantly boost the employability of the workforce, making them more competitive and securing higher-paying opportunities abroad. The paper also advocates for the prudent management of remittances through technological advancements and the implementation of financial literacy programs. Such measures can empower recipients to utilize remittance funds responsibly, fostering sustainable economic growth and development.

In essence, the seminar research paper highlights the symbiotic relationship between foreign employment, remittance inflows, and the economic well-being of Nepal. It urges a holistic approach that not only maximizes the positive impacts of remittances but also addresses the associated challenges to create a more resilient and prosperous future for the nation. As Nepal navigates the complexities of global migration trends, strategic policy interventions and comprehensive initiatives are paramount to ensuring that foreign employment continues to be a force for positive change in the country.

3.3 Implication

Some recommendation on how foreign employment and remittance can be improved to improve economic condition of Nepal:

1. **Skill Enhancement Program:** Implementing comprehensive skill enhancement programs can better equip Nepalese workers for overseas employment opportunities. By focusing on skill sets that are in demand globally, Nepal can enhance the employability of its workforce and attract higher-paying jobs abroad.
2. **Diplomatic Initiative:** Strengthening diplomatic ties with destination countries and negotiating favorable terms for Nepalese migrant workers can contribute to a more secure and beneficial work environment. This includes advocating for better wages, working conditions, and legal protection for Nepalese workers abroad.
3. **Financial Literacy Program:** Implementing financial literacy programs for remittance-receiving households can ensure that the funds are utilized effectively. Educating families on savings, investment, and financial planning can lead to more sustainable and impactful use of remittances for long-term economic improvement.
4. **Technology Adoption:** Leveraging technology, such as digital platforms and mobile banking, can streamline the remittance process, reduce transaction costs, and enhance the efficiency of fund transfers. This not only benefits the recipients but also encourages a higher volume of remittances.

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