

Abroad Migration of Labor and Flow of Remittance in Nepal

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Abstract : *This paper defines and examines Nepal's labor migration situation and remittance flow. In a similar manner, this study seeks to identify the main labor migration-related issues and suggests solutions. People in Nepal do not have access to employment prospects because of the country's delayed industrialization. The socioeconomic standing of many migrant families has improved significantly as a result of labor migration. Although foreign employment improves the nation's economic situation, it has also brought forth a great deal of issues. These issues should be addressed by the relevant sector, as failure to do so could have serious negative effects on our economy.*

Keywords: Abroad-labor migration- remittance- inflow-GDP.

Introduction

Globalization and the development of new communications and transportation technology have given migration additional momentum in the form of trading human services as exports, particularly for improving the standard of living for a significant number of people worldwide. The movement of natural persons (MNP) for the exchange of human services, dubbed the "new era of mobility" (United Nations, 2006), has a substantial impact on and makes contributions to the social well-being and economic development of both the countries of origin and the countries of destination (SAARC, 2006). Migration for work is both a blessing and a curse in light of the trade that underpins the principle of demand and supply and requires the movement of natural persons as exports and imports. It can be a benefit if acknowledged as necessary for economic development or progress and handled appropriately. If disregarded, it becomes a problem for everyone involved, including the migratory workers, their families, and the countries of origin, transit, and employment.

The movement of the work force from one nation to another for the purpose of permanent or temporary residency and employment is referred to as "abroad migration of labor." Since the dawn of human civilization, there has been a rise in labor migration (Tigno, 2006). In addition to bringing in remittances, labor migration abroad provides job opportunities for disgruntled young unemployed employees, as doing otherwise could cause major domestic issues. Additionally, it plays a significant role in addressing the nation's unemployment issue and provides access to

foreign exchange that helps the economy thrive (Hadi, 1999). Although labor migration from Nepal is not a new phenomenon, it has been growing recently. Low-skilled migrants going to Malaysia or the Middle East for short-term work contracts in the fields of construction and domestic work make up the majority of labor movements. The infusion of remittances into the country is one of the benefits of labor migration. Nepal depends greatly on remittances coming in. The remittance influx outpaces other financial inflows during some fiscal years, including foreign direct investment and net government development assistance (ILO, 2016).

Since the beginning of 2000, Nepal has experienced an exceptional rise in the number of people moving to Malaysia and the gulf nations for temporary employment. Just 3,605 labor approvals were given out by the Department of Foreign Employment (DOFE) during the fiscal year 1993/1994. Nevertheless, ten years later, in 2003/2004, it rose to 106,660, and in 2013/2014, it reached a high of 519,638. The amount of yearly outmigration has been falling since 2013/14, though, and reached 354,098 and 236,208 in 2017/18 and 2018/19, respectively. More than 80% of the overall population of labor migrants in 2017/18 and 2018/19 were male and between the ages of 18 and 35, making Nepal a country with a male-dominated labor migration. At 59% (2018/19) and 64% (2017/18), the percentage of workers choosing low-skilled labor is high. Financial remittance volume has dramatically expanded in recent years, rising from 2.54 billion USD in 2010/11 to 8.79 billion USD in 2018/19. (GoN, 2020).

Foreign employment refers to the movement of labor for a job or to make money from one country to another. In other words, international employment refers to doing paid labor abroad. Nepali nationals travel to other nations in search of employment and financial gain. It raises people's standards of living and has developed into a significant source of foreign currency earnings. Numerous young people from Nepal are forced to travel to various nations around the world in quest of employment due to a shortage of employment opportunities. Particularly since adopting a globalization strategy, labor migration for jobs overseas has quickly expanded. Remittances sent home by migrant workers are becoming a more and more important part of the Nepalese economy. Remittances have been crucial in maintaining the country's economic momentum at a time when its main economic indicators do not provide a positive picture. The low rate of economic growth in our nation is mostly a result of instability and insecurity. Both overseas migration and remittances have been effective tools for raising peoples' levels of living and reducing poverty.

People in Nepal are not gaining employment prospects because of the slow rate of industrialization. Numerous migrants' families have seen significant socioeconomic improvement because to employment abroad. The Nepalese economy relies heavily on remittances from migrant workers, which make up nearly a third of the country's total income. But the price for all of this was rather expensive. Numerous Nepali laborers have perished while performing their jobs abroad. Many more have horrible stories of being mistreated or exploited when they come home.

Remittances, in the words of the International Monetary Fund (IMF), are "household income from other economies coming primarily from the temporary or permanent relocation of people to such economies." Remittances include both cash and noncash objects that move through official routes,

like by electronic transfer, or through unofficial ones, like goods or cash sent across international boundaries. They primarily consist of gifts and noncash payments made or sent by people who have moved to a new economy and settled there, as well as the net wages of temporary employees like border workers, seasonal workers, and other contract workers who work in economies where they do not have permanent residence (IMF, 2006)

Over the course of the year, remittances' impact on GDP has grown significantly. Remittances are also reportedly handled through informal means, with the amount recorded for the fiscal year 2020/21 through legitimate channels being Rs. 961.1 billion. Remittances made a significant contribution to the national economy and helped to somewhat alleviate poverty during a ten-year conflict. This is a reliable indicator of national interest. The nation's standing in the globe, however, must be preserved. In actuality, remittances are the country's hidden source of income. It is also anticipated that if its source or mechanism is developed in a transparent manner and if its channel is through banks, it may rise in the upcoming days.

Objective and Methodology

This article aims to evaluate Nepal's present situation regarding labor migration overseas and remittance flow. In addition to this, it also evaluated the main issues immigrant foreigners face and how to solve them. To achieve the goals, a descriptive research design was used. The conditions or relationships in a given scenario are described and interpreted in descriptive research. In this article, only secondary data is used.

Analysis and Discussion

Status of Foreign Employment of Nepal

The Labor Act of 1985 provides opportunities for the private sector and makes it easier to work abroad. The Foreign Employment Acts of 1985 were passed, and the District Administrative Offices made arrangements to give passports to prospective migrant workers. These measures, along with the increased demand for labor brought on by the Gulf oil, caused the Nepalese to begin migrating outside of India, particularly to the Gulf nations.

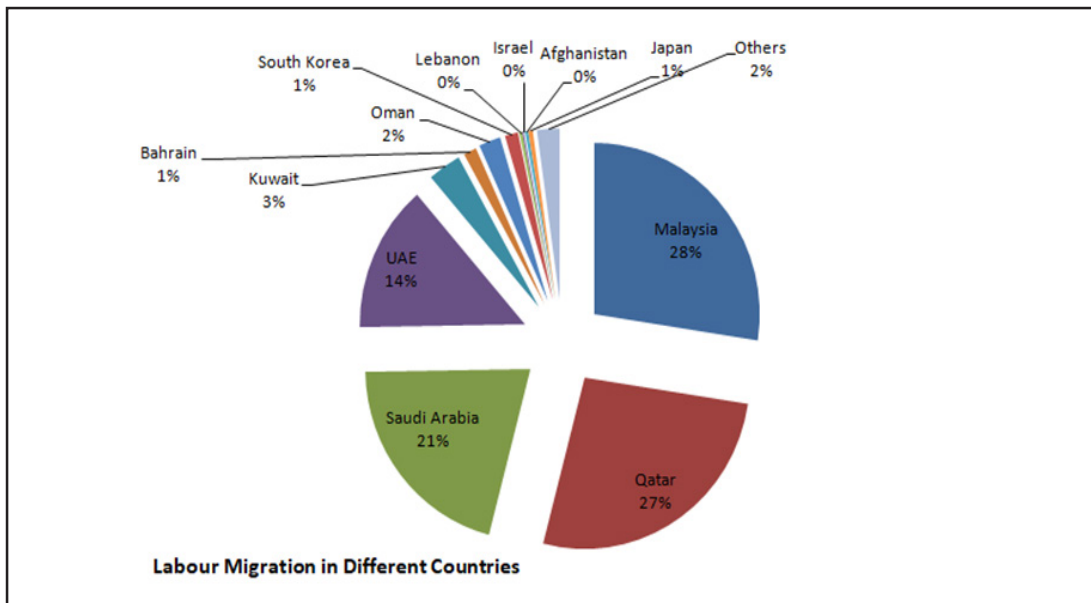
Since 1985, Nepalese nationals have moved to the Gulf nations in search of overseas jobs. In recent years, this tendency of employment abroad has continued to grow. Additionally, it is noted that, as determined by the Nepali government, 110 nations are open to overseas employment. Notably, Malaysia is the top destination for employment for more than 200000 Nepalese people. Qatar, Saudi Arabia, and the United Arab Emirates are the other primary destinations for Nepalese workers. It demonstrated that many are seriously interested in working abroad. On the one hand, this has significantly lessened the issue of unemployment, and on the other, it has generated a large amount of income and remittances.

As we all know, every year a sizable number of Nepalese workers travel abroad. In the fiscal year 2003/04, 1,05,703 workers in total left the country. During the 2013/2014 fiscal year, it rose to 5,27,814. The top destination for Nepalese laborers is Malaysia, followed by Qatar, Saudi Arabia, the UAE, Kuwait, and other countries. The number of Nepalese workers leaving the country to work abroad has been declining during the fiscal year 2014/2015. It is as a result of the

impact of COVID-19 and the decline in labor demand in these nations. The following table helps to illustrate the trend of labor migration from Nepal.

Table1: Migration Flow from Nepal

Fiscal Year	Number of employees
2003/04	1,05,703
2011/12	3,84,665
2012/13	4,53,543
2013/14	5,27,814
2014/15	5,12,887
2015/16	4,18,713
2016/17	3,83,493
2017/18	3,61,941
2018/19	2,36,293
2019/20	1,94,045



2020/21	1,31,038
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Source: Economic Survey, 2021/22, MOF

Country-wise Migration Situation

By the end of the fiscal year 2020/21, 45,65,050 Nepalese workers had left the country in search of jobs abroad. Malaysia has been the top destination for Nepalese laborers, then Qatar. The majority of Nepalese employees are found in Malaysia, Qatar, Saudi Arabia, and the United

Arab Emirates. Numerous countries, including Afghanistan, Japan, South Korea, and Lebanon, use Nepalese workers. An employment condition by country is shown using the pie chart and table below.

Table 2: Country wise employment

S.N.	Country	Up to f/y 2020/21
1	Malaysia	1258727
2	Qatar	1219982
3	Saudi Arabia	948674
4	UAE	638701
5	Kuwait	149181
6	Bahrain	58119
7	Oman	97933
8	South Korea	59157
9	Lebanon	12759
10	Israel	6714
11	Afghanistan	14409
12	Japan	20091
13	Others	101374
Total		4565050

Source: Economic Survey, 2021/22, MOF.

Above table display that up to the fiscal year 2020/21, there were 4565050 people migrating for employment to several countries. Malaysia is the top destination for jobs with a total of 1,258,727 individuals. This could be attributed to its growing economy and employment opportunities in various sectors. Qatar is the second most popular destination, attracting 1,219,982 migrants. In Saudi Arabia, 948,674 people migrate for employment opportunities. The UAE is another country for the job market where 638,701 people reached for employment from Nepal. In Kuwait, 149,181 and in Bahrain, 58,119 Nepalese people migrated for employment. South Korea, Lebanon, Israel, Afghanistan, and Japan saw migration figures of 59,157, 12,759, 6,714, 14,409, and 20,091, respectively. The remaining migrants i.e. 101,374 are scattered in various countries.

Remittance Flows to Nepal

Remittances have been essential to maintaining Nepal's macroeconomic stability because they have helped to stabilize the current account and keep foreign exchange reserves in place. The Nepal Rastra Bank (NRB) continuously acknowledges the direct contributions of remittances in managing the country's Balance of Payments (BOP). Additionally, a rise in disposable income has been attributed to remittance inflows. Along with boosting consumption, this has also made a significant contribution to lowering poverty.

By increasing the nation's income and foreign exchange reserves, remittances from overseas migrants are a major factor in the economic growth of the nation. Remittance flow has been on an upward trajectory year over year, much like foreign employment. In the fiscal year

2002/03, overseas migrants sent Rs. 47.54 billion in remittances; this amount rose to Rs. 879.3 billion in the fiscal year 2018/19. Remittances totaled just Rs. 875 billion in the fiscal year 2019–20, a decrease of 0.5 percent from the year before. Remittances rose by 9.83 percent to a total of Rs. 961.1 billion in the fiscal year 2020/21. With the aid of the following table and graphic, the pattern of remittance flow is depicted.

Table 3: Trends in Remittance Flows to Nepal

Fiscal Year	Remittance Income		Fiscal Year	Remittance Income	
	Billion (Rs.)	(Percent change)		Billion (Rs.)	(Percent change)
2002/03	47.54	---	2012/13	434.6	20.87
2003/04	54.20	14.0	2013/14	543.3	25.01
2004/05	58.59	8.1	2014/15	617.3	13.62
2005/06	65.54	11.9	2015/16	665.1	7.77
2006/07	100.14	52.8	2016/17	695.5	4.57
2007/08	142.68	42.5	2017/18	755.1	8.6
2008/09	209.70	47.0	2018/19	879.3	16.7
2009/10	231.73	10.5	2019/20	875.0	-0.5
2010/11	253.55	9.4	2020/21	961.1	9.83
2011/12	359.55	41.8			

Source: Economic Survey, 2021/22, MOF.

Contribution of Remittance to Nepalese Economy

Remittances' percentage of GDP climbed from 11.0 percent in the fiscal year 2002/03 to 14.9 percent in the fiscal year 2005/06. It showed an upward tendency, increasing from 17.5 percent in the fiscal year 2007/2008 to 29.9 percent in the fiscal year 2015/16. The GDP contribution of remittances for the fiscal year 2020/2021 is 22.47. The contribution of remittances to GDP would undoubtedly increase significantly if the unauthorized flow were also taken into account. The contribution of remittances to the Nepalese economy is shown in the table and figure below.

Table 4: Remittance as Percent of GDP

Fiscal Year	Remittance as Percent of GDP	Fiscal Year	Remittance as Percent of GDP
2002/03	11.0	2012/13	25.7
2003/04	10.9	2013/14	28.0
2004/05	11.1	2014/15	29.1
2005/06	14.9	2015/16	29.6
2006/07	13.8	2016/17	26.3
2007/08	17.5	2017/18	24.9
2008/09	21.2	2018/19	25.4
2009/10	19.4	2019/20	22.4

2010/11	18.5	2020/21	22.47
2011/12	23.1		

Source: Economic Survey, 2021/22, MOF.

Problems and Remedial Measures

The economic situation of the Nepalese is improved by foreign work, however there are other challenges. When traveling to and working in foreign countries, employees must deal with a number of difficulties. As a result, it's critical to lessen the difficulties and issues encountered by Nepalese workers abroad. These are a few of the difficulties that come with working abroad.

1. Nepalese migrant workers are required to work long shifts without weekends or holidays and frequently receive no pay. To address this issue, the Nepali government must inform the ambassador about the circumstances surrounding migrant Nepalese employees and periodically monitor them.
2. Many of the migrant foreign employees are semi-skilled or unskilled, and they do not receive employment according to contract. They should therefore receive enough training before traveling abroad.
3. A few recruiting firms, brokers, and agents defraud their clients' employees. They are thus treated as illegal immigrants and do not accept the jobs that are given to them. They must consequently depart from their countries of employment. To lessen this issue, the government should enact legislation that penalizes manpower firms who operate illegally and engage in the theft of labor.
4. Nepalese employees working abroad do not speak the language that is required for intercultural dialogue in places of employment. So that there are no issues when working, workers should learn the language of the country they are traveling to.
5. Some of the employees endure physical and mental abuse as well as exploitation and sexual abuse. The ambassadors of the relevant nation should provide rehabilitation services to persons who are subjected to sexual exploitation, mental and physical abuse, and other forms of exploitation.
6. The workers are compelled to sell their property to obtain money at a high rate of interest due to the manpower businesses' exorbitant fees for visas and other legal processing. The government ought to offer loans with lower interest rates in order to address this.
7. As a result of the manpower agencies' or enterprises' lack of training in safe work practices, numerous workers are discovered dead abroad. Before traveling abroad, the required training should be given in order to minimize this issue.
8. Due to illegitimate visas, many workers are compelled to leave the countries where they are employed. Therefore, in order to resolve this, the relevant government agencies for foreign employment should issue workers with legitimate visas and penalize those who attempt to do so.
9. More than half of migrant workers have trouble putting their remittances into savings and investments since there aren't any banks or other financial institutions in their rural

communities. Therefore, banking should be expanded.

10. Due to the high percentage of poverty among migrant workers, a sizable portion of remittance revenue is used to cover basic household expenses and other services. Savings decline as a result. They do not keep their tiny quantity of funds in banks due to poor levels of financial literacy. It is crucial to increase the population's levels of financial and reading literacy.

Conclusion

The lack of work possibilities in our nation is caused by the slow rate of industrialization in Nepal. Countless migrant families' socioeconomic condition has improved thanks in large part to employment abroad. Nearly a third of Nepal's economy is made up of remittances sent by migrant workers, which is a key component. However, the majority of remittances are spent on consumption rather than being put to use in productive areas. We are becoming more and more dependent on the remittances each year. Overseas employment has claimed the lives of thousands of Nepali laborers. Many more people who were abused or exploited suffer from painful memories when they come home. These issues need to be resolved by the relevant sector, as failure to do so could have serious economic repercussions. In order to improve the country's economy, it is also advised to the government agencies to develop and implement a remittance utilization policy.

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