

Forgn Employment and its Socio-Economic Impacts on Rural People of Nepal: A Syudy Based on Mahalaxmi Municipality of Lalitpur

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Abstract

Foreign employment plays vital role in maintaining the Nepalese's economy. This paper analyses the nature and socio-economic impacts of the foreign employment in Nepal with reference to Mahalaxmi Municipality of Lalitpur district. Main source of information of this study is primary data and some secondary data are also used for the supplementary usage of the study. Primary data were collected through the direct questionnaire method used the semi-structured for the sample area of people who were selected by judgemental sampling method. Descriptivestatistics was used to analyse the data by the help of micro excel program. Major destination for foreign employment is Malaysia and Qatar. Employees who pursue the employment in those countries manage borrowing in interest. They collect the information about employment from brokers, manpower companies and agents. The people of the sample area have mademore income from foreign employment than other occupation in local jobsand they spend for food and education. Remittance from the foreign employment has played very positive role to improve school education and better health services of the people of sample area.

Keywords: foreign employment, impacts, rural-economy, remittance and unemployment

1. Background

Foreign employment is one of the significant sources of employment in the country. It refers to the work which is done in the foreign land or opportunity is provided by the foreign country to the employees. The least developed country like Nepal, foreign employment is one of the important sources of employment where most of the youths remain unemployed. Through the foreign employment, individual and country get benefitted. The country gets remittance and individual gets knowledge, experience, skill and system of working environment. It contributes to gain economic development and economic growth by the workers' knowledge, experiences, skills, systems of work and remittance which they earn despite of their hard work. Therefore, foreign employment and remittance has become the backbone to Nepal.

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Nepal received remittances worth Rs. 699 billion in the Fiscal Year 2016/17 ranking fourth in the list of countries with large contribution of remittances to GDP, according to a report launched by Ministry of Labour, Employment and Social Security, with support from International Organization for Migration, the UN Migration Agency, the International Labour Organization (ILO) and the Asia Foundation.

Considering the large number of undocumented workers abroad, it is (Sedan and David, 2001) estimated that remittances could have accounted for more than 13% (up to a maximum of 25%) of GDP in the mid-late 1990s in the top 20 recipients of remittances expressed as a percentage of GDP (IMF 2000). Despite a slowdown in the growth of GDP, domestic consumption has not subsided, thanks to the large inflow of remittances. Looking to the scenario of economic aspect of the country, the most skilled manpower have to be produced to get more increment on the remittance of the country, the more they are paid on foreign land, the more remittance increase on our side. The remittance should be used on productive area rather than in household, but the recent trend shows that either they buy a piece of land or construct building, or invest in small businesses on hometown. By this, people don't have proper deposits in the bank. Remittance contributes more than 20% of the Nepal's GDP (Economy Survey 2016/2017).

The remittance sent by migrant workers has made a rural people more independent in economic aspects and also changed the structure of the rural to semi-urban area by the development of infrastructures. As the labour force migrates the production capacity is also less as paddy fields remain uncultivated due to the lack of manpower. When the males migrate to foreign countries females only cannot provide proper care to the children and household works and themselves too. The women can make decision and they are independent as they have better economic support by the remittance. Some females have become entrepreneurs and more self-empowered too. Adams (2004) examined the impact of remittance on the spending behaviour of households for consumption and investments, in both rural and urban of Guatemala. Owiafe (2008) analysed the impact of external remittance on poverty reduction in Ghana. Qayyum (2008) has prepared a research titled "Impact of Remittance on Economic Growth and Poverty in Pakistan. Zhut and Luo (2008) examined the impact of remittance on rural poverty and inequality in China. Anupam (2009) compared the impact of remittance inflows and grants on capital formation and economic growth. Molester (2010) tried to examine the contribution of migration to poverty reduction in rural households in Kosovo. Karki (2012) published a report on impact evaluation of remittance in the Dhanusha district that its main objective was to identify the socio-economic impacts of remittance in rural household.

2. Objectives Of The Studies

The main objective of this research is to analyse the structure of foreign employment and its socio-economic impacts in rural people of Nepal with special reference to Mahalaxmi Municipality of Lalitpur district.

3. Research Methodology

A number of steps were followed to accomplish the present study.

Research Design

This paper aims to analyse the structure of foreign employment and its socio-economic impact in rural people in Nepal, through the respondent with the help of country they migrated to, income earning and expenditure pattern etc.

In social science research, field work is the central and important method for collecting the primary information. Secondary information also plays a supplementary role. This study is based on both primary and secondary data and has used both qualitative and quantitative approaches for data analysis.

Sample Size and data collection

There are 1905 households in Mahalaxmi Municipality-1, Lalitpur districts. Among them, 100 representative households have been selected by judgemental sampling methods at least whose one family member is in foreign employment. The direct personal interview with family members who have been receiving remittance has been taken as sample for the study during the field survey through the open and closed ended semi-structured questions. Descriptive statistics tools have been used to analyse data with the help of micro-excel program.

4. Empirical Result and Discussion

Nature of Migrants for Foreign Employment

Natures of international migration are multiple and it changes for any given country over time. Understanding those natures, identifying what if any issues they raise for migrants and their countries of origin and destination and determining appropriate and effective policy options for addressing such issues needs to be done.

Nature of Migrants

In the process of migration, destination is an important and crucial factor. The destination is that country where migrant workers go for the work. The table below shows the destination countries of migrants of the study area.

Table.1 Major Destination of Migrants

Destination	Total household	Percentage
Malaysia	29	29
Qatar	21	21
Saudi Arabia	11	11
UAE	9	9
Kuwait	3	3
South Korea	6	6
Bahrain	7	7
Other	9	9
Total	100	100

Source: Field Survey, 2019

Table.1 shows the destination countries of Nepalese migrants from the study area. From the total respondents, 29% migrants go to Malaysia, 21% migrants to Qatar, 11% migrants to UAE, 9% of the migrants to Kuwait, 6% to South Korea and 9% to other countries.

Reasons behind the Choice of Destination

At present, Gulf countries and Malaysia have been receiving workers since 1990s. The respondents reported several reasons for choosing destination country. These reasons are as follows:

Table.2 Reasons behind the Choice of Destination

Causes	Total Respondents	Percentage
Easy entry/exit	29	29
Job security	21	21
Higher wage rate	18	18
Less costly	15	15
Presence of friends and relative	14	14
Easy availability of works	3	3
Total	100	100

Source: Field Survey, 2019

Table 2 shows the reason behind choice of destination for the different country. From the total respondents of study areas, 29% migrants chose the destination in terms of easy

entry/exit, 21%for job security, 18% for the high wage rate, 15% for the less cost, 14% for the presence of friends and relatives and 3% for easy availability of work.

Main Causes of Foreign Employment

Major causes of migration to foreign countries are unemployment, political instability, and lack of opportunity, family pressure, and insufficient agricultural production. The frequency distributions of main causes of migration found in the study are shown in the following table:

Table.3 Main Causes of Foreign Employment

Causes	Households	Percentage
Unemployment	65	65
Political instability	13	13
Lack of opportunity	7	7
Family pressure	6	6
Low agriculture product	6	6
Ineptness	3	3
Total	100	100

Sources: Field Survey, 2019

Table 4.3 shows the main causes of foreign migration of sample area people. From the total respondents of study area, 65% agree on unemployment. Besides, political instability and other causes were reported that forced to foreign employment.

Sources of Fund for Foreign Employment

Most of the rural people of Nepal who want to go for foreign employment use several sources of financing. The information collected from the interview is presented below in the table.

Table.4 Sources of Fund to go Foreign Employment

Funding	Total People	Percentage
Self	20	20
Borrow with interest	58	58
Borrow without interest	22	22
Total	100	100

Sources: Field Survey, 2019

Table 4 shows the situation of funding sources for foreign employment for the people of study area. From the total respondents of the sample areas, 58% agree that they manage fund borrowing with interest, 20% respondents agree that they manage themselves and 22% respondents agree that they manage by borrowing with relatives and friends without interest. This shows that most of the employees receive loans with interest significantly.

Information of Foreign Employment

People are compelled to go to abroad depending on assurance of salary, type of work, facilities shared by the brokers. Most people don't know the formal process of foreign employment. During this process, youths are deceived by the brokers. Sometimes the broker demand advances from migrants. In this study area, some migrants have been cheated in the process of foreign employment which has been presented in the table below:

Table. 5 Information of Foreign Employment

Sources of information	Total Population	Percentage
Relatives/Friends	17	17
Brokers	33	33
Manpower agency	45	45
Government notice	5	5
Total	100	100

Sources: Field Survey, 2019

The table 5 shows that the respondents have receive the sources of information of foreign employment by the manpower agency (45%), help from the brokers (33%), relatives and friends (17%) and government notices (1.3%). It clearly explains that people of the study area are beyond the touch of public notices as well as quota to give the compensation for migrant labour. Government has established new contract and destination to send Nepalese workers in low investment through governmental process so as to EPS Korea and JITCO Japan. By this migrant workers are benefitted into every dimension.

Socio-Economic Impacts of Householders

Income from Different Sectors

Foreign employment is considered as the best way of earning as well as livelihood in Mahalaxmi Municipality. Though majority of population adopt agriculture as main occupation, the level of income is comparatively lower than those who receive from foreign employment. Income pattern of people has been explored in the following way:

Table. 6 Income Earn People by Different Occupation

Particular	Yearly Income(Rs.)
Agriculture	1,000,000
Business	2,20,000
Services	1,90,000
Foreign Employment	5,50,000

Sources: Field Survey, 2019

Table 6 shows that the average income of the migrants is Rs. 5,50,000, business/tradesman earn Rs.2,20,000, agricultural earning Rs.1,00,000 and service holders earn Rs.1,90,000 annually. It reveals that the foreign employment has increased the income level of people in sample area.

4.2.2 Expenditure of the People in Different Sectors

Question regarding the expenditure of foreign employment households found the following result. Average annual expenditure of the sample areas in different goods and services for their daily household consumption is expressed in the following table:

Table.7 Average Annual Expenditure

Particular	Expenditure in Rs.	Percentage in Expenditure
Food	46,000	31
Cloths	18,000	12
Education	28,000	19
Medicine	16,000	11
Festivals	20,000	13
Entertainment	12,000	8
Others	10,000	6

Sources: Field survey, 2019

Table 7 shows the expenditure pattern of people of the study areas for their daily used goods and services. From the total expenditure, 31% spend for food, 12% for cloth, 19% for education, 11% for treatment, 13% for entertainment and 6% for others.

Monthly Average Income of Labour Migrants

Income can play a greater role for taking decision to migrate. Income gives the higher social status in Nepalese society. So people are taking decision to migrate whose income is lower than other members of the society. The income of emigrants has been expressed in the following table:

Table.8 Monthly Average Income of Labour Migrants

Income (In Rs. thousand)	No. of migrant people	Percentage
20 to 30	5	5
30 to 40	18	18
40 to 50	38	38
50 to 60	25	25
60 above	14	14
Total	100	100

Sources: Field Survey, 2019

The Table 8 shows that among the labour migrants about 5% earn between the ranges of Rs.20-30 thousand per month, 18% earn Rs.30-40 thousand, 38% earn Rs.40-50 thousand, 25% earn between Rs.50-60 thousand and 14% earn more than Rs.60 thousand.

Impacts in Education of the Children

Remittance is an income factor which shows various impacts on education of children. Situation of education in the survey areas of children before and after the remittance has been shown in the following table:

Table.9 Impacts in Education of the Children

Category	Before Remittance (in%)	After Remittance (in %)
Public School	51	33
Private School	43	67
Total	100	100

Sources: Field Survey, 2019

Table 9 represents that the education status of the sample areas of children before and after the remittance. From the total respondents before remittance their 51% children used to go to public schools and 43% in private schools. After getting remittance their 33% children are going to public schools and 67% in private schools. It shows that after the remittance from foreign employment the sample areas children have got the quality education than before.

Impacts in Health Condition due to Remittance

Most of the respondents reported that quality health services have been provided from private hospital than the government hospitals and health posts. Foreign employment has helped the sample area people to choose the private hospitals for their health services. This has been explored in the following table:

Table.10 Impacts in Health Condition due to Remittance

Category	Before Remittance (in %)	After Remittance (in%)
Health Post	39	14
Government Hospital	53	40
Private Hospital	8	46
Total	100	100

Sources: Field Survey, 2019

Table 10 represents the picture of the status of quality health which has been increased after getting remittance. From the total respondents in sample area before remittance, 39% people visited health posts, 53% government hospitals and 8% private hospitals. 14% visited health posts, 40% government hospitals and 46% private hospitals after they received remittance. This study shows the increasing access of private hospitals after people received remittance.

5. Conclusion

This study analyses the foreign employment and its impacts on rural people in Nepal, which covers Mahalaxmi Municipality-1 of Lalitpur district. Remittance from the foreign employment has played a vital role in Nepalese's economy. This research analyses the nature and causes of migrant people for foreign employment and socio-economic impacts of the sample area households.

Migrants choose Malaysia and Qatar as major destinations of foreign employment from the sample area people. It covers 29% and 21% respectively for the employment in the main eight countries. The main reason to choose those countries as destination for the employment is easy to entry and exit, job security and high wage rate which cover the 29%, 21% and 18% respectively from the total respondent in the interview of sample area. Main cause of migration is unemployment in the sample area people which covers 65% as viewed by the total respondents. The respondent view that the main sources of fund to go for foreign employment is borrowing with interest which holds 58%. From the total respondents 45% get the information from the manpower agency and 33% get the information from the brokers.

This research covers some socio-economic issues of the sample areas people. People of the Mahalaxmi Municipality are getting maximum income from the foreign employment than other occupation in own country. The maximum expenditure of average people is in food in sample area then spends for education and cloth which covers 31%, 12% and 19% respectively. The migrant labour get minimum Rs. 20 to 30 thousands and maximum is above Rs. 60 thousands from the foreign employment. The remittance plays vital role for the improvement in school education and health services. After the remittance 67% children go to private schools and 40% people have got opportunity to take health services form government hospitals and 46% people have got opportunity to take health services from the private hospitals.

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