

# The Impact of Migrant Remittance on the future of Nepal's Economy

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The increased outflow of labour migration from Nepal in the past two decades has made the nineteenth largest remittance recipient globally, with an enormous inflow of remittances. While progressing socially and economically, with an improvement in its national economy, there is substantial evidence to argue if this would impact unfavorably on the country's future economic stability. This study aimed to examine the impact of remittance on Nepal's future financial stability. A qualitative approach was selected, conducting key expert interviews and desk reviews to obtain data. The data was analyzed subjectively to understand patterns of remittance expenditure. Instabilities and inequalities left Nepal with one quarter living under the national poverty line, surging the need for labor migration. Government Statistics showed that 10 percent of Nepal's 27 million population are employed overseas as migrants. Though remittance impacted positively on the migrants in reducing the poverty level, the spending patterns of migrants did not reflect on a long-term plan. Data findings showed that more than most migrant workers invested their income in uplifting their immediate standard of living through their day-to-day expenses, proving it not to be a long-term saving. It was evident that remittance reduced the labor supply, investments in local industries and trade, and increased Nepal's culture of dependency on the foreign economy, which was an obstruction to the

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country's future economic stability. Nepal's high economic reliance on remittance threatens a decrease in possible self-sufficiency, investments, and local manufacturing, which would stagnate potential economic growth. The study provided a platform to recommend possible solutions to sustain Nepal's economy through policies that would help reshape migrant remittance spending patterns, encourage and support small local businesses and utilize expertise productively to ensure a future stable national economy in Nepal.

## **Introduction**

Today, migration is an emerging phenomenon with the changing world order, geopolitics, international politics, internationalization, and globalization. The massively increased number of migrant workers had been playing a significant role in enhancing Nepal's national economy. Migration means freedom of mobility, and under this concept, people are migrating from one place to another for various reasons. Thousands of people migrate to new places to seek better opportunities such as high living standards, security, peace, education, and health facilities. Especially from Asia and Africa, many people are going abroad to seek a better standard of living and employment.

Looking at the current trend of migration, it is obvious to see most people from the least developing countries migrating to developed countries such as Europe, America, and Australia for better opportunities, which creates a large increase in the rapid outflux of persons from the developing world. According to the Economic Survey of Nepal, 500,000 Nepalese are seen migrating to diverse destinations in Europe, North America, Middle East, Mediterranean, North Asia, East Asia, and Southeast Asia. While these per-

sons could be differently categorized based on their intentions for leaving, most of the Nepalese migrate in search of job opportunities, as migrant workers, who in turn send their earnings back to their home country as a remittance to support their family back home (Lamichhane, 2018). A “migrant worker” is defined in the International Labour Organization (ILO) instruments as a person who migrates from one country to another (or who has migrated from one country to another) with a view to being employed other than on his own account, and includes any person regularly admitted as a migrant for employment” (ILO Migration and Development, 2013).

Remittance, usually understood as the money or goods that migrants send back to families and friends in origin countries, are often the most direct and well-known link between migration and development. Remittance exceed official development aid but are private funds (IOM, 2020).

Remittance, the portion of international migrant workers’ earnings sent back from the country of employment to the country of origin, play a central role in the economies of many labour sending countries and have become a focal point in the ongoing debate concerning the costs and benefits of international migration for employment (Puri & Ritzema, 1999).

Remittance affects the level of income positively and the ability to access health care and education. Most remittance are used for consumption (45%), whereas 11 percent is used for business investment and 12 percent for housing investment (Dhungana & Pandit, 2014).

In some countries, migrant remittance is seen as the primary source of national income, and it becomes a factor that plays a pivotal role in strengthening the economies of the country and supporting its development. Previ-

ous data and reports show that Migrant worker have been supporting on National GDP and other developing areas such as agriculture, small-scale entrepreneurship, and production.

Migrant remittance has been playing a significant role in sustaining Nepal's national economy. Nepal received a remittance of Rs. 784, billion in the fiscal year 2018 - 19, which is 29 % of the National Gross Domestic Product (Light New Spot, 2019). On the other hand, other sources of income, such as tourism, agriculture, manufacturing, etc. are not noticeable and have nominal support to Nepal's national economy and for the overall development. According to the Department of Foreign Employment, nearly 1400 Nepali workers had left the country on a daily basis to work in foreign countries during the fiscal year 2018-19. In the same period, a total number of 50,828 migrant workers received work permits to be employed by 136 countries in the overseas (Mandel, 2019)

In Nepal, the trade deficit is continuously increasing because there are very few goods to export. Most of the exports are raw materials with large volumes and low profitable value. However, Nepal's export has changed from agriculture goods in the 1980s to manufactured goods after the 1990s. As compared to imports, the rate of export is decreasing over time. The flow of remittance has increased the census, especially of vehicles, electronics, petroleum products, etc. whereas; instability and insecurity have decreased the export. Furthermore, abolishing the export quota in 2005, has further worsened the trade gap (Acharya K. , 2019).

Every year Nepal has been facing a trade deficit because of low exports and high imports. And billions of dollars are going out of Nepal, which increas-

es the gap of trade deficit. There are many reasons for facing a trade deficit like weak policies on international trade, less production, low-quality production. The consumer's preference for imported goods and services is also one reason for tough competition for the local production and interests in terms of quality, durability, prices, and comfortability.

Nepal's high economic dependency on remittance threatens a decrease in possible self-sufficiency, investments, and local manufacturing, which would stagnate potential economic growth. The study provided a platform to recommend possible solutions to sustain Nepal's economy through policies that would help reshape migrant remittance spending patterns, encourage and support small local businesses and utilize expertise productively to ensure a future stable national economy in Nepal.

### **Objective**

The study's objective is to examine the impact of migrant remittance on Nepal's national economy and how it plays a crucial role in its future economy through its multiple outcomes.

### **Methodology**

The study applied a qualitative methodology and using Key Expert Interviews as a primary data source and Desk reviews to obtain secondary data. The course was on an interpretive approach.

Since the study involved a great extent of understanding of the remittance spending patterns and migrants' behavioral patterns, it was essential to have in-depth discussions with Nepali migrants. For the purpose of the study, the researcher carried out ten in-depth interviews with Nepali migrants em-

ployed in South Korea, Malaysia, Dubai, and Qatar. While Nepali migrants in South Korea were interviewed on-site, the interviews with migrant workers employed by the other three countries had taken online using skype video and zoom.

The secondary data were obtained from academic papers, published and unpublished research, journals, credible web documents, newspapers, reports, and publications from international organizations and NGO, migration data from international organizations as well from Nepal government statistics, Nepal government policy papers, circulars, descriptions, and business investment plans on economy, and migration, and information on local, international trade, economic data, and foreign remittance data from the Finance Ministry of Nepal.

Since the study involved people and their behavioral patterns and data that explicit facts and figures, it was essential to use an interpretive approach to interpret the obtained data.

## **Literature Review**

### *A. Migration*

Globalization and migration are burning issues of today's world, and it is now becoming a rapidly growing concern to the world population (Acharya & Leon, 2013), with both positive and negative impacts on the national and international level.

International migration refers to people's movement across the international border for various factors such as war, poverty, seek a better life, and a job. According to IOM definition – “a person who moves from one place of res-

idence inside the country or across the international border temporarily or permanently for different reasons is migration. “ (IOM, 2019).

Migration is also referred to as a mixed movement and the flow of people in an irregular manner, over the same routes and using the same means of transport for various reasons in search better life (UNHCR, n.d.).

Article 2 of the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families defines a ‘migrant worker’ as, “a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national” (UNOHCHR, 1990). The International Organization for Migration (IOM), declared that as many as 244 million people were international migrants in 2015 (IOM, 2018). According to the UN Department of Economics and Social Affairs, this number has risen to 257.7 million in 2017 (UNDESA, 2017). IOM data shows that most of the migrants have moved from a country in the Southern globe, to migrate to the North.

The migration system consists of immigration and emigration of the people. Migration includes various activities of people, such as; for service, family reunifications, study, or it can be due to conflict or natural disaster in the home country (Acharya & Leon, 2013). Migration has been an issue of great interest as workers’ and remittance has a significant source of external financing for many developing countries in recent years (Bank, 2016).

## B. *Migrant Remittance*

Migrant remittance is a steadily growing external source of capital for developing countries. Though foreign direct investments and capital market

flows have seen downfalls in the recent past, migrant remittance have continued to grow. Migrant remittance support in recovering the human capital loss of developing countries, and is capable of supporting economic growth if invested to obtain its maximum potential (OECD, 2006).

The main sources of official data on migrants' remittance are the annual balance of payments records of countries, which are compiled in the Balance of Payments yearbook published by the International Monetary Fund (IMF). Global estimates of official remittance flows based on these balance of payments statistics suggest that remittance increased from US\$ 43.3 billion in 1980 to US\$ 70 billion in 1995 (S. Russell, 1992). Although the database on migrants' remittance have several deficiencies (G. Swamy, 1981), (Brown, 1995). Remittance sent through informal channels, e.g. self-carry, hand-carry by friends or family members or in-kind remittance of clothes and other consumer goods, are considerable in countries such as Pakistan, the Philippines, Sudan and Egypt where it is estimated that such remittance would be at least double or even triple the recorded figures (Puri & Ritzema, 1999).

Remittance could be distinguished as 'formal' and 'informal' remittance flows. These different flows of remittances impact the economy and development of a country and its population differently. The informal remittance flow is more advantageous to the migrant themselves, while formal remittance system will also benefit the country in the long run (Pieke, Van, & Lindley, 2005).

Remittance through migration impacts the migrant workers themselves and the migrant workers' families who are remittance receivers in their home countries. According to Global Commission on International Migration,

remittance increases family income, support to repay financial loans and debts, open access to foreign products, increases ability to invest in education, real-estate, and insurance, provide capital for local enterprises, and increase their living standards for the migrants and their families. As for the home country, remittance sent by migrants through the formal system, boosts the country's financial sector and investment, help push exchange rates upwards, influence in alleviating poverty, support granting of loans, increase tourism and tourism concerned industries, open ways for export markets to migrant-host countries due to migrants' need for domestic products (GCIM, 2005).

Labour migration and migration remittance has two contradicting characters to it. One side of migration effects the migrant, the host country, and the home country positively as a wholesome effect. But the other side, even though may impact positively on the host country and to some extent the migrant family, it does not bring positive and long impact to the home country, in terms of its economic growth and development. Nepal's high economic reliance on remittance threatens a decrease in possible self-sufficiency, investments, and local manufacturing, which would stagnate potential economic growth.

The Global Commission on International Migration (GCIM, 2005) states that policies on migration and migrant remittance are vital, to encourage migrants remittance formal transfers, to encourage durable migrant remittance investments, to encourage migrant spending patterns, and policies for the government, to reduce its dependency on migrant remittance, and increase national enterprises, trade, exports and FDIs of a developing country

in particular. It mentions that such policies should include: (1) easy access for migrants to formal banking systems – the increase in transfers through the formal system would lower the average fixed costs of the banks and also encourage migrants to use this system; (2) have transparency on information, and access to information for migrants – to make them understand the banking sector, the actual cost of transferring; (3) facilitate cooperation between bigger international banks and smaller banks in developing countries – this would help connect networks of branches in migrant-hosting and migrant-sending countries (World Bank, 2004).

### *C. Migration and Migrant's remittance in Nepal*

International politics, and the changing trends in globalization, increase of multi and trans-national corporations, and the advancement in social networks around the world affects a country and its population. And Nepal too has been opened to these factors in the recent past. This has inspired a larger number of youths to migrate overseas to find better jobs to improve their living standards.

Nepal also has a long history of international labor migration from about 200 years ago. With the entrance of liberalization, most of the youths of Nepal begin to migrate to seek better opportunities for jobs, education, and living standard every year to a foreign country in recent decades because of economic plus non-economic causes (Bhatta, 2013). Every year thousands of Nepali migrants immigrate to countries with the purpose of obtaining employment, education, immigrant status, and for touring. (IOM, 2019).

Nepal's major source of income is through remittance that are transferred by migrant works to their families (ILO, 2013/14). Majority of the Nepal-

ese migrating migrate for work are youths, and they are sent through labour permits issued by the Government. Annual permits amount to around 2,800,000.

The countries receiving the largest number of Nepalese migrant workers are Malaysia in the lead, and then Qatar, Saudi Arabia, UAE and Kuwait (ILO, 2015). Nepal's household income, as well as the national GDP of Nepal has seen an increase in the past years, impacting its current economy.

Nepal is a source country for migrant workers, due to its high youth population. According to the Economic Survey of Nepal 2014/15, approximately 500,000 labor forces enter the international labor market (Lamichhane, 2018). Nepal consists an extensive amount of diverse resources, human power, and as a naturally blessed nation, blessed with the Himalayas and the resources it brings with it. Despite having all the favorable features, the country is still struggling to maintain and move forward to development and prosperity. While various historical factors, natural ill effects, and internal political environment play a significant role in the development of Nepal. Nepal is situated between two giant nations, India and China, though bringing in many business and trade opportunities, yet does not impact Nepal's stability and growth.

Instead of exporting its own produced goods from Nepal to its neighboring big country for a better market and profitability, Nepal should reduce its dependency on India and China. Every year billions of dollar is spent to import goods and services from the foreign market. Imports in Nepal increased to 75675.60 Million NPR in May from 42602.90 Million NPR in April of 2020 (Trading Economic, 2020).

Agriculture dependent Nepal, is now shifting towards remittance dependent Nepal with the continuous growth of remittance inflow (Malekoo, 2015). Although migrant employment and remittance are prominent factors in Nepal today, there is still a question about the sustainability of remittance – based economy and its future. Literature specifies that there is a gap between the volume of remittance inflow to Nepal, with the investments mechanisms in Nepal (Chhetri, KC, & Dhakal, 2020).

### **Analysis**

The study shows the key findings from the responses received through the interviews held with the 10 respondents from the four selected countries. The facts from the findings are presented in four categories: the investment of the migrants' worker, the expenditure patterns in-home country, mode of transfer, and saving behavior. The data presented eloquently proved that remittance reduced the labor supply, investments in local industries and trade, and increased Nepal's culture of dependency on the foreign economy, which was an obstruction to the country's future economic stability.

#### *A. The investment policies*

*Remittance is the backbone of the Nepalese economy, and it has been contributing a significant impact on socio-economic and development aspects. Every year billions of dollars have been sent to Nepal as Remittance from various countries. The primary destination countries are Malaysia, the Gulf, and the newly emerging country is South Korea. Secondly, the number of migrants is also increasing rapidly every year. Although Nepal has to get a massive amount of regular remittance basis from the different parts of the world due to the lack of proper management and policies, its outcomes still*

stagnate for its economy. Many migrants, youths, and expats are willing to invest their skills, expertise, knowledge, and fund productively. According to one of the responded said:

*“Including me, many youths are interested to do something back to Nepal, but due to the lack of clear policies, security on investment, promotion, and projection from the government, we are reluctant to take the initiation of any business or enterprises in Nepal’.*

Every country’s development depends on its strong policies and vision, which the leader makes. But if political transition, unstable government, internal conflict, and corruption happened, it is not easy to initiate for the development work. Usually, internal clashes, political instability, corruption, and external political influences happening in developing countries. Although, Nepal had never colonized.

Despite all these traits, Nepal is still struggling to develop the land, and it has hard to facilitate to fulfill the minimum basic need of its people. Secondly, the leader is also not taken that much strong commitment and eagerness to bring changes for the nation. As per another respondent:

*“Due to the high corruption, weak monitoring mechanism, injustice, issues are the push factor for the migrant workers from Nepal. Until these issues would be sorted it out, I guess no one will invest their fund into any business and development”.*

Based on the above data and facts, migrant returnees have a dilemma to start any business and fear about their investment. They seek support from

the government side, such as subsidy on loan, discount on taxes, easy availability of the raw materials, promotion, and link up with the local market to international. The flawed policies between two neighboring countries, lack of far forecasting about the business policies, and not tackling the geographical hindrance are Nepal's significant challenges.

Migrant workers are hesitant to invest their knowledge, skills, and fund whatever they earn from the foreign land because of a lack of protective policies, instability of the political environment, partiality on rule and regulation. Until the government vigorously implements the points mentioned above, migrant returnees are not encouraged to decide whether to do business or small-scale industries to run in the future.

#### *B. The expenditure pattern of the migrants*

Expenditure behavior is another matter of affecting the national GDP. Due to low productivity, limited options of choice, high cost, and low durability quality, people rely on imported goods and services. Every year billions of dollars have been spent on buying foreign goods, which leads to the trade deficit and widening the gap between import and export. With social media, fashion, and high design quality at low prices, people can buy new goods and services abroad.

“Foreign products are comparatively excellent and high quality with many choices; therefore, I prefer to buy imported goods and quality products. Thus, in Nepal, we have a high demand for imported goods.

The Nepalese market depends on the volume of the imported goods, quality,

and price. Imported goods are comparatively reasonable price than Nepalese items. The main reason for being cheap is mass production in their home country and the easy availability of the raw materials. But when Nepal has to produce, then Nepal has to bring technology, technician, and raw materials that cause high costs for the products. Secondly, foreign countries have fair trade and business policies, which is favorable to businesses/enterprises. When the foreign government creates the guidelines, they always consider the investor to promote and protect the business. But in Nepal's case is entirely different. Nepal's business and trade policy are not motivating people to establish a company or small enterprise because it has the problem since its registration, documentation, and process. With the bribe and the lengthy registration process, and uncertainty of the systems' circumstances, people are unwilling to run the business. Therefore, people are depending and want to keep them safe side from jeopardizing.

“Government should have a strict policy on foreign goods and motive the locally produced goods at first within the country and then foreign market. Only Nepal and Nepalese will be definitely”.

“We can't do anything in Nepal until we give bribe, for the small thing, we have to pay in a different channel to make the task accomplish. These are the main cause of the problem”.

*C. Mode of transfer and its impact on the national economy (Hundi – man to man transfer)*

The first prime concern of the migrant worker is to send their remuneration safely back to their home country to support their family and loved ones.

Therefore, they use a variety of modes of transfer to send money back to Nepal. There are several ways to send money through, legal or illegal ways. Based on the study, most of the people are not sending through the legal way from the bank of any financial institute like a remittance company or any legal institution. Most of the people send money via Hundi system. Hundi is a term that is the channel of transferring money from man to man. The Hundi person has to deposit the money into the receiver's account in Nepal in advance, which is fast and cheaper than the other bank and other financial institutions. Every year, billions of dollars is being transferred via illegal ways to Nepal, which is not recorded in any database, and meanwhile, that hidden money does not contribute to the national economy.

“I rarely do remit from any remittance company or bank because it is expensive as well as problematic. Sometimes it takes a long time to deposit money in our bank account or handover to our family member. But hundi is cheaper, and fast”.

The government of Nepal has to take the initiative to facilitate and make it an easy process to transfer money legally. Due to the hassle and complicated process, people are not interested in sending money through the legal channel. All the banking and financial facilities are centralized in the main city or inconvenient place in Nepal. Therefore, in order to promote all the migrant workers, basic facilities should be reached to all the corners of Nepal. One respondent said:

“Why should we send money through legal channels, because the government of Nepal is not doing any favor us, not taking care of our health, no insurance, no proper policy after the re-

turn. If the government should not care for us, then we are also not bound by it; that's why I don't care".

#### *D. Saving behavior*

Saving is an indicator of the economic liquidation of the nation. The more saving it brings, the more opportunity to invest in business and trade. Therefore, people should feel secure in saving their money first, then only after they might think about the investment on the productive side such as business, trade, and any enterprises. But Nepal's case is completely different because they are neither getting a good rate on saving nor proper support to invest. As a result, people tend to invest their funds into fixed assets like to buy the land and house or lend money for the interest, which is nonproductive and not playing a significant role to push forward the national economy. According to respondents:

"We are sacrificing our life, our health, and separated from family for a better future. Therefore, I want to secure all my money whatever I earn from here. Look, neither we have a good rate in a bank, or we have support from the government to invest our money. And after spending my five years here don't want to ruin this money by opening any business or trade. So, for me, a safe place is to buy land, a house, and gold. At least that I can use in the future".

"Investing in the land, and housing is safer than investing in other businesses in Nepal because of the unstable government and their unfavorable law and regulation."

When analyzing previous researches and data during the desk review, it was possible to see that there were two sides of migrant remittance. According to Connell and Conway (Connell & Conway, 2000), and Cooray (Cooray, 2012), migrant remittance showed that inward remittance to developing countries increased the standard of living and helped the economy of the country to grow faster.

There was also a contradicting observation that explained that remittance had a different impact on the country's overall economy and long-term development. Accordingly, remittance had a short term economic growth on a country's economy, and this effect was dependent that varied based on the country's 'dependence' on remittance for its GDP growth. The more the government depends on migrant remittance for economic growth that will be causing a negative impact in the long run. In addition, this also reduced the workforce in the country who were available to be employed by the country. Hence, it depends on how migrant remittance is used in a country, for it to positively impact the economy and development.

When looking at the impact of remittance, it is necessary to look into how the remitted income is utilized in the home country. Considering migration and remittance in Nepal, it was observed that migrants mostly use their remittance to repay the loans taken during migration, until loans are repaid fully. It was also clear that migrants saved or invested a very small portion of remittance, their priority was to repay loans, and spend on their daily consumption.

Although Nepal has been getting a tremendous amount as remittance from the different countries, which reflects as 29% of the country's National GDP

(Light New Spot, 2019), and almost one-third of its economy, these do not positively impact the national economy. The households that have high remittance are not utilizing it in creative and productive areas. They only invest in purchasing luxuries (Dhungana & Pandit, 2014). The research showed that the pattern of the expenses on nonproductive investment could help boost its national economy. Usually, Nepali households' habit of costs is to invest their remittance to purchase the land, build the house, buy the gold, and lend money to get the interest.

(Airola, 2007) explain the Nepali context, examples from Mexico, that most of the remittance was less utilize for the basic need such as food but spent a lot on households on durable goods, healthcare, and housing. Families of migrants also use a large portion of the received remittance on real estate investment.

## **Conclusion**

It is clearly explained through previous researches and literature, that migrant remittance is positively influencing the behaviours of Nepali migrants and their families, changing their expenditure and consumption patterns, lifting their living standards, and impacting on the Nepal's economy growth. However, it was evident that remittance has a huge long-term impact on the future of Nepal, concerning its economy's stability and development. Increase of labour migration and the large amount of remittance flow into Nepal is furthering Nepal's dependency on remittance. This high dependency is affecting the future prospects of agricultural, textile, and other native industries of Nepal, by reducing the workforce in there. This has reduced local production, which results in less exports, and more imports, which

in turn poses threat on Nepal's future economic growth, and development.

The low export performance, high import rate, and challenging foreign trade policies are the leading causes of Nepal's trade deficit. For more than 40 years, Nepal has depended on foreign goods and services to sustain its market needs requirements. A high unemployment rate, corruption, social prejudice, dominant political imbalance, and injustice policies have constantly been the leading causes of push factors for the youths to seek better opportunities in foreign countries.

Likewise, there are reasons for Nepal's increasing trade deficit between the two giant booming economic countries whose trading policies are aggressive and larger quantity than Nepal. Due to the low export and high import, weak system, higher production cost, slow industrial development, and dependence on raw materials, there are significant hindrances to the trade deficit.

Similarly, a lack of new technologies and human resources, trade modification, etc. cannot reduce its trade deficit from other countries. Nepal should also expand its trade structure in terms of supplies and destination.

The study recommends concerned agencies and the government to promote local business, encourage the youth to get involved in social enterprises, and increase the market's local output. The government of Nepal should have created environment to invest migrant returnees in their local areas so they can utilize the local resources and generate the job to the newcomer.

The government should promote and encourage the investor to invest in productive areas. The state should respond to ensure to bear the risk from

the natural disaster, conflicts, and any changes in policies.

As highly recommended, a subsidy to run the business, industries, and to bring heavy plants or machines, the government should provide discounts on taxes, reasonable loan facilities, and mitigate inter-country trade policy. Similarly, the government should apply the policies which promote the domestic goods and services with better options, and at the same time implement plans to discourage imported goods through strict criteria, taxes, and availability of domestic goods.

Government should bring a stable, convenient, and encouraging lawful money transfer system, if the government expects remittance to impact the national economy. Also, recorded remittance help for reliable data collection, and to understand the nature of remittance, and patterns of spending. Even if the route of transfer impacts the receiving country's economy and development of the country, having a steady financial system, with less dependency on remittance will ensure economic development to the country. Yet in Nepal, as the financial systems are not strong, and the dependency on remittance is high, the effects are more strong on the country's economy, when remittance are sent through informal channels.

The current era of globalization has connected the world through different kinds of linkages. Being entangled in it makes it easier for individuals and countries in some ways. But in many other ways, this also becomes a threat to global crises, conflicts, environmental effects, and economics. Economic rise and fall, which happens in one part of the world, affects the rest of the world most of the time. Government policy makers of a country must think about these and plan ahead to confront such issues. For example, a possible

'labor-ban' in labor migration from labor receiving countries would affect badly on the labour-rich countries who send large numbers of their labour force to work abroad. This would drastically impact negatively on the developing labour-rich countries' economy, in the short and in the long-term, not only on the country' economy but also on the individual citizens due to high rates of unemployment.

Hence it is important for Nepal government to focus on policy implementation which also has a fundamental objective to it. Nepal should give serious thought to bringing in policy initiatives, or amending the existing policies to enhance the impact remittance has on the country's economy and development. The following are a few factors to be considered when designing or amending policies in relation to migration and remittance. (1) Acquiring a share of remittance from migrants for development purposes, by imposing taxes on migration, duties on remittance transfers, and open voluntary payment by migrants towards public sector development; (2) encourage transfers to Nepal through the formal channels, by introducing remittance bonds, foreign currency accounts for migrants, premium interest rate accounts, enable remittance transfers through microfinance institutions, support towards increasing financial literacy to migrants and their families; (3) initiating outreach programs in communities populated by migrant families, by which to create awareness on migrant remittance spending and consumption patterns, the long term effects of remittance investment, investing in micro business, and introducing small and medium enterprise schemes and loan facilities to establish same; (4) promote spending on local goods and services, to minimize imports into Nepal; (5) promoting local manufacturing of goods by using the existing labour force; (6) utilizing the new

knowledge, and technical expertise of the returned migrants by initiating new industries for them, also in order for Nepal to decrease its dependency on remittance, and depend on its local markets and exports, and for a balanced and stable future.

Implementing policies comes with various challenges, and any government would face them at different stages. To start with the government needs to have the 'will' to bring policies for its country's development, and secondly it has to have the courage together with transparency to overcome challenges. To overcome challenges and implement the policies and to reach to the expected results from policy implementation, Nepal government and the policy maker should design policies that are practical and cost effective. The government should consider the time frame, economic feasibility, the opportunity costs involved, and the social acceptance of the policies.

However, it is necessary to understand and realize that there will be long term consequences on Nepal's economy and development if the current labour migrant and remittance patterns continue to remain as seen now. Achieving a more favourable outcome from migrant remittance in Nepal, will help the country's economic growth; and for this it is important to have some strong policy measures to make use of the remittance in productive investments. Considering the importance of migrant remittance into Nepal, the Nepal Government should implement effective measures to sustain migration for a positive impact on Nepal's economy; and provide with appropriate investment structure for remittance investment to help the future of Nepalese economy and development.

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