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IMPACT OF RECRUITING AGENCIES ON INTERNATIONAL LABOUR MIGRATION IN NEPAL

And its Subsequent Effect on Nepalese economy

Dissertation submitted by

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in partial fulfillment of the requirements for the degree of

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Abstract

The Masters research investigates two major issues. First the role of recruitment agencies and their agents in Nepalese economy and second the pattern of international labor migration in different districts and its possible causes. The first part of the study is primarily qualitative in nature and the second part of the study is primarily quantitative. The research starts with the general study of the importance of remittance on Nepalese economy followed by a detailed study of the role of recruiting agencies and the agents in the process of international labor migration. The study finds out that recruiting agencies play an essential role in the entire process of labor migration from the very beginning till the end. Moreover, the study also finds out that recruiting agents not only assist agencies in the process of labor migration but help to create a chain migration reaction adding new prospective migrants for foreign employment. The quantitative part of the thesis studies the correlation between the number of recruiting agents and the rate of migration so as to study the impact of recruiting agents in the process of migration. Likewise, the relationship between the poverty rate and the rate of migration is also studied through statistical analysis in the later part of the study. It has been found out that though the registered recruiting agents have no significant effect on the rate of migration due to their negligible number when compared to unregistered agents, the rate of poverty has negative effect on the rate of migration in Nepal. The theoretical framework of the research is based primarily on the social capital and chain reaction theory of migration based on which the study answers most of its research questions.

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Introduction

International Labour migration is a global phenomenon today. As migration for foreign employment is becoming more and more common in both developing and developed economies of the world it is also emerging as one of the most fiercely debated topics in academia, in politics and economics. Millions of people from around the world (especially from the developing countries) are migrating to different parts of the world for seeking better employment opportunities and facilities. And Nepal is not an exception to this phenomenon. In last few decades, the remittances sent back home by Nepali have emerged as one of the strongest factor for reducing the poverty in Nepal. Nepal's economy has been sustained by remittance for more than a decade now (World Bank, 2013a). currently Nepal is third among the economies receiving the highest proportion of remittance in terms of total GDP in the world (Karoobar Daily, 2013) and the first among the South Asian countries, with the country receiving remittance worth 25 percent of GDP in 2012 (World Bank, 2013a)

Nepal's foreign employment industry has already become one of the largest service sectors in the country employing more than 15,000 people in formal and informal sectors and being able to send an estimated number of 400,000 people abroad for work every year. (Nicholson et al, 2014) At present, remittance is the largest foreign exchange earner in Nepal and it exceeds the sum of tourism, foreign aid and export earnings (Shrestha, 2008).

According to ILO report (2012), Nepal adds 300,000 active labour force in the economy every year. But the slow development of agricultural sector and the shrinking area of agricultural land due to rapid urbanization in the country, the agricultural sector has not been able to absorb the new active population joining the economy every year. (World Bank, 2013b) Due to this situation migrating outside of Nepal for work has been proven to be more remunerative than being involved in agricultural sector. Moreover, the shrinking size of the agricultural land coupled with the growing population makes it difficult for many rural families to sustain on their agricultural output for more than half a year. In addition, Nepal's industrial and service sector has not developed enough to absorb the growing labour force. And the little that has developed suffers from severe competition

from the technologically advanced neighbors, India and China. So, remittance sent home by those working abroad has been sustaining the country's ailing economy for over two decades now. (ILO, 2004)

Despite, the significant contribution made by the remittance in national economy, the sector continues to be neglected by policy makers and planners. Given, such a big segment of national economy depends on remittances from migrant workers the government of Nepal has not come up with any specific plans to facilitate the process of international labour migration. Not much has been done to raise the awareness regarding the process of migration nor much in the process of training and mentoring. The government of Nepal has so far signed few bilateral labour agreements and memoranda of understanding (MoUs) with the host countries. (Sijapati & Limbu, 2012)

The international labour migration in Nepal at present is largely controlled by the government registered private recruitment agencies commonly known by the name 'Manpower Agencies'. (Seddon, 2005) These recruitment agencies are the private government registered institutions under the foreign employment act, 1985 & 2007 of Nepal for the purpose of carrying out foreign employment business in Nepal (Government of Nepal, Foreign Employment Act 1985 & 2007) Most the issues relating to labour migration ranging from recruitment to salary & allowances to security & leave are handled by these private recruiting agencies in Nepal with consultation with the foreign employers abroad. Government doesn't play much role here. The foreign employment sector which has emerged as one of the largest sectors of Nepalese economy is thus, fully controlled and managed by the private agencies in Nepal. Though there are some checks and balances from the side of government in place like setting the minimum wage for workers in different countries¹, setting the maximum limit for service charge for recruiting agencies² & making issuance of labour permits mandatory for leaving the country for work, government of Nepal has been criticized for being inactive in the process. So, the aim of this

¹ Department of Foreign Affairs, Nepal < http://www.dofe.gov.np/uploads/document/Minimum%20Salary%20Qatar_20120523073230.pdf>, accessed 10 July 2014.

² Department of Foreign Affairs, Nepal < http://www.dofe.gov.np/uploads/document/lagat%20kharcha_20120523072604.pdf>, accessed 10 July 2014.

research is to look into the role of recruiting agencies in promoting and facilitating the labour migration from Nepal and its subsequent impact on national remittance and national economy. Furthermore, the research will look into the distribution of international migrants in Nepal and will try to study the effect of recruiting agencies and their agents on the migration.

Recruiting Agencies - Operational Definition

For the purpose of the study, we define recruitment agencies as any government registered private agencies that work as an intermediary between a foreign organization looking to employ someone and an individual who is looking for a job abroad. The task of these recruiting agencies can range from disseminating information regarding foreign employment to preparing necessary documents to providing loans necessary during the process of moving from the country of origin to the country where foreign work is located. We will take into account only those formal agencies that are classified as license holder institutions by foreign employment act of Nepal 1985 and 2007. Foreign Employment Act (1985 & 2007) of Nepal classifies recruitment agency as any license holder institution intending to carry on the foreign employment business who has completed all the necessary legal procedure along with the license fees and security deposit.

History of Recruiting Agencies in Nepal

The history of recruiting agencies in Nepal dates back to the first foreign employment act of Nepal in 1985. It was only after the approval of 'Foreign Employment Act, 1985' in Nepal that the government officially acknowledged the role of private institutions in foreign employment in Nepal. It was also after this act that the government of Nepal officially recognized the potential value of foreign labour migration outside of Indian subcontinent. (Sheddon, 2005) Since the approval of foreign employment act in the year 1985, private recruiting agencies have been working to assist Nepalese workers abroad for work. And the area of work of these recruiting agencies have expanded substantially ever since both geographically as well as functionally.³

³ Gandaki Overseas Concern Pvt. Ltd. < <http://gandakioverseas.com.np/history-of-manpower.html>>, accessed 12th July 2014.

The Problem

Despite the huge amount of remittance poured in by migrant workers in Nepalese economy (which amounted to NRS 434,581.7 million equivalent USD 4632.2 million in the fiscal year 2012/13), (Nepal Rastra Bank, 2014) the foreign employment sector in Nepal is largely controlled by the private sector. Remittance holds great significance in Nepal where about one fourth of the population lives below the poverty line. Foreign employment has been the only way out for those who have limited employment opportunities in their home countries. But the Nepalese government has not been able to give much attention to the foreign employment sector. Nothing much has been done so far from the government's side to facilitate the process of migrating abroad for work and to ensure the basic rights and security of the migrants in the host countries. Very recently the government has defined the minimum wage for different host countries which will prevent recruiting agencies to send the workers below the specified threshold but due to poor regulation from the government's side, the workers are still being sent to work abroad below the legal range. So, clearly, there is a need for the more government supervision over the work of private recruiting agencies. But the important question arises here - Will more government regulation in the process of labour migration slow down the process of labour migration making it more difficult for both the workers and the recruiting agencies in the process of migration? Is there a tradeoff between the strictness of regulation and the recruiting agencies ability to send workers abroad? How can government of the origin country keep an eye on the recruiting agencies at the destination countries over whom they have no sovereign control?

Moreover, it is not just the matching to workers with the job that recruiting agencies do. Most of the issues relating to labour migration ranging from salary to security to allowances and leave are handled by these private agencies. The government's role in this process has been as limited as to issuing labour permits that allow them to pass from the national immigration checks. Along with the task of matching workers with the suitable jobs, these private agencies have also been actively involved in the process of finding new job placements for workers, negotiating the salaries, bonuses and other facilities with the companies and agents abroad. Likewise, these agencies also provide the necessary

trainings for the work, run language courses and provide cultural and life skill trainings for the potential workers. Recruiting agencies not only help workers find job abroad but also employ thousands of people within the country. Currently an estimated number of 15,000 people work with different recruiting agencies in formal and informal sectors in Nepal. (Nicholson et al, 2014)

But in spite of all these fact and figures not only foreign employment sector and the role of recruiting agencies have been neglected by the government of Nepal but it has also been neglected by the academia. Not much has been written about the importance of recruiting agencies in Nepalese economy. Moreover, no significant research studies have been conducted so far to explain the relationship between the recruiting agencies and the growing number of people migrating abroad for work every year.

Thus, this research tries to fill this gap in academia and tries to establish the role of recruiting agencies in Nepalese economy. Moreover, the thesis research will try to study the possible role of Nepalese government in the process to answer the question - Is there a tradeoff between the strictness of regulation and the recruiting agencies ability to send workers abroad?

Last but not the least, the research will also look into the distribution of migrants in Nepal and study the impact of recruiting agencies and recruiting agents on it and will try to put forward the possible explanation for the migration pattern.

The Research Question

The questions that the research will try to address are:

- What is the role of recruiting agencies and their agents in international labour migration from Nepal and what is its subsequent effect on Nepalese economy?
- Does the presence of recruiting agents in different districts of Nepal effect the distribution of international migrants?

Research Objective

- To carry out in depth study of the roles performed by the recruiting agencies in foreign labour migration in Nepal.
- To study the role of recruiting agencies in Nepalese economy
- To study the impact of recruiting agents in the distribution of international migrants in Nepal.

Research Hypothesis

H1: Recruiting agencies and recruiting agents play positive role in the national economy of Nepal

H2: In comparing different districts in Nepal, those districts with higher number of recruiting agents will have higher percentage of migrants than those districts with lower number of recruiting agents.

H3: In comparing the different districts of Nepal, the districts with higher rate of poverty are likely to have higher percentage of population migrating abroad than those districts with lower rate of poverty.

Literature Review

International migrant remittances have become an important source of external finance in developing countries. In nominal dollar terms, recorded remittances sent home by migrants from developing countries grew from US\$30 billion annually in the early 1990s to US \$325 billion in 2010 (World Bank, 2011) and to a staggering \$404 billion by the end of 2013. (World Bank, 2014 April). But the recorded amount of remittance, however, is only a measure of the transfers made through the official channels. Econometric analysis and available household surveys suggest that the unrecorded flow of remittance can be as high as 50% of the total recorded sum. Taking the estimated unrecorded sum of remittance into the equation, the true size of global remittance will turn out to be larger than the foreign direct investments and more than two times the size of official aid poured into the developing countries. (Pant, 2008)

Nepal is not an exception to this global phenomenon. Labour migration is one of the biggest exports of Nepal and remittance the biggest import. The scale of migration and remittance in Nepal is staggering. It is estimated that almost 50% of the Nepalese household have at least one migrant abroad. The Nepal Migration Survey, 2009 puts the number of Nepali migrants working abroad at 2.1 million. (World Bank, 2011) Nepal's economy has been sustained by remittance for more than a decade now (World Bank, 2013). Nepal is the country receiving the third highest proportion of remittance in total GDP in the world and the highest in South Asia. (Karoobar Daily, 2013)

Foreign labour migration has now become an intrinsic part of life for majority of Nepalese households. It has not only been a matter of economic debate in the country but has also developed as a major social, political and cultural agenda in national politics. Along with that it has become a source of lucrative business for those involved in sending workers abroad. (Sijapati and Limbu, 2012) Foreign labour migration, hence, has multidimensional implications to not just migrant workers and families but also to foreign employment businesses. (ibid.)

Migration principally through remittances can be an important motor for poverty reduction and growth in developing nations (Lucas, 2005). Remittances by both male and female migrants have become the most stable source of foreign assistance for their home countries (Ramirez et al., 2005) as it often helps smoothen consumption, alleviate liquidity constraints and provide a form of mutual insurance (Omelaniuk, 2005).

Remittance has contributed to significant structural changes in the Nepalese economy in the last two decades. (Seddon et.al, 2001) Remittance has helped sustain Nepalese economy during the decade long conflict in Nepal when the economic activity within the country was stagnant. Labour migration and the remittances sent back to Nepal worked to minimize the economic shocks during the conflict period in Nepal. Labour migration have been found to rise when the country of origin faces a economic downturn due to political conflicts, environmental hazards or financial crisis. In such situation, the increase in labour migration will result into increased remittances which will make up for the foreign currency losses, decreasing consumption and depleted cash flow in the market during the economic shocks thus thereby maintaining economic stability in the country of origin. - (Agunias, 2006) Remittances assist in augmenting national income by providing foreign exchange and raising national savings and investment as well as by providing hard currency to finance essential imports hence curtailing any BOP crisis. (Pant, 2008)

But, though, remittances can be an effective medium to tackle the economic shocks and crisis, Pant (2008) suggests that remittances can have negative impact on the economic growth of a country in the medium and the long run. Remittances induce inflation and effect the tradable sector by increasing the real exchange rate which ultimately reduces the export and increases the trade deficit. It has also been noticed that remittances reduces the labor market participation rates as households are encouraged to live off the easy money that comes as remittance transfers rather than by joining the work market. (Pant, 2008) Moreover, remittances' contribution to poverty reduction and economic growth might decrease the incentives of the governments to carryout institutional reforms. (Kruse and Sapkota, 2013)

History of Labour Migration in Nepal

Nepal has a long history of labour migration. For more than 200 years, Nepali men and women (though the number of women was negligible) have been leaving their homes to seek employment abroad, especially India. Nepalese citizens who were poor migrated to India because of high taxation, institutional repression from the state, coercive labour during the wars and exploitation from the autocratic regimes. These migrations occurred long before the first documented mass scale recruitment of Nepali citizens to British-Indian armies. (ILO, 2004) But the migration to India for work or settlement were undocumented because of the open boarder and because no any documents were necessary for Nepali citizens to get job in the Indian Territory.

The first documented labour migration of Nepali citizens dates back to the First World War where more than 12,000 Nepalese soldiers fought from the British side. Likewise, when political relations with the British government in India changed, the Nepali government began to encourage large numbers of Nepalese to migrate for work in what was then the British-Indian army. By World War II, around 20% of Nepal's economically active males were employed by the British-Indian army. (ILO, 2004)

It was only after the introduction of foreign employment act in 1985, Nepalese citizens began to migrate towards Southeast Asia and East Asia in significant numbers. And it was only after mid1990s, labour migration shifted towards to the Gulf region. (Seddon, 2005) After the Nepalese labour migration diversified to the East Asian and Gulf region, the annual work-related emigration to countries other than India increased by 30 times from about 10 thousand in early 1990s to about 300 thousand every year by 2010 (DoFE, 2011 in Acharya & Leon-Gonzalez, 2012). In the early 2000 there was a massive rise in the number of migrants from Nepal which was driven by both push and pull factors - the push factor being the Maoist insurgency in Nepal from 1996 to 2006 and the pull factor being the economic boom in the Middle East and East Asia. (Kruse and Sapkota, 2013) At present more than 400,000 people migrate abroad for work (Nicholson et al, 2014).

Factors Contributing to the International Labour Migration

Though poverty alone can't explain the migration, but it has always been one of the major factors pushing people to opt for foreign employment abroad (Raju and Bagchi, 1993). Though definitions of poverty have traditionally focused only on material and specifically monetary measures of well-being, the key concepts behind poverty have evolved considerably in recent years (Skeldon, 2002). Definitions of poverty have expanded to include the social and psychological burdens of daily survival on the bottom rungs of society. So it is evident that migration can result from poverty, but it is not always the poorest who migrate, because of the costs and opportunities involved.⁴

Long history of structural violence, widespread poverty, and socio-economic inequality lead to the beginning of Maoist revolution in Nepal from 1996. The revolution that began in the rural Nepal soon spread throughout the country killing more than 13000 thousand people and displacing more than 200,000 in ten years time (NRC, 2009). The decade long internal conflict in Nepal fueled the international migration in search for security, better jobs and opportunities. (IFAD, 2012) Another factor that contributes to high rate of international migration in Nepal is the issue of land ownership. Land ownership issue in Nepal is a very contentious issue. Traditionally land ownership in Nepal has been concentrated to few rich feudal lords. The farmers who work in the fields have either no land at all and work in feudal lords' farms or have very limited amount of land. Almost half of the land holdings in Nepal are of less than half hectare in size, and about 70 per cent of households are of less than 1 hectare. (Sharma, 1999)⁵ Due to very limited land holding, most of the families who predominantly depend on agriculture can barely produce food that will last for more than few months in a year. (IFAD, 2012) In such a situation, remittances prove to be a viable source of income for these low-income households in the rural villages. In addition to that, the stagnant growth of industrial and service sector in Nepal (ILO, 2004) has not resulted into new employment opportunities for active population entering the market every year. And these workforce turn to foreign employment sector in foreign countries with better opportunities, higher wages and better

⁴ Omelaniuk, I. (n.d.). Gender, Poverty Reduction and Migration. World Bank (Unpublished)

⁵ Paper presented in WDR-2000 consultation meeting organized by the World Bank, April 4-6, 1999, Dhaka.

standard of living. There are various theories of migration which describes various possible causes and factors effecting the process. Some of the main theories are discussed in the next section below.

Theories Of Labour Migration

There is no single, universal and well-developed theory of international labour migration and every theory of labour migration views the process from completely different perspectives. (Bhattarai, 2005) The theories of international labour migration went through different phases of development from optimism to pessimism and skepticism. After the end of world war II the world witnessed a sudden rise of international labour migration partly due to the momentary decline in direct war in the world and partly due to the increasing number of internal conflicts within states. But there was one particular event that triggered the developmentalist optimism view of international labour migration - the reconstruction of Europe and Japan under the Marshall plan which opened up numerous opportunities for migrants from the developing world. (Price, 1955) Since the 1950's the academic debate on migration has moved back and forth from developmentalist optimism in the 1950s and 1960s, to structuralist and neo-Marxist pessimism and scepticism over the 1970s and 1980s, into a more balanced views influenced by different modern economic theories like economics of labour migration after the 1990's. (Haas, 2008)

International labour migration did not receive much attention in the early 1950's. International labour migration became the victim of growing skepticism and the issue of brain drain was on the rise till the end of 1970's. (Haas, 2008) Migration theorists especially structuralists and Neo-Marxists viewed international labour migration amidst severe pessimism and described the process as the result of structural inequality and the exploitation of capitalists economies over the population of developing world. It was only during the early 1990's that international labour migration was seen as an important feature of developing economies. This interest was undoubtedly triggered by a striking increase in remittance flows. Remittances sent back home by the migrants from the developing world rose from US\$30 billion annually in the early 1990s to an estimated

US\$318 billion in 2007 and to US \$325 billion in 2010 (World Bank, 2011). By the end of 2013 the remittance earnings sent back home by the migrants from developing countries rose to a staggering \$404 billion. (World Bank, 2014, April).

The Neo-Classical Theory of Labour Migration - the optimist view

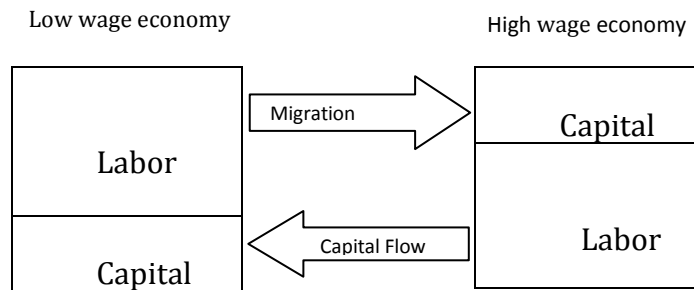
One of the early contributions made to the theory of migration was by nineteenth century geographer Ravenstein (1885) where he described migration as an inseparable part of development, and that the main reason of migration was economic. Later neo-classical economist Michael Todaro reasserted Ravenstein claim and said that migration of labour from rural agricultural areas to urban industrial areas is the prerequisite for economic growth and development. (Todaro, 1969) Neo-classical migration theory perceives migration as a form of optimal allocation of factors of production which ultimately benefits both the origin and host countries.

At the micro-level, neo-classical migration theory views migrants as a rational actors whose movement is based on the cost-benefit analysis so that individuals will ultimately migrate where they can be most earn the highest income or can be the most productive. So, upon full information, neo-classical theorists believe that labour migration will lead to a more productive labour force. (Haas, 2008)

While at a macro level, neo-classical economic theory explains migration by the difference in wage and difference in supply of labour between two regions. The region with low wage but high supply of labour will have workers migrating towards region with high wage and low supply of labour. On the other hand the movement of capital becomes just the opposite. The resulting change due to less scarce labour in the receiving region and scarce labour supply in the sending region will ultimately move the balance towards an equilibrium. The same will happen with the capital. And the model assumes that due to the process of factor-price equalization (See Heckscher-Ohlin model⁶), the resulting difference in the wage between the two regions will slowly disappear thus negating the further incentive for migration. (Haas, 2008)

⁶ Heckscher-Ohlin model < http://www.eco.uc3m.es/~desmet/internationaltrade/slides/eng_HO.pdf>

Figure1. Neo-classical mechanisms leading to equilibrium



Source: Adapted from Haas, 2008

Historical - Structural Theory of International Labour Migration - the pessimistic view

During the 1960's as a reaction to the neo-classical and developmentalist optimistic view towards migration, a new interpretation of migration was put forward by structural and neo-Marxist theorists. (Castles & Miller 2003). According to historical-structuralist theorists migration is the result of the economic and political power inequalities between the developed and underdeveloped countries and that people from underdeveloped economies migrate to the developed economies due to scarce resources and opportunities in these regions. (Haas, 2008) The structural theorists also see the causes of international labour migration as the historically formed macro-structural forces that reinforces capitalism (Morawska, 2012). M. J. Piore (1979) argues that it is the structural power of the developed economies that drives the international labour migration. According to Piore, it is the pull (not push) from the developed economies as a result of the high demand for cheap labour in the developed economies that drives labour migration.

The debate on migration was dominated by historical-structuralism during the 1970's and 1980's. The historical-structuralist view of migration was a very pessimistic approach to understanding the process of migration. Instead of migration to be seen as the prerequisite to development, like in case of neo-classical theorists, migration were considered to be increasing the regional disparities between the economies. Migration was considered to be one of the many manifestations of capitalist penetration and the increasingly unequal

terms of trade between developed and underdeveloped countries (Massey et al 1998:36 in Haas, 2008).

New economics of labour migration (NELM)

During the late 1980's and 1990's the new theory of labour migration emerged as a critical reaction to the neo-classical migration theory which was known as the New Economics of Labour Migration (NELM). NELM criticized the neo-classical theory for being too narrow and individualistic to be able to explain the complex relationship between the migration and development. (Massey et al 1993) NELM saw migration not just as an activity by a rational actor but as a complex process involving the family or the household. This new theory tried to explain migration as more than just individual income maximization process and saw migration as means to share or minimize the potential economic risk. (Stark, 1978 in Haas, 2008) The model assumes that families are more efficient in diversifying their resources (for example: labour force) in order to minimize the potential income risks and that the families spread their labour force not just to increase their income but also to spread and share the risks. (Massey et al 1993)

The remittance income provides insurance to households in case of economic shocks. If a household has mobilized different members to different economic regions, the potential effect of a economic shock gets spread. This risk spreading rationale can explain the occurrence of labour migration even in the absence of difference in wages. (Haas, 2008)

NELM perceives migration also as a strategy to overcome various market imperfections prevalent mostly in the developing economies. According to NELM, households in developing economies are often in imperfect credit and high risk markets. (Taylor 1999) These markets are often underdeveloped and inaccessible to non-elites. And remittances in such cases provide the households with an opportunity to be invest in productive activities and to foster their access to the market. (Haas, 2008)

Social capital & chain migration Theory

Neo-classical theory gives too much emphasis to the wage difference and economic forces in the process of international labor migration. Although, economic factors play an

important as one of the major drivers of migration and though individuals tend to move to the region where the nominal wage is higher, this alone is insufficient to explain the migration pattern of labors. (Salt 1987). This brings us to a different theory which looks into the factors like social networks, geographical proximity and historical and social factors. (Haas, 2008)

When an individual migrates to a new location a social capital is created for all the prospective migrants who come in contact with that individual. This social capital which can be information or the social network the individual will bring back to the origin which increases the odds of migration to that particular new location. (Massey et al, 1993) In Massey et al.'s argument, social capital is the tool by which chain migration occurs. In the context of migration, social capital refers to relationships, forms of knowledge and skills that advance one's potential migration. This sets off a chain reaction where more and more people choose to migrate to the particular location due to accessible information, community feeling in the destination, kinship etc. (Haas, 2008)

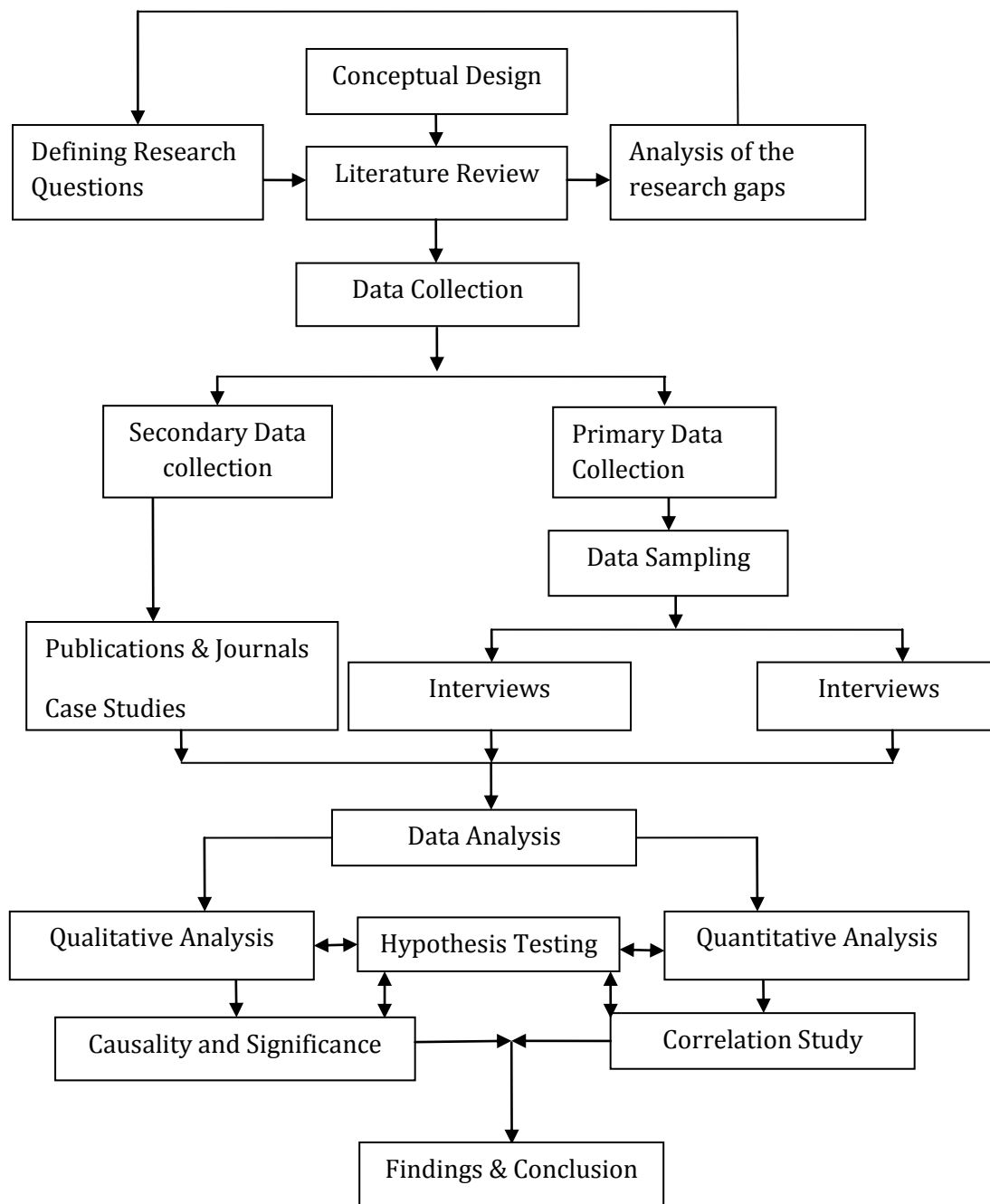
The Theoretical Approach

The research study will focus on the theoretical approach of new economics of labor migration and social capital and chain migration theory. The migration process in Nepal can be better explained by these two theories than any other theories. The process of labor migration has not just been about earning money but also has been about mobilizing the labor force in the households in different economic zones so as to insure the household from any sort of unexpected economic shocks. It is because of these reasons a big number of Nepalese households have more than one active population working in parts of the world. In certain cases though the real wage of migrants workers in India are not so higher than Nepal, they still opt to work there as a contingency plan against possible economic shocks. Likewise, the pattern of international labor migration can also very well be explained through social capital and chain migration theory because the migration follows a certain pattern where people opt to go to those destinations where their relatives or a member of their community have already been to. We will later in a different section

discuss what contributes to this chain migration in Nepal while discussing about the impact of recruiting agents in the migration process.

Research Design & Methodology

Figure 2. Schematic representation of the research design



Source: Author

The figure above (figure 2) is the schematic presentation of the entire design of the research. The research begins with the definition of the research problem and research question which is followed by a comprehensive literature review of international migration pattern in Nepal, significance of international labour migration and remittance in Nepalese economy followed by different international migration theories that helps to explain the process of migration in Nepal in general. With the investigation of the inherent research gaps in the literature through review of the existing literature the research hypothesis and questions are further defined.

After the comprehensive literature review, the next step in the research process is the data collection. The research will make use of two kinds of data: Primary data – collected through face-to-face interviews with government officials, migrant workers and the representatives of recruiting agencies based in Kathmandu & Secondary data – collected through study of reports, journals and publications and case studies. The next step in the research design is the analysis of the collected data and information. The study will perform both the qualitative and quantitative analysis of the data. Under quantitative analysis, the research will try to study the correlation between the number of recruitment agents in different districts of Nepal and the rate of migration in the respective district. Likewise, under the qualitative analysis, the research will try to explore the role recruitment agencies and agents play in international labour migration and subsequently in Nepalese national economy.

Methodology

The study will look into two fold research questions where the first part will be to study the role played by the recruiting agencies in national economy of Nepal. For this study the research will first establish the role of remittance on the Nepalese national economy followed by the role of recruiting agencies in the international labour migration and inflow of remittances. The research will primarily base its analysis on the data collected from the secondary sources like, published researches, research reports, books and newspaper articles. It will also base its analysis on the primary data collected from the different government agencies and face to face interviews conducted with the government officials, migrant labours and recruiting agencies representatives. The second part of the analysis

will be done to study the pattern of labour migration in Nepal where relationship between the number of recruiting agents and rate of migration and rate of poverty and rate of migration will be studied. For this purpose the study will run statistical tests of the data collected from the department of foreign employment in Kathmandu.

The study has three major hypothesis

- Hypothesis 1 - Recruiting agencies and recruiting agents play positive role in the national economy of Nepal

First Dependent Variable (DV1): Recruiting agencies and their agents

First Independent Variable (IV1): National economy of Nepal

As mentioned above, in order to study the impact of recruiting agencies in national economy of Nepal, in the first stage, the research will first briefly study the impact of remittances in Nepalese economy. In the second phase the impact of recruiting agencies and their agents in international labour migration and inflow of remittances will be established.

- Hypothesis 2 - In comparing different districts in Nepal, those districts with higher number of recruiting agents will have higher percentage of migrants than those districts with lower number of recruiting agents.

The second hypothesis will only try to study the impact of recruiting agents, and not the recruiting agencies, on pattern of international labour migration in Nepal because - (i) recruiting agencies are only allowed to register and conduct their activities from Kathmandu so their presence is technically not documented outside of Kathmandu & (ii) recruiting agents are actually the contact point in different parts of Nepal for the recruiting agencies who are based in Kathmandu.

Second Dependent Variable (DV2): Rate of migrants

The rate of migrants is calculated by dividing the total number of international migrants from each district by total population of the district multiplied by 100 percent.

Rate of Migrants = $(\text{Total number of migrants} / \text{Total population}) \times 100 \%$

Second Independent Variable (IV2): No. of recruiting agents

- Hypothesis 3 - In comparing the different districts of Nepal, the districts with higher rate of poverty are likely to have higher percentage of population migrating abroad than those districts with lower rate of poverty.

Third Dependent Variable (DV3): Rate of migrants

Third Independent Variable (IV3): Rate of poverty

Central Bureau of Statistics (CBS) Nepal during the Nepal Living Standard Survey of 2011 fixed the national poverty line at NRS 19,261 (approx USD 256) per person per year. (The Himalayan Times, 2011 October) So any individual living with less than USD 256 a year will be categorized as living below the poverty line. So, in the study the rate of poverty for each district is calculated by dividing the number of people living below the national poverty line by total number of people multiplied by 100 percent.

Rate of Poverty = $(\text{Total no. of people below poverty line} / \text{Total population}) \times 100 \%$

Testing this hypothesis is an attempt to study the effect of poverty on rate of migrants. In order to make sure that it is the rate of poverty that is causing an effect on migration in our study and not the opposite (i.e. it is not the case that the higher rate of international labour migration has indeed reduced the rate of poverty in the districts) we have taken the rate of poverty data from the year 2011 and have collected the migration data only from 2011 till 2014 January which will prevent minimize the chances of our dependent variable actually having an effect on our independent variable.

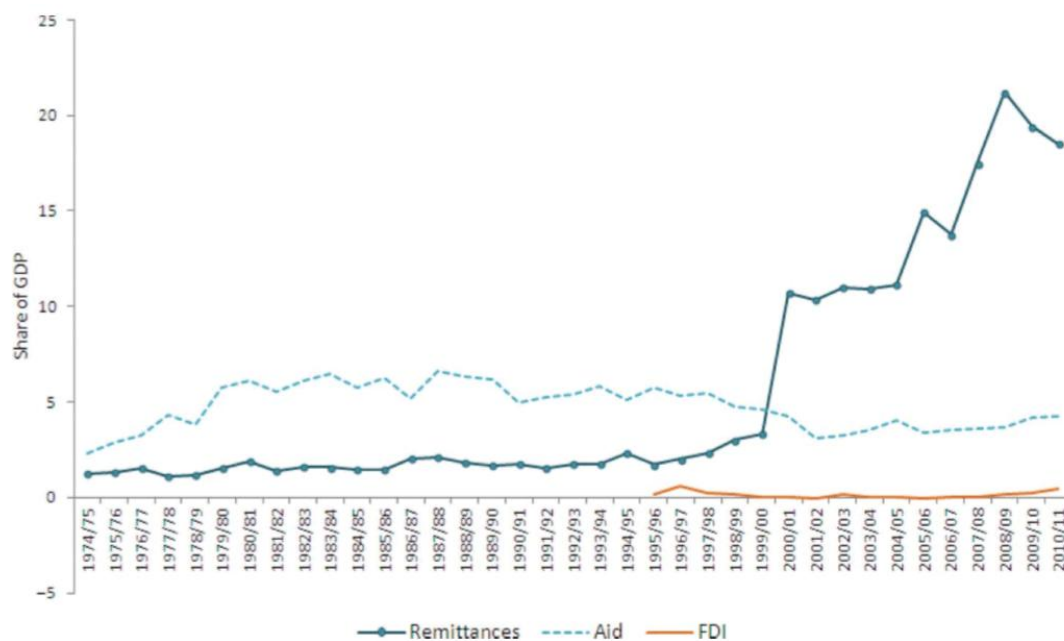
Findings and Analysis

The role of remittance in Nepalese Economy

The remittance's potential to reduce economic vulnerability and decrease the grass-root poverty has been proven to be substantial in case of Nepalese economy. Remittance help reduce poverty by directly contributing to the household's expenditure capacity and thus smoothing consumption. It also helps investment in the new sectors through utilization of resources and expertise of migrant diasporas (Ratha, Mohapatra, & Scheja, 2011).

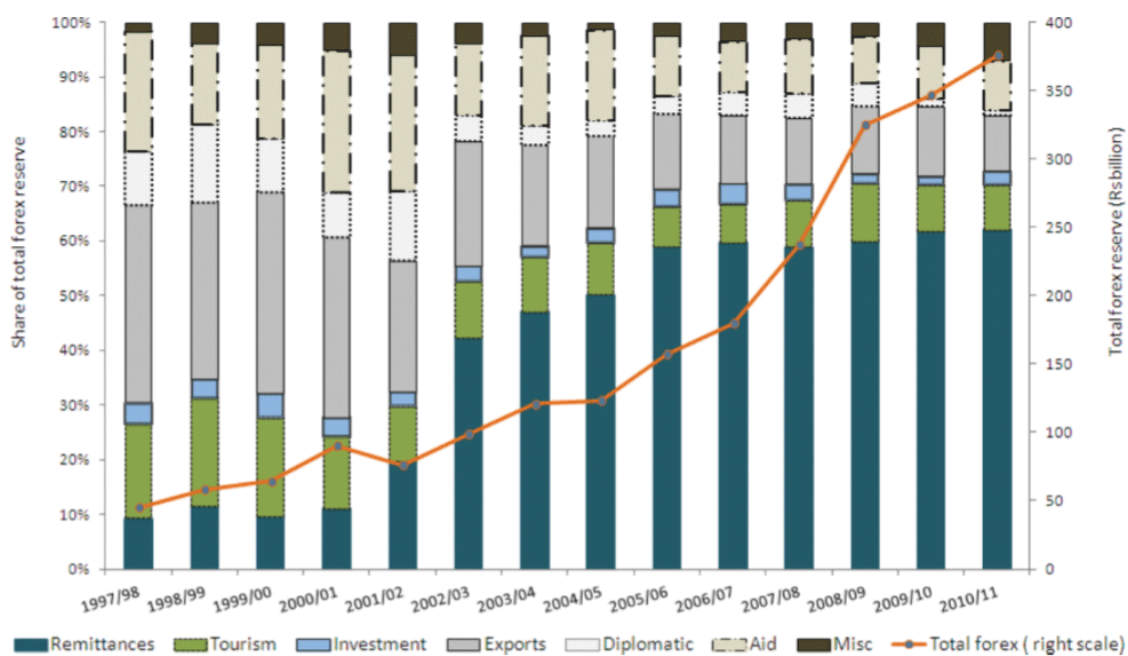
Remittances have been an important source of foreign currency for more than five decades now and is currently the largest foreign currency earner in Nepal which exceeds the sum of tourism, foreign aid and export earnings. (See figure 3) From the figure 4 it is evident that the share of remittance in the foreign exchange reserve of Nepal has been rising every year since 1997/98 from mere 9% to over 62% in the fiscal year 2010/11. Despite diminishing export and increased trade deficit in the year 2010/11, remittance sent to Nepal minimized the shock and, the external current account shifted to a sizeable surplus—facilitating an increase in Nepal Rastra Bank (NRB) foreign exchange reserves. (International Monetary Fund, 2012)

Figure 3. Share of Remittance, Foreign Aid and FDI in Nepal (as percentage of GDP)



Source: Sapkota, 2013, pp. 1321

Figure 4. Remittance's contribution to foreign exchange earning



Source: Sapkota, 2013, pp. 1321

At present, Foreign employment industry is one of the largest sectors of economy in Nepal giving employment to an estimated 15,000 people in formal and informal sectors within the country and sending more than 400,000 people abroad for work every year. It is estimated that every second household has sent a person abroad for work at some point. (Nicholson et al, 2014)

A study conducted by the Asian Development Bank shows that between 2003 and 2010 increased food prices and non-food prices raised poverty rate by 5.15 % and 1.09% respectively. But at the same time the raise in income of the poor households (especially driven by the remittances) decreased poverty by 14.86%, leading to a net decline in poverty by 7.61% (ADB, 2012)

From the table below, (see table 1) we can see that in the fiscal year 2010/11, 55.8 % of the Nepalese households received remittances in Nepal which rose from 23.4% in the fiscal year 1995/96. The nominal average amount of remittance per household during the same fiscal year amounts to NRS. 80,436 (approx. USD 1,117) and NRS 9,245 (USD 128.4) In a country with a nominal per capita household income of NRS 202,374 (Central Bureau of Statistics, 2011) the share of remittance accounts for more than 39%. The per capita household remittance send to Nepal in the fiscal year 2010/11 alone exceeds the total per capita income of an average household in Nepal in the fiscal year 2003/2004 (See table 1).

Nepal received NRS 434,581.7 million (USD 4632.2 million) in remittance in the fiscal year 2012/13. (Nepal Rastra bank, 2014) This contribution of remittance in Nepalese economy is not only significant in its absolute terms as a major earner of foreign currency but is also significant in its distribution pattern. The distribution of remittance, according to International Monetary Fund country report (2012), is considerably more equal and evenly scattered among low income households in Nepal than the distribution of National wealth. More than half of the reduction of grass-root poverty in Nepal in the last twenty years can be directly attributed to the remittance income (International Monetary Fund, 2012). remittances thus are the most viable and realistic hope for a inclusive growth and reduction of poverty in Nepal.

But it is also important to remember that though labor migration has brought about many economic benefits to the nation, remittance also comes with a price. Though the focus of Nepalese government has only been on the economic impact of remittance, it has also been crucial for the government to pay heed much serious issues of labor migration like human rights of workers, security, minimum living standards recently revived by the issue of human rights violation in Qatar, in the Guardian's news feature - Qatar's World Cup 'Slaves' (The Guardian, 2013 September)

Table 1. Share of Remittance in Nepalese Households

Description	Nepal Living Standards Survey		
	1995/96	2003/04	2010/11
Percent of all households receiving remittances	23.4	31.9	55.8
Nominal average amount of remittance per recipient household (NRs.)	15,160	34,698	80,436
Share of remittances in total household income among recipients	26.6	35.4	30.9
Nominal per capita remittance received for all Nepal (NRS.)	625	2,100	9,245
Nominal total amount of remittance received (million NRS.)	12,957.8	46,365.5	259,088.5

Source: Central Bureau of Statistics, 2011.

The role of Recruiting Agencies in Labour Migration

The demand for foreign workers in the growing economies in the middle east and east Asian nations has been very high since the economic boom during the 1980's (Kruse and Sapkota, 2013). Within this growing labour demand in the market, private recruitment agencies fulfill an important role — bridging the gap between employers or sponsors and prospective migrants. Recruiting agencies have been doing the work of matching Nepali migrants to jobs abroad since the formulation of foreign employment act of Nepal in 1985. (Seddon, 2005) The task of recruiting agencies in Nepal has not just been limited to assisting Nepali workers to find jobs in foreign countries but they have been working to train and prepare Nepali workers for the possible jobs abroad. Some recruiting agencies even provide loan to migrants willing to go abroad for work. These recruiting agencies guide and prepare the migrants through complex immigration policies, prepare necessary documents, provide necessary information and match them with the employers in distant locations. (Agunias, 2006) In this way recruiting agencies assist the process of international labor migration of workers from Nepal to foreign countries thereby contributing to increase the remittance income of the country.

There are currently 800 registered manpower agencies (Department of Foreign Employment, unpublished data). It is estimated that \$710,000 is paid to these agencies per day by migrant workers (a total of around \$260 million per year) (Adhikari and Gurung, 2011), with a portion of this going towards paying for costs such as commissions to agents in receiving countries, advertisements in newspapers, taxes, air tickets etc. (Gurung, 2004).

Despite private recruitment agencies' prominent role in the labour migration process, the incidences of fraud by these recruiting agencies are also very high in Nepal. Though government of Nepal has come up with new provisions and legal instruments under the foreign employment act, 2007 like putting cap on the amount of money that can be charged from prospective migrant workers for various countries, defining minimum wage for different popular destination countries, due to lack of enough monitoring, the incidences of fraud has not been decreased substantially. The government statistics show that a total of 2,305 fraud cases have been registered at the Department of

Foreign Employment in the first 11 months of the 2013/14 fiscal year. (The Himalayan Times, 2014 June) There is a need of a consensus based policy measures to be taken at both the origin and destination countries in order to monitor the activities of these recruiting agencies because recruiting agencies in the origin countries also depend upon the recruiting agencies in the destination countries for commissions, salaries, bonuses and many more. (Agunias, 2013)

It has already been established that recruiting agencies play a pivotal role in the process of international labour migration of Nepalese workers. Based on the studies, it can be argued that without these agencies (and their agents - see below for details) labour migration at the current scale would not have been possible. At the same time it is also evident that if these agencies are left unregulated, they could abuse their position to extract more money from the migrants. So, there is a need for striking a balance between regulation and independence of these agencies so as to minimize the incidences of fraud while at the same time maintain the smooth running of the activities of these agencies.

But regulating the work of recruiting agencies is not the answer to all the problems. There is another actor in the game which has a huge influence over the process of international labour migration in Nepal. Studies suggests that around 50% to 80% of migrants in Nepal go through the recruiting agents at one point during their time from job search to placement. (ILO, 2008) Below we will discuss the role played by these agents in the migration process and what can be done to regulate them.

Role of Recruiting Agents in Labor Migration

The spread of the reach of recruiting agencies in Nepal was further fostered by the Foreign Employment Act, 2007 which opened up a provision for the recruiting agencies to register agents on their behalf in different parts of Nepal who would work as the contact point for the recruiting agencies based in Kathmandu. This new provision has spread the network of recruiting agencies in Nepal helping to recruit more people for foreign employment abroad. (Department of Foreign Employment, 2007)

Currently there are 335 agencies registered under different recruiting agencies (Department of Foreign Employment, unpublished data) but estimates suggests that the number of unregistered agents in Nepal ranges from 20,000 to 80,000 operating around the country in towns, villages and districts (Jones and Basnett, 2013) The unregistered agents are often friends, family members or community member of the prospective migrant worker. In most cases these agents are also former migrant workers or relatives of the migrant workers which makes them more accessible to the information on foreign employment in the country they have already been or one of their family member have been. It is because this privileged position of these agents, they are entrusted to find a suitable work for migrants abroad. (Nicholson et al, 2014) And it is because of this very fact most of the agents induce migration to the region they or any of their relatives have already been setting off a new chain reaction (as discussed in the chain migration theory). So, the presence of thousands of recruiting agents in different parts of Nepal not only assists in the process of labor migration of a prospective migrants but in fact triggers a chain migration reaction which encourages people to migrate to destinations the agents have previously been to or are familiar with, thus adding substantially to the overall number of migrants.

These agents work as a contact point for the recruiting agencies located in Kathmandu and work to recruit potential migrant workers from different parts of the country. But it is always not the case that these recruiting agents work for the agencies in Kathmandu. According to the ILO report (2008) many of these recruiting agents work informally directly for the recruiting agencies located in the host countries and as informal recruiters for agencies located in New Delhi. Like recruiting agencies, the informal recruiting agents also facilitate the process of migration by obtaining necessary documents, filling applications, organizing travel to Kathmandu or elsewhere though majority of these agents have no legal status and are not registered or regulated (Gurung, 2004).

Due to no legal status of these agents very little is known about them but studies suggest that 50% to 80% of migrant workers travel abroad through these agents at one point. (ILO, 2008) Likewise, manpower agencies rely on agents to identify new recruits and handle in-person arrangements with recruits, and may use 20 to 50 different registered/unregistered

agents at a time. (Nicholson et al, 2014) In addition to the service provided by these informal agents as information point and bridge between the origin and recruiting agencies in Kathmandu or abroad, the work has also provided source of income to thousands of agents around the country. Prospective migrant workers hand over large sums of money, to their agents who handle all pre-departure arrangements. This money not only covers the agency fees and other legal costs before departure but also covers a descent to large cuts for these agents. (Nicholson et al, 2014) It has been suggested that the average monthly earnings of a low-level agent is around \$8,000 per year, with higher-level intermediaries taking around \$24,000 (Amnesty International, 2011).

Regulation of recruiting agents

Due to unregistered status of most of the recruiting agents working in Nepal, it is very difficult to control their activities or bring them to charge in case of any misconducts. These agents are often associated with widespread misconduct both pre- and post-departure. As they have no legal status there are also reported cases of agents collecting money from prospective migrant workers and disappearing. Many overcharge high recruitment fees (more than the government threshold or the sum required by the agencies) and keep the margin, leading uninformed migrant workers to a higher debt. There are agents who even work without any recruiting agencies and illegally recruit migrant workers and send them to work in less than ideal living conditions of work or not send them at all thus disappearing with the money from the workers.

The unregistered nature of agents have also benefited recruiting agencies in many cases. These unregistered agents are often used as a shield by the manpower agencies in case of misconducts so that manpower agencies are not held accountable as the agencies simply blame the agent (who are not registered under the agency's name) for any misconduct that occur and claim they were unaware of the agent's activities. (Nicholson et al, 2014) Policies measures should be taken to monitor the activities of recruiting agents in the country. The process of monitoring only becomes easier if the agents are documented and registered. Thus, government should encourage the recruiting agencies to bring more of their agents under the legal framework. Moreover, the legal requirement of depositing NRS 200,000 for

getting registered should be minimized so that more agents could afford the cost and get registration under department of foreign employment. Last but not the least, government with the help of recruiting agencies should run awareness programs through social media, print and electronic media about the possible fraud and misconduct in the foreign employment sector. It is also important that the prospective migrants know about the government set service price for migrating abroad and government specified legal minimum wage in different destination countries under which recruiting agencies can't recruit migrant workers.

The pattern of Labour Migration in Nepal

When we look at the distribution of labour migration from 2011 until January 2014 in the table below (see table 3.), we can see that only 38334 number of females migrated abroad for work in contrast to 2197457 number of males which accounts for mere 1.18% of female migrants out of the total number.

Studies have suggested that women's remittances have higher socio-economic value and have significant impact on the overall poverty reduction of a household leading to a better quality of life for the entire family. Along with economic return, women migrant workers also bring with them the so-called "social remittances". (Bhadra, 2007) But despite these facts, the percent share of female labour migrants from Nepal seems to be very small. Even when compared to the neighboring states India and Sri Lanka, the percent is very small. Likewise, in the Philippines and Indonesia, female migrants account for more than 60-70% of the total international migration (See table 2.) where as Nepalese female migrants account for a mere share way below 5%.

Table 2. Share of female migrant workers in annual international labour migration, 2006-2010.

	2006	2007	2008	2009	2010
Indonesia	(79.7%)	(78.1%)	(74.3%)	(83.7%)	(78.4%)

Philippines	(60.0%)	(47.7%)	(48.3%)	(52.8%)	(54.5%)
Nepal	(0.2%)	(1.9%)	(3.9%)	(3.4%)	n.a.

Source: Adapted from Asis and Agunias, 2012. **(10)**

Studies have shown that migration and remittances increase the women's ability to independently make life decisions and bring about a positive shift in the gender roles in the society leading to a decrease in violence against women. (Bhadra, 2007) Thus, new programs to incentivize female workers to opt for work abroad might not only help in reduction of poverty in Nepal but also would be important step towards a more equal and inclusive society.

Table 3. District wise Male - Female distribution of foreign labour migrants 2011 - 2014, Jan.

District	Female	Male	Total
Dhanusha	120	122914	122794
Mahottari	156	102898	102742
Jhapa	3311	105642	102331
Siraha	61	92611	92550
Morang	2310	92440	90130
Nawalparasi	825	68919	68094
Saptari	84	62815	62731
Sunsari	1505	62040	60535

Tanahu	369	53199	52830
Chitwan	1012	53664	52652
Rupandehi	593	52806	52213
Sarlahi	521	50696	50175
Dang	412	44706	44294
Syanja	383	42653	42270
Kaski	654	41394	40740
Dhading	820	39443	38623
Khotang	611	37552	36941
Gorkha	642	37436	36794
Panchthar	662	37343	36681
Makwanpur	1768	38021	36253
Ilam	1296	37304	36008
Baglung	225	36139	35914
Udaypur	823	36368	35545
Kavrepalanchowk	1571	34895	33324
Sindhuli	921	34198	33277
Palpa	275	32219	31944
Kailali	274	30900	30626

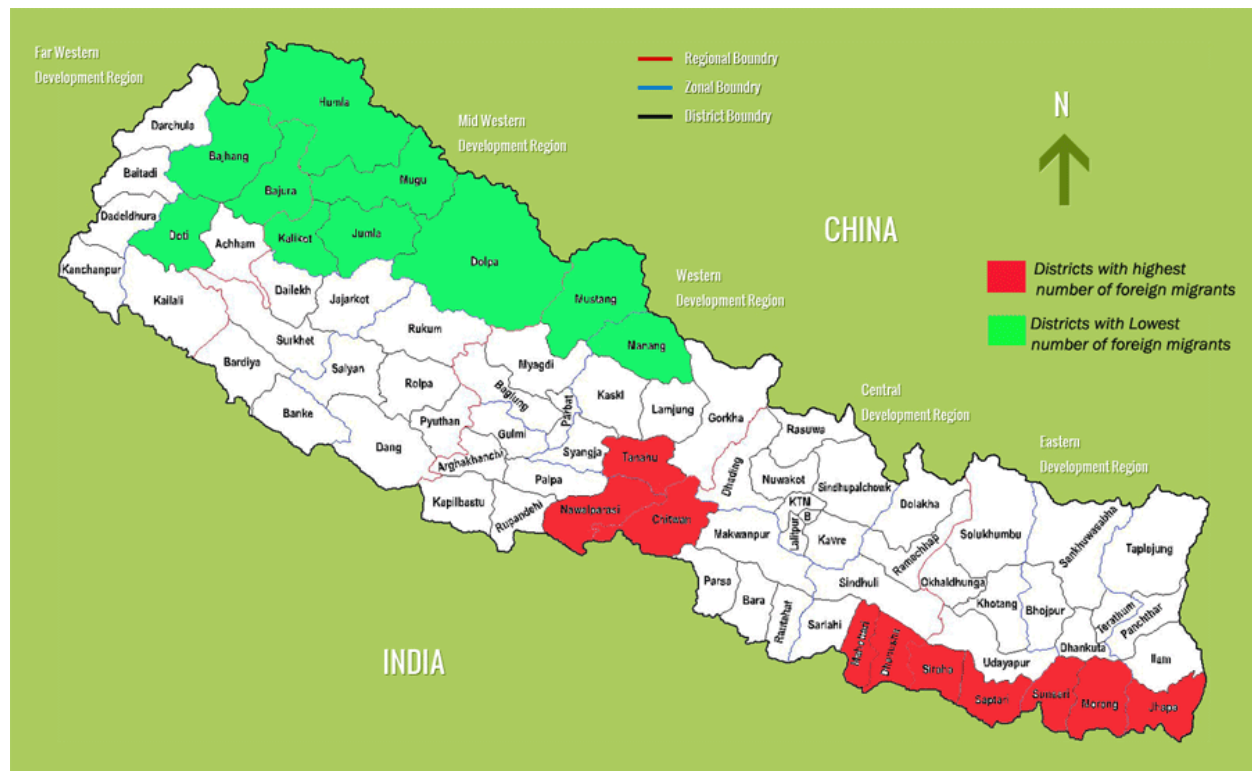
Bara	338	30899	30561
Rolpa	146	30209	30063
Nuwakot	1443	31491	30048
Sindhupalchowk	3404	32643	29239
Salyan	215	29253	29038
Bhojpur	580	29458	28878
Lamjung	363	27837	27474
Rautahat	161	27111	26950
Dhankuta	437	27113	26676
Kathmandu	1552	27979	26427
Gulmi	279	25162	24883
Kapilvastu	182	24998	24816
Sankhuwasabha	343	24781	24438
Parbat	184	22840	22656
Ramechhap	944	23421	22477
Myagdi	265	21138	20873
Taplejung	359	20962	20603
Banke	196	19894	19698
Dolakha	1042	19657	18615

Tehrathum	211	18682	18471
Okhaldhunga	449	18896	18447
Rukum	140	17470	17330
Argakhanchi	172	17487	17315
Parsa	158	17448	17290
Bardiya	228	16067	15839
Lalitpur	534	13654	13120
Kanchanpur	114	12902	12788
Pyuthan	72	12637	12565
Surkhet	113	11674	11561
Solukhumbu	615	9974	9359
Bhaktapur	230	9112	8882
Dadeldhuda	37	6828	6791
Rasuwa	411	5930	5519
Jajarkot	27	5545	5518
Baitadi	7	5448	5441
Dailekh	60	5309	5249
Darchula	14	3716	3702
Acham	14	2085	2071

Bajhang	2	1565	1563
Doti	6	1476	1470
Kalikot	10	1397	1387
Bajura	8	1262	1254
Manang	13	646	633
Jumla	5	596	591
Humla	9	518	509
Mugu	12	520	508
Mustang	24	404	380
Dolpa	2	148	146
Total	38334	2197457	2159123

Source: Author (adapted from the data collected from the Department of Foreign Employment, Nepal.)

Figure 5. Districts with 10 Highest and 10 Lowest number of migrant workers 2011 -2014, Jan.



Source: Adapted from data collected from the Department of Foreign Employment, Nepal.

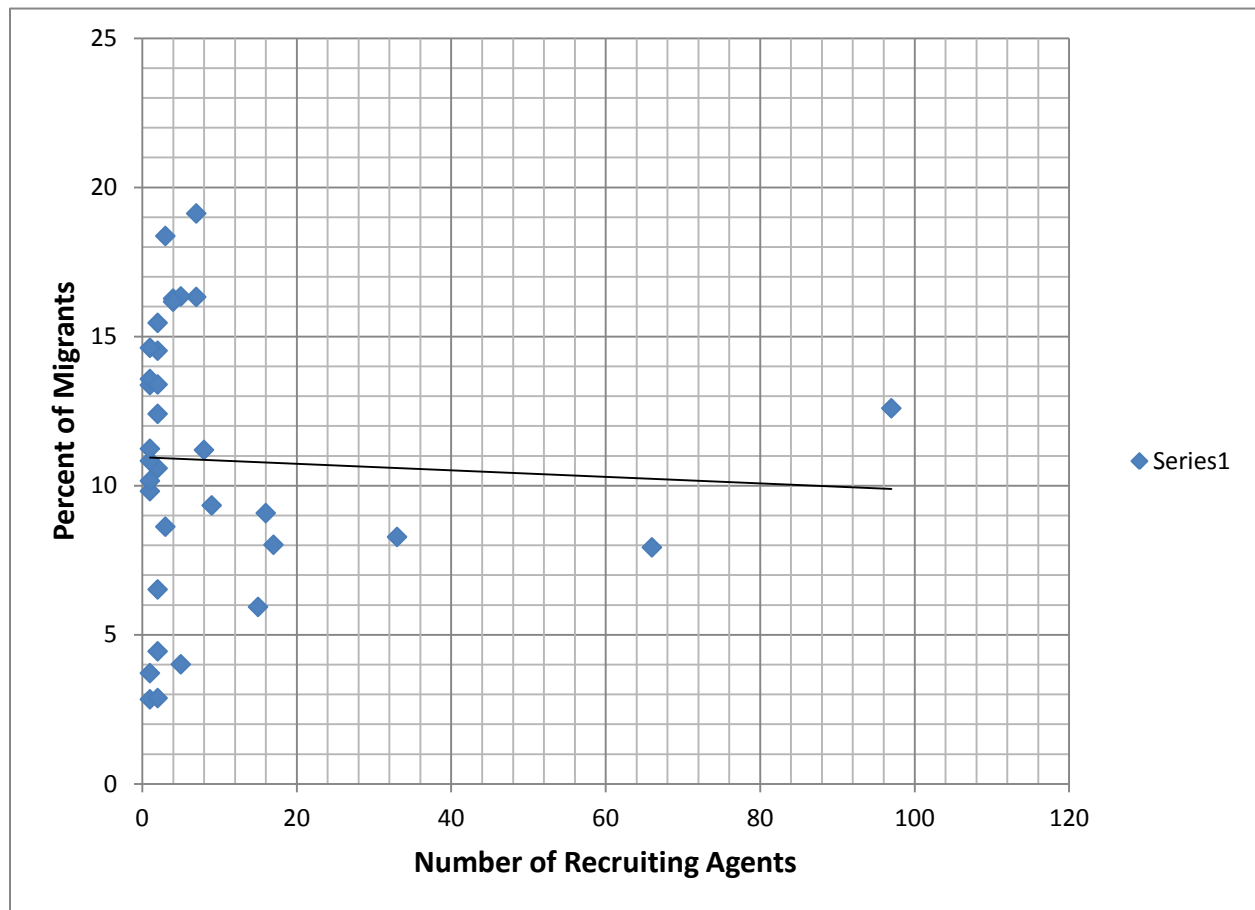
Relations between Number of Recruiting Agents and Migration

According to our hypothesis - "In comparing different districts in Nepal, those districts with higher number of recruiting agents will have higher percentage of migrants than those districts with lower number of recruiting agents," there should be a positive correlation between the number of recruiting agencies in districts and the rate of migrants. When we look at the data collected for 33 different districts (where the official number of registered recruiting agencies is available) and plot it against the rate of migration of the same districts we can see (figure 6) that there is no correlation between the number of recruiting agencies and the percentage of migrants in the districts. Also after the calculations, the correlation coefficient score was found out to be (-) 0.04 which is very low suggesting no correlation between the two variables.

Possible explanation:

The theory of chain migration suggests that recruiting agents present in different parts of the country has a significant impact in recruitment of new candidates for international migration. Qualitative study results also suggests that 50% to 80% of all the migrants go through recruiting agents present in different parts of Nepal. So, there is in fact a strong correlation between the number of recruiting agents in the districts and the rate of migration. But the reason the correlation can't be seen in the statistical analysis is that the unaccounted number of recruiting agents in the study is very high in comparison to the few hundred agents in the study. Registered recruiting agents only represent a tiny fraction of the total number of agents in Nepal and thus can't explain the entire migration process of the country.

Figure 6. Scatter diagram between the number of recruiting agents (IV) & percent of migrants (DV)



Source: Author (adapted from the data collected from the Department of Foreign Employment, Nepal).

Relations between rate of poverty and migration

The research already highlights the relations between the international labour migration and poverty. Raju and Bagchi (1993) asserted that though there are numerous reasons for labour migration poverty has always been one of the major factors. At the same time, it has also be argued that the pull factor from the developed economies is what actually drives international labour migration M. J. Piore (1979). So, the study will look into the empirical data collected to see if poverty (the push factor) contributes to the high rate of labour migration.

Table 4. Cross-tabulation between the Rate of Poverty (IV) & Percent of Migrants (DV)

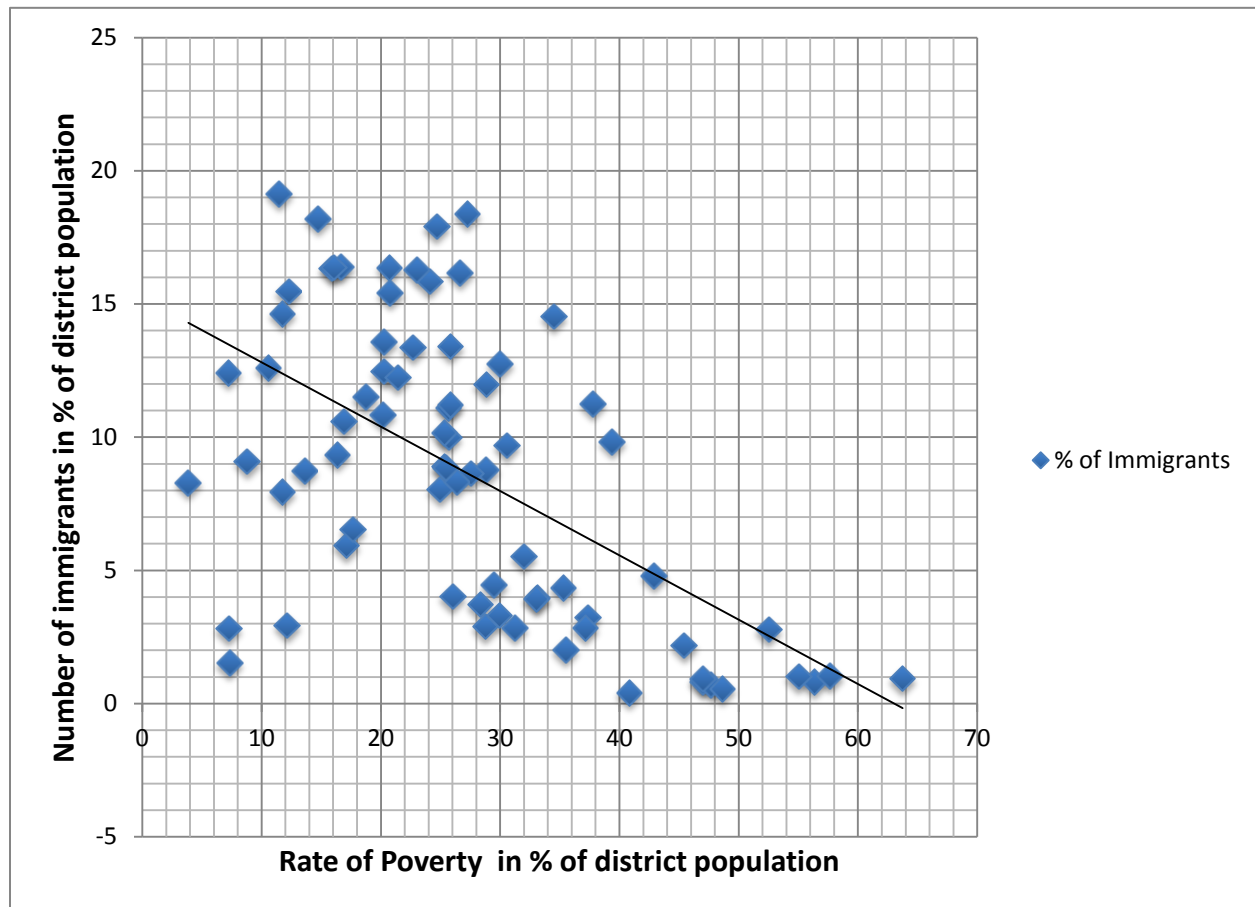
Rate of Poverty	Low	High	Total
% of migrants			
Low	10 (27%)	28 (73.7%)	38 (50.7%)
High	27 (73%)	10 (26.3%)	37 (49.3%)
Total	37 (100%)	38 (100%)	75 (100%)

Source: Author (adapted from the data collected from the Department of Foreign Employment, Nepal.

In the above zero order cross-tab (table 4), we study the distribution of cases across the values of the dependent variable (percentage of migrants) for cases that have different values in independent variable (rate of poverty)

In the table above (see table 4), when we look at the values across the high number of people migrating abroad for work we will see that 73% of the districts with low rate of poverty showed high migration where as only 26.3% of the districts with high number rate of poverty showed high migration. This finding is interesting in a sense that in contrast to the common assumption that poverty is one of the main reasons of international labour migration, the study shows that poorer a district is, it is less likely that the rate of migration work abroad is high. Likewise, when we study the figures for low rate of migration the percent of districts decreases from 73.7% to 27%% as we move from higher to lower rate of poverty. It can be seen from the table that higher the rate of poverty lower is the rate of migration in districts. This finding refutes the research hypothesis that *"in comparing the different districts of Nepal, the districts with higher rate of poverty are likely to have higher percentage of migrants than those districts with lower rate of poverty."*

Figure 7. Correlation graph between the rate of poverty and percentage of immigrants in Nepal (2011-2014)



Source: Author (adapted from the data collected from the Department of Foreign Employment, Nepal).

In the graph above (figure 7) we have plotted the rate of poverty in 75 districts of Nepal against the % of population who have migrated abroad from 2011 onwards. From the graph we can see that on contrary to our hypothesis - that the district with higher rate of poverty will have higher rate of international labour migration. There seems to be negative correlation between the rate of poverty and percent of migrant population.

To support our claim with mathematical data we calculated, the correlation coefficient between the rate of poverty and the % of migrant population which turns out to be (-)0.58 which also implies that there is a moderate negative correlation between the rate of poverty and percentage of migrant population in case of Nepal.

Possible Explanation:

It is evident from the above data that higher rate of poverty in Nepal doesn't necessarily result into higher rate of international migration. One of the possible explanations for this can be the fact that migrating abroad needs money. There is a certain cost that recruiting agencies charge its clients for the service they provide. Though the government of Nepal has put a cap on the maximum amount of money that a recruiting agency can charge for most of the popular destinations from Nepal, (see table 5) in order to prevent the possible fraud from the agencies, the legal prices are in itself very high for a poor Nepali household. Along with that the cost of documentation, issuing passport and booking tickets, all costs money. Many recruiting agencies also provide loans (though usually in high interest rates) to possible migrants during the process of migration and documentation. But poor households who don't have physical assets as a collateral are denied this facility which again prevents them from migrating abroad for work. Likewise, the effect of poverty is not just limited to economic constraints. Many individuals from poor households don't even know about the possibility of foreign work abroad. Due to the lack of awareness about the new recruitments and government and agencies programs, these individuals can't enter the work force in the foreign countries.

Table 5. Country Wise Expense Cost for Recruiting Agencies

Country	Maximum Expenses (USD 1 = NPR 96.5)
Malaysia	NPR 80,000
Japan	NPR 50,000

Bahrain	NPR 70,000
Kuwait	NPR 70,000
Lebanon	NPR 70,000
Mauritius	NPR 19,000
Oman	NPR 70,000
Poland	NPR 80,400
Qatar	NPR 20,000
Russia	NPR 80,000
Saudi Arabia	NPR 70,000
UAE	NPR 70,000

Source: Department of Foreign Employment, Nepal. 2010 December.

Conclusion and Recommendations

Remittance, no doubt, plays a very crucial role in Nepalese economy both in matter of its volume and its impact. Remittances sent back to Nepal by immigrants have reduced the grass-root poverty in Nepal and have increased the consumption capacity of a normal households. Remittance has proven to be important not just in economic terms but also in its distribution pattern. The distribution of remittance is found to be more scattered and equal than the distribution of national wealth in Nepal. Remittances thus, have been monumental in eliminating economic disparity in the country. The role of recruiting agencies becomes instrumental in this equation as these agencies act as intermediary between the migrant workers at the origin and the employees abroad. Recruiting agencies and their agents (both registered and unregistered) work together to recruit the prospective migrant workers from different parts of Nepal. The work of these recruiting agencies ranges from disseminating information regarding foreign employment to preparing necessary documentation to providing pre-departure training and orientation. Governments recognize the pivotal role recruitment agencies play in facilitating labor migration. Without these agencies the migration at the current rate would not have been possible. But at the same time the government has already realized that the almost monopoly of recruiting agencies and their agents in the business of foreign employment in Nepal has made the sector susceptible to fraud and misconduct from the recruiting agencies and agents. So the government of Nepal is caught between striking a balance between regulating and monitoring the agencies so that the incidences of misconduct could be minimized but at the same time make sure that the smooth running of the agencies without much bureaucratic hassle can be maintained to ease the process of labor migration from Nepal. So, to sum up, the research finds out that the role of recruiting agencies and their agents is pivotal in the process of international labor migration in Nepal. Moreover, the presence of thousands of recruiting agents in different parts of Nepal not only assists in the process of labor migration but in fact triggers a chain migration reaction which encourages people to migrate to destinations the agents have previously been to or are familiar with, thus adding substantially to the overall number of migrants in total.

Contrary to the popular belief that poverty is one of the main causes of labor migration, the research found out that the case is not true in case of international migration from Nepal. Level of poverty rather had an opposite effect to rate of migration. Instead of inducing labor migration from the under-privileged origin country to a better off destination, higher rate of poverty in fact become associated with lower rate of international labor migration. Study showed that higher the rate of poverty, the lower is the rate of migration in each district of Nepal which concluded that high level of poverty doesn't in fact encourages international migration as there is necessity of a small amount of seed money to be able to carry out the necessary preparation before departure and most of the people living below the national poverty line would not be able to afford the financial cost of migration. Likewise, the study also showed that the number of recruiting agents don't have any influence in the rate of migration among different districts of Nepal. This finding was rather contradictory to all the qualitative information collected during the research which showed high influence of recruiting agents in encouraging the young population to join the international labor market. The reason behind this difference in the finding was the thousands of unregistered recruiting agents that were unaccounted for in the study. Registered recruiting agents only represent a fraction of all the agents that are working in different parts of Nepal. Due to the undocumented nature of these agents, the scope and impact of their work can only be roughly estimated and not accurately accessed.

This study thus, would like to highlight this gap in the research and invite researchers to study recruiting agents and their contribution to the Nepalese labor migration.

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