

CHAPTER I

INTRODUCTION

1.1 Background of the Study

As in other South Asian countries, most labor migrants are male, but men seeking migration permits fell by 5.83 percentage points in 2016/17 (Baruah & Arjal, 2018), continuing an existing trend, while women's participation grew by 8.8 percentage points. Part of this statistical uptick is explained by the growing number of women joining the formal economic sector in Nepal, as argued in the previous MoLESS report. Female participation may be still higher than these official figures, however, as many women seeking domestic work in the GCC still rely on informal channels to evade Nepal's ban on such work for women below the age of 24.

This exposes them to higher risks of exploitation and undermines their mobility and access to support services, and it prevents women from visiting their families at home, for fear they will be barred from returning to work. Between 2015 and 2017 (Baruah & Arjal, 2018), some 4,832 undocumented female migrant workers applied for formal permits. A call by the government, with assurances of no legal consequences, would encourage undocumented women migrants trapped in Gulf countries to formalize their status.

The new report also brings to light the number and nature of complaints filed by migrants against recruitment agencies and individuals. The most complaints were filed by migrant workers in Malaysia, Qatar, Saudi Arabia, and the UAE, the four top destination countries, but the United States, China, Canada, Russia, and Australia, which receive a small number of Nepali migrants every year, were also among the top ten for complaints. Of the 5,484 complaints registered by the DoFE from 2014 to 2017, the majority sought prosecution of recruitment agencies and agents, reimbursement, and compensation. There are currently 932 recruitment agencies and 733 independent registered agents operating in Nepal. Greater oversight of these agencies and agents is clearly needed. Periodic audits and open publication of findings by an independent third party would help aspiring workers avoid agencies and agents involved in illicit practices (MoF, 2018).

Destination countries also need to do a better job protecting the rights of migrant workers and preventing employers from flouting the norms of recruitment and

employment or procuring migrant workers illegally. Some 227 rescue and repatriation requests were submitted online by migrants and their families in FY 2016/17. Better coordination between the Ministry of Foreign Affairs and MoLESS would strengthen Nepal's foreign missions in destination countries to better protect migrants' rights and access to justice.

The gap between total investment and gross domestic savings has remained very high due mainly to the low gross domestic savings compared to total investment. As proportionate to total GDP, the shares of gross domestic savings and total investments are 15.0 percent and 51.7 percent, respectively, in FY 2017/18, resulting to saving investment gap at 36.7 percent of GDP in current FY 2017/18. However, gross national savings is high because of the inflow of remittance income. In the FY 2017/18, the gap between gross national saving and investment is expected to remain negative at 7.8 percent of GDP (MoF, 2018).

Economic migration to the Middle East from South Asia and other parts of the world was spurred-on by the oil boom in the early 1970s. The reasons behind the migration are almost same in Nepal as other parts of the world. Existing poverty, limited employment opportunities, deteriorating agricultural productivity, insecurity caused by armed conflict are some of the reasons for international labour migration. There are many villages in Nepal where the labour migration has been established as a culture of community to go aboard for work for a while and return back with some money. The influence of friends, relatives and well-wishers has also played a prominent role for the promotion of international labour migration.

Usually, in underdeveloped countries, domestic labour market suffers from low labour productivity attributing to lack of skills, work ethics, obsolete technologies, and lack of industrial peace. Low growth exists in both agriculture and non-agriculture sectors, which are detrimental to create additional employment opportunities, people are seeking for better opportunities outside the country. Thus, international migration for foreign employment considerably increased in recent years. But in the present scenario, there is lack of proper support system and monitoring resulting in frequent cheating and exploitation of workers by manpower companies both at home and abroad. Foreign employment is conspicuously confined to low paid

The major factor contributing to large-scale out-migration from Nepal is higher growth of labour force and limited employment opportunities outside the farm sector.

The 3 percent annual growth of labour force is not matched by additional job creation; moreover, the low salary structure in the economy, insecurity in the rural areas, and higher demand for the labour in the industrialized Asian and Middle-East Countries are the other contributing factors. The government's liberal policies, accompanied by mushrooming growth of the manpower agencies have also played instrumental roles. Currently, 700 manpower agencies are operating in Nepal. Furthermore, food scarcity, distorted peace and social order are strong push factors for increasing out migration. The poor people from the Mid-West and Far-West are migrating to India and those who can manage the funds are migrating beyond India (Shrestha, 2008).

In many instances, remittances form a significant percentage of total household income, acting as a substitute for earned income lost to unemployment, illness, retirement, emigration, falling wages and crop failure, among others, and ultimately protect poor families against the erosion of what are already basic household assets (Pant, 2011).

The migrant worker is not a product of the twentieth century. Foreign employee and men have been leaving their homelands in search of work elsewhere ever since payment in return for labour was introduced. The difference today is that there are far more migrant workers than any period of human history. Millions of people are now earning their living or looking for paid employment came as strangers to the States where they reside. There is no continent, no region of the world, which does not have its contingent of migrant workers (Graner&Seddon, 2005).

Economic growth and development processes affect and are affected by migration of people. In traditional viewpoint, people migrate when they are both pushed by lack of opportunities at home and pulled by the hope of economic gains elsewhere. Thus, the hope that migration will help associate migrants more closely with available economic opportunities, employment and services elsewhere is a major incentive for migration. Arguably, migration is necessarily a part of a family strategy to raise income, obtain new funds for investment, and insure against risks. It is not surprising therefore that thousands of Nepali workers with relevant skill endowments leave their home country yearly to pursue better economic prospects within or outside Africa. However, migration of skilled workers could potentially hurt the sending countries if not well managed by appropriate policies.

One of the major sources of economy in the context of Nepal is remittance. In the last few years, demand for middle class manpower is very high in international labour market, especially in the Gulf countries. So, remittance has a vital role for capital-flow or currency-flow in developing countries. The World Bank's new report 2012, Migration and Remittance fact book 2011 has mentioned that Nepal is among the top five countries with remittance amounting to 23 percent of the Gross Domestic Product (GDP). Tajikistan, Tonga, Lesotho and Moldova are ranked ahead of Nepal.

1.2 Statement of the Problem

Statistics show that the remittance sent by the migrant workers is nearly one hundred billion each year and the amount of remittance has kept great importance to the national economy. Some economists have analyzed Nepalese economy as remittance economy, which has played a prominent role to keep the national in balance in the difficult financial situation of the country. The amount of remittances sent through the informal channel are not calculated yet but that is to be estimated as equal to it come from the formal channel. While observing the government policies and programs, it is found several lacking to protect the rights of the migrant workers and assure their safe migration in the country of destination. Government has made promotional policy regarding foreign employment but at the same time less attention has been paid to provide services and facilities in the home ground. Some of the provisions mentioned in the Foreign Employment Act-2042 are like controlling the foreign employment business rather than promotional one.

Despite the great extent, international labour migration has long been paid little attention in Nepal. On the one hand the importance of international labour migration as an income source for Nepal's households and to the economy of Nepal as a whole remained officially invisible. This is due to the fact that the officially registered international labour migrants only represents a small proportion of the real number, and the value of remittances is not fully recorded in the national accounts. On the other hands, until the late 1990s, most studies of Nepal emphasized the importance of agriculture in the national economy, and National Planning Commission (NPC) deemed agriculture to be the key to the rural development. But the scenario of economy changed i.e. agricultural based economy turned toward remittance based economy which has been proved by several studies conducted by governmental and non-governmental agencies. Thus, it is needed to address the issue of international

labour migration from the policy level, which could assist to promote safe migration and the management of labour migration in an effective way. This study has explored some of the policy oriented issues that should be improved and amended in the future.

The remittance has contributed remarkably in the promotion of socio-economic condition of Nepalese societies but it has not yet been systematically estimated. National media and some research reports concluded that major portion of the remittance is used for meeting household consumption and paying of loans borrowed while going abroad. Only a few migrants use remittance in directly productive sectors like agriculture and manufacturing. In this regard, this study mainly attempts to address the following research questions.

- i. What is the present status of remittance in the study area?
- ii. What is the contribution of foreign employment on rural economy?

1.3 Objectives of the Study

The general objective of this study is to analyze and examine the socio-economic consequences of foreign employment on the rural economy and household level.

The specific objectives of this study are as follows:

- i. To analyze the present status of foreign employment and remittance in the study area,
- ii. To examine the contribution of foreign employment on rural economy and household level.

1.4 Significance of the Study

Migrating outside Nepal for work is generally more remunerative than farming. Growing population pressure on land means that many rural households can subsist on food they produce for less than six months a year. The income from remittances has helped to augment food security of a large majority of rural households. Generally, it could be observed that foreign employment increases the rate of employment among the young adult and level of household income.

This study may be useful to some extent for the researchers, students and for those who want to carry out further study. This study may be fruitful to government, planners, policy makers, social workers and others. This study has help to supplement source of information to understand the impact of remittance, foreign employment

and its cause and process in Nepal. It is also hoped that this study may be able to explore the socio-economic characteristics of foreign migrants.

1.5 Limitations of the Study

The following are some limitations of the study:

- a) The study has conducted only in Rainas Municipality of Lamjung District.
- b) The study does not measure the whole country's remittance users and foreign employment.
- c) The study has based only primary data collected from 105 respondents.

1.6 Organization of the Study

The first chapter deals with the introduction including background of the study, statement of the problem, objectives of the study, significance of the study, limitations of the study and organization of the study. Theoretical and empirical literature reviews related to remittance are included in the chapter two. Chapter three describes the research method applied in this study. The Chapter four covers analysis and presentation of data. The Chapter five includes summary, conclusions and recommendations.

CHAPTER II

REVIEW OF LITERATURE

2.1 Theoretical Literature

2.1.1 Neo-Classical and Developmentalist Theory

Neo-classical migration theory perceives migration as a form of optimal allocation of production factors to the benefit of both sending and receiving countries. In this perspective of “balanced growth”, the re-allocation of labor from rural, agricultural areas to urban, industrial sectors (within or across borders), is considered as a prerequisite for economic growth and, hence, as an constituent component of the entire development process (Todaro, 1969). In a strictly neo-classical world, the developmental role of migration is entirely realized through factor price equalization. As Djajic (1986) pointed out, earlier neo-classical migration theory ruled out the possibility of a gain for non-migrants. Strictly speaking, neo-classical migration theory has therefore no place for money remittances flowing to origin countries (Taylor, 1999). Neo-classical migration theory tends to view migrants as atomistic, utility maximizing individuals, and tends to disregard other migration motives as well as migrants’ belonging to social groups such as households, families and communities.

According to dominant views of the 1950s and 1960s in development theory, return migrants were seen as important agents of change and innovation. It was expected that migrants not only bring back money, but also new ideas, knowledge, and entrepreneurial attitudes. In this way, migrants were expected to play positive role in development and contribute to the accelerated spatial diffusion of modernization in developing countries. Also remittances have been attributed an important role in stimulating economic growth.

Such optimistic views were rooted in earlier studies on rural-to-urban migration within Europe and the United States and based on the historical experience with emigration from Europe to North America. This also reflected “developmentalist”

views which dominated in development theory and theory in the first two decades following the Second World War. Rooted in evolutionary views on development, freshly decolonialized countries were expected to quickly follow the same path of modernization, industrialization, and rapid economic growth as many Western countries had gone through. Assuming that capital constraints formed the major problem these countries faced, the development model postulated that through large-scale capital transfer (*e.g.*, through loans, aid, and remittances) poor countries would be able to jump on the bandwagon of rapid economic development and industrialization. Internal and international labor migration was seen as integral parts of this process contributing to a more optimal spatial allocation of production factors and, hence, better aggregate outcomes.

At the macro level, remittances were considered a vital source of hard currency. At the micro level, migration was expected to lead to the economic improvement of migrant sending regions. Remittances would “improve income distribution and quality of life beyond what other available development approaches could deliver” (Keely & Tran, 1989). Moreover, it was expected that labor migrants or “guestworkers” would re-invest substantially in enterprises in origin countries after their widely expected return. Migrant workers were seen as representing “a hope for the industrial development of their native land” (Beijer, 1970) and it was widely thought that “large-scale emigration can contribute to the best of both worlds: rapid growth in the country of immigration and rapid growth in the country of origin” (Kindleberger, 1965).

Furthermore, migration is believed to *increase inequality* within migrant sending communities. Because migrants tend to be the already employed, more entrepreneurial, open-minded, and relatively better educated people, remittances and other benefits of migration would also disproportionately accrue to the already better-off (Lipton, 1980; Zachariah, Mathew & Rajan, 2001). Therefore, migration will not contribute to poverty alleviation. The gradual undermining of traditional economies is even likely to increase the deprivation of the (non-migrant) worst-off.

Also the socio-cultural effects of migration have usually received a bad press. Migration is usually believed to provoke consumerist, non-productive and remittance-dependent attitudes in migrant-sending communities. The exposure to the wealth of (return) migrants and the goods and ideas they bring with them, would

contribute to changing rural tastes (Lipton, 1980), lowering the demand for locally produced goods, increasing the demands for imported urban or foreign-produced goods, and thereby increasing the general costs of living in sending communities. Migration is often held responsible for the disruption of traditional kinship systems and care structures (King & Vullnetari, 2006), the loss of community solidarity or the undermining of their “sociocultural integrity” (Hayes, 1991), and the breakdown of traditional institutions regulating village life and agriculture (De Haas, 1998). The exposure of rural youth to the relative wealth and success of migrants, combined with changing “urban” tastes and material aspirations, makes the rural way of life less appealing, discourage local people from working in traditional sectors, and encourage even more out-migration. This would lead to a “culture of migration” (Massey, 1993 & Wissen, 2004), in which youth can only imagine a future through migrating, decreasing their willingness to work and build a future locally.

In sum, migratory cumulative causation theory postulates that migration deepens underdevelopment in migrant sending societies through various negative feedback mechanisms (backwash effects), which in its turn fuels further out-migration, thereby perpetuating the vicious circle of the “migrant syndrome”. Put in Neo-Marxist terms, migration not only reproduces but also reinforces the capitalist system based on class and spatial inequalities. The main positive effect of migration – the increase in family welfare for migrants themselves – is assumed to be only temporary and therefore artificial or “cosmetic” (Lewis, 1986). One-sided dependency on migrant remittances is even considered dangerous, based on the assumption that remittances will rapidly decrease after migrants have returned or have settled and start to integrate in receiving societies, which would imply the gradual cutting of social and economic ties with origin societies.

2.1.2 Migration as a Household Livelihood Strategy

New economics of labor migration has striking – though as yet unobserved – conceptual parallels with livelihood approaches. These have evolved as of the late 1970s among geographers, anthropologists, and sociologists conducting micro-research in developing countries, who observed that the diverse and contradictory findings from their empirical work did not fit into rather rigid neo-Marxist schemes. This made them argue that the poor cannot only be reduced to passive victims of global capitalist forces but try to actively improve their livelihoods

within the constraining conditions they live in. This point to the fundamental role of *human agency* (Lieten&Nieuwenhuys, 1989).

A livelihood comprises the capabilities, assets (including both material and social resources), and activities required for a means of living (Carney, 1998). A livelihood encompasses not only the households' income generating activities, but also the social institutions, intra-household relations, and mechanisms of access to resources through the life cycle (Ellis, 1998). A livelihood *strategy* can then be defined as a strategic or deliberate choice of a combination of activities by households and their individual members to maintain, secure, and improve their livelihoods. This particular choice is based on (selective) access to assets, perceptions of opportunities, as well as aspirations of actors. Since these differ from household to household and from individual to individual, livelihood strategies tend to be so heterogeneous.

The emergence of the livelihood concept has meant a departure from rather rigid and theoretically deductive historical-structuralist views towards more empirical approaches. This went along with the insight that people – generally, but all the more in the prevailing circumstances of economic, political and environmental uncertainty and hardship – organize their livelihoods not individually but within wider social contexts, such as households, village communities, and ethnic groups. For many social settings, the household was recognized as the most appropriate unit of analysis (McDowell & Haan, 1997).

In this context, migration has been increasingly recognized as one of the main elements of the strategies households employ to diversify, secure, and, potentially, durably improve, their livelihoods. This is often combined with other strategies, such as agricultural intensification and local non-farm activities (McDowell & De Haan, 1997; Bebbington, 1999; Ellis, 2000). It has increasingly been recognized that migration is often more than a short-term survival strategy by rural populations, who were uprooted by global capitalist forces and more or less forced to join the ranks of a new international proletariat. Rather, empirical work suggested that migration is often a *deliberate* decision to improve livelihoods, enable investments (Bebbington, 1999), and help to reduce fluctuations in the family income that often used to be largely dependent on climatic vagaries (McDowell & Haan, 1997;Haan, 2000). Migration can then be seen as a means to acquire a wider range of assets which insure against future shocks and stresses (Haan, 2000). Although this has been mainly applied for

rural-urban internal migration in poor countries, there is no *a priori* reason why this diversification-through-migration argument cannot also be extended to international migration and urban households.

This comes strikingly close to the premises of NELM. Both approaches can be easily integrated if we see internal as well as international migration as part of a broader household livelihood strategy *to* diversify income and overcome development constraints in the place of origin. There is also a striking similarity in how over the 1970s and 1980s structuralism and functionalist views of migration converged towards more pluralist views recognizing the relevance of both agency and structural constraints. While livelihood approaches meant for many sociologists and anthropologists a departure from rather rigid structuralism towards an increasing recognition of the role of agency, economists and other scholars reasoning from neo-classical approaches moved in the opposite direction.

In particular, the emergence of NELM marked a departure from neo-classical and actor-oriented approaches towards a household-level based perspective which explains migration from the structural constraints and imperfect markets within which migration decisions are made.

New economics of labor migration adopted a household-oriented approach that was already common in other fields of social science, a fact that was explicitly acknowledged by Lucas and Stark (1985), who stated that economists have begun to address questions of household composition more traditionally posed by anthropologists and sociologists. They therefore proposed to extend the recent intergenerational view of the household to a spatial dimension.... and dualistic theories of development must be revised: Instead of an urban sector and a rural sector, each with its own populace benefiting from the sectoral-specific speeds of development, the family straddles the two. Classes cease to be only peasants and workers, and a hybrid peasants-worker group emerges. This perception is not new to anthropologists but has not previously been integrated with the economics of the household (Lucas & Stark, 1985).

So, within a household perspective it is not either migration *or* activities at the origin, but often *both*. This also indicates that the impact of a migration strategy cannot be properly evaluated outside its relationship with other multi-sectoral and multi-local livelihood strategies, that is, the entire “portfolio” of household activities (Stark,

1991). Research attempting to isolate migration and migrants from their wider social and economic context is therefore not able to assess the relation between migration and broader transformation processes embodied in the term development.

Internal and international migrants tend to maintain close links with their communities of origin over much longer periods than has previously been assumed (McDowell & De Haan, 1997). This also exemplifies that the development contribution of migration is not necessarily linked to *the return of* migrants. Migration and economic activities at the origin are not mutually exclusive, but are in fact often combined. Without a household approach, such multiple strategies cannot be captured. This view, which is shared by both NELM and livelihoods approaches seems to better reflect the realities of daily life for millions of migrants in developing countries than neo-classical or structuralist approaches.

The choice of the household as the primary unit of analysis can be seen as a kind of optimum strategy or a compromise between agency and structure approaches, acknowledging that the forms of households vary across time, space, and social groups. In perceiving migration as a *household livelihood strategy*, we acknowledge that structural forces leave at least some room for agency, although at highly varying degrees. Household approaches seem particularly applicable in developing countries where for many people it is not possible to secure the family income through private insurance markets or government programs (Bauer & Zimmermann, 1998), increasing the importance of implicit contracts within families and communities.

2.2 Conceptual Review

2.2.1 Global Context

Haan (1999) explored the positive contribution of migration to alleviate the rural poverty. However, international migration from the poorest families may be infrequent, because the cost of migration may be too high for them. The poorest, least skilled, and those without network connection has less prospect to migrate abroad whereas better educated and skilled migrants tend to be high.

The World Bank (2012) studied that the Philippines is the second largest recipient for remittances in Asia. It was estimated in 1994 that migrants sent over US\$2.6 billion back to the Philippines through formal banking systems. With the addition of money sent through private finance companies and return migrants, the 1994 total was closer

to US\$6 billion annually. The total is estimated to have grown by 7.8 percent annually to reach US\$21.3 billion in 2010. Remittances are a reliable source of revenue for the Philippines, accounting for 8.9 per cent of the country's GDP.

In Latin America and the Caribbean, remittances play an important role in the economy of the region, totaling over 66.5 billion US\$ in 2007, with about 75 percent originating in the United States. This total represents more than the sum of foreign direct investment and official development aid combined. In seven Latin American and Caribbean countries, remittances even account for more than 10 percent of GDP and exceed the dollar flows of the largest export product in almost every country in the region. Percentages ranged from 2 percent in Mexico, to 18 percent in El Salvador, 21 percent in Honduras, and up to 30 percent in Haiti (Guruli, 2012).

Remittances are playing an increasingly large role in the economies of many countries. They contribute to economic growth and to the livelihoods of less prosperous people (though generally not the poorest of the poor). According to World Bank estimates, remittances totaled \$414 billion in 2009, of which US\$316 billion went to developing countries that involved 192 million migrant workers. For some individual recipient countries, remittances can be as high as a third of their Gross

The flow of remittances to Jordan experienced rapid growth during the 1970s and 1980s when Jordan started exporting skilled labour to the Persian Gulf. These remittances represent an important source of funding for many developing countries, including Jordan. According to the World Bank data on remittances, with about 3 billion US\$ in 2010 Jordan ranked at 10th place among all developing countries. Jordan ranked among the top 20 recipients of remittances for the preceding decade. In addition, the Arab Monetary Fund (AMF) statistics in 2010 indicate that Jordan was the third biggest recipient of remittances among Arab countries after Egypt and Lebanon. The host countries that have absorbed most of the Jordanian expatriates are Saudi Arabia and the United Arab Emirates, where the available data indicate that about 90 percent of Jordanian migrants are working in the Persian Gulf (Assaf & Malki, 2014).

2.2.2 History of Remittance

Remittances are not a new phenomenon in the world, being a normal concomitant to migration which has always been a part of human history. Several European

countries, for example Spain, Italy and Ireland were heavily dependent on remittances received from their emigrants during the 19th and 20th centuries (Adams, 2004). In the case of Spain, remittances amounted to the 21 percent of all of its current account income in 1946. All of those countries created policies on remittances developed after significant research efforts in the field. For instance, Italy was the first country in the world to enact a law to protect remittances in 1901. While Spain was the first country to sign an international treaty (with Argentina in 1960) to lower the cost of the remittances received. Since 2000, remittances have increased sharply worldwide, having almost tripled to \$529 billion in 2012. In 2012, migrants from India and China alone sent more than \$130 billion to their home countries.

In 2004, the G8 met at the Sea Island Summit and decided to take action to lower the costs for migrant workers who send money back to their friends and families in their country of origin. In light of this, various G8 government developmental organizations such as the UK government's Department for International Development (DFID) and USAID began to look into ways in which the cost of remitting money could be lowered. In September 2008, the World Bank established the first international database of remittance prices. The Remittance Prices Worldwide Database provides data on sending and receiving remittances for over 200 "country corridors" worldwide. The "corridors" examined include remittance flows from 32 major sending countries to 89 receiving countries, which account for more than 60 percent of total remittances to developing countries. The resulting publication of the Remittance Prices Worldwide Database serves four major purposes: benchmarking improvements, allowing comparisons across countries, supporting consumers' choices, and putting pressure on service providers to improve their services (Laura, 2015).

2.2.3 Economic Benefits for Developing Countries

The extent to which remittance produce benefits for developing countries is contested. World Bank economists contend that remittance receivers' higher propensity to own a bank account means that remittances can promote access to financial services for the sender and recipient, claimed to be an essential aspect of leveraging remittances to promote economic development. Meanwhile, critical migration scholars have expressed concern about the ability of remittances to address the structural causes of economic underdevelopment and see an increasing policy emphasis on finance as

symptomatic of a paradigmatic shift towards a 'self-help development' that burdens the poor. Remittances are generally thought to be counter-cyclical. The stability of remittance flows amidst financial crises and economic downturns make them a reliable source of foreign exchange earnings for developing countries. As migrant remittances are sent cumulatively over the years and not only by new migrants, remittances are able to be persistent over time. This is particularly true of remittances sent by circular migrants, migrant workers who move back and forth between their home and host countries in a temporary and repetitive manner. At the state level, countries with diversified migration destinations are likely to have more sustainable remittance flows (The World Bank, 2012).

From a macroeconomic perspective, there is no conclusive relationship between remittances and GDP growth. While remittances can boost aggregate demand and thereby spur economic activity, other research indicates that remittances may also have adverse macroeconomic impacts by increasing income inequality and reducing labour supply among recipient countries. The World Bank and the Bank for International Settlements have developed international standards for remittance services (The World Bank, 2012).

2.2.4 Present Status of Remittance in Nepal

Remittances to Nepal are money transfers from Nepalese workers employed outside the country to friends or relatives in Nepal and forms part of the wider global remittance transfers by migrant workers back to their home countries. It is said that remittances has represented more than 10 percent of GDP in Nepal in the late 1990s. Moreover, it would be highly beneficial to the country, where there is natural calamities, political conflict, people war, low investment in entrepreneurial activities and economic recession. In the fiscal year (FY) 2000/01, the banking sector showed that NRs. 15.9 billion was received (Gaudel, 2006).

2.2.5 Economic Impact of Remittance

There are number of costs associated with foreign employment. The lack of protection and welfare for workers and the social and psychological costs associated with migration has been of concern for policy makers for long. This is of special concern to housemaids and low skilled migrants with low education attainments. There are numerous instances where these workers have been sexually and physically abused and not properly paid for their services.

Families receiving remittances invest more in housing, education and healthcare, but there are also social costs including child abuse school dropouts and family break ups as a result of family Separation. A large proportion of the migrants are women domestic workers who have been vulnerable in the countries they work. Therefore, although out migration has economic benefits to the country and families of workers, there are also serious social costs of out migration.

Remittance, on one hand, provides better education and health opportunities to household members. However, migration of parents can leave families of young children with inadequate guidance and an additional burden of household responsibilities which can lead to higher school absenteeism, school dropouts, poor nutrition and health care of children especially younger children, and substance abuse especially older children (WB, 2012).

However, there are both benefits and cost of out migration and remittance in the economy. The main benefits are that the remittances strengthen the balance of payments and contribute to GDP. They have also contributed to the living standard and their livelihood. It has helped to reduce the poverty level and enhanced income of the poor especially those in rural areas. No doubt, the poor have improved their living conditions owing to remittances from migration. However, there are several problems encountered by the migrant's working abroad. There are also social costs associated with the migration of wives and others, such as the breakup of families, domestic violence, and neglect of children. These social concerns must be addressed to minimize the ill effects of out migration.

In Nepal, the dollar value of remittances expanded 17 percent, supported in part by vibrant growth in India, a key source-country for Nepalese remittances. Money is sent to Nepal by either electronic funds transfer, for example by SWIFT or by demand draft. By the 2000s many banks and Money Transfer Operators were offering Money transfers and this has grown into a huge business. Remittances in FY 2012/13 contributed around \$3.5 billion a year to Nepal's annual income, up from just \$50million in mid-1990s and equivalent to almost a quarter of GDP. In fact, the figure is probably substantially higher as remittances are routinely underestimated; the rule of thumb is to add 40 percent to the official figures. Not all money is sent through legal / verifiable sources.

2.3 Empirical Review

2.3.1 International Review

Ravenstein (1985) explored the cause of migration and emphasized that there are certain undesirable factors in the place of origin which forces the individuals to migrate to the other places. Likewise, there are certain desirable factors in the destination that attracts the migrants. According to him, the former factors are “push” factors and the later are “pull” factors causing the events of migration between place of origin and destination. Higher distance between the factors lowers the rate of migration and vice-versa. He has said that the migration occurs within streams and counter streams. He has not been sure to say that only the distance between the origin and destination determines the volume of migration.

The effect of immigration on host countries has been very well studied, particularly with regards to labor market outcomes. Much research has also investigated to what extent the loss of workers in a country from which many workers emigrate affects economic outcomes in the sending country. However, one factor of seeming consequence within the debate over immigration is the effect of funds that are sent by immigrants to friends or family members in their home countries. These funds, or remittances, have become very large in recent years, and represent a potentially important part of the debate surrounding the topic of immigration. Although difficult to measure, recent studies estimate that international remittances exceed US\$100 billion per year, approximately twice the amount of official aid-related income to developing countries (International Monetary Fund, 2005).

Remittance income represents a transfer often from developed countries to less developed countries. These transfers are highly efficient; they require no bureaucracies, contain very low transaction costs, and typically go to those households with the greatest need. Although cash transfers may be a poor proxy for the services that would be provided to the household were the emigrant present, it seems possible to assume that households that receive remittance income are made better off. In any case, the remittance-receiving households would be party to large welfare effects from any changes in immigration policy under consideration (Taylor, 1999).

Chami (2008) investigated the relationship between volatility and remittances. The findings demonstrate that remittances by reducing volatility indirectly increase the

growth rate. Similarly, there is evidence to support that development of the financial sector increases the growth rate and therefore, remittances indirectly increase growth rate by improving the progress of the financial sector. The direct growth effect of remittances is also through its effect on the real exchange rate.

Gupta, Pattillo and Wagh (2009) assessed the impact of the steadily growing remittance flows to Sub-Saharan Africa (SSA). The study found that remittances have a direct poverty mitigating effect and promote financial development. The findings hold both way causality between remittances and poverty and financial development. The study suggested that formalizing such flows would serve as an effective access point for channeling the individuals and households in the financial system and that the effective use of such flows could lessen the cost of out migration.

Bajaras, Chami, Fullenkamp and Montiel (2009) showed the effect of remittances on growth to be insignificant. They state that though remittances have poverty-alleviating and consumption-smoothing effects on recipient households when remittances are properly measured and when the growth equations are properly specified and instrumented the growth effects are insignificant and even negative. The negative effects were owing to the Dutch Disease and deterioration of the quality of governance as many countries did not have the institutions and infrastructures in place that would enable them to channel remittances into growth-enhancing activities.

Javid, Arif and Qayyum (2010) conducted a study mainly focusing on the importance of worker's remittances inflow and its implication for economic growth and poverty reduction in Pakistan. By using the Autoregressive Distributed Lag (ARDL) approach the authors have analyzed the impact of remittances inflow on economic growth and poverty. The study found that remittances affect economic growth positively and significantly and thus remittances had a strong and statistically significant impact on poverty reduction and growth in Pakistan. The study found that in the long run, the remittance inflow could lead to sustainable growth and welfare improvement and up gradation of poor households as the impacts of remittances broaden and enlarge over time. So the government should formulate the policy that enhances the amount of remittances by reducing the transaction cost of transferring the remittances through formal channel.

Azam and Khan (2011) analyzed the impact of workers' remittances on economic growth. The statistical analysis has been made through simple log linear regression model and the method of least square has been used. The study calculated that workers' remittances are significant and has positive impact on economic growth and development. These findings suggested that the relevant authorities of both the countries need to formulate appropriate policies in order to encourage worker remittance and such remittances must be utilized more efficiently.

Lahdhiri and Hammas (2012) established a link between remittance and growth. The study has empirically shown that remittances have a significant and positive contribution to economic growth in the Middle East and North Africa (MENA) region. An increase in remittances led to an increase in the annual growth rate of GDP. The study concluded that the developing countries of the MENA region can improve their economic performance by investing remittance income in the traditional growth resources, such as investment in physical capital, human capital and trade. Remittance also helped in exploiting external capital flows such as FDI and official development assistance. The study suggested that the system of remittance transfers was a fragile and not effective, although the impact of remittances was positive and significant for these countries.

Mim and Ali (2012) investigated the effect of remittances on economic growth in the MENA countries. Using panel data techniques the authors estimated several specifications to provide a support of such relationships for over the period 1980 to 2009. The findings provide new robust evidence on how remittances are used and show the main channels which may interfere in this process. Empirical results show that the most important part of remittances is consumed and that remittances stimulate growth only when they are invested. Moreover, remittances can enhance growth by encouraging human capital accumulation. Human capital is therefore, an effective channel through which remittances stimulate growth. Other two indirect effects of remittances are: (i) its effects on human capital formation, through its effect on education and (ii) its effect on the investment ratio. Both human capital formation and investment ratio are generally seen to have growth effects on output.

Dzansi (2013) examined the role of institutional and financial development with the objective to investigate the impact of remittance inflow to the developing countries on investment under different levels of institutional and financial development. The

empirical analysis is carried on sample of 79 developing countries covering the period 1995-2005. The estimates suggest that remittance inflow, sound institutions and well-develop financial sector increase domestic investment. Moreover, the result also indicate that when the institutional setting and the depth of financial intermediation are such that access to external finance is limited, remittance inflow are an important source of financing investment. The findings are robust to alternative static and dynamic panel estimators and different measures of institutional quality and financial development. An important implication of these findings is that the extent to which an economy benefits from remittance inflows is driven by the prevailing institutional environment.

Rahman (2014) conducted study on workers remittance and economic development in Pakistan with the objective to examine the role of worker's remittance on the economic development using time series data, co-integration technique. This study indicated that there is long run relationship exist between the worker's remittance and economic development in Pakistan.

Munsi (2015) suggested that the results of this analysis were compared to those households who do not receive remittances to clearly identify the decision of the households to spend remittances in different sector. Unlike to other studies, this study reveals that households receiving remittances spend less on food consumption, consumer durables and other consumer goods than do households who do not receive any remittances. This study finds that households receiving remittances spend heavily on various investment activities like land purchase, building construction, other investment activities and this investment constitutes more than half of the remittances received during the last 12 months counted from August 2012 to July 2013. This study also finds that households receiving remittances in Khulna city spend more on education than do households having no remittances which is a good sign of any economy as investment in education is treated as investment in human capital. However, this study also finds that foreign remittances help households to spend more on social ceremonies, households' services and electrical goods which indicate improved living standard and socio-economic condition.

2.3.2 National Review

Gaudel (2006) pointed out remittance as a major source of foreign currency to the developing nation and it has become of substantial components of making current account surplus in the balance of payments. He argues that many workers from Nepal going abroad employment are no doubt young, energetic, laborious and enthusiastic and they do hard work for earning large remittance income to support their families. However, the downside of remittance reflects the view that remaining young generation for long time outside without family may increase their homeland. Thus, in order to recover the loss of economically active labor force to the domestic economy, they should be encourage to come back again with skilled knowledge for utilizing their savings and working experience for development to the provide areas in accordance with the priority of the National Development plans.

Shrestha (2008) analyzed the contribution of foreign employment and remittances to Nepalese economy. He concluded that remittances sent by the migrant worker are an effective tool for poverty reduction. Through foreign employment is boon to the economy, the facilities are in adequate to back up the increasing trend of migration. The government should play productive role to promote foreign employment by inducting and adhering to policy of economic diplomacy.

Dhungana (2012) examined the relationship between remittance and economic growth of Nepal using secondary data, multiple regressions during the 35 years period till 2010/11. This study concluded that the Nepalese economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing decline in saving and investment rates. Consumption oriented economy naturally leads to dependency resulting in the dearth of resources for investment. Consumption oriented remittance have only increase our reliance on import. The study recommended the government agencies for the formulation and implementation of remittance utilization policy for the enhancement of national policy.

Wagle (2012) explored the socioeconomic implications of the increasing foreign remittance to Nepal using micro-data for 1996 and 2004 based on the Nepal Living Standard Survey (NLSS). The study indicated that foreign remittance has helped increase income sizably and reduce poverty and income inequality marginally. The study also found that smaller families particularly with low asset-holding and socio-economic backgrounds were likely to receive less remittance. The study also suggests policy recommendations to ensure that foreign employment and remittance do not

exacerbate the increasingly polarizing economic structure leaving bottom sections of the society further worse off.

Dhungana and Pandit (2014) tried to explore the impact of remittance on social and economic status at the household level. With 147 households with at least one member being a migrant in Lekhnath municipality of Kaski district using various descriptive and inferential statistics the study found that the remittance in a household is significantly associated with other socio-economic variables. Overseas remittances have brought qualitative changes in children's education and health status, an improvement in the economics status of the migrant households and the involvement of the households in the community development activities. The study concluded that remittances have brought positive change in overall socio-economic status of migrants households.

Dahal (2014) studied the impact of remittances on economic growth in Nepal by assessing the effects of remittances on financial development, productivity, international trade and human capital accumulation. Based on the secondary data of 15 year period from FY 1996/96 to 2010/11 the study finds that the increasing inflow of remittances in Nepal have a positive association with financial development and human capital accumulation, but a negative association with international trade. Similarly it found remittances to have a positive association with entrepreneurship and negative association with manufacturing. Overall, the study indicated a mixed impact of remittance inflow on economic growth in Nepal.

Sharma (2015) analyzed the extent to which the remittance transfers impact on socioeconomic development of rural households. With the data from Puja VDC of Pyuthan district, he found that the reasons to seek foreign employment are unemployment and family debt burden. He also concluded that remittance has increased the socioeconomic condition of the households and played vital role in alleviating poverty.

NRB (2016) conducted a field survey of 320 households from 16 selected districts to explore the saving and investment of remittance receiving households. The study has analyzed the data obtained from the field survey using single equation logit and OLS model. The study has shown that foreign employment has contributed in reducing unemployment rate and has worked as safety valve for Nepalese society. 4.38 million Workers have gone for foreign employment from 1994 to 2016 i.e. the ratio of

international labour migrants to Nepal's total population is 15.4 percent. The average annual remittance sent by Nepalese workers working abroad is 5 lakh 32 thousand Nepalese rupees. The survey result also showed that 90.9 percent of remittance is coming through official channel. The study revealed that out of total remittance receiving households, 18.8 percent are completely dependent on remittance for their daily expenditure. Out of the total remittance income received, households have used 25.3 percent to pay back the loan, 23.9 percent for food and clothes, and 9.7 percent for education and health, 3 percent for social activities, 1.1 percent on productive use and 28 percent on saving. Also, 132.6 percent of the remittance receiving households saves money from remittance income and 48.8 percent of those households save the money in order to buy land and buildings. The remittance receiving households were found to opt for more leisure than work.

Aryal (2016) highlighted a study on Role of Remittance in Changing Socio Economic Status of People: A Case Study of KhalibanVDC of PalpaDistrict. The general objectives of the study are to find out the various socio-economic impacts of the remittance on rural livelihood on society. The specific objectives are to examine the socio-economic status of foreign Employee to examine the present status of remittance in the study area, to analyze the role of remittance in changing socio-economic status and to explore the challenges of remittance for its productive use. This study has limited in 46 households.

This study has been carried out on the basis of exploratory research design. This study has been based on the qualitative and quantitative both methods. This study has been based on the primary as well as secondary data. The structures questionnaire or unstructured interviews and observations methods has been applied to generate the primary data. The majority of the respondents is hotel training and minority is computer training because the most of the foreign employees are working in hotel and restaurant are and less are working in office. Receiving remittance and its use is very challenging and risky. The challenges such as robbery and crime and misuse of remittance due to lack of proper use are some of the factor responsible for receiving remittance.

2.4 Research Gap

This chapter briefly reviewed theoretical as well as empirical works with regard to the international migration and remittances transfer in Nepal as well as around the world. From the review of the various studies cited above remittances and international migration has positive as well as negative impacts on various socio-economic indicators. The effectiveness of remittance has not clearly established. The implication of the findings of the study is that other programs and policies are also needed to increase the rate of growth in the long term, instead of depending solely on increased remittances. Meaningful utilization of remittance income paves the way for boosting socio-economic activities towards deprived people and remote areas of the nation.

However, the present study has not been conducted in Rainas Municipality of Gandaki Province which represents the rural Economy of Nepal. Therefore, the need for the study regarding economic growth in Rainas Municipality is quite significant. Therefore, the study justifies the present work.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

The research design is descriptive as well as analytical. The descriptive research is generally used to describe characteristics of population being studied. This is a case study of Rainas Municipality which is a micro level study. This approach to research does not answer questions about how, when and why the characteristics occurred. Rather it attempts to determine, describe, or identify what is. Moreover, this study used description, classification, measurement, and comparison to describe the remittance income.

3.2 Rationale for the Selection of Study Area

The proposed site of the study is the Rainas Municipality of Lamjungdistrict. The main reasons for selecting this municipality are researcher's familiarity with the study area and none of the study in this subject has been done before in this area. Moreover, a larger number of household members of the Rainas Municipality are abroad for foreign employment. The region is ethnically diverse; however the aged population, regardless of their ethnicity, has left the region to facilitate their economical activities back home. While the youths are employed in foreign land, others-basically elderly people-perform agricultural activities, their traditional mean of earning, in home.

3.3 Nature and Sources of Data

The nature of the study is descriptive as well as analytical. Basically, the study is based on the primary data concentrated mainly to those emigrant households whose family members are abroad. Primary data are collected from questionnaires. The questionnaire method followed in most cases face to face interviews/discussions with the selected persons included in the purpose sample. During the course of data collection the researcher interviewed with the prominent members of the emigrant household: Father, Mother, Wife/Husband, Brother/Sister, Son/Daughter and relatives so that the reliable data could be obtained.

3.4 Sample Selection Procedures

There are 1050 emigrant households in Rainas municipality. Taking all the emigrant household of the ward as a population, a sample of households which is 10 percent of

the total population were selected as sample from the wards using two stage area sampling procedures. The selected respondents 105 were interviewed personally with the help of a specially structured questionnaire. Necessary information including remittance income, ethnicity, household-specific and socio-economic information has been collected. The field survey was conducted in 2018 whereas the data of 2017 has been used.

3.5 Tools and Techniques of Data Collection

To collect primary data necessary for the study, direct interview has taken with the respondents using a structured questionnaire. The researcher has the advantage to recognize some of the emigrants' house with the help of her relatives, friends and the like. The required primary data was collected from the field study by the researcher herself using the questionnaire method. Finally, the collected data was tabulated in a master table using spreadsheet and the processed according to the need of the study.

3.6 Data Analysis Procedures

Data analysis is the main part of the research study. It is an attempt to fully and accurately represent and summarize the data that was collected. Data analysis is the procedure of evaluating data using analytical and logical reasoning to examine each component of the study. This form of analysis is just one of the many steps that must be done while conducting the research work. Data from various sources is gathered, reviewed and then analyzed using the various tools.

The primary data was tabulated in a master table and then processed and analyzed. Descriptive statistics, tabulation, graphical presentation were made by classifying, identifying, grouping and clustering the data to get the required results about the effect of remittances into different sectors of the economy.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.1 Status of Foreign Employment and Remittance in Nepal

Remittances to Nepal have a stronghold in the national economy and they have also transformed the lives of a large number of rural people. Remittance inflow in Nepal began with the entry of Nepalese youths in the British Indian Army during the World War I. Following this, there were increased remittances to Nepal when a large number of Nepalese youths joined the Indian army in the 1950s and 60s. Simultaneous to this, the increased number of Nepalese migrant workers in India also contributed to bring in remittances from India. This initial phase of foreign employment came to a sea-change in the second stage in the 1990s, at the wake of globalization, when a large number of Nepalese opted for jobs in Malaysia and Gulf countries. Government of Nepal now has opened 110 countries for foreign employment though the concentration is still in India, Malaysia, Gulf nations, South Korea, Israel and Japan leaving the European countries, Australia and the United States where Nepalese Diaspora constitute a large community.

Remittances have become a major source for hard currencies for the national economy and so have become for a household. Number of remittance receiving household has reached 56 percent in the country. Remittance has approx. 25 percent share in GDP and has surpassed the incomes received from tourism and national exports for the last three consecutive years. Remittance inflow has been credited for heavy foreign reserve and management of monetary resource for small and medium scale industries. Besides, remittance has helped the country's economy from being shambles at a time when the world was reeling under recession. Remittance has also tremendously supported to poverty alleviation.

During the review period, remittance inflow has been increased by 4.9 percent and stands at NRs. 471.86 billion. In the corresponding period of FY 2016/17, remittance inflow had increased by 5.3 percent.

Descriptions	2013/14	2014/15	2015/16	2016/17	2017/18
Remittance Inflows (NRs. Billion)	543.3	617.3	665.1	695.5	471.9
Growth rate of Remittance (%)	25.0	13.6	7.7	4.6	4.9
Remittance to Total GDP Ratio	27.7	29.0	29.6	26.3	
Share of Remittances Inflows to Current Transfer Income	60.3	61.5	64.0	60.6	62.4

Source: Nepal Rastra Bank, 2018

4.2 Status of Remittance in Study Area

This section describe about the foreign employee. A foreign worker is a person who works in a country other than the one of which he or she is a citizen. Some foreign workers are using a guest worker program in a country with more preferred job prospects than their home country. Foreign workers are often either sent or invited to work outside their home country, or have acquired a job before they left their home country, whereas migrant workers often leave their home country without having a specific job at hand. This section describe about age, sex, educational qualification, skill, country destination, medium of migration and causes of migration etc.

4.2.1 Age Structure of Foreign Employees

All age foreign employees are not economically active and generate income to the family. Young age was involved in education or household activities such as cooking and taking care of their little brothers or sisters. Foreign employee above 40 years is also less active for income generation because they have household responsibility rather than earning. Their sons and other family members were considered earners. They mostly take care of small children in their home. Age ratio of the selected foreign employee is presented in Table number 4.1.

Table 4.1

Age Structure of Foreign Employees

S.N.	Age Group	No. of Respondents	Percentage
1	18-25 years	23	21.90
2	25-30 years	45	42.85
3	30-35 years	28	26.67
4	35-40 years	7	6.67
5	Above 40 years	2	1.91
	Total	105	100.00

Source: Field Survey, 2018

The age distribution ratio of the study area shows that, the highest numbers of the foreign employee are between the ages of 25-30 years with 42.85 percent. The age between 30-35 years constitutes 26.67 percent of the total migrants, between the age 35-40 years constitutes 6.67 percent of the total migrants, at last 1.91 percent of the migrants are between the age of above 40 years. The highest numbers of the migrants are of the age group 25-30 years because they are the most economically active people seeking for job and employment opportunities.

So from the above age grouping we can say that foreign employee from 25-30 years ages are mostly responsible for taking care of their family and become more mature to think about their children's future and their responsibility to be a family member.

4.2.2 Sex Structure of Foreign Employees

This section deals with sex structure of migrants workers and has been included in the following Table 4.2, which helps to know how many peoples, is male and female workers who have gone for overseas employment.

Table 4.2

Sex Structure of Foreign Employees

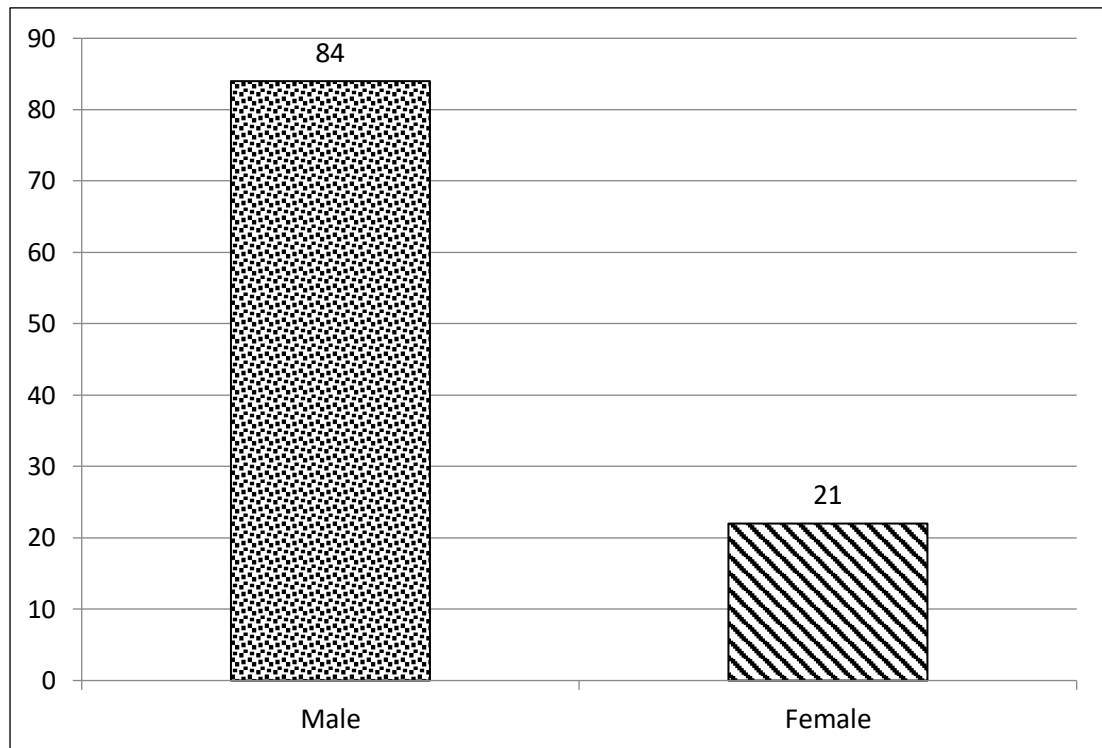
Sex	No. of Respondents	Percentage
Male	84	80
Female	21	20
Total	105	100

Source: Field Survey, 2018

Table 4.2 and figure 4.1 provide the information on the number of candidates in terms of sex structure.

Figure 4.1

Sex Structure of Foreign Employees



Source: Based on the table 4.2

Table 4.2 shows that the gender descriptions of migrants. Out of the total migrants 80 percent of them are male and only 20 percent of total workers are female. It means only few number of females have gone for foreign employment. This study shows that most of the migrant workers are male because main responsibilities of family are taken by males and Nepal is a patriarchal society.

There are two reasons of male foreign employee is higher than female: there is restriction of Nepali law and patriarchal structure of Nepali society where female are rarely allowed to work outside the domestic spheres.

4.2.3 Occupational Status of Labor Migrants

Occupation is another important component of socio-economic factors of migrants. People move from one place to another for better job opportunities. Table 4.3 highlights the occupational status of the labor migrants of the study area.

Table 4.3

Occupational Status of Respondents

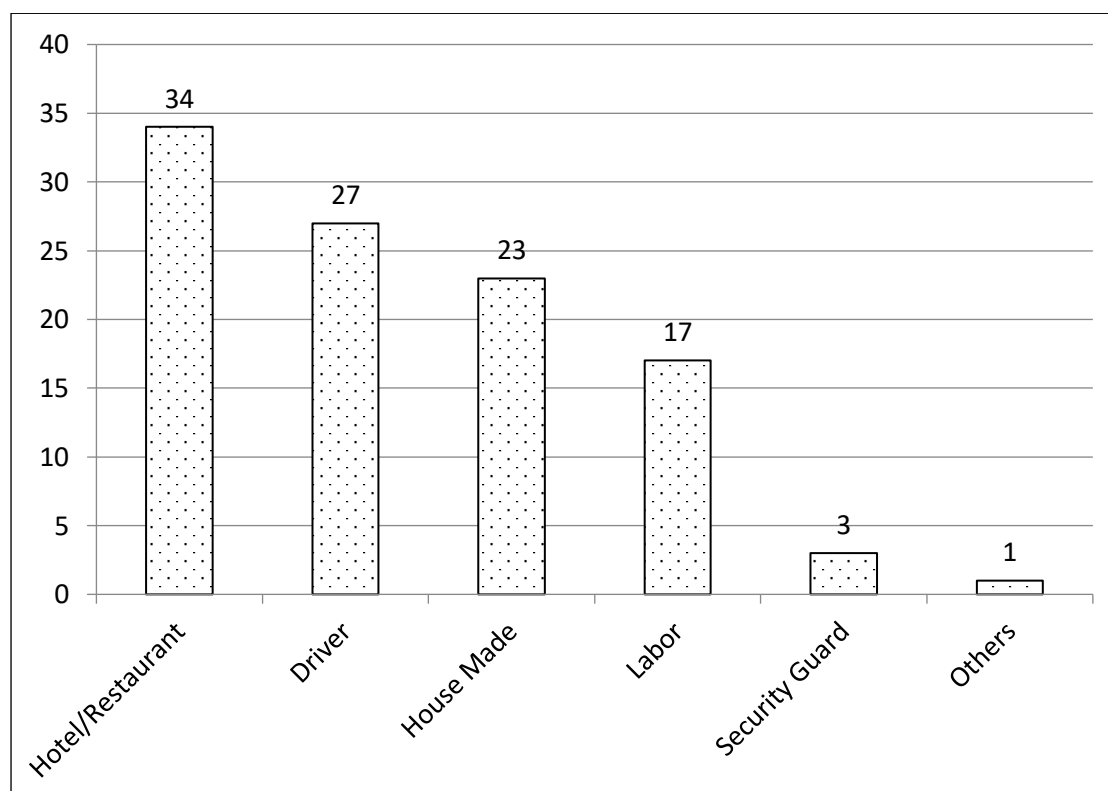
Type of Job	No. of Respondents	Percent
Hotel/Restaurant	34	32.39
Driver	27	25.72
House Made	23	21.90
Labor	17	16.19
Security Guard	3	2.85
Others	1	0.95
Total	105	100.00

Source: Field Survey, 2018

Table 4.3 and figure 4.2 provide the information on the number of candidates in terms of occupational status.

Figure 4.2

Occupational Status of the Respondents



Source: Based on the table 4.3.

Table 4.3 and figure 4.2 shows that the occupational status of labor migrants engagement in their work in their migrant country. Hotel and restaurant workers are highest than other occupations, which is 32.39 percent. This sector is attractive for the income in compare to other working area; therefore interested labor migrants have been learning hotel and restaurants skills before they migrated to the concern country. House maid 21.90 percent, security guard 2.85 percent and others 0.95 percent have these occupations in that foreign country. So, the majority is hotel and restaurant workers due good facility and salary.

4.2.4 Marital Status of Migrants

Marital status affects the migratory movement of people. It is found that married are more migrated than unmarried because they are compelled to care after their conjugal and family life.

Table 4.4

Marital Status of Migrants

Marital Status	No. of Respondents	Percent
Married	80	76.20
Unmarried	25	23.80
Total	105	100.00

Source: Field Survey, 2018

Table 4.4 and figure 4.3 provide the information on the number of candidates in terms of age group.

This field Survey shows that, 76.20 percent of the migrant people are married and 23.80 percent were unmarried. It shows that majority of the married people are migrated for foreign employment.

Table 4.4 demonstrate that the majority of foreign employee are married, and this also show that married foreign employee are more interested in emigration because they also have to look after their family and children, they have to pay tuition fee of their children and have to meet health budged the sickness for older members of their family, this reason also forced them to go abroad.

4.2.5 Educational Status of Migrants of the Study Area

Education is one of the most important social characteristics of population. It is a vital and key factor for foreign employment. The quality of work and wages depends upon the migrant's skill and education. The following table shows educational status of the migrants.

Table 4.5

Educational Status of Migrants

Level of Education	No. of Respondents	Percent
Under SLC	37	35.24
SLC Pass	16	15.24
10+2	42	40.00
Above Bachelors	10	9.52
Total	105	100.00

Source: Field Survey, 2018

The research revealed that, 35.24 percent of foreign employee are under SLC who can read and write as well as have passed primary level, out of this 15.24 percent of the foreign employee is SLC passed, 40 percent have passed 10+2 level and 9.52percent was able to complete their bachelors' level. Lack of quality and vocational education is the major cause of the people to seek employment in the foreign countries.

So, the Majority of the respondents are SLC passed and minority is Bachelor passed lack of knowledge, lack of employment opportunities, poverty and unstable political conditions are the major factors of doing labor in foreign country.

4.2.6 Destination Country of Migrants of the Study Area

In the process of migration, destination is another important and crucial factor. The destination is that country where migrant workers go for the work. The destination countries of the labor emigrants of the study area are shown in following table.

Table 4.6

Destination Countries of the Respondents

Countries	No. of Respondents	Percent
Dubai	26	24.77
Qatar	24	22.86
Malaysia	23	21.90
Other Gulf Countries	18	17.14
South Korea	6	5.71
Others (/Us/Europe/Australia)	8	7.62
Total	105	100.00

Source: Field Survey 2018

Table 4.6 shows the destination countries of Nepalese migrants. Highest proportion 24.77 percent migrants go to Dubai, 7.62 percent migrants go to developed countries and 17.14 percent migrants go in India. The reason of going Dubai is the high demand of workers and easy process of emigration.

4.2.7 Skill of Foreign Employee

These sub-chapter mentions about the skills of foreign employees. Table 4.7 shows the various skills of foreign employee working in the destination country.

Table 4.7

Skill of Foreign Employees

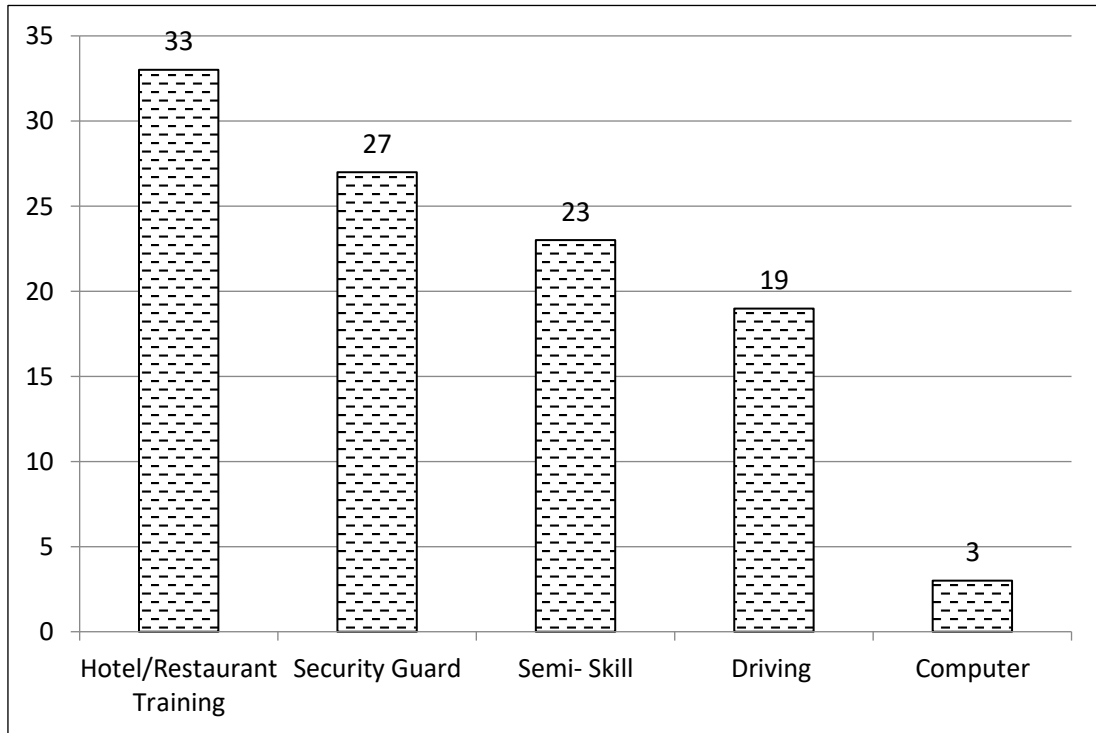
Member	No. of Respondents	Percent
Hotel/Restaurant Training	33	31.43
Security Guard	27	25.71
Semi- Skill	23	21.90
Driving	19	18.10
Computer	3	2.86
Total	105	100.00

Source: Field Survey, 2018

Table 4.7 and figure 4.3 provide the information on the number of candidates in terms of skill of foreign employee.

Figure 4.3

Skill of Foreign Employees



Source: Based on the table 4.7

Table 4.7 and figure 4.3 show the skills of foreign employees working overseas. 31.43 percent have hotel and restaurant training, 25.71 percent have security guard training, 21.90 percent of migrants are semi-skilled, 18.10 percent have driving training, and the remaining 2.86 percent have computer training.

So, the majority of respondents have hotel training and a minority have computer training because most foreign employees are working in hotels and restaurants and less are working in offices. There is a high demand for unskilled and semi-skilled labor, while there is not much demand for highly skilled manpower. Highly skilled manpower further has opportunities in the country.

4.2.8 Causes of Foreign Employment of the Study Area

There are various causes for going abroad for employment in the Nepalese context. Some major causes are lower living standard, insufficiency of food, cloth and lower quality of housing, insecurity and unemployment, landlessness and ineffective education system. Table 4.8 shows the distribution of important causes of migration found in the study area.

Table 4.8
Causes of Foreign Employment

Causes	No. of Respondents	Percent
Indebtedness	23	21.90
Social Conflicts	17	16.19
Family Conflicts	6	5.71
Unemployment	35	33.25
Lack of Facilities	24	22.85
Total	105	100.00

Source: Field Survey, 2018

Table 4.8 shows that, 33.25 percent youth are going abroad due to the unemployment in the Municipality while 16.19 percent are gone abroad because of social conflict, 22.85 percent found going out due to lack of facilities and 3.36 percent youth were found gone out due to the family conflict and 21.90 percent went out because of indebtedness.

So, the majority of the youth of Municipality is going abroad due to unemployment and minority due to conflicts and indebtedness. In my study area there is lack of basic facilities like: computer, Latest accessories, furniture or other equipment etc. Unemployment is the major cause of migration which is the prevalent trend all over the country.

4.2.9 Monthly Salary of Migrants

Income is one of the most important factors and can play a greater role for taking decision to migrate. Income gives the higher social status in our society. So, those people are taking decision to migrate whose income is lower than other members of the society. In Nepalese context, the major occupation is agriculture and it is seasonal occupation. So, many people are seasonally employed. Directly, it can be seen that people are taking decision for labor emigration because of unemployment and low income. Salary range of migrant workers is shown in Table 4.9.

Table 4.9**Monthly Salary of Migrants**

Monthly Income (NRS)	Migrant Workers	
	No.	Percent
Below 15,000/-	0	0
15,000- 25,000	12	11.43
25,000 – 35,000	14	13.33
35,000- 45,000	44	41.91
Above 45,000	35	33.33
Total	105	100.00

Source: Field Survey, 2018

Table 4.9 shows that, among the labor migrants, 11.43 percent have a monthly salary of NRs. 15,000- 25,000, 13.33 percent have 25,000 to 35,000 salary, 41.91 percent have 35,000 to 45,000 salary and 33.33 percent have above 45,000 salary. The scale of salary is NRs. 45,000 so the many workers are received around this.

4.2.10 Medium of Remittance

Most of the people do not know the formal process of foreign employment. Some youths are cheated by the brokers. In the process of foreign employment, some people do not have any ideas for going abroad. So they have to depend on brokers. Some time, the broker demand pre-payment from emigrant and deceive amount. The brokers deceive them in different ways. In this case, people are compelled to go abroad depending on assurance of salary, type of work, facilities as provided by the brokers without taking full information. In this study, area, some migrants have cheated in the process of foreign employment.

Table 4.10**Medium of Remittance**

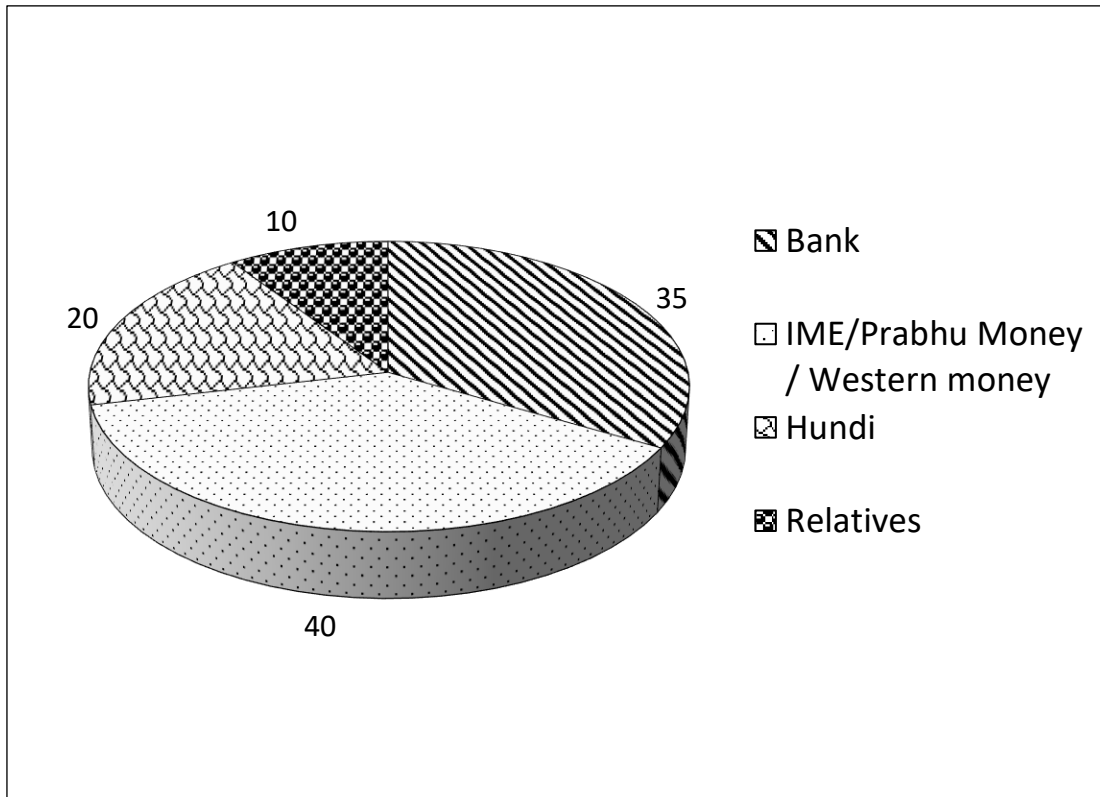
Medium	No. of Recipient Households	Percent
Bank	35	33.33
IME/Prabhu Money / Western money	40	38.10
Hundi	20	19.05
Relatives	10	9.52
Total	105	100.00

Source: Field Survey, 2018

Table 4.10 and figure 4.5 provide the information on the number of candidates in terms of Medium of remittance.

Figure 4.4

Medium of Remittance



Source: Based on the table 4.10

Table 4.10 and figure 4.5 reveal that the 33.33 percent household receive money through bank, 38.10 percent through IME, 19.05 percent receive through Hundi services and percent family receive through relatives.

It shows most of the migrants depend on IME services. IME is an excellent money transfer and it is easy to receive money as well as quick customer service. The establishment of banking services has eased remittance facilities. Yet unavailability of easy banking channel, lack of knowledge leads to transaction via illegal means.

4.2.11 Duration of Sending Remittance

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and income distribution. These inflows can also contribute to stability by lowering the probability of current account

reversals. Since they are a cheap and stable source of foreign currencies, remittances are likely to stem investor panic when international reserves are taking a downward trend or external debt is rising. At the community level, remittances create multiplier effects in the domestic economy, producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective structures and institutions have been set up to pool and direct remittances. The duration of remittance is stated in table 4.11.

Table 4.11

Duration of Remittance Sending

S.N.	Duration of Remittance	No. of Recipient Households	Percent
1.	Yearly	15	14.29
2.	In six month	34	32.39
3.	Quarterly	32	30.48
4	Monthly	20	19.04
4.	Not Regular	4	3.80
	Total	105	100.00

Source: Field Survey, 2018

Above table shows that the 14.29 percent households receive money yearly, 32.39 percent receive in six months, 3.80 percent don't receive regularly, and 30.48percent households receive remittances quarterly.

So, the studydemonstrate that the majority of respondents send money yearly and minority proportion not regularly due to thelack of time, not receiving salary in time and language problem, etc. of the members working abroad.

4.2.12 Amount of RemittanceReceiving

Remittances can contribute significantly to local, regional and national economic development in migrant-sending countries and also play an instrumental role in reducing poverty as they flow mainly to poor and marginalized families. In many

instances, remittances form a significant percentage of total household income, acting as a substitute for earned income lost to unemployment, illness, retirement, emigration, falling wages and crop failure, among others, and ultimately protect poor families against the erosion of what are already basic household assets.

Table 4.12

Amount of Remittance

S.N	Amount of Remittance(NRs.)	No.ofHouseholds	Percent
1	Below 15,000/-	0	0
2	15,000- 25,000	12	11.43
3	25,000 – 35,000	14	13.33
4	35,000- 45,000	36	34.29
5	Above 45,000	43	40.95
	Total	105	100.00

Source: Field Survey, 2018

Table 4.12 shows that out of the total remittance receiving households of foreign employee, 11.43 percent households receive 15 to 25 thousands NRs. monthly, 13.33 percent receive 25 to 35 thousands, 34.29 percent get 35 to 45 thousands and 40.95 percent above 45 thousands monthly when calculated the average.

The majority of migrants send money above 45 thousands and minority send 15 to 25 thousands because the most of the migrant's salary is above 45 thousands.

4.2.13 Utilization of Remittance

The recognition that only a small proportion of remittances are utilized to establish small businesses, improve agricultural practices, or on other forms of 'productive' investment created disillusionment over the development impact of remittances among researchers and policy makers in the 1970s and early 1980s. In recent years, the distinction between consumption and investment has been criticized by researchers that expenditure on these beneficial impacts is particularly strong for countries. 'Consumption' items such as health and education should be understood as investment in human capital. As an example, in both the short and long run, investment in education denotes an improvement of the educational infrastructure of the labor exporting economy.

Migrants, in combination with high productive physical capital, yield returns that are normally much higher than they would have been if the migrants were employed in their home country. The migrants' family members, who stay behind in their home country, enjoy a higher standard of living through the migrants' savings. Hence, expenditure on consumption and housing produces indirect multiplier effects, which encourage investment and output in related industries. Thus, making a distinction between the productive and unproductive remittances seems quite blur, and both contribute to livelihoods and development, with productive uses contributing more.

Table 4.13

Utilization of Remittance

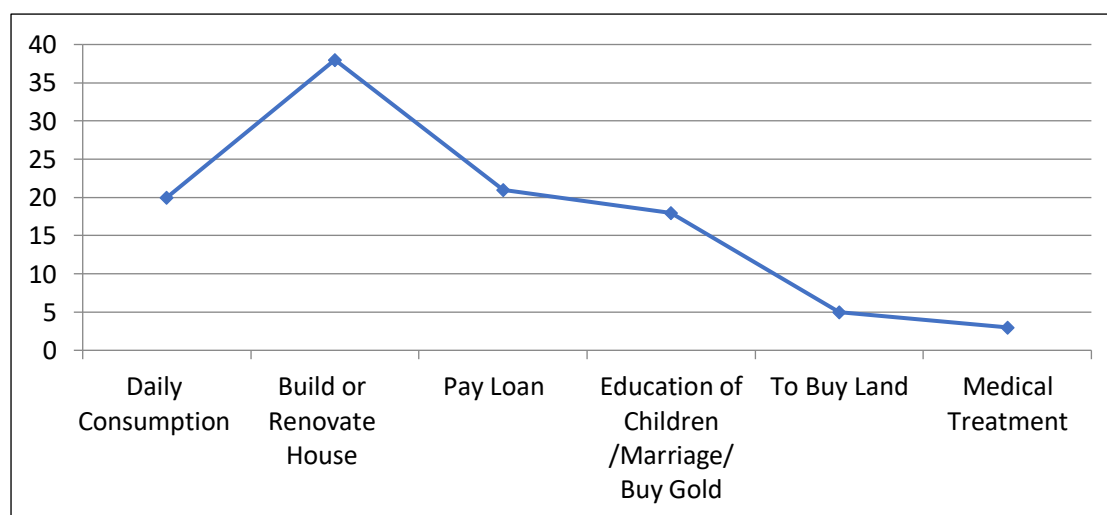
S.N.	Use of Remittance	Households	Percent
1.	Daily Consumption	20	19.05
2.	Build or Renovate House	38	36.19
3.	Pay Loan	21	20.00
4.	Education of Children /Marriage/ Buy Gold	18	17.14
5.	To Buy Land	5	4.76
6.	Medical Treatment	3	2.86
	Total	105	100.00

Source: Field Survey, 2018

Table 4.13 and figure 4.6 provide the information on the number of candidates in terms of use of remittance.

Figure 4.5

Utilization of Remittance



Source: Based on the table 4.14

Table 4.13 shows use of remittance income. 19.05 percent households use money for daily consumption, 36.19 percent used to build or renovate house, 20 percent paid loan, 17.14 percent use for education of children/marriage/buy gold, 4.76 used to buy land and remaining 2.86 percent used for medical treatment.

So the majority of expenditure is on consumption and minority is medical treatment. Here some households are solely dependent on the foreign employee for fulfillment of basic needs, they consume the daily goods and services through remittance money so the remittance money is used in consumption.

4.3 Economic Contribution of Foreign Employment on Rural Economy and Household Level

In the study area, there are modern facilities like furniture, gas, stoves, television, electricity and vehicles. The living standard of some households is like those of the urban areas. The living standards of the households have changed dramatically after the involvement of their family members in the foreign employment. Remittances have numerous economic and social benefits which are analyzed below:

4.3.1 Contribution on Housing Condition

Housing generally refers to the social problem of insuring that members of society have a home to live in, whether this is a house or some other kind of dwelling, lodging, or shelter. The house structure shows the economic and social status of respondents in the society in the Nepalese context. The types of house structure in this study area are shown in Table 4.14

Table 4.14
Housing Condition

Types of House	Before		After	
	Number	Percent	Number	Percent
Pakki	31	29.53	52	49.52
Ardha-Pakki	35	33.33	32	30.48
Kachhi	39	37.14	21	20.00
Total	105	100.00	105	100.00

Source: Field Survey, 2018

This shows that construction of pakki houses are increasing trend. The people's income is high by receiving remittance. They are able to build new pakki house whose family members are in foreign country. Remittance income also served to build new houses and renovate houses after the earthquake.

4.3.2 Change in Facilities of the Study Area

Remittances generate a positive effect on the economy thorough various channels such as savings, investment, growth, consumption, and income distribution. These inflows can also contribute to stability by lowering the probability of current account reversals. Since they are a cheap and stable source of foreign currencies, remittances are likely to stem investor panic when international reserves are taking a downward trend or external debt is rising. At the community level, remittances create multiplier effects in the domestic economy, producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective structures and institutions have been set up to pool and direct remittances. Table 4.15 shows the facilities of migrant worker's households.

Table 4.15
Changes in Facilities

Particulars	Number of Households Using the Service	
	Before	After
Motorcycle	2	10
TV / Radio	66	66
Mobile/ Camera	66	66
Furniture	66	66
Solar / Refrigerator	0	4
LPG/Bio Gas	6	66
Computer	2	22
Others	2	12

Source: Field Survey, 2018

Table 4.15 shows that the change in facilities of foreign employees households. 2 respondents have motorcycle in past and now 10 respondents, 66 respondents have TV/Radio in past and now 66 respondents but the version of TV were changed

nowadays they were used latest televisions like: LCD, LED. Similarly, the using patter of mobile/camera and Furniture were changed. There is no any households were used solar in past and nowadays 4 family were used. The number of household family using LPG and bio gas has increased very significantly. After receiving remittance the facilities of migrant's family were changed day to day. They consumed Vehicle, TV, Mobile, Camera, Solar, Refrigerator, etc.

4.3.3 Contribution on Education

Education empowers the human being; it increases the status of living. Education provides people with the knowledge and skills to contribute and take benefits from development efforts. Education is a key indicator of human development. It has a positive role in the success of life. Primary education is a principle mechanism of fulfilling the minimum learning needs of the people needed for effective participation in the economic, social, political and civil activities. Table 4.16 shows changing educational status of the children of respondent's households after using remittance:

Table 4.16

Educational Status

Type of School the Children of the HHsGo	Before		After	
	No. of Respondents	Percent	No. of Respondent	Percent
Government School	60	57.15	39	37.14
Private School	45	42.85	66	62.86
Total	105	100.00	105	100.00

Source: Field Survey, 2018

Table 4.16 shows that the educational status of children of the households of remittance users before and after. Before going abroad the majority of the respondents are government schools, i.e., 57.15 percent, and minority is private schools, i.e., 42.85 percent.

After the remittance the children going to private school has been increased from 42.85 to 62.86. The child from the household receiving remittance going to

Government school has decreased from 57.15 percent to 37.14 percent. So, the study shows that quality of education is increased gradually in the remittance receiving households.

4.3.4 Contribution on Health Facilities

Health check-up is necessary from the conception to everyday life. Due to the lack of awareness, poor economic condition, lack of facilities, etc. most of the persons don't go to check-up their health regularly. There were some changes in their life related to health status. The status of health check-up is presented in table 4.17

Table 4.17

Distribution of Respondents Changing Health Status

Health Institution	Before	Percent	After	Percent
Health Post/Medical	47	44.76	38	36.19
Hospital	29	27.62	36	34.29
Dhami/Jhakri	29	27.62	31	29.52
Total	105	100.00	105	100.00

Source: Field Survey, 2018

Table 4.17 shows that the distribution of respondents changing health status. Before the receiving remittance 44.76 percent were checkup health post or medical clinic, 27.62 percent were checkup in hospital and 27.62 percent used to go to traditional Dhami/Jhakri and after the remittance 36.19 percent were checkup in health post and 34.29 percent were checkup in hospital. The numbers of households going for traditional methods have declined from 29.52 percent.

So, the study finds that there were little change in health status of foreign employee's households.

There are both benefits and cost of out migration and remittance in the economy. They have also contributed to the living standard and their livelihood. It has helped to reduce the poverty level and enhanced income of the poor especially those in rural areas. These social concerns must be addressed to minimize the ill effects of out

migration. The following table shows that the distribution of respondents by change in economic status:

Table 4.18
Economic Status of Respondents

Households' Assets Changes	No. of Respondents	Percent
Increase in land occupancy	24	22.86
Increase in furniture and other assets	46	43.81
Bank Account	35	33.33
Total	105	100.00

Source: Field Survey, 2018

Table 4.18 shows that, the change in economic status of the household's respondents. They were changed their daily life style and extra property. The research shows that, economic status is increasing trend. The poor have improved their living conditions owing to remittances from migration. However, there are several problems encountered by the migrant's working abroad. There are also social costs associated with the migration of wives and others, such as the breakup of families, domestic violence, and neglect of children.

4.3.5 Contribution on Household Income of Respondents

Remittances denote "household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies. Remittances include cash and noncash items that flow through normal channels, such as via electronic wire, or through informal channels, such as money or goods carried across borders. They largely consist of funds and noncash times sent or given by individuals who have migrated to a new economy and become residents there, and the net compensation of border, seasonal, or other short-term workers who are employed in an economy in which they are not resident. The comparisons of household income are explained in table 4.19.

Table 4.19

Household Incomes of Respondents(Per Month)

Amount(NRs)	No. of Households			
	Before	Percent	After	Percent
Below10000	46	43.81	-	-
10000-20000	16	15.24	-	-
20000-30000	31	29.52	15	14.29
30000-40000	10	9.52	29	27.62
Above 40000	2	1.91	61	58.09
Total	105	100.00	105	100.00

Source: Field Survey, 2018

Table 4.19 shows households' income comparisons before and after the foreign employment. Before 29.52 percent households had 20,000/ to 30,000/ income, 9.52 percent 30,000/- to 40,000/- income, 1.91 percent above 40,000/ income. After remittance 58.09 percent have above 40,000/- income and 27.62 percent have 30,000/- to 40,000/- income. This research shows that after the remittance the income of households are in increasing trend.

4.3.6 Contribution on Household Expenditure of Respondents

The relationship between remittance and expenditure can be explained theoretically treating remittance as a source of income of remittance receiving households. Consumption models such as life-cycle hypothesis and permanent-income hypothesis maintain that source of income does not matter in consumption behavior. The only objective of the household is to smooth income and consumption. Since remittances are a source of income among many sources for a household, the survey does not ask how households spend income according to the source. Moreover, since remittance

income is fungible, it does not make sense to ask questions regarding which source of income is used for purchasing of what kind of goods. The expenditure of foreign employment in the study area is presented in Table.

Table 4.20
Household Expenditure of Respondents (Monthly)

Expenditure (NRs)	No. of Households			
	Before	Percent	After	Percent
Below 10000	46	43.81	-	-
10000-20000	16	15.24	-	-
20000-30000	31	29.52	25	23.81
30000-40000	7	6.67	29	27.62
Above 40000	5	4.76	51	48.57
Total	105	100.00	105	100.00

Source: Field Survey, 2018

Table 4.20 shows that household expenditure of remittance users. The study compares the expenditure condition of family before and after. Table shows the household expenditure. Earlier, 43.81 percent households had expenditure below 10,000, 15.24 percent had between 10,000/- to 20,000/- Nepalese Rupees, 29.52 percent spent 20,000/- to 30,000/- Nepalese rupees.

After the foreign employment, 23.81 percent spend rupees 20,000/- to 30,000/- expenditure and 48.57 percent have household expenditure of above Nepalese Rupees 40,000. This clearly shows that the remittance has helped to increase the purchasing capacity of the respondents' households and the expenditure has increased significantly.

The most important factor determining the pattern of consumption is the level of income. However, the distribution of income level and distribution of assets, most studies focused on the relationship between expenditure on different goods and

income and households size. Hence, the results show that the expenditure patterns has been increased after remittance.

The majority of the research on remittances is devoted on for what purpose the remitted money is used. The thesis also tries to identify the uses of remittances by classifying the household expenditure mainly on three sub headings: expenditures on food, expenditures on non-food items and expenditures on education. The expenditure on food is assumed to be consumption expenditure while the expenditure on non-food and expenditure on education is assumed to be investment expenditures.

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption and income distribution. These inflows can also contribute to stability by lowering the probability of current account reversals. Since they are a cheap and stable source of foreign currencies, remittances are likely to stem investor panic when international reserves are taking a downward trend or external debt is rising. At the community level, remittances create multiplier effects in the domestic economy, producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective structures and institutions have been set up to pool and direct remittances.

A significant portion of relevant literature on remittances argues that they are primarily spent on consumption, housing, land and are not utilized for productive investment that would contribute to long-run development. In this context, the distinction between “productive and non-productive” utilization of remittances needs to be reexamined.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Major findings of the study are as follows:

- The age distribution ratio of the study area shows that, the highest numbers of the foreign employee are between the ages of 25-30 years with 42.85 percent. The age between 30-35 years constitutes 26.67 percent of the total migrants, between the age 35-40 years constitutes 6.67 percent of the total migrants, at last 1.91 percent of the migrants are between the age of above 40 years. The highest numbers of the migrants are of the age group 25-30 years because they are the most economically active people seeking for job and employment opportunities.
- Study shows the gender descriptions of migrants. Out of the total migrants 80 percent of them are male and only 20 percent of total workers are female. It means only few number of females have gone for foreign employment. This study shows that most of the migrant workers are male because main responsibilities of family are taken by males and Nepal is a patriarchal society.
- This field Survey shows that 76.20 percent of the migrant people are married and 23.80 percent were unmarried. It shows that majority of the married people are migrated for foreign employment.
- The research revealed that 35.24 percent of foreign employee are under SLC who can read and write as well as have passed primary level, out of this 15.24 percent of the foreign employee is SLC passed, 40.00 percent have passed 10+2 level and 9.52 percent was able to complete their bachelors' level. Lack of quality and vocational education is the major cause of the people to seek employment in the foreign countries.
- Research shows the destination countries of Nepalese migrants. Highest proportion 24.77 percent migrants go to Dubai, 7.62 percent migrants go to developed countries and 17.14 percent migrants has gone to other gulf countries. The reason of going Dubai is the high demand of workers and easy process of emigration.

- The study shows the skills of foreign employee working in the overseas. 31.43 percent have a hotel and restaurant training, 25.71 percent have a security guard training, 21.90 percent migrant are semi-skilled, 18.10 have a driving training and remaining 2.86 percent have computer training.
- Study shows that 33.25 percent youth are going abroad due to the unemployment in the Municipality while 16.19 percent are gone abroad because of social conflict, 22.85 percent found going out due to lack of facilities and 5.71 percent youth were found gone out due to the family conflict and 21.90 percent went out because of indebtedness.
- This study show that, among the labor migrants, 11.43 percent have a monthly salary of NPR 15,000- 25,000, 13.33 percent have 25,000 to 35,000 salary, 41.91 percent have 35,000 to 45,000 salary and 33.33 percent have above 45,000 salary. The scale of salary is NPR 45,000 so the many workers are received around this.
- The study reveal that the 33.33 percent household receive money through bank, 38.10 percent through IME, 19.05 percent receive through Hundi services and 9.52 percent family receive through relatives.
- In the study area, 14.29 percent households receive money yearly, 32.39 percent receive in six months, 3.80 percent don't receive regularly, and 30.48 percent households receive remittances quarterly.
- The total remittance receiving households of foreign employee, 11.43 percent households receive 15 to 25 thousands NR monthly, 13.33 percent receive 25 to 35 thousands, 34.29 percent get 35 to 45 thousands and 40.95 percent above 45 thousands monthly when calculated the average.
- The study shows use of remittance income. 19.05 percent households use money for daily consumption, 36.19 percent used to build or renovate house, 20.00 percent paid loan, 17.14 percent use for education of children /marriage/ buy gold, 4.76 used to buy land and remaining 2.86 percent used for medical treatment.
- The research shows that the change in facilities of foreign employees households. 2 respondents have motorcycle in past and now 10 respondents,

66 respondents have TV/ Radio in past and now 66 respondents but the version of TV were changed nowadays they are using latest televisions like: LCD, LED. Similarly, the using pattern of mobile/camera and Furniture were changed. There were no any households who used solar in past and nowadays 4 family are using. The number of household family using LPG and bio gas has increased very significantly. After receiving remittance the facilities of migrant's family were changed day to day. They consumed Vehicle, TV, Mobile, Camera, Solar, Refrigerator etc.

- The study shows that, the change in economic status of the household's respondents. They were changed their daily life style and extra property. The research shows that, economic status is in increasing trend. The poor have improved their living conditions owing to remittances from migration. However, there are several problems encountered by the migrant's working abroad. There are also social costs associated with the migration of wives and others, such as the breakup of families, domestic violence, and neglect of children.

5.2 Conclusion

Majority of foreign employees in the studied area are married, and this also shows that married foreign employees are more responsible in sending remittance because they have to look after their family and children, they have to provide finance for the education of their children and have to meet health expenses for the older members of their family. This has been the main reason for going abroad.

In least developed countries like Nepal remittance is much used in consumption than in investment through the increase in saving. However consumption' items such as health and education should be understood as investment in human capital. The study finds that there were little change in health status of foreign employees' households. In general the positive impacts have seen in the socio-economic development of the Municipality through the remittance income. Increase in quality life, education, health facilities have improved. However no strong impact of saving and challenging remittance to production and investment seen. Longer term impact may not be good.

Receiving remittance and its use is very challenging and risky because of robbery of crime, unequal wages, increasing alcoholism, conflict etc.

5.3 Recommendations

Based on the above analysis, the following recommendations are offered as policy suggestions:

- i. A study that sheds more light on the poverty reducing role or potential of worker's remittances is suggested. Analytical tool involving the use of a poverty transition matrix for the affected community is highly recommended. What this means is that the research should be conducted within the framework of a household survey.
- ii. A future research on the developmental impact of worker's remittances to developing countries is suggested and such study should specifically cover other indicators of growth and development such as health, investment in human capital, housing, etc.
- iii. Most of the respondent in the study area are migrated in unskilled condition so they cannot earn more income than skilled workers. Since, technical training institutions should be established in rural area and a person who wants to go for foreign employment should be given training related to the nature work before sending him to foreign country.
- iv. Remittances impact positively through human capital investments such as education. There is a need for policies to increase literacy level and encouraging remittance-recipient households to continue investing in education. Education policies that advocate for the continued and increased enrolment of household members in primary, secondary and tertiary education should be adopted.
- v. Nepal is facing problem of general unemployment among youth. The employment opportunities are virtually non-existent in rural areas and currently it is predominant in city areas as well.

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APPENDIX-I

HOUSEHOLD SURVEY QUESTIONNAIRES

A.1. Details of Foreign Employee:

1) Personal Information

Age:

- a. 18-25 Years b.25-30 years c.30 –35Years
d.35-40 years. Above 40years

Sex:

- a. Male b. Female

Marital Status:

- a) Married b) Unmarried
c) Widow d) Separated

Destination:

- a) Malaysia b. India c) Qatar
d) Dubai. e) Other Gulf Countries d. Others.....

Educational Qualification:

- a. Under SLC b.SLC pass c. 10+2
d. Above Bachelor

Skills:

- a. Computer b. Hotel Training c. Driving
d. Semi-skill e. Security guard training f. Others.....

2.) Which medium was used as a means to go abroad for foreign employment?

- a. Employment agency..... b .Local broker.....
c. Family members..... d. Relation/neighbor.....

3) In which sector does your migrated member work?

- a) Hotel/Restaurant b) Labor/Construction c) Driving
d)Security Guard e) House-maid f) Others Specify...

- 4) What are the causes he/she to go abroad?
- a) Unemployment b) Indebtedness c) Lack of Facilities/Poverty
- c) Social Conflict d) Family Conflict e) others

B) Present Status of Remittance

- 1) What is the present salary of employee (per month in rupees)?
- a) Below 15000 b) 15000-25000 C) 25000-35000
- d) 35000- 45,000 e) 45,000 -65,000 f) Above 65,000

- 2) Through which medium do you received remittance?

Medium	
Bank	
Ime	
Hundi	
Relatives	

- 3) How often do you receive the remittance?
- a) Every Month b) Quarterly
- c) In six month d) Yearly e) Not Regular.....
- 4) What amount of money do you receive as remittance per month?
- a) Below 15000 b) 15000-25000
- c) 25000-35000 d) 35000- 40,000 c) Above 45,000
- 5) Who decides to hold money? (Relationship with foreign employee)
- a) Father b) Mother c) Wife
- d) Husbands e) Brother f) Sister
- g) Relatives
- 6) Who decides to use money? (Relationship with foreign employee)
- a) Father b) Mother c) Wife
- d) Husbands e) Brother f) Sister
- g) Relatives

- 7) For what purpose do you receive remittance?
- a) Daily Consumption
 - b) To Buy Land
 - c) Build or Renovate House
 - d) Pay Loan
 - e) Education of Children
 - f) Marriage
 - g) Buy Gold
 - h) Business
 - I) Medical Treatment
 - j) Other Propose ...

C) Contribution of Remittance on Economic Development

1. Change in Housing Structure

Types	Before	After	Cause
Pakki (made by Stone, cement block and Break)			
Ardha Pakki (House roofed with tins, Khar etc)			
Kachhi (House made by wood, grass, mud etc.)			
Tahara/Hut			

2. Change in Facilities:

Particulars	Before	After	Contribution by Remittance??(Yes/No)
Vehicle.....			
TV / Radio.....			
Mobile/ Camera.....			
LPG/ Bio Gas			
Furniture.....			
Solar / Refrigerator.....			
Washing Machine			
Land			
Others.....			

3) **Change in Education**

Institutions	Before	After	Cause
Government school			
Community school			
Private school			

4) **Change in Health**

Health Institution	After	Before	% Share of Remittance	Cause
Health Post/ Clinic/Medical				
Hospital				
Traditional (Dhami/ Jhakri)				

5) **Change in Economic Status:**

Posseson	Yes	NO	Cause
Increase in Land Occupancy			
Increase in Furniture and other assets			
Bank Balance			

6) **Change in Household Income**

Income (NRs.)	Before	After	Cause
Below 10000			
10000-20000			
20000-30000			
30000-40000			
Above 40000			

7) Change in Household Expenditure

Expenditure (NRs,)	Before	After	Cause
Below 10000			
10000-20000			
20000-30000			
30000-40000			
Above 40000			

8) Are these activities supported by the remittance?

- a) Completely i) Yes ii) No
- b) To some extent i) Yes ii) No