

ROLE OF REMITTANCE IN RURAL COMMUNITY

(A CASE STUDY OF SARAUNKHOLA VDC, PARBAT)

A Thesis

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RECOMMENDATION

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I hereby declare that this thesis entitled “**Role of Remittance in Rural Community: A Case Study of Saraunkhola VDC, Parbat**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Study(MBS) under the supervision of lecturer Mr. Krishna Prasad Ojha and Mr. Rajesh Gurung faculty of Nepal Commerce Campus, Tribhuvan University.

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LIST OF ABBREVIATIONS

AD= After Jesus Christ Death
ADB= Asian Development Bank
BOP= Balance Of Payment
BS= Bikram Sambat
CBS= Central Bureau of Statistics
CEDECON= Central Department of Economics
CFE= Convertible Foreign Exchange
DFID= Department For International Development
FY= Fiscal Year
GDP= Gross Domestic Product
GON= Government Of Nepal
IFC= International Finance Corporation
IME= International Money Express
IMF= International Monetary Fund
KSA= Kingdom of Saudi Arabia
MOF= Ministry Of Finance
MOL= Ministry Of Labor
NLSS= Nepal Living Standard Survey
NPC= National Planning Commission
NPHC= National Population and Housing Census
NRB= Nepal Rastra Bank
NRs= Nepalese Rupees
SLC= School Living Certificate
UAE= United Arab Emirates
UK= United Kingdom
UN= United Nations
UNDP=United Nations Development Program
US\$= United States Dollar
US= United States
USA= United States of America
VDC= Village Development Committee
WB= World Bank
WTO= World Trade Organization
WWW= World Wide Web

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF STUDY

The remittance has great impact in the rural community of Nepal, basically in poverty reduction of rural community. People seek opportunities abroad and migrate to the better place with better opportunities due to suffer different problems such as: employment, education, shelter, food etc. The consequence of Globalization, it has opened door to the world. Globalization is the result of advances in communication, transportation, and information technologies. It describes the growing economic, political, technological, and cultural linkages that connect individuals, communities, businesses, and governments around the world. Immigrants seeking economic opportunities often send money - referred as remittances - home to their families. This study reviews the meaning and general areas of remittance and its effect on economy as well as community of developing countries.

The term 'remittance' is used in different ways. Under the definition currently in use by the IMF - which provides the most widely used standard for the presentation of international statistics- remittances are international transfers of funds sent by migrant workers from the country where they are working to people (typically family members) in the country from which they came (International Monetary Fund, 1993:75). Migrant workers remit funds to their home countries to support family members left behind. The amount of remittances represents a significant flow of income to poor families. If channeled in a more efficient and reliable manner, it can considerably contribute to alleviation of poverty and a country's development. Many developing countries consider migration as part of a strategy for growth and development. Due to globalization not only do goods, money, and information move great distances quickly, but also more people are moving great distances as well Migration, both legal and illegal, is a major feature of this era of globalization.

On context of Nepal also, migration as natural phenomena of globalization era, started on early 19th century and skyrocketed in recent years. Many people are attracted to foreign for different opportunity – employment, education, etc. Migration continues partly because of growing insecurity in Nepal's. In addition, Nepalese must confront a lack of economic opportunities at home and increasing opportunities abroad. Remittance is one of the contributing aspects of the migration. Remittance as general word means sending of money to someone at a distance. This is most often done through an electronic network, wire transfer or mail. These remittances represent the most direct and immediate benefit to emigrant families and to the sluggish economy. It has become a significant source of funds for some of developing countries, including Nepal, that receive them from dozen of the countries, they exceed official foreign aid or foreign investment as source of external funds. As a result, Remittances have become an important source of income for many countries. With this, remittance is evolving as new important part of economic environment. Therefore, the government should pay more and more attention in developing appropriate strategies to remittances flows as an important financial source to boost economic development.

1.2 STATEMENT OF THE PROBLEM

In this twenty first century, the age of globalization remittance has become a cornerstone of development for any developing country. The magnitude may differ but the role of the remittance to the development can't be denied. The developing countries in this age can't even take a foot path ahead without external assistance like remittance and the foreign aid. In case of Nepal, in this present situation of post war the one and only source of economic stabilization and growth rate maintenance is remittance income. According to economy profile of World Bank and IFC Nepal's per capita income is increased to US\$ 540 from US\$ 320, which is only due to the increasing trend of remittance income.

Concentrating the poverty situation of our country, its magnitude is very large especially in the rural areas most of the people are migrated to the other countries for

work and earn only for the existence of their family. In rural areas we can find that most of the lower and middle class families are drowned in debt. If any member of that family is migrated to other countries its debt is comparatively less than other families. With these scenarios, the study focuses on whether the remittance income is playing a very vital role in the rural economic situation.

According to Department of Labor & Employment Promotion 2010/11 A.D. reported that 3,84,665 persons were out of the country to foreign employment. According to the NRB in the year 2012/13 remittance amounting Rs.388462.3 million were received in Nepal which is around 8.04 percent increase than previous year earnings. The major factors attributing to large demand labor employment from Nepal are related to higher rate of unemployment, limited employment opportunities, low salary structure in the economy, insecurity in the rural areas because of insurgency and so on (Karki, 2006). Other main reason is the willingness and enthusiasm of Nepal youth to visit and work in the foreign country.

Since many years, foreign employment rate is increasing, but most of unskilled labor has gone to foreign land. Nepalese labor forces seeking foreign employment have a very low level of technical education and formal training. They are compelled to take risky, difficult and dirty work in foreign country. Slowly, training institutes are being established in Nepal to develop skills on individuals who are seeking foreign employment so that earning capacity of the employed can be increased and competitiveness in the labor market can be increased. But these institutes are in infancy. Individuals seeking foreign employment have spent large amount of money as a cost for employment. The cost includes passport fee, medical charge, visa fee, air fare and commission to the employment agency. To finance the employment individuals have to depend on several sources of funds which included internal saving, borrowing from the relatives, funds received from the sales of fixed assets like land and animals, borrowing from money lenders etc. Formal financial institutions like banks, cooperatives and finance companies do not provide loans easily. It is very difficult to arrange the funds needed for foreign employment by people coming from the lower income class.

Other problems are mal practice and fraud activities of the Manpower Agencies and employment agent and employer of the destination countries. The agreement between the migrant workers and Manpower Agencies are often violated. The government hasn't been able to regulate them. The rights of the migrant workers cannot be insured inside Nepal and also in the labor importing countries. The per capita earning of the workers is very low.

The study focuses on the following research questions:

- i) What is the situation of remittance in rural area?
- ii) What is the situation of remittance in poverty reduction?
- iii) What is the exact nature of remittance in Nepal?
- iv) How the remittance income plays role for economy development of Nepal?

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to analyze the role of remittance in rural poverty reduction of the study area. Besides this, the specific objectives of this study are as follows.

- i. To describe the role of remittance income for economic development of Nepal.
- ii. To examine general poverty scenario of the rural community.
- iii. To analyze the nature and extent of remittance income in the community.
- iv. To gauge the impact of emigration on poverty reduction of the community.

1.4 IMPORTANCE OF THE STUDY

Since the inception of the Eighth five year plan, alleviation of poverty has been accorded highest propriety. Likewise several short as well as long term programs have been launched in this related field but results are not so satisfactory. In this regard due to so many reasons like unemployment, insurgency, political violence, weak governance and faulty education system etc, large number of young manpower have

migrated to foreign countries for work to the other countries like USA, UK, Australia , other European countries as well as to the Gulf countries like Saudi Arabia, UAE, Qatar and Malaysia, Iraq etc. Due to this emigration of stream somehow the people have been able to fulfill their basic needs. Therefore, in this present time the remittance income is playing very important role to reduce the poverty in the rural areas of our country Nepal. Especially, in those areas of Nepal where there is no any job opportunities to earn money to fulfill their basic needs except the agricultural sector. But the productivity of the agricultural sector is very low. The people of the rural areas work for all the year but hardly get food even for six months.

In the past, the kind of job of Nepalese workers used to get abroad was only the armed force. After the restoration of democracy, international job market was opened in the 108 countries. Thus in the new phenomenon of entering into the WTO, efficient and skilled labor force is required and diversification in the skill and destination. This study will also concentrate on the role of remittances in rural Nepal and guide to make it more helpful in eradicating rural poverty and increasing the capacity of the labor force. The economic indicators will help to plan rural area.

If we try to analyze the present manpower of Nepal, about 70% of the educated manpower is migrated for work, some of them are coming back to Nepal and some of them are settling there forever, but all of them are sending money from there for their family and relatives. So, the remittance is coming for all over the world to Nepal where the Nepalese people are migrated. Certainly that amount of remittance is helping Nepalese economy to reduce the poverty level. When we compare the poverty level as well as the living standard of the migrated family and non migrated family, the migrated people's family is in high condition of living standard, or they are feeling very comfortable to fulfill their basic needs for their existence.

But most of the remittance income is used in the unproductive fields like house building, land purchasing, purchasing of luxurious goods and consumption etc. therefore the remittance income is not playing it's actual role for the development of the country as well as the reduction of the poverty level of the entire country. In other words, in these days the remittance income is using in the advantage of the migrated

people and their families only. If the remittance income is invested in the productive sectors like industries, development activities etc, then only the effect of that remittance income can be felt by other citizens of Nepal.

1.5 LIMITATIONS OF THE STUDY

The study has following limitations:

- i. The present analysis is concentrated in a particular area of Saraunkhola VDC, Parbat District to determine the magnitude of poverty as well as the amount of remittance income in micro level.
- ii. Income and consumption of transitory nature are excluded.
- iii. This study is based on sample size of study area. It may not be helpful to make general conclusions.
- iv. Price of all commodities is calculated on the current price.
- v. Only economic variables such as income, income and wealth inequalities are analyzed.
- vi. The value of self produced goods consumption, rent of the self occupied households, working charge (labor charge) on their own land are ignored.

1.6 ORGANIZATION OF STUDY

The study is on the following format: the first chapter is the introductory chapter. The study of theories of migration and the poverty with demography has been reviewed in the second chapter; which is presented under the title “Review of literature”. Nepalese study in the labor migration and remittance is another matter of review in the same chapter. The third chapter includes research methodology. The fourth chapter describes about the data presentation and analysis of the study area. The fifth chapter, which is the last chapter of the study presents summary, conclusions and recommendations.

CHAPTER II

LITERATURE REVIEW

This section deals with the review of literature in terms of textual as well as consequences mentioned in various books of articles of related study.

This chapter tries to detail the conceptual theoretical concept regarding the definition of remittance as well as the term poverty.

2.1 GEOGRAPHICAL BACKGROUND

Parbat district lies in Dhaulagiri Zone of western Nepal; it is one, out of six district of this zone. Parbat district is about 70 km far from zonal headquarter Pokhara. Its height ranges from the 520 m to 3300 m above the sea level.

Parbat is surrounded by five districts, there is Syangja and Kaski district in east part and Baglung, Myagdi and few of Gulmi district are in the west, other way Myagdi in the north and Syangja and few part of Gulmi district is in the south. This district covers about 0.33 percent of the total area of the country. Saraunkhola VDC is located in the western part of the Parbat District. The area of Parbat District is 536.86 sq. km. (*Napi sakha*). There are 55 village development committees and 1 municipalities in Parbat district. According the economic report of NPHC2011, the total population of the Parbat district is 146,590 whereas the total population of the Saraunkhola VDC is 2,143. The sex ratio of the Parbat District is 80.3. The population under the age of 14 years is about 48,939 and the population over the age of 60 years is about 16,967 therefore the dependency ratio in this district is not high, it is the good symptoms of the district. There are 35,719 households in Parbat District whereas; the total no of household in this VDC is 459. The average household size in the Parbat district is about 4.1, which is normal in this present situation. The population density of the Parbat district is 297. In Saraunkhola VDC, among the total population of 2,143, the total population of male is 937 and the population of female is 1,206. Comparatively, the no of female are higher than the male population.

The Saraunkhola VDC is about 280 kilometer from the national headquarter Kathmandu and it is about 70 km from the zonal headquarter Pokhara. Saraunkhola VDC is about 36 kilometers from the district headquarter Kushma. The total area of Saraunkhola VDC is 5.96 sq. km. The height of this VDC ranges from 720 to 1322 m. from the sea level. Particularly all the available land in this VDC about 42% of the land is only agriculture land, 30% is forest land and 28% others. The east part of the VDC is bordered by Bhorle VDC, west by Hoshrangdi & Huwas VDC, North by Balakot VDC and south by Huwas VDC. This VDC has no any highways and no any parks. Near about 80 percent of the population of this VDC got electricity facilities and about 90 percent people of this VDC got mobile phone services. The ethnic groups of this VDC constitute Brahmin, Chhetri, Magar, Sarki, Kami, Damai etc according to the CBS census 2011. About 80.09 percent of the total population of this VDC are literate.

Here most of the people are engaged in the farming and rest are engaged on other occupation such as business, government jobs, foreign labor, local labor, student etc. which are categorized in non agriculture sector of occupation. Agriculture is the main occupation of the people of Saraunkhola VDC. The main crops are paddy, millet, wheat, maize, potatoes, and vegetables etc. and the domestic animals on this VDC are Buffalo, cow, goat, pig and poultry etc.

2.2 REMITTANCE

Remittance refers to the transfer of money from an individual, usually a person who has emigrated from country of origin to another individual usually a relative who remains at home. There are two basic categories of remittance transfers: domestic and international transfers. Domestic transfer occurs when funds are transferred from one location to another within the same country, i.e. mostly urban to rural. Whereas international remittance involves an immigrant sending money to the country of origin, i.e., cross border transfer. But mostly remittance refers to an international remittance. In general use remittance is known as the sending of money to someone at

a distance. But usually worker remittances have generally been understood as a portion of earnings migrants send from a country other than their own to a relative in their country of origin for the purpose of meeting certain economic and financial obligations. Remittances are earnings from abroad sent to families of immigrants; they are also foreign savings like earnings from trade, or foreign investment and aid. Remittances defined as monetary funds sent by individuals working outside of their home countries to recipients in the country that they came from. This is most often done through an electronic network, wire transfer or mail.

Remittance income in developing countries has become a lifeline for economic development. By remittance we mean sending income in terms of money or goods in home by the migrants or workers who have their earnings outside their home country. Now-a days, this source of foreign income has been growing rapidly in each year in developing countries. Since long time in Nepal, many migrants have been transferring their income through the unofficial channels. Today due to the establishment of different agencies like Western Union, International Money Express (IME), Moneygram etc. in several district headquarters of the country, the remittance flows has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flows in Nepal due to the emergence of unofficial channels even though it has recorded in balance of payments account. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 percent of the recorded flows in developing countries.

2.3 REMITTANCE INCOME IN NEPAL

Initially, remittance in Nepal was introduced with Gurkha remittances. 'The Gurkhas' were renowned for good qualities of soldiers. That is why British India formally recruited Nepalese youth as a regular army, which later divided into British and Indian army. Now-a days, Nepalese going abroad are not only for armies but also spread all over the world for work and mostly they are concentrated in Gulf areas in civilian front (Kshetry 2003). Any Nepali to go for work legally, he/she needs to get permission from the Department of Labor under the Ministry of Labor and Transport

of the Government of Nepal. From the official report of the Labor Department it is known that 108 countries are at the government list where Nepalese are allowed to go for work (Annex B). But still some people are found going abroad without permission and working in the government restricted areas too. Because of this trend, data on foreign employed workers are not available in exact form. Majority of those who have left home for overseas job are eager to earn foreign currency by hard working to support their families. With regard to the delivery of remittances, the World Bank has expressed the view that the procedure of receiving remittance in Nepal is the best one in compare to others.

2.4 INWARD REMITTANCE BUSINESS IN NEPAL

Nepal is one of the world's developing countries, with a population of around 28 million. It is a Himalayan Kingdom wedged between two emerging global economics powers, India in the east, west and south with an open border and China in the north, Nepal is least developed, landlocked, geographically disadvantageously placed and economically vulnerable nation of enormous ecological diversity.

Migration & Immigration Fact Book 2008- By Uri B. Dadush, Dilip Ratha, Zhimei Xuhas categorized Nepal as Low Income Countries and UN Classification as Least Developed Countries. Agriculture remains a major source of livelihood, and tourism is also important. But one of Nepal's major exports is labor, and most rural households now depend on at least one member's earning from employment away from home and often from abroad. The Labor Act of 1985 has facilitated arrangements for Nepali migration to about a dozen specified countries, but the government has failed to develop a coherent labor export policy. Every five years, the government of Nepal produces a plan as a policy guideline. Although the current 10th plan recognizes both the contribution remittances make to the national accounts and the increasing demand for Nepali workers abroad, the government is struggling to keep up with these trends. In the last decade, foreign labor migration has become a major feature of Nepal's economy and society. More than 700,000 Nepalese work "overseas", meaning beyond India, mainly in the Middle East, East Asia and Southeast Asia. About 5 percent of these are women. And equal numbers of Nepalese workers work in the private sector

in India, and more than half in India's public sector. Although average earnings are low and individual remittances relatively small, the aggregate value of money sent (or brought) back to Nepal from India has been substantial – probably between 25 and 30 billion Nepalese rupees (NRs), or about US\$450 million to US\$500 million, in the mid-1990s according to a study by Seddon, Adhikari, and Gurung. It was estimated that the same amount thought to be receiving from other countries not including India in 1997. The bulk of these remittances came from Southeast Asia (Malaysia, Singapore, and Brunei) and the Far East (Hong Kong, Japan, and Korea). That number, combined with the remittances from India, would be between 50 billion and 60 billion NRs – nearly US\$ 1 billion and between 18 and 22 percent of Nepal's GDP – a very substantial contribution to the national accounts and the national, regional, and household economies. NLSS III estimates that the total amount of remittances in the country at NRs 259 billion in nominal terms. Internal source accounts for 20 percent of this amount. Gulf countries (especially Saudi Arabia and Qatar) together account for 26 percent, Malaysia 8 percent, India 11 percent, and the remaining 35 percent is accounted for by other countries.

NLSS estimates of the total remittances, 77 percent of remittances are transferred by person, 19 percent via financial institutions, 3 percent via *Hundi* and 2 percent by other means. The majority of the remittances are brought in by “self” (by the donor himself/herself) in case of internal sources whereas financial institutions are the main media for external source except India. The majority of remittances are sent through financial institutions from these countries: Malaysia (81 percent), Saudi Arab (73 percent) and Qatar (64 percent).

Globalization and development in technology and much other things, people are becoming much more aware. The process has also been simplified a lot. And the increase in competition is due to the higher inflow of remittance; so, overall, the companies are also not losing anything. And the increase in competition has pushed the money transfer services providers to concentrate on improving their service quality. Around, 47 Licensed Money Transfer and Principal Companies are working actively presently and they are sharing their market with almost all banks. Currently 31 licensed Commercial Banks are operating.

2.5 USE OF REMITTANCE RECEIVED

The two most reported uses of remittances received are: “for daily consumption” and “for repaying loans”. About 79 percent of the total remittances received by the households is used for daily consumption while 7 percent is used for loans repayment. Other uses are – to acquire household property(5 percent) and for education (4 percent). Only a small percentage of the remittances (2 percent) is used for capital formation and the remaining (3 percent) is used for other purposes.

Nearly 85 percent of the remittance from India is used “for daily consumption”. More than one half of remittances received from Malaysia, Saudi Arabia and Qatar are used “for daily consumption”. And for these three countries, more than one-fourth of the remittances received are used “for repaying loans”. (statistical report_vol. 2)

Remittance means the transferring money from one place to another. Remittance is the amount transferred by workers abroad to support their families back home. Euphemistically, present day Nepalese economy is characterized by "Remittance Economy". Its genesis starts from right from the beginning of world war in which Nepalese fought not for the protection of their homeland but in course of fulfilling duty in which they are engaged. At the time of British rule in India, Those days when "Nawabs" of Lucknow were watching helplessly the loot of their huge wealth. The possessions thus received went to the treasury of the rulers but the salary of the soldiers received formed the part to support their families. Remittance business is created by the foreign employment that has the long experience in Nepal. For the foreign employment Nepalese people are engaged before some centuries. The Nepalese people were earned "Brave Soldier" in the history of world before some decades. Nepalese people are earned a name and fame for the fighting the victory in the war so that they are called as "Bir Gorkhali". Nepalese migrated people are called 'Lahure' because they employed and earned money in Lahore which is in Pakistan now. Some of the Nepalese were earned money in Malaysia so they were called "Malayako Lahure".

According to a study conducted by Prof. Seddon, Adhikari and Gurung in “Foreign Labor Migration and the Remittance Economy of Nepal” for DFID in the year 2005

has documented nearly Rs.69 billion was remitted by the Nepalese working in foreign countries in 1997. Of this, nearly 40 billion came from an estimated one million Nepalese working in India whereas the rest (nearly Rs.29 billion) came from people working in other parts of the world.

The study also reveals that the recorded value of money sent back from abroad more than doubled, from 1974/75 (Rs.90.7 million) to 1980/81 (Rs.216.8 million). Over the next decade, the official value of foreign remittances increased three fold, to reach Rs. 676.8 million by 1989/90. By the middle of the 1990's, the value of officially recorded remittances from abroad was around Rs. 2.9 billion, of this, "Gurkha Remittances" accounted for between a quarter and a third.

(www.nepalnews.com.np/ntimes/issue169/economy)

From the past 14 years up to now, about 1.4 million people are migrated to other countries in the search of employment. Even though, the number of people migrated directly with the permission of government is one million but estimation of the same number of people are migrated from individual level and from the medium of other third countries.

According to the data provided by the Labor and Employment Promotion Department up to the date the total of 9 lakh 35 thousand three hundred and 41 people are migrated for work. According to the same data, about 2,96,032 people are migrated to Malaysia, about 2,04,486 people to Qatar, about 1,47,503 to Saudi Arabia, 80 thousand to UAE, 5 thousand and six hundred to South Korea, summing up all of them 7 lakh 33 thousand people are migrated to these countries for work. Rest of the people, are migrated to the other countries. The above data is from 2050 B.S. up to now. Even though before 2050 B.S. also Nepalese people were migrated to the other countries but the actual data of that period is not available to the government. Similarly, the data of the people migrated for their further studies but getting employment there and sending money and migrated with their own effort is not available with the Government.

According to the Government data, maximum of 3 lakh 84 thousand people are migrated in the year 2068/69. The number of people going to the foreign employment

is not decreasing after the restoration of peace in Nepal also. In the period of one month (Jestha 2064), about 65 thousand people are migrated for the foreign employment. Generally semi-skilled people are migrating to the Gulf countries like Qatar, Malaysia, UAE etc and the literate and skilled labor are migrating to the countries like Korea, Israel, Cyprus, Hong-Kong etc. The Government of Nepal opened 107 countries for the foreign employment of Nepalese labors but the labor-contract was signed with Qatar only.

E.G. Ravenstein, (1885), was the first person to attempt forming migration theory. Ravenstein's "laws of migration" is also known as, push-pull factors of migration; still predominates as framework of migration analysis. According to him, push factors are land tenure system, unfavorable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of rural poverty in general and so on. Pull factors are employment, education and other facilities are opportunities known as bright light of the towns. On the one hand push factors push the migrants from their place of birth and on the other hand pull factors pull the migration to the place of destination.

M.P. Todaro (1976), states that migration is stimulated primarily by rational economic consideration of relative benefit which are mostly financial. Decision to migrate is influenced by the difference between expected income between two places, the odds, probability of getting job in new area is inversely related to employment rate in the new area.

According to NLSS, (1996), 23 percent of all households surveyed received remittances. In the rural areas the proportion of households receiving remittances was 24 percent. Similarly, 38 percent of all remittances came from India. (33 percent from other rural areas within Nepal and 25 percent from urban areas within Nepal.) Remittances from the other countries other than India accounted for nearly 3 percent of all remittances. In the rural areas, 40 percent came from India, 3 percent from other countries and around 58 percent elsewhere in Nepal.

Poverty is the well known major problem of all over the world. Especially for the countries like Nepal it is the burning issue. Various economists and institutions in the

context of the world had conducted many studies and researches but only few researches have conducted in the context of Nepal to fulfill the required amount of information about the role of remittance income to reduce the rural poverty in Nepal. In this sense we can address the rural poverty as the overall poverty of the country because most of the people of rural area are under the poverty line as already described and most of the people of urban areas like Kathmandu, Pokhara, and other major cities and other popular developed districts.

For this purpose first of all we have to define the word poverty. The word poverty is defined by so many economists in their own words like:

The first attempt to define and quantify the level of poverty of Nepal was made by NPC in 1976-77 through a survey on Employment Income distribution and consumption Patterns, the minimum subsistence level of poverty line. An income of Rs. 2 per capita per day at 1976-77 prices was taken as the minimum subsistence level. This out off level was based on the expenditure required to buy food, giving average daily intake of 2256 calories and value of the lowest actual daily consumption of other basic necessities. This criterion at that time has given a poverty estimate of 40.3 percent (Meeting the challenge 1992). This emphasizes the existence of severe poverty in South Asia block. It has used various social indicators to analyze and compare the level of poverty in SAARC countries the major social indicators used for analysis are population, population education enrollment, income level, employment status, expenditure level etc.

The research report of NRB (2006), conducted by the Special Study Section Of NRB entitled "Foreign Employment, Remittance Economy and Nepal" states that the migration of Nepalese workers started after 1816's peace treaty between Nepal and Britain. Most of the people of that time are migrated to work in the British Regiments. This study examines about the historical perspectives, present condition, The trend and dimension of Remittance, the problems associated with the remittance and its measurements, the use of the gained money as well as the skills, the investment pattern of that remittance and also the employment condition of the people returned from the foreign employment. It also examines about the Nepalese foreign

employment system and its objectives with other questions related with the remittance. This study concludes that apart from India, about 86percent of the people are migrated to Gulf Countries like Malaysia, Saudi Arab, Qatar, Dubai etc. Rest percent are migrated to the other countries of the World. This study examine about the role of manpower agencies in the field of foreign employment. This study concludes that even though the role of manpower agencies in obtaining Work Permit, Government acceptance letter, tickets etc is very helpful but most of the manpower agencies of Nepal are looting the people in the name of foreign employment.

This research report found in it's conclusion that the main problems of this Foreign employment are lack of Proper technical as well as the practical knowledge about the works which he/she had to perform in that countries, lack of required information and the help from the manpower agencies, problem of languages, culture and habitual activities, lack of the safe and reliable financial institutions to send money from abroad, lack of required social as well as economic equalities between the local workers and the Nepalese migrated workers, the problem of Capital loans and management of that capital which is required for the processing and the tickets for foreign employment apart from those after reaching to the destination countries the Nepalese workers are facing so many problems like not getting that proper work which was promised in Nepal, retirements before the agreement time, not getting the salary in time, unnecessary reduce in the salary, not getting the minimum wage level also, not getting bonus and other facilities available from the company, extended work time without extra salary or over time salary etc.

According to the analysis of the data obtained from this research the main conclusions about the remittance income and its trend are as follows:

- (a) Most of the migrated people are from the agricultural sector and livestock sector (61.3 percent) where they can't get the required amount of money and food from their profession for their existence.
- (b) About 26.7 percent of the people are earning more than Rs.50,000 per year, about 28.8 percent people are getting from Rs.50,000 to Rs.1,00,000, about 12.5 percent people are getting from Rs.1,00,000 to Rs.15,00,000 and about

31.9 percent people are getting more than Rs.15,00,000 from abroad migration.

- (c) Among the migrated people most of the people are migrated to India (24 percent), Saudi Arabia 16.3 percent, Qatar 6.88 percent, United Arab Emirates 5.6 percent and only 1 percent to 5 percent people are migrated to the other developed countries like Japan, Germany, and America etc. Most of the migrated people are in the age of between 26 years to 40 years (60 percent), 20 percent people are above age 41 years and 16 percent are below 25 years. This clearly shows that, most of the migrated people are young.
- (d) About 80 percent of the migrated people are using their money for purchasing of house and land, for household expanses, for buying ornaments and other luxurious goods, education of their child etc. which is used in the unproductive sectors.
- (e) Most of the migrated people are getting the salary of Rs.10,000 to Rs.75,000 and some of them are also getting more than Rs.75,000. The study shows that about 49.9 percent people are getting up to Rs.10,000, about 20.6 percent of the people are getting from Rs.10,000 to Rs.25,000 ,about 13.8 percent of the migrated people are getting up to Rs.50,000, about 16.2 percent of the people are getting more than Rs.50,000.
- (f) While comparing the status of income and work of the migrated people to India with other countries it is clearly seen that, most of the people migrated to India are absolute poor, they are in the problem of fulfilling their basic needs, and they are uneducated and unskilled labor whose salary is relatively very low. Whereas the people migrated to the other countries are very much educated and their salary is relatively very high comparing to those people. In other words, the people who can't pay expanses for the other countries are going to India for work.

This research report also has some suggestions and recommendations for the improvement of the foreign employment sector as well as to raise the productivity of the remittance income. Which are like, the Government should be clear about the

agendas related to the foreign employment, the line agencies of government, and other private sectors and Non-Government Organizations also should be clear about the foreign employment policy of Nepal. There should be a good cooperation between ministry of Finance, Nepal Rastra Bank, Department of Labor, Central bureau of statistics and department of tourism. There should be a strong policy to increase the investment form that remittance income in Nepal. The government should open the labor offices in the countries like Malaysia, Qatar, UAE etc, where more than 5000 Nepalese people are migrated for work. The present system of Brokers in the foreign employment sector should be replaced. There should be strong observation to the foreign employment agencies about whether they are following all the rules and regulations of the Government as well as the "Foreign Employment act-1992" , which has fixed the minimum wage is US\$ 125. There should be foreign employment

information centers in all the regions of the country to give actual suggestions and recommendations to the people who want to go for foreign employment.

Nepal Living Standard Survey (NLSS-2010/11) has defined remittance as a transfer income received by a household within last 12 months. All incomes transferred from a single source (individual/household) is counted as one remittance. According to the survey the following table is presented as a comparison of remittances between the years basically 2003/04 and the year 2010/11.

Table 1
Summary Statistics of Remittances

Description	Nepal Living Standard Survey		
	1995/96	2003/04	2010/11
<i>Percent of all households receiving remittances</i>	23.4	31.9	55.8
<i>Average amount of remittance per recipient household (nominal NRs.)</i>	15,160	34,698	80,436
<i>Share of remittances received by household from within Nepal</i>	44.7	23.5	19.6
<i>From India</i>	32.9	23.2	11.3
<i>From other countries</i>	22.4	53.3	69.1
<i>Share of remittances in total household income among recipients</i>	26.6	35.4	30.9
<i>Per capita remittance amount for all Nepal (nominal NRs.)</i>	625	2,100	9,245
<i>Total amount of remittance received (nominal NRs.)</i>	12,957,840,907	46,365,466,726	259,088500000

(Source: NLSS, 2010/11 vol.2)

According to this table, the proportion of households receiving remittance has increased from 32 percent in 2003/04 to 56 percent in 2010/11. Average amount of transfer earnings per recipient household has more than doubled in nominal terms in the same period. Other significant change is in the share of these remittances by sources: within Nepal and from other countries including the Gulf account for more than half of the share. Overall, total amount of remittance received has increased from about 47 billion NRs. to more than 259 billion NRs. In nominal terms, while per

capita remittance for the entire country has more than tripled in nominal terms between two rounds of NLSS.

Rural households have higher proportion of recipients relative to their urban counterparts. In particular, 40 percent of households in rural West Mountains/ Hills receive transfer income. The average income transfer in the form of remittance is Rs. 34,698 (in current prices) per recipient household in 2003/04. Among development regions, the amount is the highest in the West (Rs.45,805) and the lowest in the Far-West (Rs.15,679). The difference between urban and rural is more than twice (Rs. 68,981 versus Rs. 29,530). The amount in Kathmandu valley urban is even higher (Rs. 118,998). Disparity among consumption groups is very severe: Rs.65,514 for the richest quintile versus Rs. 13,906 for the poorest quintile.

Per capita remittance- perhaps a better indicator for the whole population – stands at NRs. 2100. Urban areas have double the size of rural areas but the strongest association is seen with the level of household consumption. The poorest consumption quintile receives one-eighth of what the richest quintile receives in per capita terms.

Remittances flow from internal and external sources. According to the survey, majority of remittances come from within the country, followed by India and other countries. The Far-west and Mid-west have higher shares from India.

Perhaps a better indicator of source shares is by size of transfer incomes. The survey summarizes number, size and share of remittances by source also. NLSS II estimates that the total amount of remittance in the country is NRs 46 billion in nominal terms. India accounts for 23 percent, three Arab countries for 27 percent, other countries for 17 percent and internal sources for the remaining share. This is a large shift from eight years ago when internal sources and India accounted for more than three-fourth of the total amount. This is summarized in the following table.

Table 2**Share of remittances received by source**

Source of remittance	Share of remittance amount received (%)
Internal	
Urban Nepal	9.9
Rural Nepal	9.7
External	
India	11.3
Malaysia	8.4
Saudi Arabia	9.9
Qatar	16.0
UK	3.0
Other country	31.8
Other	
Donor Agency	0.0
Nepal	100

(Source: NLSS, 2010/11 vol.2)

Majority of remittance-senders work as wage employees in non-agriculture sector (72 percent), specially among those abroad where the share is as high as 90 percent. The study also presents that the distribution of primary work activity of senders. Most of the senders in agriculture wage employment are from India, and the same is true for non-agriculture wage employment. The study also summarizes the donors' relationship with recipients by gender. 89 percent of donors are males while only 51 percent of recipients are males. Among donors, 50 percent are sons/daughters of

recipients, 22 percent husbands/ wives and 11 percent fathers/mothers. This is summarized in the following table.

Table 3
Relationship of Donor and Recipient by gender

(Percent)

Relationship	Donor			Recipient		
	Total	Male	Female	Total	Male	Female
Husband/wife	22.5	97.1	2.9	22.5	2.5	97.5
Son/Daughter	49.8	89.6	10.5	10.7	51.8	48.2
Grandchild	0.2	57.5	42.5	0.0	0.0	0.0
Father/Mother	10.7	81.8	18.2	49.8	72.4	27.6
Brother/Sister	9.2	88.8	11.2	9.2	58.3	41.7
Nephew/Niece	0.6	80.8	19.2	0.0	0.0	0.0
Son/Daughter in law	1.7	72.2	27.8	0.8	85.2	14.8
Brother/Sister in law	2.1	65.6	34.4	2.1	48.3	51.7
Father/Mother in law	0.8	100.0	0.0	1.7	20.1	79.9
Other relative	1.8	79.4	20.6	2.5	51.6	48.5
Tenant/Tenant's relative	0.0	100.0	0.0	0.0	0.0	0.0
Other person non related	0.7	65.3	34.7	0.7	83.1	16.9
Total	100	89.2	10.8	100	51.5	48.5

(Source: NLSS, 2003 vol. 2)

This survey also shows the contribution share of remittances in total household income. About 35 percent of all household income comes from remittances earnings

in Nepal. Interestingly enough, there are quite small differences among the geographical groups and consumption quintiles. This is probably explained by the fact that these shares are for households with positive remittances only and they would differ across groups if the analysis is included all households.

As expected, majority of remittance senders are aged 15-44 but female senders tend to be younger than their male counterparts. The survey displays the number of remittances by means of transfer and origin. Of the total remittances, 78 percent of remittances are transferred by person, 6 percent via financial institutions and 2 percent via *Hundi* and 14 percent from other means. This pattern generally follows in most cases, except from Malaysia where majority of the remittances are send through financial institutions which is 55 percent. This trend is summarized below.

Table 4**Distribution of number of remittances by means of transfer****And origin of remittance**

(Percent)

Source of Remittance	Means of Transfer						Total
	Financial Institution	Hundi	Self	Friends	Family Members /other relatives	Others	
Urban Nepal	4.6	1.6	76.6	8.4	6.0	2.9	100
Rural Nepal	2.0	0.3	87.7	3.3	4.9	1.8	100
India	8.5	1.8	52.5	27.4	7.1	2.7	100
Malaysia	81.0	7.4	4.9	3.3	3.4	0.0	100
Saudi Arabia	72.6	3.8	11.1	7.3	4.4	0.9	100
Qatar	63.9	11.6	13.2	8.5	1.7	1.2	100
UK	41.5	5.4	21.6	15.1	12.0	4.4	100
Other Country	61.3	5.5	16.4	11.2	4.3	1.2	100
Donor Agency	0.0	0.0	100.0	0.0	0.0	0.0	100
Nepal	18.9	2.5	61.5	9.9	5.2	2.0	100

(Source: NLSS, 2010/2011 vol.2)

Above table shows that the means of transfer of remittances maximum by themselves respondent which is 61.5 percent and then after financial institutions like banks or other financial institutions play main role to send remittances.

2.6 REVIEW OF THESIS / RESEARCH WORKS

There has been very rare thesis works done to identify the impact of remittance in rural community and economic development. However various research works have been done in this particular area where researchers have tried to explore the growing unemployment problem in various countries, craze of people going abroad in search of employment and the impact of inward remittances entering inside the country of origin.

Karki (2006), in his dissertation “**Foreign Employment and Remittance Economy of Nepal: A Case Study of Dhuseni VDC, Illam District**” has attempted to identify the impact of foreign employment and remittance in rural community in the study area.

The study has concluded that the main destinations of Nepalese workers are Gulf countries and Malaysia. Sixty percent of total workers are employed in Gulf countries. The main countries are Saudi-Arabia, Qatar, UAE and Malaysia etc. The remittance is increased in the year 2003/04 by 36 percent while base year was 1994/95. The contribution of remittance to GDP in 2003/04 was 11.44 percent and the share of remittance in convertible foreign exchange reverse was accounted by 46.9 percent in 2003/04. The average cost for foreign employment was Rs.93.99 thousand. It ranges between Rs.45 thousand minimum to Rs. 150 thousand maximum. Source of financing for foreign employment for 90.29 percent migrant worker was borrowings. The major sectors of employment for Nepalese workers were building construction (41.66%) and industry (26.38%). The Nepalese worker’s average stay duration was 2.99 years. Most of the respondents of that study area want to go again because of the unemployment (70.85%) and conflict (36.11%). Out of the causes maximum respondents of Brahmin/Chhetri were suffering from the conflict problem. The study summarizes that remittances have increased their household economic and social indicators after returning from foreign employment.

Sigdel (2009), conducted a study entitled “ **An Overview on Remittance Economy of Nepal**” with the aim to evaluate the significance of inward remittance in the overall economic development of the country. Employment abroad has not only helped Nepal ever-growing un-employment problem but it has also injected much needed foreign currency into our economy to fill up foreign exchange and investment gap, thereby helping Nepal avoid a major BOP crisis.

The increase of the flow of remittance has paved the way for South Asian economies such as; Bangladesh, Sri Lanka and Pakistan to keep their BOP situation in a healthy state the strong inflow of remittance allows foreign exchange reserve to increase and provides the confidence to float a country’s currency. If we recall the above mentioned phenomenon what we found that the remittance money have become crucial component for Nepalese economy. The GDP has also accounted remittance as one of the major source of national income of the country. The remittance have contributed much to maintained Nepal’s BOP position favorable. Not only this, this sector has become one of the prime sources of foreign currency earning and mitigating ever growing imports bills for Nepal. The expansion of banking and financial sector has been possible due to presence of remittances in Nepal.

As a summary, the researcher concluded that the Economic and Social condition of all the families who have involved in foreign employment have increased. It may be in both aspects i.e. economic as well as social but surely there is positive change in the status of the families of the respondents due to remittance income. So it is confirmed that remittance income is playing very vital role in reducing the poverty level of the study-area.

CHAPTER III

RESEARCH METHODOLOGY

3.1 THE RESEARCH DESIGN

The research design of the study consist both the analytical as well as descriptive analysis in favor to the role of remittance income in rural community of Nepal. The relevant data has been gathered from both the primary as well as secondary sources.

Analytical Analysis: A logical method of thinking about something in order to understand it, especially by looking at all the parts separately. In this analysis we used the facts and the information already available and analyses to make a critical evaluation of materials.

Descriptive Analysis: Purely descriptive or the analysis is not judging. This analysis includes survey and fact finding relating to the subject matter.

3.2 NATURE AND SOURCES OF DATA

The study entitled “Role of remittance in rural community” is the case study of Saraunkhola VDC. of Parbat. Basically, the study is based on the primary data; it is also from the relatives of the migrated people in absence of the family of the migrated people. The required data is collected from the field study of the researcher himself as well as some data’s about remittance is taken from the secondary sources which are both published as well as unpublished,. The required data are collected by using the questionnaire method. The collected data are processed according to the need of the study.

3.3 DATA COLLECTION PROCEDURE

Data are raw, facts or unanalyzed number which provides some important information after they are processed. Data are gathered for making correct and important decision concerning the field of enquiry. However, depending upon the nature of data, they are classified as primary data and secondary data.

3.3.1 Primary Data Collection

All the selected 100 household of returnees' respondents were interviewed and relevant information was collected through the medium of questionnaires. The questionnaires included open and close ended questions. Personal interview was taken by researcher and the questionnaires were filled. Cross checks, editing and indirect questions were also put sometimes when the answers were through to be unrealistic and irrelevant. The format of the questionnaire is given in the annex.

3.3.2 Secondary Data Collection

Except Primary data some other data related to the study had been collected from the secondary sources also, which can be official as well as unofficial. The relevant data are compiled from publication of the National Planning Commission secretariat: Central Bureau of Statistics (CBS), Budget speeches of GON, Economic Surveys published by NRB, Nepal Living Standard Survey by CBS, Economic Reports by NRB, other quarterly and annual publications of NRB, different records of department of labor GON and other periodical, journals, books, magazines, seminar papers, reports of research centers data and information from donor agencies like WB, ADB, IMF, UNDP etc.

3.4 DATA ANALYSIS

The available data, obtained from the various sources are classified, tabulated and analysed. The data has been studied comparatively to get required results about the efficiency of that remittance income and the effect of that remittance income to the community.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

This chapter deals with the data presentation and analysis. It describes the social characteristics of the respondents, status of economic condition, occupation causes to seek foreign employment, mediums used to obtain foreign employment, destination, duration of stay in abroad, income earned in abroad, system of transfer remittance income, uses of remittance income and the effect of the remittance in the poverty situation and change in the life status of the family of the migrated worker etc. In other words, this chapter deals with all the data related to the topic which are collected in the field survey.

4.1 FOREIGN LABOR EMPLOYMENT

Foreign labor employment in Nepal started after the Nepalese army headed by Kajeer Amar Singh Thapa was defeated by the British East India Army in 1814. The convention (May/ 1815) between Kajeer Amar Singh Thapa and Major General Ochterlony of East Indian Company came to a consensus that Nepalese deserved to join the British, East India Company (Sanwal; 1965). Because of that provision the Nepalese emigration process was initiated for military purposes to outside the country, but as invisible emigration to India as initiated in mid 1800s. Peasantry in eastern hilly parts of India and far eastern hilly parts of India was encouraged by promoting tea plantation and settlement in the forested area (Dixit 1997). During this period Nepalese migration to India, started which was besides to join military recruitment. Friendship treaty between India and Nepal in 1950 promoted free movements between two countries and the previous agreements were further consolidated.

It was after the establishment of democratic system in Nepal in 1990 that Nepal integrated herself to the world and then diversities in dimension of emigration occurred. Enactment of foreign labor employment act 1985 realized the importance of emigration through unofficial channel and recognizes the future of foreign labor

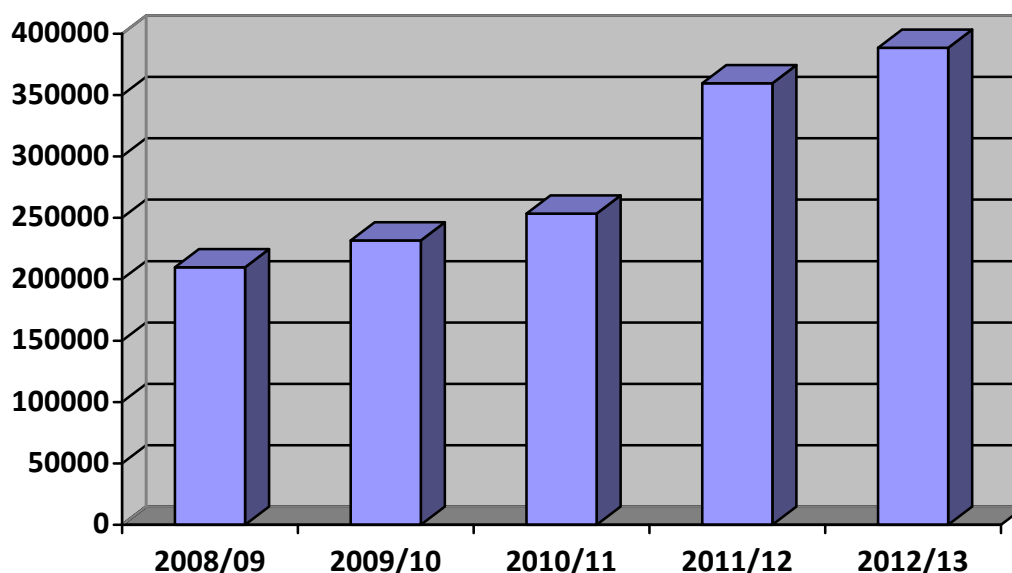
employment. Search of employment outside the country was entrusted to manpower agencies.

4.2 REMITTANCE INFLOW

The amount of remittance Nepal receives every year has been increasing. The figure below shows the amount of remittance received each year.

Figure: 1

Remittance Inflow (Rs.in millions)



According to above chart remittance received increased to Rs.388462.3 million in 2012/13 from Rs.209698.5 million in 2008/09. Nepal received remittances worth Rs.231725.3, Rs.253551.6 and Rs.359554.4 million in 2009/10, 2010/11, and 2011/12 respectively (NRB).

4.3 DEMOGRAPHIC STATUS

According to the CBS(NPHC) population census 2011, the total population of this VDC is 2143 out of which 937 males and 1206 are females. The total households are 459. The following *table no. 5* gives the ward-wise and sex-wise distribution of population of the study area.

Table 5
Demographic Status in Study Area

Ward No.	Total Households	Population		Total Population
		Male	Female	
1	45	92	115	207
2	52	102	149	251
3	48	82	117	199
4	31	59	67	126
5	47	87	143	230
6	42	93	110	203
7	42	96	104	200
8	44	88	125	213
9	108	238	276	514
Total	459	937	1206	2143

(Source: CBS Census, 2011)

Table 5 shows that among the total population of 2143, in all the wards of the VDC, the sex ratio is higher i.e. the no of female population is more than the no of male population according to the CBS census 2011. Among the wards the sex ratio is highest in ward no 5, which is 1.64 and lowest in ward no 7, which is 1.08. Taking average of the sex ratio is 1.29. Among all the 9 wards according to the demographic status ward no 9 is the biggest ward which has 108 households and total population of 514. Ward no 2 is also nearby ward no 9, which has also 52 households. Among the wards ward no 4 is the smallest ward with 31 households and total population of 126.

4.4 HOUSEHOLD STATUS

This title gives us the information about the poverty situation of the sample households from the structure and condition of their houses.

Table 6

Sample Households Made by Different Types

S. No.	Types of Houses	No of Sample Households
1.	Made with Rod, Concrete and Cement	3
2.	Made with stone and mud tin and slate stone roof	87
3.	Made with stone and mud and thatched roof	10
Total		100

(Source: Field Survey, 2013)

Table 6 shows that most of the sample households have made with stone and mud with tin in the roof. These type houses are 87 percent. After that type of houses there are 10 houses made up with stone and mud and thatched roof. Remaining 3 percent (3 houses) are made with concrete.

4.5 EDUCATION STATUS

It is surely will not be the subject of debate that education is the main factor determining the foreign level employment and the earning from that foreign employment i.e. remittance. Besides that, education also helps to reduce the poverty because of educational employment in the home country also. Thus in the study area realizing the above fact that education is the prime factor for reduction of poverty, there are so many educational institutions. There are 1 secondary schools, 1 lower

secondary school, 3 primary schools, 2 pre-primary school and 1 private boarding schools. The following table 10 gives us the information about the education status of the study area (sample households).

Table 7
Educational Status of Sample Households
(5 years of age and over)

Educational Status	Male		Female		Total Population	Total Percentage
	No.	%	No.	%		
Illiterate	36	7.30	75	18.20	111	12.27
Literate	236	47.87	174	42.23	410	45.30
Educated up to SLC Pass	176	35.70	135	32.77	311	34.36
Inter level(upto+2passed)	29	5.88	18	4.37	47	5.20
Well Educated (Bachelor level and above)	16	3.28	10	2.43	26	2.87
Total	493	100	412	100	905	100

(Source: Field Survey, 2013)

Table 7 shows that out of 905 sample population 111 people are illiterate, 410 people are literate, 311 people are educated up to SLC level, 47 people are educated upto +2 level and 26 people are well educated (Bachelor level and above). In the above table it is clearly shown that the number of female illiterate is more than the no of male illiterate. Most of the male population is educated above SLC level as well as literate. In the sample area the literacy rate is quite high in comparison to the national index. The literacy rate in the sample area is 80.09 percentage.

4.6 FAMILY SIZE

Table 8

Distribution of Sampled Household by Family Size

Family Size	No of Households	Cumulative
1-2	7	7
3-4	23	30
5-6	46	76
7-8	13	89
Above 8	11	100
Total	100	

(Source: Field Survey, 2013)

Table 8 shows that, the highest no of family size is 5-6 member family household, which is 46 percent. In the same way the lowest number of family size is 1-2 member family household which is only 7 percent in the total of 100 households. Nowadays the young and educated parents have not more than two children because of the family planning. But more households have more than two children because of their ignorance, the desire or emphasis on male child rather than the female child and child marriage etc. which is another major factor of poverty in the study area.

4.7 SIZE OF LAND HOLDING

In the study area, the people's main occupation is agriculture. However, there is extreme inequality in the distribution of land. The land is categorized into three forms, i.e. Khet, Bari and Pakho. Most of the poor families don't have Khet. They have only small pieces of land (Pakho and Bari), and few of them have Khet. The following table shows the unequal distribution and holding of land among the sample households.

Table 9

Distribution of Land among Sample Households

Size of land Holding (Hall)	No. of Households
Landless	-
Below 2	25
2-5	40
6-10	24
11-15	8
Above 15	3
Total	100

(Source: Field Survey, 2013)

Table 9 shows that there is unequal distribution of land among the total sample households. Among the 100 households nobody are landless, percentages of land holding households below 2 Hall and 2 to 5 Hall are 25 and 40 percent respectively. Similarly, 6-10 Hall is 24 percent, 11-15 Hall is 8 percent, and above 15 Hall is 3 percent respectively. So, the unequal distribution of land is also playing as a role of catalyst for the poor families to go to the foreign employment, it can also be said that unequal distribution of land is one of the causes of poverty in the study area.

It is known to all of us that the land holding is not only factor determining the level of poverty in the study area, the occupational status also determinants the poverty situation.

4.8 OCCUPATIONAL STATUS

Table 10

Distribution of Household and Population According to Major Occupation

Main Occupation	No. of Households	Economically Active population (Age 15-59 years)	
		No.	Percentage
Agriculture	20	110	53.66
Non-Agriculture	80	95	46.34
Total	100	205	100.00

(Source: Field Survey, 2013)

The above table shows the distribution of household and population according to their major occupation either agriculture or non-agriculture. According to this data around 53.66 percent people are actively involving in agriculture and rest percent are involving non-agricultural type occupation such as: business, employment etc.

4.9 ETHNIC COMPOSITION

Table 11

Distribution of Total Sampled Population and Household by cast

S. N.	Cast/Ethnic Group	Total No of Sampled Households	Total Sampled Population	
			No	Percent
1.	Brahmin	50	272	49.19
2.	Chhetri	24	134	24.23
3.	Magar	22	125	22.60
4.	Dalit(Kami/sarki)	1	8	1.45

5.	Others	3	14	2.53
Total		100	553	100.00

(Source: Field Survey, 2013)

Table 11 Shows that, the total population of Saraunkhola VDC is divided into different cast such as Brahmin, Chhetri, Magar, Kami, Sarki etc. From the above data the majority of household is found Brahmin which is 50 percent of total sampled household and 49.19 percent of total sampled population. Chhetri is second largest cast in this VDC as well in the sampled population which is 24 percent of the total sampled population. Magar, Dalit and others are followed by them which are 22 percent, 1 percent and 3 percent respectively of the total sampled population.

4.10 EXTENT OF POVERTY AND UNEMPLOYMENT

It is clear to all of us that Unemployment is the main cause of the poverty in any state and the unemployment plays the major role of migration to the other places from their native born place. In this study also we found that the main cause of the migration of the youth of the study area is due to unemployment in their own country. Most of the workers of the study area are migrated to those countries where they don't need any special qualification to migrate like India, Qatar, Malaysia, UAE, KSA and other Gulf countries and also to other south Asian countries. Their migration to the different countries depends up on the economic condition of their family, and also the regular money income of the members of the family. This is shown in the following table:

Table 12

Regular Money Income of the Sample Households

S.N.	Regular Monthly Income (in NRs.)	No of Households
1.	Less than 10000	28
2.	10000-20000	29

3.	20000-50000	38
4.	Above 50000	5
Total Households		100

(Source: Field Survey, 2013)

Table 12 presents the fact of the sample households of the study area that about 28 percent of the total sampled households receive less than NRs.10000 per month. Which means an average of NRs 4500 per month is available to each person of the sample households. This is very below the absolute poverty line. Only 5 percent of the households receive more than 50000 per month as the regular income. The above given table is dependent on the production of agricultural products also therefore if the weather and other factors behave against them, the income condition can also be very less than the stated level. It was already stated in the *table 10* that the main occupation of only 20 percent of the people of the study area is agriculture. Which means about 80 percent people has directly or indirectly participated in non- agricultural work such as business, local jobs or foreign jobs. And above 20 percent of people may seasonal unemployment in agriculture. The occupational dependency is also another cause of the foreign employment of the study area. The kind of unemployment and the level of unemployment are shown in the following table:

Table 13

Employment Status of the Sample Households

S.N.	Group of Population	No of people	Employment Status (employed people)	Percent
1.	Active Population	344	81	23.55%
2.	Inactive Population	205	0	0%
3.	Total Population	549	81	14.75%

(Source: Field Survey, 2013)

Table 13 shows that in the sample households of the study area, only about 23.55% of Active population are employed but as overall situation only about 18.58% of the population are employed it means that about 81% of the population of the study area are unemployed which is very higher. Among those employed population about 8% of the population are employed in their own agricultural works i.e. they are also in the form of disguised unemployment and seasonal unemployment. Therefore to be very specific only about 11% population of the study area is employed as full employment. In that figure of 11% population about only 3% of the total population are employed in the permanent jobs rest of the population are employed in the temporary jobs and the foreign employment.

Thus, as a conclusion form the above *table 13* we can say that on the one hand among the total population of 905 about 54 percent of the population are fully dependent population and on the other hand among the active population of 412, about only 23.55% of the population is employed it means the rate of employment of the study area is very low and the rate of dependency in the study area is very high.

4.11 SOCIAL CHARACTERISTIC OF RESPONDENT

Social condition such as caste/ethnic composition, size of the family, age, material status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. In the process of field survey, we found the main casts of the study area are Bhramin, Chhetri, Kami, Magar etc. For the purpose of the study the sample households in respect of the above described casts were taken. The main Social characteristics considered important for these groups were family size, martial status and literacy rates. The information obtained by interviewing the respondent is presented in the following table.

The following *table 14* shows that among workers seeking foreign employment from Saraunkhola VDC is mostly dominated by Chhetri, Bhramin and Gurung. Comparing the age of the migrant of the three casts with other casts, the average age of the

migrant of these casts is very high while other casts like Sarki, Kami has very low average age of the migrant workers. On the another aspect of the above table we can see that the literacy level of the migrant workers from the upper so called upper casts like Bhramin and Chhetri is quite high compared to the another cast's migrants. The literacy level of the migrants of Bhramin is 100 percent where the literacy percentage of the Chhetri is almost 93. The above table presents the another fact that the family size of the respondents from the low casts like Sarki, Kami, Magar and other is high compared to Bhramin which is also playing the vital role to foreign employment for the young and dynamic labor forces even they are educated also. Most of the people of the lower cast marries in their childhood, which means that the percent of the married population in the lower cast in comparison to the other cast id very high which is also the another main important aspect as a push factor of foreign employment.

Table 14

Average Family Size, Age, Martial Status and Literacy

Percentage of Different Ethnic Groups of Sampled Households

Caste/Ethnic Group	No. of Respondents	Average family size (no.)	Percent of married	Percent of literate
Bhramin	50	4.81	58.2	100
Chhetri	24	5.13	61.3	92.8
Magar	22	5.5	70.5	75.6
Kami/Sarki	1	4.28	80.7	68.2
Others	3	5.57	78.6	76.9
Total	100	5.34	71.97	80

(Source: Field Survey, 2013)

4.12 SOURCES OF INCOME OF SAMPLED HOUSEHOLDS

In the study area even though the different people are engaged in the different occupations like Agriculture, Jobs (government as well as private), Business and Foreign Employment etc. which are the main sources of income of the respondents family of the study area. The situation of the income depending on their sources in the sampled households is shown in the following table.

Table 15

Sources of Income of the Sampled Households

S.No.	Sources of Income	Number Of Households*	Percentage
1.	Agriculture	20	19.42
2.	Business	10	9.71
3.	Jobs	9	8.74
4.	Foreign Employment	39	37.86
5.	Others	25	24.27
6.	Total	103	100

(Source: Field Survey, 2013)

Table 15 presents the income sources of the respondents of the sample area. From that table we can find that most of the family depend up on the Foreign employment, the second largest sources of income is Agriculture whereas the third largest source of income is in others such as pensions of ex-gurkhas, government pensions etc. Whereas about 38 percent of the household's main source of income is Foreign Employment.

4.13 STATUS OF ECONOMIC CONDITION

Economic condition is one of the most important factor of emigration. It is expected that people from lower economic condition (the type of people with problem in fulfilling their basic needs) should seek foreign employment. Mainly the lower

economic condition families went to India for foreign employment because of the cost of funding, foreign employment is quite high and poor people may not be able to afford it. In this VDC respondents were classified into lower, lower middle, middle and high income group according to their own assessment of their economic condition. the information obtained is presented in the following table.

Table 16
Frequency Distinction of Economic Condition of Different
Ethnic Groups of Respondents from Saraunkhola VDC

Cast/Ethnic group	No. of Respondents	Economic Condition			
		Lower Income Group	Medium low Income Group	Medium Income Group	Higher Income Group
Bhramin/Chettri	74	20	25	18	11
Magar	22	5	6	9	2
Kami /Sarki	1	-	1	-	-
Others	3	-	2	1	-
Total	100	25	34	28	13

(Source: field survey, 2013)

Table 16 presents the summary about the economic condition of the respondents and their family. From the above table we can see that among the sample households most of the households are Bhramin and Chhetri, where they are quite strong economic background i.e. 11 household from total of 74 households are from high income group whereas 18 households are from medium income group, 25 households are from medium low income group and only 20 households are in the lowest income group, in percent only the 27.03percent of the population from Bhramin and Chhetri are in lower income group. After Bhramin and Chhetri, Magar are the economically strong cast in which only the 22.73 percent of the total household are in lower income group.

4.14 CAUSES SEEKING TO FOREIGN EMPLOYMENT

Even though the poverty being the main factor of foreign employment; there must be several reasons of seeking foreign employment. The reason may be economic, social or political. They may be related to the acquired skills and various other reasons. To find out the causes of seeking employment the respondents were asked to identify the prime causes to go for foreign employment. They gave more than one reasons as follows;

Table 17
Frequency Distribution of Causes of Seeking Foreign
Employment from Saraunkhola VDC

Cast/Ethnic Groups	No. of Respondents	Causes			
		Unemployment	Family Debt	Conflict	Earn Money
Bhramin/Cheetri	74	63	24	11	23
Magar	22	5	3	2	2
Kami/Sarki	1	5	4	0	1
Others	3	6	4	0	6
Total	100	94	42	15	38

(Source: Field Survey, 2013)

Table 17 shows that unemployment is the main cause of foreign employment for all the casts and ethnic groups. Among all the sample households about 94 percent of the sample households had stated unemployment as the main cause of foreign employment. The second main important cause is family debt burden which is also playing as the major push factor of the foreign employment. Comparing the other casts with Bhramin and Chhetri, the percentage of emigrated population due to Family debt burden quite high in the case of other casts like Sarki, Kami and other casts. Among the total sample households about 42 percentage of the respondent are emigrated due to the family debt burden. Which means that, among the ethnic groups

Sarki, Kami, Magar, and other Dalit showed higher percentage of family debt burden than Cheetri/Bhramin. The third reason of foreign employment is to earn money, the percentage of respondents stating the major cause is earn money and family debt burden are quite similar i.e. 38 percent respondents has emigrated to the foreign countries to earn more money than they were earning in Nepal before emigration to the foreign countries. After that 15 percent of the respondents had stated that they are migrated due to the conflict problem of Nepal. About 17 percent of the migrated Cheetri/Bhramin are migrated to avoid conflict or to save their lives. Chhetri/Bhramin group were predominately more inciting from conflict.

It was concluded from our study that employment, Family Debt, Earn money and conflict are the main causes to seek foreign employment.

4.15 COST PAID FOR FOREIGN EMPLOYMENT

A sizable amount of money needs to be invested as a cost of foreign employment. The costs start from obtaining a passport, medical checkup, manpower agency commission, visa expenditure, air fare, cost of internal travel time to time from home area to Kathmandu and also to the district headquarter Parbat and hotel charge in Kathmandu at the time of processing for the foreign employment. To find out the costs paid by the respondents, they were asked to quote expenses in different categories. The summarized version of the cost pain by the different income groups is given in the following table:

Table 18**Average Cost Paid and Range of Costs for Foreign Employment****By Different Ethnic Group from Saraunkhola VDC (In Rs. '000')**

Cast/Ethnic Group	No of Respondents	Average cost (in Rs. 000)	Ranges of Cost	
			Minimum	Maximum
Bhramin/Cheetri	74	90	5	1089
Magar	22	49.5	10	95
Kami/Sarki	1	12	1.5	80
Others	3	52	20	120
Total	100	50	1.5	324

(Source: Field Survey, 2013)

Table 18 shows that Average cost paid for the foreign employment is Rs. 50 thousand. Bhramin and Cheetri had paid high average cost than the other group because they prefer developed countries like USA, UK, JAPAN and Korea etc. for foreign employment where as other lower income groups like Kami, Sarki and others has very low average cost because they usually prefer to go to India and other neighbor countries for foreign employment. The Traveling cost to those countries is very cheaper and in the case of India, there is no any Visa charge to enter. In the case of same countries, Dalit had paid high average cost than other group because they have not more information about foreign employment. The Chettri/Bhramin had pain highest average cost for the foreign employment which is 90 thousand, secondly Gurung also had paid high average cost for the foreign employment which is 88.5 thousand which is quite similar to the cost paid by the Cheetri/Bhramin's. After that Magar and Other casts had paid average of around 50 thousand for the foreign employment. Kami and Sarki Ethnic groups had pain very low average cost of Rs.8 thousand and Rs.12 thousand respectively. We can see that there is too much variation in the cost of the foreign employment in all types of cast/ethnic groups. This is because the cost paid to immigrate to India is very low where as the cost pad for the

other developed countries are quite high compared to India. The lowest cost paid by the respondents of the sampled households is 15 hundred rupees which is paid by Sarki cast to immigrate to India whereas the highest cost paid is Rs. 1,089 thousand to immigrate to USA. It shows that the respondent of this VDC had wide range of cost and it was high variability with the sample.

4.16 SOURCE OF FINANCING

Most of the rural people of Nepal who want to go for foreign employment use several sources of financing the cost involved. In the study area, the mostly used sources of financing are Loan (from banks as well as from the local merchants), sales of property including land, internal saving as well as funds mobilize through friends and relatives. To find out the extent of sources used by the respondents they were asked to provide their source and the amount with its promised interest amount for the foreign employment. The information collected is presented in the following table.

Table 19
Frequency Distribution of Source of Financing of Cost of Foreign
Employment for Different Ethnic Groups of Saraunkhola VDC

Cast/Ethnic Group	No. of Respondents	Sources of Financing		
		Loan	Sales of property	Family Saving
Bhramin/Cheetri	74	52	-	13
Magar	22	4	1	1
Kami/Sarki	1	5	1	-
Others	3	4	2	1
Total	100	77	5	18

(Source: Field Survey, 2013)

Table 19 shows that 77 percent respondents of the total borrowed loan to pay for the cost of foreign employment. Another 18 percent respondents had paid from their family savings and only 5 percent respondents had paid to the cost of foreign

employment by selling their property. Only the low income groups like Kami, Sarki, Magar and others sold their land and other property to pay for the foreign employment. Among the respondents who use family saving the maximum number was from Chhetri/Bhramin categories.

It can be concluded that the cost of foreign employment is financed by borrowing and family savings. Family saving is used by so called upper casts like Bhramin and Chhetri.

4.17 TYPES OF JOBS AND DURATION OF STAY IN FOREIGN EMPLOYMENT

Since the skill of Nepalese workers is quite low; most of them get employment in manual job. To find out the types jobs performed the respondents were asked to give the type of work they did while being employed in foreign country which is categorized into five types, they are Construction, Mechanical, Agricultural Farming, Industrial works and Hotel/Catering.

Duration of foreign stay of emigrants' workers depends upon availability to work, facilities provided by company, salary rate, health of workers, visa permit date, home urgency and other several reasons. Sometime the respondents return their home before the agreement date due to inferior type of job, low salary, family affairs such as death of any family members, sickness and their own bad health and also the employer firm expelled them due to the unusual characters of the workers. To find out the duration of foreign stay the respondents were asked to provide their length of stay. The results of both the types of job performed and the duration of stay in the foreign-

Employment are Summarized in the following table:

Table 20

**Types of Jobs Performed and Duration of Stay in Foreign Country of
Respondents from Saraunkhola VDC**

Cast/ Ethnic Group	No of Respondents	Occupation					Average Duration of Stay
		Construction	Mechanical	Agri-farming	Industrial	Hotel/Catering	
Bhramin/Cheetri	74	14	12	7	15	26	2.8 Yrs
Magar	22	10	5	-	2	5	3 Yrs
Kami/Sarki	1	1	-	-	-	-	2.5 Yrs
Others	3	-	2	-		1	2.7 Yrs
Total	100	25	19	7	17	32	2.75 yrs

(Source: Field Survey, 2013)

Table 20 shows that most of the migrated respondents work in the hotel/catering areas in which 32 percent work in that occupation. Most of the people from lower cast work in the construction areas due to lack of other technical knowledge to work in other areas, which is 25 percent. The third most employed area is Mechanical in which 19 percent respondents are working. In hotel/catering category only the Bhramin and Chhetri cast are employed among 26 percent of respondents and 14 percent of respondents working in the construction areas. The fourth largest area of employment for the Nepalese workers is Industrial area where most of the Nepalese workers are working as a labor, which is 17 percent. Other areas of employment for the Nepalese workers are Agro- Farming where 7 percent of the total respondents are working. According to Duration of stay from the field survey we know that the respondents from Magar ethnic group have longest duration of stay where they stay an average of 3 years once. After Magar, Cheetri/Bhramin spends average of 2.8 years in foreign employment at a time. The Sarki cast has minimum duration of stay of 2.5 years.

Other all the casts' duration of stay is around 2.7 years. It means the average duration of stay of the respondents from Saraunkhola VDC is 2.75 years.

4.18 CAUSES TO RETURN BACK TO WORK AGAIN

The labor employed about when returns back to his/her home he has two options. He may stay in his own native country and have to take some new profession/continue as farmer or return back to the same foreign employment. Those who return may be returning for several reasons such as easy continuation of job, unavailability of job at home, avoiding conflict. Those who don't return may not be returning again with several reasons such as difficulty in job, willingness to stay with family, no urgency to make more money because the debt has been paid, marriage or death of the older member of the family and got another employment in their own native country etc. How the sample households responded to the further employment in foreign land was solicited through the questionnaires and the responses are summarized as below:

Table 21
Causes to Return for Foreign Employment
For Different Ethnic Group of Respondents

Cast/Ethnic Group	No. of Respondents	Causes of return		
		Employment Purpose	Conflict	No Plan to go
Bhramin/Cheetri	74	51	14	9
Magar	22	12	8	2
Kami /Sarki	1	1	-	-
Others	3	2	1	-
Total	100	66	23	11

(Source: Field Survey, 2013)

The above table shows that among the respondents, 89 percent respondents plan to return to foreign employment. For them the most important push factor for sending to foreign employment again is employment purpose i.e. they can't get any jobs in their

native country even returning back from the foreign employment, among the total respondents 66 percent of the respondents return back due to the employment problems, other 23 percent of the people said that they can survive in their own country but the conflict problem is pushing them back to the foreign employment. Among the total respondents only 11 percent respondents don't plan to return again which may be because they had done difficult, danger and dirty work in abroad. Ethnic groups wise almost all the lower cast are planning to return back to the foreign employment, where as some of the respondents from Bhramin/Cheetri and other casts don't plan to go to the foreign employment again. It can be concluded that continuous foreign employment is means to avoid the unemployment and the conflict in the country.

4.19 INCOME EARNED ABROAD

It is often said that Nepalese workers get low paying jobs in overseas. So, they earn less money than laborers from other countries. But income earned abroad depends on skill of workers, salary payment by company, rules and regulations of the working country, types of company, duration of stay etc. To find out the income earned by Nepalese labor in abroad the respondents were asked to give their monthly salary earnings. The respondent's answers are given in the following table:

Table 22
Income Earned in Abroad for Different Ethnic Group of Respondents

Cast/Ethnic Group	No of Respondents	Average Monthly Income (In thousand)							
		Based on Destination		Based on Skill		Types of Jobs			
		Gulf	Malaysia	Skilled	Unskilled	Mecha.	Hotel	Ind.	Agr.
Bhramin/Cheetri	74	15.13	12.4	24	10.5	25	15.5	12.5	-
Magar	22	9.76	8.5	21	9	14	15	9.5	8.5
Kami/Sarki	1	8.5	7.5	18	7.5	15	11	9	-
Others	3	10.3	9	20	-	18	14	9.5	9.5
Total	100	11	9.65	20	8.54	18.5	13.58	9.83	8.5

(Source: Field Survey, 2013)

Table 22 shows that the respondents who have done the work in Gulf Countries earned more money than the respondents worked in Malaysia. Comparing these two countries the average monthly income of the respondents in Malaysia is Rs.9.65 thousand where the average monthly income in Gulf countries is Rs.11 thousand. Comparing the income of the respondents cast wise, we can get the result that the respondents from Bhramin/Cheetri gets more average monthly income than the others because they understand all the rules and regulations of their work and their salary before their departure to the destination country. The monthly average income in Gulf Countries and Malaysia is lowest for the Sarki cast because most of the workers from that cast are Illiterate. In another aspect of this table we can understand that the average monthly income between skilled workers and unskilled workers is very different. The skilled workers are getting the average monthly income of around 20

thousand whereas the unskilled workers are getting around 8.5 thousand rupees as monthly average income. The average monthly income varies according to the types

of jobs also. Among the four types of jobs Mechanical, Hotel, Industry and Agriculture the workers working in Mechanical firms get highest monthly salary which is 25 thousand rupees per month in the Gulf countries also. Cast wise variation is that most of the Bhramin/Cheetri are working in the mechanical firms so their average monthly income is highest than the others. According to the types of jobs, the workers working in Hotel, Industries and Agriculture get Average monthly income of 13.58 Rupees, 9.83 Rupees and 8.5 Rupees respectively. It means that the workers working in Agricultural sector are getting very little money of Rs. 8.5 per month.

4.20 UTILIZATION OF REMITTANCE AND SKILLS LEARNED IN FOREIGN EMPLOYMENT

The use of remittances depends on the priority placed by the individuals of different uses, the size of remittance, the time of availability, opportunity for investment and several other factors. Majority of migrant workers go abroad because of unemployment at home and poverty in the households. Generally, the earnings made by them are not big. The cost of foreign employment is borne by borrowing therefore the income earned has to be spent on the payment of the principal and the interest amount. There may be family rituals in waiting. Keeping all these conditions in mind the respondents were asked to identify the uses they made for the money earned abroad. Each Individual spent the earnings in more than one uses. To find out the use of remittance by the respondents they were asked to list the use of the money in different heads.

Most of the migrant Nepalese workers are unskilled, so the Nepalese migrants' workers have learnt different kinds of skill abroad. When they return back they are expected to utilize those skills back home but they are observed into utilize their skills in home country. It might depends on different conditions. These conditions may be place availability of work, availability of industry, quality of skills learnt, lack of technology, financial availability etc. To find out the perceived reasons, the respondents were asked to provide reasons. The answers given by the respondents are presented in the following table:

Table 23**Use of Remittance and the Skills learnt in Foreign Employment**

Cast/ Ethnic group	No of Respondents	Utilization of Remittance				Use of Skills	
		Household Expenses	Loan Payment	Investment (Land, Shares)	Social Activities	Yes	No
Bhramin/ Cheetri	74	60	47	15	10	12	40
Magar	22	6	5	2	2	2	4
Kami/ Sarki	1	3	5	-	-	-	5
Others	3	5	4	3	1	-	7
Total	100	74	61	20	13	15	85

(Source: Field Survey, 2013)

The above table presents the fact about the utilization of Remittance income as well as the utilization of skills learnt in foreign employment. From it, we can conclude that among all the respondents and their household, 74 percent of the respondents uses their income in the household expenses i.e. in food, cloths, health and the education of their family. 61percent of the households use their income in loan payment of their family which can be taken for the same purpose or which can be the family debt before his foreign employment. Only about 20 households are using their income from abroad in investment purpose i.e. for buying land, Home and Shares or establishing industries. Among all the respondents only the 13 percent of the respondents are expending some amount of their income in Social activities i.e. in Schools, roads, water taps etc. Only the respondents form Bhramin/Cheetri etc are donating some amount of their money to the social activities, apart from those other casts like Kami, Sarki, Magar are using almost all of their income in Regular household expenditure and in loan payment. It concludes that, the big amount of remittance income earned by the respondents in the study area is spending their

remittance income in regular household expenses and in payment of loans and their interest.

In another aspect of this table, this presents the utilization of skills earned in foreign employment. Among all the respondents only the 15 percent of the respondents replied that the skills learned in foreign employment is helping them in their lifestyle after the foreign employment in their native country. Among all the respondents 85 percent of the respondents replied that the skills learnt in foreign employment is not helpful in their future life after foreign employment in any areas.

4.21 CHANGE IN HOUSEHOLD ECONOMY DUE TO FOREIGN EMPLOYMENT

It is often believed that if somebody receives foreign employment his household economy will improve. The change is economic wellbeing improvement in living standard; improvement in skill, social status might be same of the areas where the changes take place etc. If the respondents are able to gain more than the income which is needed to run their family and also to pay their loans principle as well as their interest amount then only their economic condition can improve and their poverty problem can be reduced. To find out the change in household economic condition due to foreign employment, the respondents were asked to give their own judgment about their economic condition before foreign employment and after foreign employment and comparison of these two time periods. The answer given by them is presented in the following table.

Table 24**Frequency Distribution of Change in Different Indicators of Respondents****Due to Foreign Employment**

Indicators	Change in Conditions			Total
	Increased	Decreased	Remained Same	
Economic Status	65	5	30	100
Standard Of Living	60	2	38	100
Social Attitude	68	2	30	100
Skills	80	-	20	100

(Source: Field Survey, 2013)

Analysis of table 24 is based not on the ethnic composition or group but it is based on the total sample size without categorization. It shows that 65 percent of the respondents reported that their Economic Status is increased due to foreign employment. 30 percent of the respondents replied that their economic status is same before and after foreign employment. 5 percent of the respondent's economic status has decreased due to the foreign employment it means they had increased the sum of family debt for the reason of foreign employment. The decrement in economic status might have been resulted with high cost and low pay in foreign employment or short period of foreign employment. Another 60 percent of the respondents had increased their standard of living, 38 percent of the respondents had replied that their standard of living remained same and 2 percent respondents said that their standard of living is decreased after returning from foreign employment due to increment in family debt. In the context of Social Attitude about 68 percent of the respondents replied that they have increased their social attitude, 2 percent respondent replied it is decreased and rest 30 percent respondent's social attitude remained same due to the foreign employment. In another aspect of foreign employment, 80 percent of the respondents had learnt some new skills there either it may be useful here or not. The rest 20

percent of the respondents replied that they didn't learnt any new skills while working abroad.

From the above table it can be concluded that most of the respondents felt that there was a positive change in their household economic and social indicators like Economic Status, Standard of Living, Social Attitude and Skills Development etc. after returning from foreign employment.

4.22 IMPACT ON OTHER INDICATORS

How the foreign employment and remittance impacted on certain household indicators? Do they live in better house? Do they send their children to better schools? How the health condition of their family changed? Are their family members better dressed? Are they protected from rural indebtedness at the time of need? These were very pertinent questions. Positive impact on them dependent on size of income of respondents brought from foreign employment, family size, earlier economic condition of the family, knowledge and education of the respondents, culture of society etc. To find out the impact of an employment on households indicators the respondents were asked to respond on the changes brought by the foreign employment. The answers provided by the respondents are given in the following table.

Table 25

Frequency Distribution of Impact

On Other Household Indicators of the Respondents

Indicators	Increased	Worsened	Same	Total
Condition of housing	86	-	14	100
Education of children	75	-	25	100
Health of family members	50	12	38	100
Clothing	88	-	12	100
Cash available with them	46	18	36	100

(Source: Field Survey, 2013)

Table 25 shows that 86 percentage of the respondents reported to have improved their condition of housing or housing land. It shows that anybody who had returned from foreign employment either have made new house or repaired old house to improve their housing condition. 14 percent of the respondents had reported that their housing condition is same before and after foreign employment but the static condition was not given. It might be low income or other more pressing priorities like loan payment, household expenditure, marriage of a member of their family etc. No any respondent's housing condition is worsened after returning from foreign employment.

Among the total households, 75 percent of the households reported that the education of their children have improved due to the income earned by their parents from foreign employment. It might be the result of improvement of economic condition of the individuals who could afford boarding school for their children. But no one among the respondents had reported to worsen the education of their children due to the foreign employment. The rest 25 percent of the respondents had reported that the education status of their children remained same before and after foreign employment. 50 percent respondents said that the health status of their family had improved due to their foreign employment where about 12 percent of the respondents replied that health status of their family had worsened due to the foreign employment either of the

respondents himself or of his family members. The rest 38 percent of the respondents said that the health condition of their family members remained same even after returning from foreign employment. It might be due to general health condition of the area and health awareness.

More than eighty percent of the respondents said that household members are using better clothing after returning from foreign employment it is 88 percent. It might be related to the increasing purchasing power and cloth after returning with the respondent and also with their family members. The rest 12 percent of the respondents had replied that their clothing status is same before and after returning from foreign employment. When the availability of liquid cash to meet various household need was assessed, about 46 percent of the respondents had increased their cash holding with them, another 36 percent of the respondent's cash holding has remained same and the rest 18 percent of the respondents had worsened their cash holding after returning from foreign employment. It might be due to the low income earned from foreign employment or the income earned from abroad is just equal to the sum of household expenditure and payment of loans and their interest or it might have been the result of high expenses, low income or the high cost of foreign employment. It indicates that foreign employment has increased the liquidity situation of about 46 percent of the participants of foreign employment.

It can be concluded from the above table that around 65 percent respondents of this VDC have improved different household indicators due to foreign employment. But around 12 percent have worsened and around 23 percent respondents have same level of household indicators even after returning from foreign employment. In short, people who have returned from foreign employment have received some economic benefit and improved their financial, social and economic condition but it cannot be said it has improved their life tremendously.

As a summary, we can say that the remittance income earned from foreign employment is helping the households of the study area in fulfilling their basic needs as well as fulfillment of other social and economic aspects of their life. In another aspect of this survey we can see that the remittance earned by the foreign bound labor

have benefited other members of his family than the employee himself. Therefore it is clear that the remittance is playing very positive role to the respondents and their family to reduce their level of poverty of the study area.

4.23 MOST FAVORED DESTINATIONS OF NEPALESE WORKERS

The most favored destination countries for Nepalese workers for foreign employment is defined from the perspective of the number of workers in that country. It might be either related to the level of skill needed to entry into the country for any type of work or it might be related to the conditional ties and the cost to entry to that particular country. In other part of this discussion the wage factor might be also the main issue of the workers.

Generally the Nepalese workers are either unskilled or semi-skilled, so they prefer those countries for the foreign employment where they can adjust with their qualification. So, the Gulf or Arabian Countries are being the easiest destinations for Nepalese workers to get employment and earn some money. The countries which have maximum number of Nepalese workers in different fiscal years is given in the following table:

Table 26**Number of Nepalese Migrant Workers in Most Favored Countries****In Selected Fiscal Years:**

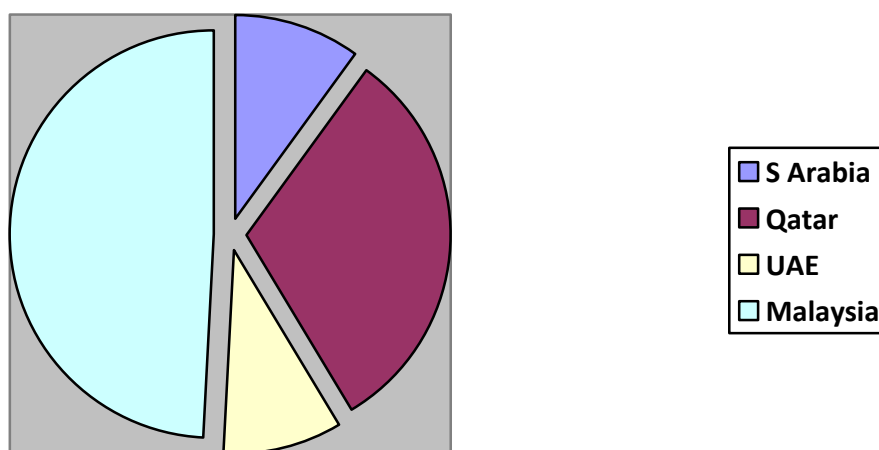
FY	S Arabia	Qatar	UAE	Malaysia	Total
2004/05	13366	42394	12726	66291	134777
2005/06	15813	55892	15317	75526	162548
2006/07	39279	59705	25172	74029	198185
2007/08	42394	85442	45342	50554	223732
2008/09	48749	76175	31688	35070	191682
2009/10	63400	55940	33188	113982	266510
2010/11	71116	102966	44464	105906	324452
2011/12	80455	105681	54482	98367	338985

(Source: Labor and Employment Promotion Department, 2012)

Table 26 indicates that up to FY 2011/12 Qatar received the maximum number of Nepalese of workers in one country and Saudi Arabia followed by Qatar. In 2009/10 Malaysia received the highest number. Onwards Qatar remained first and Malaysia remained second most desired country by the Nepalese workers. The importance of Saudi Arabia has somewhat diminished in those years as a principle employing country for Nepalese foreign employment seekers. It is also the evident from the table that there is rapid growth in the demand for Nepalese workers in Qatar and Malaysia. There is stable demand in United Arab Emirates. There is declining trend of Nepalese workers in Saudi Arabia. In these days, because of the inequality in the salary for the Nepalese workers related to the workers from the other countries, the employment policy of the government of the Malaysian Government etc, the rising trend of Nepalese workers to Malaysia is also tend to decrease in the early 6 months of this Fiscal Year. The data shows that in these early 6 months of this present FY, the Nepalese workers prefer to go to Qatar and Dubai of UAE.

Figure:2

Share of Nepalese Migrant Workers in Most Favored Countries



We can clear from above figure that Malaysia is in first position, Qatar in second position and UAE is in third position in between year 2004/05 to 2011/12. And Saudi Arabia is the lowest desirable country among them.

4.24 MAJOR FINDINGS OF THE STUDY

Based up on the study of the various aspects of the remittance in Nepal, we came to know that remittance plays a vital role in the growth of the economy of Nepal. The major findings drawn from the study are pointed as follows:

- a) Huge numbers of people are migrating day by day in search of an opportunity. Major reason to seek foreign employment is family reasons eg. Family debt burden, easier life style, looking for better jobs etc.
- b) The major destinations of Nepalese workers are Gulf countries. Main reason behind opting to Gulf countries might be the prohibitive cost, and less educated and confidence. More than 60 percent workers are employed in Gulf countries.

- c) Remittance is becoming important to the receiving countries at the micro and macro level. They increase both the income and the foreign exchange reserve of the recipient countries. The GDP has also accounted remittance as one of the major sources of nation income. It has contributed significantly to maintain favorable BOP position.
- d) The contribution of remittance to GDP, Saving and Investment in 2012/13 are 25.28 percent, 272 percent and 66.87 percent respectively.
- e) The source of financing for foreign employment for 77 percent of the migrant workers was loan, 18 percent from family savings and 5 percent from property selling.
- f) The means to get foreign employment for the most of sample respondents (85 percent) were Manpower Agencies. Other get either through unregistered agents or personal initiative.
- g) Above 60 percent respondents uses formal channels (banks and other registered transfer agencies) to send their money.
- h) The average income of the household in this Saraunkhola VDC is only around NRs. 10000 per month.
- i) The larger amount of the remittance income has been used for household expenses, which is 74 percent. It helps in economic condition of household.
- j) The average duration of stay abroad of the respondents from Saraunkhola VDC is 2.75 years.
- K) Remittances have increased people's household economic and social indicators after returning from foreign employment. It also helps their other indicators such as; condition of housing, improve their education of children, improve their health of family members, improve clothing situation and increased their cash availability etc.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

The main objective of this study is to gauge the impact of foreign employment and remittance in poverty reduction in the study area. Moreover the study also tries to examine the nature and extent of poverty in the study area, the nature and extent of remittance income in the study area, Socio-Economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance.

To fulfill the above stated objects of the present study, Saraunkhola VDC of Parbat district was selected area and a sample survey was conducted during 2013. The sample size was 100 households were chosen by proportional random sampling method and data were collected through questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance of the national level as well as of the local level in the study. Data are analyzed by using simple statistical tools like mean, percentage and ratio.

5.2 CONCLUSION

From the study, following conclusions are drawn.

1. The main destinations of Nepalese workers are Gulf countries. More than sixty percent of the workers are employed in Gulf countries. By country wise Malaysia, Saudi Arab, Qatar, UAE are the main destinations of the Nepalese workers. Up to the FY 2068/69 the no of workers went to Qatar 105681, Malaysia are 98367, Saudi Arab 80455 and UAE 54482.
2. According to NRB, total remittance received through registered sources by Nepal in FY 2069/70 is more than 300 billion, which was very large than the previous year.

3. The Contribution of remittance to GDP, Saving and Investment in 2012/13 were 25.28 percent, 272 percent and 66.87 percent respectively. Share of remittance in Convertible foreign exchange reserve was accounted by 60.92 in 2012/13.
4. The socio-economic characters of migrant workers was age group most of 25-40 year, 71.97 percent of the migrant workers are married, and 80 percent of the migrants are literate, 62 percent migrants coming from lower income group, 38 percent migrants from higher income group and 78 percent of the migrants coming from agriculture occupation.
5. The average income of the households in this VDC is only around NRs. 10,000 per month and only the 58.90 percent of the total active population and only the 33.077 percent of the total population of the study area are employed. It means that the dependency ratio is very high in the study area.
6. Major reasons to seek foreign employment include unemployment, family debt burden, conflict problems and to earn more money than which they are earning in their own country.
7. The means to get foreign employment for most of the sample (85 percent) respondents were Manpower Agencies. Others went either through unregistered agents or personal initiative.
8. Majority of the foreign job seekers (about 83 percent) didn't have skills and took unskilled labor jobs in industries.
9. The average cost paid for foreign employment by the respondents of the study area was Rs. 50 thousand. It ranges between Rs. 15 hundred minimum and to 324 thousand was maximum.
10. Source of financing for foreign employment for 77 percent of the migrant workers was loan, 18 percent from family savings and 5 percent from property selling.
11. Major sector of employment for Nepalese workers were hotel/catering (32 percent), building construction (25 percent) and Mechanical (19 percent).

12. The average stay duration of abroad of the respondents was 2.75 years. If we classify them cast wise, it ranges between 2.5 years of minimum (Kami cast) and 3 years of maximum (Magar cast).
13. Average family members migrated to foreign countries are two members where Maximum numbers of respondents' family members are five and the minimum of one.
14. The respondents of this VDC want to go again to foreign employment because of the unemployment (70 percent) and conflict (17 percent). Out of the causes maximum respondents of Bhramin/Cheetri were suffering from conflict. Among the total respondents 13 percent of them have no plan to go abroad again to foreign employment.
15. The workers earned more income in Gulf countries than Malaysia. It was average Rs. 11 thousand and Rs. 9.65 thousand per month. The skilled workers earned much more money than unskilled workers which was Rs. 20 thousand income per month of skilled workers and Rs. 8.54 thousand of unskilled workers. In types of jobs the workers working in mechanical sector earns maximum income of Rs. 18.5 thousand per month and the workers working in the agriculture sector earns lowest income of Rs. 8.5 thousand per month.
16. Above 60 percent respondents used formal channels (banks and registered transfer agencies) to send remittance. Informal channels like hundi, relative and friends and bringing back by themselves were other channels of remittance transfer.
17. The larger amount of remittance income has been used for household expenses (74 percent), loan repayment (61 percent), investment only of 20 percent and social spending (13 percent). Minimum part of remittances has been used into productive sector like as land purchase (20%), bank deposited (14%) and other small business and investment (10%). In this case, the respondents from Bhramin and Cheetri are forward.

18. Among the returnees from foreign employment only 16 percent of the workers are using the gained skill in aboard employment where as the rest 84 percent of the respondents have not benefited from that gained skill in foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc.
19. The respondents of this VDC were not utilized their remittance caused by conflict and non-availability of sizable investment funds for investing in productive sector of the economy sector.
20. The respondents of this VDC said that remittances have increased their household economic and social indicators after returning from foreign employment. Around 69 percent respondents said that remittances have increased their economic status, 57 percent of the respondents said that remittance income have increased their standard of living, around 73 percent of the respondent's social attitude have increased due to remittance income and around 82 percent of the respondents increased their skills. But around 23 percent respondents said that economic status has been same, 40 percent have remained same standard of living, 27 percent said that their social status have remained same and 18 percent said that remained same level of their skill after returning from the foreign employment.
21. The respondents of this VDC said that remittance have also done impact on their other indicators. It was said that around 78 percent respondents improve their condition of housing, 69 percent respondents improve their education of children, 46 percent improve their health of their family members, 74 percent improve their clothing situation and 37 percent of the respondents have increased cash available with them. But around 18 percent respondents have worsened health of their family members and 22 percent of the respondents have worsened cash available with them. And around 22 percent of the respondents have same level of housing, 31 percent respondents have same level of education of children, 32 percent respondents have same level of health of their family members, 26 percent of the respondents have same level of

clothing and 41 percent of the respondents have constant cash available with them.

As a summary, it can be concluded that the Economic and Social condition of all the families who have involved in foreign employment have increased. It may be in both aspects i.e. economic as well as social but surely there is positive change in the status of the families of the respondents due to remittance income. Therefore we can say that remittance income is playing very vital role in reducing the poverty level of the study area.

5.3 RECOMMENDATIONS

From the present study about the role of remittance to reduce rural poverty in Nepal, some recommendations are made as follow:

1. Since Most of the migrant Nepalese workers have gone to Gulf countries and Malaysia so these destinations are congested area of the Nepalese workers. Thus manpower agencies, agent and employed company all have been cheated to maximum workers. On the other hand, the workers of these destinations cannot earn much more money than other destinations like Japan, Korea, Hong Kong, USA etc. So the Ministry of Labor and Transport Management GON should make new policy to identify new potentialities destinations and create opportunities to go these destinations. Where the workers will earn more money than the existing countries. Apart from these the labor contract should be done between two countries to give safe environment for the workers.
2. Nepalese economy has received large amount of remittance but remittances are still being transferred through informal channels. Formal channels should be promoted. At least one formal institution must be established to facilitate transfer remittance in each destination.
3. Most of the respondents of rural areas came from lower income groups and based on agriculture occupation. So, they cannot easily afford foreign employment. If they go foreign countries for employment, they should borrow

or loan at the high interest rate. So the policy should be made to give more opportunities to poor people of rural areas as well as facilitated to them from funds for foreign employment. In the case of this VDC almost all the workers from the lower income group are migrated to India to work because of lack of money with them where they are earning very little amount of money comparing with the migrant workers to other gulf countries and Malaysia. Thus GON should provide loans to the poor people in the cheap interest rate ho want to go to foreign employment.

4. Most of the respondents of this VDC have gone to foreign employment in unskilled condition. So they cannot earn more income than skilled workers. So, the technical training institution should be established in rural areas and a person who wants to go to the foreign employment, should be given training related to the work has to be done in abroad and also the language of the migrating country before going to foreign employment.
5. Most of the respondents have not utilized their remittance and newly learnt skills at abroad when they came back home because of lack of technology, conflict problems, non availability of sizable investment funds and lack of market etc. So the policy should made to solve the conflict situation, create good environment and provided sufficient technology as well as market and the GON should play as the role of facilitator for all the investors and the workers.
6. Surely remittance income is playing very positive role to reduce rural poverty of the study area and also it is improving the social as well as other economic indicators of this VDC but this is not satisfactory. Maximum part of the remittance income have been used in unproductive sectors like regular household expenses, loan payment, house improvement and social spending etc. this don't give any return in the future. Thus the policy should be made to give more information to the respondents on using their remittance income into productive sectors like investment in Shares, Business etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.

7. The concept of economic diplomacy should be implemented from the government of Nepal to increase the demand of Nepalese labor in the foreign labor market.
8. The Bilateral agreement should be done from the ministry level with all the labor importing countries. Agreement done with United Arab Emirates and Korea can be the best examples of positive impact of agreement.
9. The labor desk should be established in the airports of labor migrating countries to help the Nepalese labor in various problems.
10. The concept of labor attaché should be implemented in every embassy. So that, all the problems of migrated labors can be solved from the different desk.
11. Different incentives should be provided by the government level as well as from the private sectors for encouraging the people to remit earned money through the formal channels.

Finally, this above case study of role of remittance to reduce rural poverty and the status of foreign job seekers of Saraunkhola VDC which is very important current issue of the Nepalese economy, therefore this study is very significant, while the study is conducted in small size and may not be sufficient to make general conclusions for the whole nation about the role of remittance income and labor migration. But by this study, I am confident that it will be certainly beneficial to the people of Saraunkhola VDC and side by side for the people of other neighboring VDC of the entire country.

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ANNEX-I

Questionnaires:

Name of Household	Education Status (Level, age of each Members)			Professional Member	Land Holding (Hall/Ropani)	Monthly Income	Media of transferring funds (foreign employer only)	Economic condition after foreign employment
	Total	Male	Female					

ANNEX-II

Foreign Labor Employment: Trend and Composition

Restoration of democracy in 1990's opened the door of international labor market. Near about 8 million nonresidential Nepalese are spread over forty countries (Department of Labor, 2003). The supply of Nepalese youth in foreign countries in search of work is increasing day by day at a high rate; which is unstoppable in this present trend of migration..

Although Nepal has officially opened 108 countries in terms of labor employment, Malaysia and the Gulf countries alone account for 90 per cent of Nepali migrant workers. The table below shows Nepali male and female migrant workers by destination as of 2010

Number of Nepalese Migrant Workers in Different Countries

Country	No. of Male migrants	No. of Female migrants	Total
Afghanistan	472	0	472
Algeria	35	0	35
Bahrain	16,554	119	16673
Hong-Kong	86	32	118
Israel	65	0	65
Japan	16	6	22
Jordan	249	0	249
Kuwait	3,916	8	3,924
Lebanon	756	867	1,623
Libya	1,185	0	1,185
Macau	39	0	39
Malaysia	145,942	996	146,938
Maldives	45	0	45
Mauritius	33	0	33
Oman	1,276	2	1,278
Pakistan	145	0	145
Poland	27	31	58
Qatar	26,964	29	26,993
Russia	8	0	8
Saudi Arabia	46,040	7	46,047
Seychelles	28	0	28
UAE	20,936	410	21,346
USA	22	0	22
South Korea	2,118	0	2,118

The information of Annex-II shows the Nepalese people migrant to other countries. During the period 2006 to 2011, 361,464 Nepalese had gone to Malaysia, 351,544 to

Qatar, 246,448 to Saudi Arabia, 178,535 to United Arab Emirates and 20,303 to Bahrain. Malaysia and Gulf countries of Saudi Arabia, Qatar, United Arab Emirates and Bahrain are major destinations for Nepali migrant workers. As shown in the table above, Malaysia is believed to be a popular destination with a total of 361,464 documented Nepali migrant workers. A total of 146,938 Nepali migrant workers left for Malaysia in 2010 (Bhattarai, pp. 49-52). In the above table shows only 2,118 people had gone to South Africa but after that period most of Nepalese are going to South Africa due to Nepali and Korean government agreement.

ANNEX-III

Growth pattern of Foreign Employment:

The Government of Nepal, Labor and Employment Promotion Department has opened 108 countries where Nepalese workers can go for employment purposes. Out of them, 91 countries have been recognized after the year.

Number of Nepalese Migrant Workers Employed in Different Fiscal Year:

Year	Number of Nepali Migrants
1994	3,605
1995	2,159
1996	2,134
1997	3,259
1998	7,745
1999	27,796
2000	35,543
2001	55,025
2002	104,739
2003	105,055
2004	106,375
2007	204,433
2008	249,051
2009	219,965
2010	294,094
2011	354,543
2012	530,250

(Source: Labor and Employment Promotion Department)

In above table shows the number of Nepali labor migrant increased to 530,250 in 2012 from 3,605 in 1994. In the years 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002,

2003, 2004 the number of Nepali migrant labors was 2,159, 2,134, 3,259, 7,745, 27,796, 35,543, 55,025, 104,739, 105,055 and 106,375 respectively. Similarly in the year 2007, 2008, 2009, 2010 and 2011 the number of Nepali migrant labors increased to 204,433, 249,051, 219,965, 294,094 and 354,543 respectively (A. Ghimire, A. Rajbanshi, B. R. Upreti, G. Gurung, J. Adhikari, S. Thieme, p. 10). On an average, at least 1,009 Nepali migrant workers fly out of the country every day. Foreign employment continues to be a strong demand among young Nepalis looking for better income and job opportunities.

ANNEX-IV

Growth of Remittance

In this present situation of Nepalese economy, remittance provides not only the significant portion of the GDP but it also contributes in savings and investment. The growth of remittance depends on the number of labor forces working outside the country, the level of earnings and the portion of income that is sent back to home. Other sources of remittance such as: government transfers, investment made by nations in other countries. The size of remittance also determines the availability of foreign currency in the country. Nepal Rastra Bank, the central bank of Nepal publishes data related to remittances continuously. The growth of the remittances and sources of remittances is given in the following table. The category of other remittance includes the money remitted by the labor employed in foreign land. It is only the money sent through the official agencies (formal channels).

**Total Convertible Foreign Exchange, Total Remittance,
Gorkha Remittance, Other Remittance and
Their Share and Growth in Different Fiscal Year**

(Rs. in million)

FY	Total* CFE Receipt	Total Remittance	Gorkha⁺ (pension) Remittance	Other[#] Remittance	Share of Remittance in CFE (%)	Share of Other Remittance in Total Remittance
2003/04	120643.2	56629.8	4504.8	52125.0	46.9	92.05
2004/05	123268.5	61784.8	12502.2	49279.6	50.12	79.76
2005/06	157297.3	92748.6	12007.6	80741	58.96	87.05
2006/07	179967.2	107417.4	12937.0	94480.4	59.68	87.95
2007/08	236927.1	139421.5	18789.9	120631.6	58.85	86.52
2008/09	324391.9	194215.6	17755.4	176460.2	59.87	90.86
2009/10	346370.7	213998.9	25850.7	188148.2	61.78	87.92
2010/11	420154.0	225909.4	28993.4	196916	53.77	87.17
2011/12	589893.3	333366.8	28343.6	305023.2	56.51	91.45
2012/13	647368.6	394348.7	35326.7	359022	60.92	91.04
Total	3146282	1819842	197011.3	1622827	567.36	881.77

(Source: NRB Quarterly Economic Bulletin April, 2013- MID July 2013.)

* *Economic survey, 2012/13*

+ *Total Remittance minus Gorkha Remittance*

Convertible Foreign Exchange

The above table shows that the convertible foreign exchange grew from Rs. 120643.2 million in 2003/04 to Rs. 647368.6 million in 2012/13 which is about 5.37 times more. Similarly remittance increased 6.96 times. It indicates that when remittance is increased then convertible foreign exchange also increased, because the increasing rate of remittance contributes to increasing rate of convertible foreign exchange. The

share of remittance in convertible foreign exchange. Initially which was 46.9 percent but it was highly jumped to 60.92 percent in the year 2012/13. The trend is fluctuating after 2006/07 to 2010/11 but after 2012/13 it highly jumped. The other remittance grew from Rs. 80741 million in 2005/06 to Rs.359022 million in 2012/13 which is about 4.45 times more. Its share in total remittance is appreciable. Initially the share of other remittance in total was in fluctuating trend. After 2005/06 it did not go down from 79.76 percent rather went on the path of the increasing trend. So, the flow of other remittance has been favorable to increased in convertible foreign exchange and in total remittance.

As a summary, the annual growth rate of remittance, total CFE receipt as well as the share of remittance is increasing year by year. Especially after the year 2003/04 the value of remittance and the share of remittance are increased dramatically with the increment of Nepalese labor in the foreign countries.

ANNEX-V

Contribution of Remittance to the National Economy:

It is known to all of us that the role of remittance to the economic growth of the country was not discovered in Nepal before 1990's. From the mid 1990's remittance was viewed as a significant contributor to the national economy. Though the remittance is playing direct as well as the indirect roles to promote the national economy, but we can only study about the direct roles of the remittance income because of the availability of the required data. The direct effects of remittance income to the national economy are increase in CFE, increase in Saving and Investemnt, decrease in the unemployment rate etc. Investment depends on domestic saving and foreign assistance. Since there is increase in domestic savings due to remittances, it has helped in the investment and growth of economy. The data obtained from economic survey 2012/13 in this required is presented in the following table:

**Composition of GDP, Saving, Investment
And Remittance in Nepal in different Fiscal Year**

(Rs. in million)

FY	GDP in Product Price	Domestic Saving	Investment	Remittance	Remittance as percentage of GDP	Remittance as percentage of saving	Remittance as percentage of investment
2008/09	988.3	92.90	313.29	209.7	21.22	225	66.93
2009/10	1192.8	135.98	456.84	231.7	19.42	170	50.72
2010/11	1375.0	199.38	528.0	253.6	18.44	127	48.03
2011/12	1536.0	176.64	536.06	359.6	23.41	204	67.08
2012/13	1701.2	158.21	643.05	430.0	25.28	272	66.87

(Source: Economic Survey, 2069/70)

The above table shows that the GDP grew from Rs. 988.3 million in 2008/09 to Rs. 1701.2 million in 2012/13 which is 1.72 times more. The saving is also increased from Rs.92.90 million to Rs. 158.21 million in the same period of time which is 1.70 times more and investment increased by 2.05 times. If we compare the growth of remittance, it is also 2.05 times more in the same time period. Initially the contribution of remittance to the GDP was only the 21.22 percent which grew to the tone of 25.28 percent providing its importance. Remittance as the percentage of saving has increased from about 225 percent in 2008/09 to more 47 percent in 2012/13. If we compare the contribution of remittance in the investment portfolio, it is from 66.93 percent in 2008/09 to 66.87 percent in the year 2012/13. It indicates that if remittance is increased it has support to increase domestic saving. If domestic saving is increased, investment also increased and if investment is increased GDP also increased. Thus, the positive relationship of these sectors is found each other. From all above data, whether it is economic growth or economic stability or economic vulnerability of the country in a conflict ridden situation remittance has played a significant role.

As a summary it is clearly shown that National GDP growth rate is directly related to the various factors like total saving of the economy and total investment of the economy. On the other hand, saving is the determinant of the investment, without

which the economy can't get higher GDP growth rate. The investment of the country like Nepal is directly dependent on the remittance inserted into the economy. Therefore we can say that the remittance is the major factor of the development of the country like Nepal.