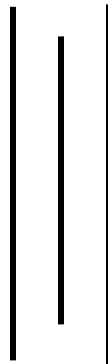


**UTILIZATION OF REMITTANCE: A CASE STUDY OF
BIRENDERANAGAR MUNICIPALITY SURKHET**

By:
SITA LAMICHHANE
Shanker Dev Campus
T.U. Regd. No: 7-2-325-246-2002
Campus Roll No: 524/062

A Thesis Submitted to:
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*In partial fulfillment of the requirement for the Degree of
Master of Business Studies (M.B.S)*

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RECOMMENDATION

This is to certify that the Thesis

Submitted by:

SITA LAMICHHANE

Entitled:

UTILIZATION OF REMITTANCE: A CASE STUDY OF BIRENDERANAGAR MUNICIPALITY SURKHET

*has been prepared as approved by this Department in the prescribed format of the
Faculty of Management. This thesis is forwarded for examination.*

.....
Prof. Dr. Kamal Das Manandhar
(Thesis Supervisor)

.....
Prof. Bisheshwor Man Shrestha
(Head of Research Department)

.....
Prof. Dr. Kamal Deep Dhakal
(Campus Chief)

.....
Kiran Thapa
(Thesis Supervisor)

VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented

by

SITA LAMICHHANE

Entitled:

**UTILIZATION OF REMITTANCE: A CASE STUDY OF
BIRENDERANAGAR MUNICIPALITY SURKHET**

*And found the thesis to be the original work of the student and written
according to the prescribed format. We recommend the thesis to
be accepted as partial fulfillment of the requirement for*

Master Degree of Business Studies (M.B.S.)

Viva-Voce Committee

Head, Research Department

Member (Thesis Supervisor)

Member (Thesis Supervisor)

Member (External Expert)

TRIBHUVAN UNIVERSITY

Faculty of Management

Shanker Dev Campus

DECLARATION

I hereby declare that the work reported in this thesis entitled “**UTILIZATION OF REMITTANCE: A CASE STUDY OF BIRENDERANAGAR MUNICIPALITY SURKHET**” 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 Degree in Business Studies (M.B.S.) under the supervision of **Professor Dr. Kamal Das Manandhar** and **Kiran Thapa** of Shanker Dev Campus.

.....

Sita Lamichhane

Researcher

T.U. Regd. No. : 7-2-325-246-2002

Campus Roll No. : 524/062

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CHAPTER - I

INTRODUCTION

1.1 An Overview of Nepalese Economy

Nepal is a landlocked country which lies between India and China in the southern part of Asia. It is one of the least developed countries in the world. There are 25 million people in Nepal according to the Population Census 2001. It has an area 1,47,181 square kilometers. Nepal is one of the richest countries in the world in terms of natural resources and cultural heritage. Nepal's beauty lies in the highest mountains including the highest mountain of the world 'Mount Everest', jungles and rivers.

The current state of Nepalese economy is characterized by unutilized and underutilized natural resources, miserable and traditional agriculture, deficit trade, mass poverty, illiteracy and so on. Agriculture is the main occupation of Nepalese however no scientific methods of agriculture have been adopted. The natural resources available here have remained unutilized.

According to the preliminary estimate of Central Bureau of Statistics, the real GDP growth rate in the Fiscal Year 2008/09 stood at 3.8 percent at basic price and 4.7 percent at producers' price. In 2007/08 the real growth was 5.3 percent at both basic and producers' prices. If the agriculture sector suffered due to adverse weather situation, the nonagricultural sector could not perform better either especially due to problems like energy crisis and strikes.

In 2008/09 the agriculture sector was estimated to grow at 2.2 percent and the non agriculture sector at 4.7 percent. The respective growth rates for agriculture and non agriculture sector were respectively 4.7 percent and 5.6 percent in the previous year.

At national level standard was 30.85 percent people below the Poverty line however in international standard 24.1 percent Nepalese people are earning US\$ 1 per day and

people who earn below then US\$ 1 are 68.5 percent. While analyzing the contribution of the major sectors, the share of agriculture remains 32.2 percent, wholesale and retail trade 13.70 percent, transport, storage and communication 10.5 percent, real estate, renting and business services 8.3 percent, manufacturing industry 6.8 percent, construction 6.40 percent and education 5.99 percent. (Economy Survey, MOF 2009)

According to the Central Bureau of Statistics 2009, GDP per capita at current price is estimated to increase by 8.71 percent to Rs 34732. Last year, GDP per capita was Rs 30272. In US Dollar terms, per capita GDP at current price is estimated at US\$ 473 compared to US\$ 468 a year ago. Economic Survey MOF 2008 Contribution of agriculture to Gross Domestic Product (GDP) was 32.20 percent in 2007/08. Around 78 percent population was dependent in agriculture and only 2 percent population was engaged in industry. Contribution of manufacturing sector is less than 7 percent of GDP. Nepal has facing trade deficit with most of the countries of the world but current account is surplus with the help of remittance. In 2006, Nepal's current a\c was surplus with US \$ 153 million. In the period of 2000- 2005 Nepal's net migration was -1000 thousands. (World Bank, 2008)

The living standard of people is very low. All of the characteristics mentioned above fostered the wide spread depression in the working will of the people in general. The depression spread all over population suffered the youth much who were productive. Nepalese economy suffers from numerous structural constraints. However the economy has tremendous potential for sustainable high level of growth based on prime foundation of Nepalese economy, which are: water resources, tourism, human resources and remittance and biodiversity (Dahal, 2005).

It is often argued that water resources abundant in Nepal could be instrument for economic development. Of the total 83,000 megawatt theoretical hydropower potential in Nepal, commercial potential is projected to be 40,000 mw. The total supply of electricity in Fiscal Year 2005/006 was 2777.41Gegawatt hours (GWH) including production of electricity from hydropower 2495.09 GWHS, thermal power 17.1 GWH and 266.22

GWH import from India. Whereas in Fiscal Year 2006/007, the total supply of electricity of hydropower 2687.6 GWH, thermal power 27 GWH and 380 GWH import from India. It will be sufficient not only in meeting domestic requirements but also to generate surplus electricity for export and to substantially increase the size of GNI and level of GNI per capita (Dahal, 2005).

Tourism is important sector of Nepalese economy. Continuously it has helped Nepalese economy to increase employment, to earn foreign currency and it has also helped to improve regional imbalance. Highest snow peak mountains lushy evergreen forests in Terai, Panasonic hills, diverse biological potentials and harmonic culture and friendly people attractive thousand of tourist every year. Except India, tourist coming from third pole countries is increasing and foreign Aviation Company has increased to nine. The total foreign exchange earnings from tourism sector were Rs.7.2 billion in FY 2003/04 (Dahal, 2005). While the number of tourist fell by 2.6 percent to 3, 75,398 between December 2004 /005, it reached 3,93,949 between December 2005 /006.

In the year 2007 is increased by 37.2 percent while their number decreased by 5.0 percent during the same period in 2008. In the number term, 526,705 tourists had visited Nepal during 2007 while the number declined to 500,277 in 2008. On average days of stay, it has marginally decreased from 11.96 to 11.78 days. Despite the fall in tourist arrivals in FY2008/09, this sector earned foreign exchange worth Rs. 16.82 billion as compared to the earnings of Rs. 18.65 billion the sector made in the whole duration of FY2007/08. Nevertheless, the growth rate of foreign exchange earnings of 2007/08 was 76.3 percent as compared to the growth of 54.5 percent achieved during the review period of this fiscal year. In the absence of large scale industry and mineral deposits tourism has opened an alternative avenue for employment and income.

Human resource is another important economic resource of Nepal. Its importance has been increased tremendously in recent years. Unskilled, semi-skilled and skilled people have shown inclination towards foreign employment which has resulted in substantial growth of remittance economy.

Human resources are the wealth of the nation and its importance has tremendously increased in recent years, for unskilled, semi skilled and skilled people have shown tremendous inclination towards foreign employment resulting in substantial growth of remittance economy. Nepal's position is list of human development index (HDI) 142/175 as of 2003 (HDR, 2003), where as labor forces is estimated to be 300000, size of economically active population is 48.2 percent of the total population. While, the magnitude of remittance is estimated to exceed Rs100 billion. If the present trend continuous, it is speculated that remittance economy will substitute many other areas of the economy. Since demand for middle- level manpower is very high in international labor market and effective demand for domestic employment is extremely low; there is need to the modulate education policy of GON to develop and export middle-level manpower by promoting efficiency building. Currently, demand for Nepalese workers is conspicuously high especially in Gulf countries, Malaysia, South Korea and many other countries in the world. Unfortunately Nepal lacks appropriate utilize human resources to meet domestic as well as global requirements (Dahal, 2005).

Over the years, the demands for Nepalese workers in the global labor market especially in the gulf countries, Malaysia, South Korea, and India tremendously increased, for they are available at a relatively low wage and they are appraised for honesty and dedication to their work. However GON lacks policy to plan, develop and efficiently utilize man power as per national and global requirements. Therefore it is necessary to establish ministry of human resource development not only for manpower planning but also for empowering women, Dalits, and Janajaties.

Nepalese economy has been passing through the critical phase of low level equilibrium trap circumscribed by poverty and stagnation. Underemployment was recorded as high as 53.7 percent. The economy is facing recession engulfed by ongoing conflict, increasing inefficiency and mounting corruption (Shrestha, 2004). Therefore, acceleration in overseas employment of Nepali labor force and remittances has been instrumental for survival, poverty alleviation and improvement in living standard of the people. Foreign labor employment has become strategy for survival of the rural subsistence household. It helps to increase foreign exchange and reserves the resources in scarce economy.

For foreign employment government has formulated different programs, plans and policies. Government of Nepal introduced the Foreign Employment Act 1985, primarily with a view to regularize and control the activities came out by manpower agencies related to foreign employment. After eighth five year plan government paid attention to foreign employment. The Ninth Plan launched a long-term strategy to reduce unemployment and increase competitiveness of Nepalese labor in international market thorough skill development. The Tenth Plan aims at creating opportunity for foreign employment and improving capacity for income generation by developing skilled manpower, design pragmatic policies to regulate and provide security to foreign employment. Diplomatic missions abroad were to be mobilizing to promote foreign employment during the plan period.

1.1.1 Remittance: An Introduction

A remittance is a transfer of money by a foreign worker to his home country. Lexical meaning of remittance goes as “Remittance is a sum of money that you spend as payment for something”- BBC English Dictionary, Harper Collins Publisher, 1994. However, in contrast to the gesticulation of international payments, we intend here to express the layman’s meaning (for specific purpose) of remittances by a sum of money that is earned by the home workers in host countries in exchange of their services and remitted to the home country. Nowadays, people are even excited to use the jargon as a substitute word for worker’s remittance earning as “Migradollar”.

International labor migration is one of the salient features of the globalized world. It will only become more important as a subject as it has an impact on the socio-economic conditions of both labor and labor destination countries. There exists virtually no country that does not contribute to international labor migration either as receiving country, sending country or country of transits.

A number of developed countries have liberalized their policies for the admission of highly skilled professionals. It should be properly acknowledged that some amount of mobility is obviously necessary if a developing country is to integrate into the global

economy although a large outflow of skilled persons poses the threat of a 'brain drain' which can adversely impact growth and development.

Migrant remittances represent the most direct, immediate and far reaching benefit to migrants and their countries of origin. They are a more constant source of income to developing countries than official development assistance, foreign direct investment and other private flows. Moreover, the emergence of remittances as a new strategy for poverty alleviation in developing countries has spurred multilateral institutions, international organizations, and national governments, among others, to seriously study, identify and implement measures on how these inflows could be maximized and then harnessed for the development of migrants' countries of origin.

The term "remittances" basically refer to the transfers, in cash or in kind, from a migrant to household residents in the country of origin. The IMF considers a wider definition and incorporates three categories, that is, a) workers' remittances or transfers in cash or in kind from migrants to resident households in the country of origin, b) compensation to employees or the wages, salaries and other remuneration, in cash or in kind, paid to individuals who work in a country other than where they legally reside and c) migrant transfers which denote capital transfers of financial assets made by migrants as they move from one country to another and stay for more than one year.

As stated in the BOP Manual (5th edition, 1993): "Workers' remittances cover current transfers by migrants who are employed in new economies and considered residents there. (A migrant is a person who comes to an economy and stays, or is expected to stay, for a year or more). Workers' remittances often involve related persons. Persons who work for and stay in new economies for less than a year are considered non-residents; their transactions are appropriate mainly to the component for compensation of employees."The Nepal Rastra Bank (NRB), the country's central banking authority, follows the IMF Manual in recording remittances or migrant transfers in its BOP computation. Since the end of the 1990s, there has been a renewed interest in the financial resources that migrants send back to their countries of origin due to the potential

contribution to the economic development of the receiving regions. It is generally acknowledged that foreign remittances, whether channeled through formal or informal modes from host countries to receiving countries, contribute positively towards the economic development both at the household level and country level, although remittances through formal channels are more amenable to policy interventions and are generally believed to have greater developmental impacts.

International migration of skilled persons assumed increased importance in recent years demonstrating the impact of globalization, revival of growth in the world economy in the information and communications technologies.

International migration of skilled persons has assumed increased importance in recent years demonstrating the impact of globalization, revival of growth in the world economy and the explosive growth in the information and communication technologies. A number of developed countries have liberalized their policies for the admission of highly skilled professionals.

“Poor countries can not earn decent revenues by exporting coffee and coca, so they export people instead”. According to the Anne Pettifor, Director at the New Economics Foundation in London the main source of revenue of the poor countries is not the exports of goods and services but the export of people who earn foreign exchange and sent it as remittances to their own country of origin.

Remittances are basically foreign exchange, which is remitted by people who are living abroad to their own countries. The remittance from migrant workers back to their families is an important source of income in Nepal. These remittances are generally used to cover day to day living expenses, to provide a cushion against emergencies and making small investments. These remittances represent the most direct and immediate benefit to emigrant’s families and to the sluggish economy. In developing countries like Nepal, these remittances noticeably exceed foreign direct investment.

1.1.2 History of Remittance: A Brief Survey

Remittance is created by the foreign employment. Nepalese people have also been involved in foreign jobs for long time which contributed for good earnings to the Nepalese and to the country itself. Nepalese were known as 'Brave soldiers' in the history of the world before some decades. Due to this heroic title, Nepalese were highly demanded for the foreign soldiers. Those soldiers earned good amount of money which has also contributed to the economy of the country. Similarly, the 'Lahore' is called to Nepalese people because they employed and earned money in Lahor which is in Pakistan. Some of the Nepalese earned money in Malaysia so they were called 'Malayako Lahore'. There are hundreds of people still being employed in Malaysia now. Maharaja Ranjeet Singh of Punjab and the British rulers were also impressed by the fighting capacity of the Gorkhas and immediately of the treaty of Sugauli (in 1816) the British residency was established in Katmandu and the Gorkha recruitment to British army began. Though, the tradition of 'Lahore' began in Nepal by recruitment of Gurkha soldiers by the British. East India Company in 1816, it was largely limited to certain regions and ethnic communities of the country. Thus the migration to India and other region began.

Another stream of early Nepalese emigration to India was that of migration to northeastern region of India. It was towards the beginning of 19th Century that Tea Plantation Companies were in search of plantation workers. As a result, people began to migrate to Assam. The Nepalese also began to migrate in these areas. Many of them cleared the forest and started cultivation.

The first and the Second World War generated a huge demand for young army personnel from Nepal. Because of low urbanization and growth of the industrial sector in the country, the scope for non-farm within the country is limited. Thus, more people migrate for non-farm employment.

After becoming the member of UNO in 1956 and participating in various international conventions, Nepal's relation with rest of the World further paved the way for Nepalese emigrants to abroad. The pace of globalization also fuelled for inter-regional and intra-regional migration in most of the developing countries of the world. As Maoist

movement intensified particularly after the beginning years of 1996s, more and more Nepalese youth of rural and urban areas of the country began to migrate temporarily towards India and abroad for education and employment. These youth send money (remittances) to their respective family members.

Most of the common Nepalese, however, preferred to visit India seeking jobs as they could do so by spending relatively small of money and did not need visa and a passport to cross the open border.

1.2 Statement of the Problem

Remittance refers to money and goods that are transmitted to household back home by people working away from their origin communities from the standpoint of economic development the central question regarding such sources transfer is quite straight forward namely, how much money used, Do migrants workers channel international remittance into productive investment in their home community, or do they use such money merely to underwrite consumption of newly desired consumption goods? Stated more badly, do remittance from aboard helps provide the investment needed to facilitate development or do they merely foster new pattern of dependence on “status oriented “ consumer goods for migrant workers and their families?

In this background the study designed to address the following research question related to remittance and its economic use by indigenous group. Now days, in Birendranagar, value of the land very high. How remittance affects the land price? In Birendranagar trend of opening boarding school is very high. In this matter how remittance affect positively or negatively.

1.3 Significance of the Study

The research has a great significance in the sense that from the period of 1809, much of the Nepalese people went in to the foreign land for the service. Even in the case of the Gurkha regiment, the indigenous people were highly preferred. The flow of the foreign service of the Nepalese people is not new. But, after the country was hit by PEOPLE

WAR led by CPN (Maoist) the volume of the foreign land going people increase drastically. Surkhet district is in mid- western region, where the people-war hit high. This might be one of the causes of the increase in the remittance drastically. The major intention of the study is to analysis the pattern of the remittance utilization in the context of the changing global scenario.

Though there are various reports on Surkhet district on the various topics, the study of the remittance utilization pattern is not yet carried out by any of the researchers. The Birendranagar municipality is, on the other hand is headquarter of the mid- western development zone. So, this study is of vital significance.

The inhabitants of the indigenous people in this particular district is quite interesting in the sense that there total percentage in this district is 53 percent. So, this study is significant in terms of this as well.

Indigenous people are found to have very strong “Demonstration effect” in the sense that their major proportion of the income is found to have spent on the goods and services that can promote their life style. This study will examine whether they are suffered from that tendency or not. Defined in this sense this study will examine whether this tendency is right or not?

This study is to foster those persons who are willing to study the economic activities carried out by those indigenous people in the Birendranagar municipality which might be helpful in the study of the economic activities of the indigenous people of the rest of the country.

1.4 Objective of the Study

The objective of the study is to get information about of earning as remittance gain from foreign employment. The study has covered the following specific objective:

- To evaluate the trend of remittance in Birendranagar Municipality, Surkhet
- To analyze the uses of remittance in Birendranagar Municipality, Surkhet
- To recommended the government and various organizations working in the field of remittance.

1.5 Limitation of the Study

Every study carries some limitations which are unavoidable. The main limitations of the study are as follows.

- This thesis mainly focuses on the remittance received by indigenous group and their utilization.
- Study area covers only Birendranagar Municipality of Surkhet district.
- Most of the analysis are based on primary data, so any distortion of the reality from this study may be due to the biasness of the respondents.
- The study is not concerned in to the causes that led the people in general who went in to the foreign land for their services.

CHAPTER – II

REVIEW OF LITERATURE

We have received several studies pertaining to emigration, its eco-con-consequences either they are in the form of books or articles. That means study about the matter by findings the books, articles, newspapers and thesis and report etc. that are published in the past. This chapter helps to take adequate feedback to broader the information base and inputs to the study. Since there are not so much adequate study materials related with this topic related in Nepal.

Foreign labor migration and remittance have emerged over the last two decades as a prominent feature of the Nepalese economy. Although unjustifiably neglected previously a number of recent studies have contributed in bringing this topic increasingly into both public and academic debates. The literature review is grouped into theoretical base of labor migration and remittance, history of international labor migration in the Nepalese context, historical perspective of foreign employment in Nepal, causes of emigration, impact of emigration in the economy, destination of employment and extent of employment in foreign countries, practice and process of government and non-government agencies, experience of Nepal, use and effects of remittance.

2.1 Theoretical Base of Labor Migration and Remittance

The decision to migrate is the outcome of human psychology and behavior. Any universal and uniform law can't define human behavior but many studies relating to migration have tried to find out some pattern and order in migration decision of an individual.

Ravenstein, E.G. (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. 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. Pulls 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 origin and on the other hand pull factors pull the migration to the place of destination.

Todaro, M.P. (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 unemployment rate in the new area.

The other types of migration theories are connected with economic growth. W.A. Lewis (1984) distinguishes subsistence sector and developed sector within the economy. The first is agro-based, underdeveloped or rural area and second is industrial, developed, urban territory. The prime reason for migration is due to wage differences. Unlimited supply of labor force prevailing at low wage rate are attracted into industrial sector until subsistence sector i.e. migration exists whenever wage differential exists and elimination of such differential causes to end labor mobility. D.J. Bougue (1954) too identifies the causes of migration to be lack of employment opportunities, decrease in the natural resources etc.

The theory of remittance or its relations with different variables has not been yet established. This is because there is no perfect relationship of it with other variables. The causes of migration, place of destination, types of work engaged in destination, environment of destination, family causes and a lot of variables affect. Volume of remittance and its use and impart. However any model has not been a fit, different scholar academicians have tried to theorize their empirical researches in a conclusive frame.

Elbadwi and R. Rocha (1992) synthesized the old researches in two categories:

endogenous migration and international workers' remittance concerns the income differential and wage rate between two place, there is 'required' level of remittance which must be equal to average income of family and community, on the other hand portfolio approach to international workers' remittance suggests volume of remittance depend upon decision whether to save in host country or remit to the home country. The volume of remittances is affected by relative rate of return of interest rate, foreign exchange, real estate values and rate of inflation and difference in the black market exchange rate and official exchange rate. The first approach considers income and demographic variables as the main determinant and economic policy influences less and so it is long run analysis, and second insists on macroeconomic policies, economic and social environment for higher remittance and short run treatment.

Ray Chaudhuri, J. (1993) has quoted five different researches conducted by i) H. Remple, R. Lobdell ii) G.E. Jonson and W.E. Whitelaw in Kneya iii) Remple and Cobdell in Pakistan iv) B. Banrjee in Delhi v) ILO and presented by A.S. Oberai and HKM Singh. Their common idea is propensity to remit of all migrants and proportion of remittance is equal and depends on the types of work received abroad, level of education of migrants, marital status, origin of migrant rural or urban. The proportion of income remitted is more or less same of all types of migrants, but the amount of remittance certainly is not equal. Ray Chaudhuri (1993) studied in his own research about the use of remittance. He concludes that first, initial consumption pattern largely affect the use of it. If the recipient is below the poverty line his/her elasticity of demand on necessary thing is high, i.e. it encourages local consumption expenditure. If he/she is above the poverty line; it makes him/her rise in income status, so consumption pattern shifts to goods for facility and luxury. Secondly, expenditure of remittance in receiving household depends upon availability of desired commodities or services too. If they are not available they lead to establish wholesale and retail unit. Thirdly, the use of it depends on propensity to save and it is affected by level of income and ceremonial duties like marriage. If they are high one's propensity to invest reduce. The fourth element proposed by Chaudhuri that affects the use is value system and attitude towards different types of occupation.

Elabadawi and Rocha (1992) found conduction research in 6 labor exporting countries of Africa and Europe: Algeria, Morocco, Portugal, Tunisia, Turkey, Yugoslavia in 1980s and found that the stock of worker abroad, level of income in the host country proxy for length of stay domestic inflation exchange rate premium in the parallel market, special incentive scheme designed to attract IWR (International Workers Remittance) determine the volume of remittance of a country.

Remittance means transferring money from one place to another place with fatly way which is also called antimony laundering. Money laundering is the illegal attempt to hide the true source of money. It generally involves money that has been obtained through criminal activity frequently drug dealing. Money launders money so that it can't be easily detected the Nepalese workers abroad. (www.nepalnews.com.np \issue169\economy)

2.2 History of International Labour Migration in the Nepalese Context

Nepal has also long history of International Labour migration. Around 200 years ago, Nepalese started to seek work abroad and send remittances back to their families in Nepal. In early 19th century, for instance, the first men migrated to Lahore (in today's Pakistan) to join the army of the Sikh ruler, Ranjit Singh. They earned the nickname "Lahure" which is still used today for Nepalese employed in foreign armies abroad. In 1815/1816, the first British army of India and were then, and still are called "Gurkhas". Since then, international labour migration of Nepalese has never ceased. Especially in the recent decades, it has greatly increased and diversified in pattern (NIDS, 2004).

The Nepalese government now intends to actively promote international labour migration and to safeguard the interest and welfare of migrants. Only a few initiatives have been taken so far. Among these are bilateral talks with the governments of the Gulf States in order to increase the number of posts for Nepalese and to increase security as well as to improve the conditions of employment of the migrants. Furthermore the government is trying to regulate the procedure of recruitment. It is therefore listed a number of Gulf States and Asian countries to which Nepalese workers may be recruited officially and defined conditions for registered recruiting agencies, including the condition that these

have to be based in the Kathmandu valley, that is, in or near the capital.

Numerous cases of intolerable sufferings of Nepalese migrant workers have been found abroad. It is bitter reality that Nepalese workers are accepted in East and South East Asia as well as Gulf countries only because they are cheap and they do whatever job they get. Most of them are educated male and female from middle and lower middle class families who go abroad with a hope to earn much within a short period of time. The large number among them works illegally. Nepalese whether by training visa or by illegal measures, used to reach their destination countries after paying considerably huge amount to the middle man or the so called employment agencies. They are generally forced to work under '3-Ds' (Dangerous, Difficulty and Dirty) conditions.

As a response to physical and sexual abuse of women migrants to the Middle East, in 1998 the Government of Nepal officially banned female migration of Gulf States. The migration of female is a bit restricted. To obtain a passport a women have to produce a permission letter from their guardian, that is, from their husband if they are married or from their father if they are unmarried. Further ideas of the government, with the objectives to promote international labour migration, which have not yet realised, are (1) the creation of a 'foreign employment bank' which should replace the informal channels that are now used for remittances, and (2) creation of revolving fund which will provide collateral free loans to individuals from deprived sections of society For all households involved in the migration is the lack of opportunities in Nepal for employment and for secure livelihood strategies that leads to migration whether within the country, within the region or overseas. Household that are poor have less choice with regard to migration opportunities and the very poorest households are the most vulnerable when it comes to illegal migration and various forms of trafficking. The recent Maoist insurgency also basically reflects frustration of youth with poverty and lack of opportunities, which is again exerting migration pressure from the affected areas to other parts of Nepal or overseas, particularly India (ILO-DFID)

2.3 Historical Perspective of Foreign Employment in Nepal

Kanskar, V.B.S. (1982) in his research, "Migration, Remittance and Rural Development",

reviewed proceeding of migration with reference to remittance. He found the origin of Nepalese emigration to be after the Anglo Nepali War in 1814 and was totally for recruitment in the army. The Indian Army was not only open to Nepalese soldiers for recruitment but also managed for their permanent settlement. Government had no official policies to encourage it. The Prime Minister, Bir Samser JBR, encouraged the people to join the British recruitment. About 200,000 Nepalese males jointed the British regiment even during the First World War. The Anglo-Nepal convention held on 15th May 1815, created alternative labor market to the Nepalese in India. The emigration to India accelerated because of disequilibria in labor growth and employment opportunity growth and miserable day to day life of Nepalese hill area.

Seddon, D. (2000), in his book, "Foreign Labor Employment and Remittance Economy of Nepal" shows the history of labor migration from Nepal. Data backs at least to the beginning of the early 19th century and closely linked to British imperial politics. Recruitment of so called "Gurkha" soldiers into the (British) India army was institutionalized in 1816 after Nepal had lost the war with the British East India Company. Samser JBR encouraged the people to join the British recruitment. About 200,000 Nepalese males jointed the British regiment even during the First World War. The Anglo-Nepal convention held on 15th May 1815, created alternative labor market to the Nepalese in India. Prior to that some Nepalese had sought employment in the army of the Sikh ruler Ranjit Singh in Lahore and other joined them after the defeat of the Nepalese army by the British. This tradition, until today is reflected in the name "Lahore" for soldiers. But today it is regulated by the "Foreign Employment Act". With the enactment of foreign employment act, Nepalese started to migrate beyond India particularly to the Gulf, where oil boom had created massive demand for foreign labor. There was significant growth of Nepalese migrants in East Asia, South East Asia and the Gulf.

Pant, B. (2006), in his article "Foreign Labor Migration: Issues and impact" indicates the history of labor migration of Nepal dated back to the unification of Nepal as a country in 1768 A.D. much of these early migrations were result of push factors like excessive tax

burden, exploitative agrarian relations and political instability. The more formal and temporary migration began after the Nepali people started to work in the British army following the Sugauli treaty was signed on December 2, 1815. This Treaty, among others, allowed Britain to recruit Gurkhas of military service. While the first and the Second World War generated a huge demand for young army personnel from Nepal, in recent times the scope for out-migration for military services has gone down and more and more people have migrated for civilian jobs. Because of low urbanization and growth of the industrial sector in the country, the scope for non-farm works within the country is limited. Thus, more people migrate for non-farm employment.

Shrestha S.R. (2006) in his article has stated that history of the foreign employment i.e. through the tradition of going abroad began in Nepal in 1809 followed by recruitment of Gurkha soldiers by the British East India Company in 1815, it was largely limited to certain regions and ethnic communities of the country. Most of the Nepalese look to India to seek a job as spending a small sum of money, no need of visa and passport and across a 1750 KM long common open border. In this time due to opportunities of job and more importantly the “demonstration effect” continues to push Nepalese to India and third countries. But it was only after the restoration of democracy in 1990, the flow of Nepalese workers to the Gulf countries, East and South East Asia (Saudi Arabia, Kuwait, Oman, Japan, Hong Kong, Taiwan, Korea, Malaysia, and Singapore), Europe (United Kingdom, Germany, Netherlands, Belgium, and France), Canada and USA witnessed a significant rise.

Moreover, after the democratic movement in 1990, it became easier to obtain travel documents and passports. The increased flow of information and the liberalization in travel led to a surge in the migration of Nepali citizens for employment. Again, because of the political conflict since 1995, the pace of foreign employment has dramatically increased as the situation has compelled Nepalese youths to look for alternatives abroad. This conflict has also resulted in increased flow of migrants from the mid-west and far-west regions to India.

Adhikari, J.V. (2007) in his article “Remittance Income, Economic Development And

Foreign employment Management” he describes that the official foreign employment was started after the recruiting to Lahor’s regime after loosing the battle to British troops. After, the unification of Nepal due to excessive tax burden, exploitation from country, curve labor etc and establishing of Tea estate in Assam, Sikkim, and Nagaland forced to move there.

At present, a number of policies are in operation including, enhancement of employment opportunities through the expansion of economic and social development activities; promotion of labour intensive businesses for increasing access of the poor to employment opportunities; implementation of income generation and employment programmes targeting the backward class of the people and geographical regions; Carry along the aspects of the professional efficiency and basic rights of labourers in a balanced way; and maximize the foreign employment opportunities by producing the skilled human resources. Information as how much employment was created as a result of implementation of these policies during the Plan period is not available as progress review of the Plan is not complete yet.

2.4 Causes of Emigration

Kunwar's (1993) concluded that foreign migration was due to low productivity and insufficient land which are the causes to leave the place of origin and hope to be better off in terms of physical facilities and infrastructure at destination.

Shrestha, B. (2004) in her article "Foreign Employment and the Remittance Economy of Nepal" has identified the major factors attributing to large scale out migration from Nepal which are high growth of labor force, high rate of unemployment, limited employment opportunities outside the farm sector, low salary structure in the economy and insecurity in the rural areas because of insurgency.

Kshetry, D. (2004) in his article "Emigrating Workers in National Perspectives" identified the causes of Nepalese emigration as limited employment opportunities in government and private sector. Underdevelopment of industries and rudimentary services

sector provides limited number of jobs to ever increasing labor force. In the farm sector which conventionally used to absorb almost all the work force failed to do so because of low motivation for farm sector work. The entrepreneurs in this sector are not enthused to invest more either due to low returns or risk involved in this sector. Such events and lure of making quick money at least from legal means by going overseas for menial work prompted to exit large number of workers from rural Nepal.

Shrestha, S.R.(2006) in his article “ foreign Remittance: A panacea for Nepalese Economy” states that stagnant agricultural economy, lack of new opportunities of employment and more importantly the “demonstration effect” continue to push Nepalese labour to India and abroad.

Adhikari, J.V. (2007) in his article “Remittance income, Economic Development and Foreign Employment management” identified the eight reason of migration.

1. Push Factors: Poverty, unemployment, decreasing income, cost burden for living, Disaster, low agriculture production, political instability, internal conflict, Vicious circle, increasing population, low economic growth, and armed conflict.
2. Pull factor: Employment, good income, salary, security, demand of labor, family remitting.
3. Globalization: International level transport, technology development, concept of borderless world, inter- country network, skill sharing, GATT’s model 4 (acceptance of temporary inhabitant for skill gap), Global inequality, Brain gain and Brain circular etc
4. Survival Strategy: Trend of going abroad unskilled labor because of no alternative.
5. Advanced Strategy: Trend of going abroad by Rich, high skilled persons and to improve their status or in search of gainful employment or to fulfill the skill gap.
6. Government Policy: promotion and pressure the over labor force to foreign employment by Foreign employment or labor policy and legal and institutional manage.
7. Demonstrative Effect: life styles of returning people from abroad, income prosperity and attraction towards abroad, demonstrating rahar.

2.5 Impact of Emigration in Economy

Developing country's economy is highly depend on foreign sources of finance in the form of development assistance and remittance. Public investment is almost entirely funded by aid inflow and accounts for the major share of total investment. Remittance income from overseas migrant workers also makes a significant contribution to income level in a number of pacific economics, for example, 30 percent of western samon GDP and 49% of Tongan GDP on the late 1980s(brown1994.1997),about25%of GDP of Nepal(NIPS,2000)

Chimhown, Piesse and Pinder in development impact and future prospects," states that remittance may help to improve economic growth, especially if used for financing children's education or, health expenses. Even when they are used for consumption remittance generates multiplier effects, especially in countries with high unemployment. In many other countries, a large part of remittance are invested in real estate, reflecting both desire of migrants to provide housing families left behind, and a lack of other investment instruments in the recipient community whether remittance are used for consumption or, buying houses, or for other investments. They generate positive effects on economy by stimulating demand for other goods and services.

Kshetry, D. (2004) has studied the impact of foreign employment in national economy and concluded that the single most important aspects of emigrant workers are the remittance they send to the country. He has also identified transfer of technology and management skills as another positive aspect that emigrating workers usually bring into the country. Nepal has not been able to demonstrate such benefits distinctly. Mostly very few who have the experience of foreign job up to stay back and start their own enterprise based on work experience. Otherwise they are tempted to go overseas again. The changes in socio-demographic and management skills were another positive aspects that emigrating workers noticeably showed. Nation is devoid of the labor of prime age because of foreign employment. It has been distinct in the farm sector. Labor is becoming scarce in rural areas because of the able people leaving the rural area either for overseas jobs or for urban work. Shrestha, B. (2004) says that in recent years remittances emerged

as one of the primer source of foreign exchange received through foreign employment. NRB, (2002) indicates that foreign employment can play vital role in improving rural economy and reducing poverty and unemployment.

NRB, (2006) study “remittance and transfer income” shows that the higher growth in imports as compared to exports has led to a significant increase in the trade deficit. However, a surplus in the current account has been observed, primarily because of the high growth in the inflow of remittances. In 2005/06, remittance income increased by 48.2 percent and reached NRs 53.46 billions. This had a positive impact on poverty reduction and in the balance of payments. The balance of payments in 2005/06 posted a significant surplus.

The same report shows that about 35 percent of all households’ income comes from remittance earnings in Nepal. Interestingly, there are quite small differences among the geographical groups and consumption of 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 included all households. The report shows that remittance has contributed for the declination of the mass poverty in Nepal. According to the report, there is growth of remittances by more than 25 percent annually and the increase in the number of households receiving remittances from 23% in 1995/96 to 32% in 2003/04.

An assessment of the implementation of the 10th plan (PRSP) of 2005 shows that the share of non-farm household income has grown from 22 percent in 1995/96 to 28 percent in 2003/04. Remittances were a major factor contributing to increase in non-farm income and per capita consumption. In 2003/04, 31.9 percent household receiving remittance rose up to 23.4 percent in 1995/96.

Nepal Living Standard Survey, (2003/04) shows that the effect of remittance on poverty level has been positive. It reduced poverty level from 42 percent in FY 1995/96 to 31 percent in FY 2005/06.

2.6 Destination and Extent of Employment in Foreign Country

Labor and Employment Promotion Department has recognized 57 countries where Nepalese labor force can go for employment purpose through official channel. Out of them, 41 countries have been recognized only after 1997/98. Records show that Nepalese Labors have spread all over world from South Asia to America, Europe and Africa. The total Nepalese people employed abroad accounted to 242,005 in 1993/94. Most of them (70.6% of total) were employed in the Arabian countries. The growth of emigrated labor force seems fluctuating but the trend is still increasing. There was a 137.6 percent growth in the fiscal year 1997/98, 258.9 percent growth in 1998/99 followed by 27.9 percent in 1999/2000. The Nepalese migrant workers are found in every countries of the world, but the major destinations are four Asian countries viz. Saudi Arabia, Qatar, UAE and Malaysia.

Thapa, B.S. (2003) in his article "Nepali Workers in the Gulf Countries" estimated 450,000 to 500,000 Nepali workers working in various countries of the Gulf. He estimated that around 12,000 are in Kuwait, over 70,000 in Qatar, over 350,000 in Saudi Arabia. Poudel, K. (2003) stated that there were 400,000 Nepalese workers working in Gulf and East Asian countries. It is estimated that 2.4 million Nepalese migrant workers are working in India.

Seddon, D. (2003) in his report "Migration and Remittance: The Case of Nepal" estimated that 760,000 Nepalese lived abroad which was about 3 percent of the total population or 6 percent of the adult working population of the population census of 2001. Of these, nearly 600,000 were in South Asia (mainly India), around 110,000 were in the middle East, nearly 35,000 were in east and south Asia and around 23,000 were in western Europe, North America and Australia, with their remainder elsewhere. The 1991 census ten years earlier suggested a total of 660,000 inhabitants had migrated to foreign countries. This was about the same proportion of total and adult population.

Wyss, S. (2004) argues that international migration becomes a livelihood strategy due to lack of well paid job in Nepal. He is of the view that there are five places of destination

of Nepalese migrant workers India, India/British Army; Gulf/Malaysia/South Korea/Hong Kong and Europe/America.

Whereas labor forces are estimated to be 300000, size of economically active population is 48.2 percent of the total population. The demand for middle - level manpower is very high in international labor market and effective demand for domestic employment is extremely low; there is need to the modulate education policy of GON to develop and export middle-level manpower by promoting efficiency building. Currently, demand for Nepalese workers is conspicuously high especially in Gulf countries, Malaysia, South Korea and many other countries in the world. Unfortunately Nepal lacks appropriate utilization of human resources to meet domestic as well as global requirements (Dahal, 2004).

The research report of NRB(2006) “apart from India, about 86 percent are migrated to gulf countries like Malaysia, Saudi Arab, Qatar, Dubai etc. rest percentage of people are migrated to other countries of the world.”

Foreign employment market has emerged as an important alternative for Nepalese workers. Department of Labour statistics shows that the number of people visiting abroad for employment during Fiscal Year 2007/08 was 242,301 including 4,555 women. Although Nepal Government has opened 107 countries for foreign employment, Nepalese are found to go for work in Malaysia, Saudi Arab, UAE, Israel, Kuwait, Bahrain, Macau, Afghanistan, Libya, USA, Japan, Brazil, Bangladesh, South Korea, Australia, Singapore, Denmark, Canada and so on. (MOF 2008, economy survey)

Observation of the trend of Nepalese seeking jobs abroad, the majority of them, i.e. 458,177 persons (32.9 percent) have gone to Malaysia followed by 416,021 (29.8 percent) to Qatar. The third destination is Saudi Arabia 272,089 (19.5 percent). Similarly, 176,659 (12.7 percent) to U.A.E., 15,008 (1.1 percent) to Kuwait, 16,609 (1.2 percent) to Bahrain 6,457 (0.5 Percent) to South Korea 6,692 (0.5 percent) to Oman, 3,949 (0.3 percent) to Hong Kong, and 22,580 (1.6 percent) Nepalese have gone in other countries for employment (MOF 2009, Economy Survey).

2.7 Practices and Process of Government and Non- Governmental Agencies

Most of the government institutions and agencies like Nepal Rastra Bank, Nepal Planning Commission, Ministry of Labor and Transport, Department of Labor etc. are taking the issue of remittance more seriously in the last few years. A survey of foreign employment remittance economic and Nepal generate some information relating to foreign employment and remittance economy of Nepal. The study has covered the ten districts of the four development regions through a sample survey. According to this study, 86 percent of the Nepalese migrant workers went to Gulf countries. Out of the total migrant labor force 26.9 percent earns around Rs.50 thousands yearly, 28.8 percent ears Rs.50 to 100 thousand per annum; 12.5 percent ears Rs.100 to 150 thousand per annum and 31.9 percent earns more than Rs.150 thousand. This survey also revealed that, 85 percent of the Nepalese migrant are involved in general labor work, 13 percent are in army service and 2 percent are in foreign government service. 26 percent of all households surveyed received remittance of Rs.500 thousand, 25 percent have received Rs.50 thousand, 15 percent have received Rs.50 to 100 thousand. 16 percent have received Rs.500 thousand per annum.

Similarly 19 percent of all remittance sent through banking channel, 21 percent orders, 7 percent by hundis and 36 percent by mixed of all channels. The total remittance received in the Fiscal Year 2000/001 was recorded Rs.15.90 billion. This study has tried to include every cast/ethnic groups, geographical region and different people from different socio-economic background, the income level and expenditure pattern are mostly affected by socio-economic academic background and geographic region.

After eighth five year plan NPC started to refer the objective of encouraging foreign employment to create appropriate condition for increasing employment opportunities at home and abroad. In the same year 1992 association of foreign employment agencies (NAFEA) was established. It has also encouraged to emigration. The Ninth plan referred to foreign employment as a means of income sources promised to make institutional arrangements to make foreign employment opportunities simple and well managed for

the Nepalese labor force. The Tenth 5 years Plan gives much emphasis in promoting foreign employment. It also known as programs for promoting foreign employment, providing entrepreneurship training for returning migrant workers and imparting skills to developing migrant workers. The labor sector plan includes an ambitious target to increase the number of placement in foreign employment from 104,739 in 2001/02 to 550,000 in 2006/07 (NPC, 2059).

Nepal Planning Commission, (2008) focus that in case of foreign employment and government action during the Tenth Plan period, about 800,000 youths have gone for foreign employment using formal government channel. In addition, the number of youth going abroad without fulfilling the government procedures is also notable. Bilateral labor agreement has been completed with Qatar and networking backed-up Employment Information System has been developed. Nepal has obtained the membership of International Organization for Migration (IOM). New Labor and Employment Policy, 2006 has been enforced. Vocational and skill development trainings have been provided on different trades. Information collection and flow relating to employment have been accomplished from 10 labor offices. Internal Working Procedures, 2005 and Internal Working Procedures for Foreign Employment, 2005 have been prepared and implemented in the Department of Labor and Employment.

On the basis of various related literature can give conclusion that foreign employment and remittance is one important component of national economy. They have focused that migration happens due to push and pull factors. So people are migrating one country to another country. Foreign employment helps to enter large amount of remittance into national economy. Remittance has positive impact on national economy as well as household economic conduction. So every nation should give more priority to these issues recently. However, there haven't been studies regarding a comparative study done on foreign employment and management in Birendranagar of Surkhet district. This micro level study aims to fulfill gap of knowledge of indigenous population, causes and consequences of foreign employment and management of remittance at the study area.

2.8 Experience of Nepal

While Nepal has a long tradition of overseas employment, other factors have contributed to an increase in labor migration in recent years. Starting in the early 19th century, Nepalese have served in various armies in pre-colonial and colonial India. This tradition continues and Nepalese are employed in the Indian and British armed forces. Earnings and pensions from these soldiers form a sizeable portion of remittances. However, with rapid population and labor force expansion and inadequate growth, the absorptive capacity of the domestic economy has been stretched. With limited arable land, landlessness is pervasive and the number of landless households has steadily increased in the agricultural sector. In the nonagricultural sector, the slowdown in growth, especially since 2000/01, due to the insurgency and exogenous shocks has further retarded the pace of employment creation. The armed conflict has also created difficult living and security conditions, especially in the rural areas. (IMF: 2006).

India has been a traditional destination for Nepalese migrants. The main reasons for this are geographical proximity, historical and cultural links, and a large and open porous border. The 1950 Treaty of Peace and Friendship between India and Nepal formalized free border movement of people. The bulk of these migrants are employed in the private, informal sector. These migrants hold semi-skilled and unskilled jobs in restaurants and factories or are employed as domestic workers, security guards, and maids. However, the lion's share of the remittances from India are not recorded in the BOP as they are brought in by the migrants themselves or sent through relatives and friends.

An increasingly larger share of remittances now comes from countries other than India, reflecting changing migration patterns and higher earnings in these locations. Moreover, the composition of skills of the labor flows is different among these destinations. While migrants to the Middle East are employed mostly as security personnel, chauffeurs, and construction workers, the demand from South East Asian countries is more for employment in industrial enterprises. Monthly earnings for these workers are higher than those in India.

The analysis pertaining to the impact of remittances can vary depending on the analytical approach adopted. In Nepal's case, there has been a positive impact of remittances on poverty as illustrated by the Nepal Living Standards Survey (2003-2004) that showed that the poverty level, defined in terms of absolute head counts, declined from 42 percent in 1995/96 to 31 percent in 2003/04. (Besides remittances, the other factors responsible for the decline in poverty included, among others, rise in agriculture wages, rise in non-agriculture wages and income, rise in urbanization and a drop in dependency ratio owing to a decline in fertility) Other studies have also supported the government's findings on the significance of remittances.

Owing to the widespread conflict in the country until recently, many workers viewed foreign employment as their only viable option. Again, paucity of economic opportunities at home and rising employment prospects abroad have also tempted Nepalese to seek employment abroad. The upsurge in remittances has led to a surplus in the current account, thereby strengthening the overall balance of payments position. The share of remittances in total current account receipts, for instance, soared from 33.6 percent in 2001/02 to 50.8 percent in 2007/08.

Similarly, the remittances to GDP ratio increased from 10.3 percent in 2001/02 to 17.4 percent in 2007/08. These figures clearly indicate that any significant decline in receipts from remittances could disturb the structure of the economy from the macro level.

Because of the potential positive effect of remittances, the country has accorded priority in promoting overseas employment and mobilizing remittances so as to maximize the benefits from these transfers. In this respect, effective March 29, 2002, the Nepal Rastra Bank (NRB) had begun granting licenses to private sector organizations interested in remittance-transfer business.

Other policy initiatives have also been undertaken so that remittances could be directed through the banking channel. For instance, the NRB has arranged to provide 15 paisa per US dollar as commission to licensed private firms in addition to the prevailing buying

rate. Moreover, permission was granted to manpower agencies, engaged in sending Nepalese nationals to work overseas, to open foreign currency account in the Nepalese commercial banks out of the foreign currency income that they earned under the existing rules.

A policy arrangement was also introduced whereby if a Nepal-based licensed agent/representative of a money transfer company situated overseas required bank guarantee for receiving advance payment from the principal company, such facility, within the stipulated limits, would be made available directly from the commercial banks. (NRB-Working Paper)

2.9 Effect of Remittance

Seddon, D. (2003) in his article shows that the real statistic of foreign employment is much higher than the official data. Official source accounted only Rs.2.9 billion remittances in 1996/97 but he estimated more than 35 billion. The authors tried to analyze dynamic of remittance it use and impact on rural economy.

Pant, R. (2005) in his report titled "Remittances and Development in Developing Countries" has states that remittances are important financial resources to the receiving countries at the micro and macro level. They increase both the income of the recipient and the foreign exchange reserve the recipient's countries. Mostly remittances are used for basic subsistence needs and for daily needs such as food, clothing and housing. These three components make up a significant portion of the income of the recipients household. At an individual level remittance increases the income and reduces the poverty of the recipient's. Generally in the developing countries only a small percentage of remittances are used for saving and used as productive investment such as income and employment generating activities as buying land or tools, starting a business and other activities. However the money spent on better education of the children and health is believed to have a favorable effect on growth, which tends to help in output production. At the macroeconomic level remittance provide significant sources of foreign currency and contribution to the balance of payment. Remittance also contribute to the expansion

of communication services courier companies as well as money exchange services, which contribute to the expansion of economic activities and increase the employment opportunities.

Shrestha, S.R. (2006) in his report titled "Foreign Remittance : A Panacea for Nepalese Economy" has states that remittances can generate a beneficial impact on the economy through various channels, such as saving, investment, growth, consumption and income distribution. Remittances have relaxed the foreign exchange constraints of the country and strengthened its balance of payment (BOP) position.

National planning commission, (2008) concluded that out of the total population, 31 percent of the people are living below the poverty line in Nepal. Although, absolute poverty has been reduced from 42 percent to 31 percent during the period from 1996/ 97 to 2003/04, the main reason behind reduction of poverty by 11 percentage points were the faster growth in urbanization, increase in remittances from foreign employment, increase in wage rates in the agriculture sector, increase in employment and wage rates in the non-agricultural sector, and increase in the population of the economically active age group. The main reason of the reduction of poverty is the remittance.

2.10 About Usage of Remittance

The major portion of the remittance is used for meeting household consumption and paying off loans borrowed to go abroad (Seddon et al., 1999; NRB, 2001). Remittances are used for meeting daily necessities like food, clothing and payment of debt and interest. The survey done by department of women development under ministry of women, children and social welfare, on employment of women (2003) found that families were living out of remittance money. And remittance was helping to prevent more people from falling below poverty line. Use of remittance for the improvement of the living standard is referred to by several studies (Seddon, 2003, NRB, 2001). Improvement in living standard includes housing improvement; higher expenditure on food, on personal items, domestic, equipment and other consumer durable.

Kshetry, D. (2003) found that Demonstration effect is visible quite clearly in communities among the families having foreign employment. Luxurious items of electronics, dressing and outing behavior in day to day eating and drinking habits are common features. If anything tangible is achieved, out of remittance, it is the education of the children at so called boarding school either at the capital city or the headquarters of the district where the mothers tend to look after the school going kids. In terms of assets formation large number of remittance receivers use their funds to purchase land or, building or, construct them. In some parts, means of transportation are purchased as part of investment. Very rarely such funds are found to have utilized to promote agriculture and tourism. In short, empirically it could be asserted that meaningful or, productive use of remittance income is yet to be sought; through it forms a significant part of GDP.

Seddon, D. (2003) in his article shows that the real statistic of foreign employment is much more-higher than the official data. Official source accounted remittance only Rs.2.9 billion in 1996/97 but he estimated more than 35 billion. The authors tried to analyze dynamic of remittance it use and impact on rural economy.

Shrestha, S.R. (2006) in his report titled "Foreign Remittance : A Panacea for Nepalese Economy" has stated that remittances can generate a beneficial impact on the economy through various channels, such as saving, investment, growth, consumption and income distribution. Remittances have relaxed the foreign exchange constraints of the country and strengthened its balance of payment (BOP) position.

Financial services survey, (2006) conducted by NRB reveals that there is not any rigid policy of government of Nepal for the effective use of remittance earned by workers are used for the following purpose: for education 15.4%, for health 7.7percent, for consumption 35.2 percent, for construction of house 7.5 percent, invest in agriculture 1.0 percent, livestock 1.1 percent, for paying loan 20.7 percent, saving 6.4 percent and other purpose 4.6 percent.

field survey. Secondary data have been obtained from published and unpublished sources. Secondary data have been collected from Birendranagar municipality office Surkhet, central bureau of statistics (CBS) Nepal, Nepal Rastra Bank, Surkhet district profile published by Surkhet district development committee, Birendranagar municipality profiles published by Birendranagar municipality office Surkhet, various data received by branch of CBS Surkhet and other office located in Surkhet district.

3.3 Sample Design

The total number of households of Birendranagar municipality is 7139 as recorded in the population census year 2001. There are 457 emigrants households in the municipality. In their households at least one person in average has migrated to India and other countries (field survey 2009), total migrants from the 457 households are 588. As it is impracticable to study all emigrants, only 95 emigrants' households are taken as sample. To take sample all twelve wards of the municipality are considered as clusters and the desired sample are taken randomly from each ward. The proportionate representation of samples from each ward as follows:

Table 3.1
Sample Design of our Study

Ward no	1	2	3	4	5	6	7	8	9	10	11	12	total
Population	1842	2209	2107	2389	3719	6819	1717	2988	972	2309	3177	1759	31381
No of emigrant	52	81	29	47	92	37	25	57	27	67	92	79	685
Sample emigrant	8	8	8	8	8	9	7	8	7	8	8	8	95

Source: CBS, 2001 and Field Survey

3.4 Data Collection Methods

The direct personal interview with remittance receivers or senders of the family members has been taken for the study of utilization of remittance. The structural and semi-structural questionnaires have also been included for such respondents to collect the

information. The questionnaires are based on economic status, utilization of remittance, by the remittance receiver's family. Some information on remittance receiver has been collected through banks, organizations who work in remittance fields. (Western Union Money Transfer, BOK Remittance, Money Gram etc.)

Some of the information collected from neighbors of the remittance receiver for actual information of utilization of remittance, like buying land, and other invests etc. Some information have been collected from personal observation. So tool of data collection are questionnaire, personal observation, discussions with neighbors and interview.

3.5 Tools for Data Analysis

Simple statistical and mathematical tools have been used to analyze the collected information and data to fulfill the requirement of the study. The following steps are used to analysis the data:

- Collected data have been processed by tabulating data by preparing the tables.
- Cartographic techniques have been used to describe the table in this study.
- Some statistical tools like percentage, average, ratio etc. are used to analyze data.

CHAPTER - IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Labor Migration and Remittance Economy of Nepal

4.1.1 Foreign Labor Employments: Trend and Composition

After the restoration of democracy in 1990's a door was opened to the Nepalese workers to the international labor market. Near about 12 million non-residential Nepalese are spread over forty countries (Department of Labor, 2009). The supply of Nepalese youth in foreign countries in search of work is increasing day by day at a high rate. The distribution of Nepalese about as shown by the population census of 2001 is given in the following table:

Table 4.1
Number of Migrant Nepalese Working in Different Countries in 2001

S.N.	Countries	No. of people	In percent (%)
1	India	589050	77.56
2	Saudi Arabia	67460	8.88
3	UAE	12544	1.65
4	Malaysia	6813	0.90
5	Quarter	24397	3.21
6	Hong Kong	12001	1.58
7	Korea	2679	0.35
8	Singapore	3363	0.44
9	Kuwait	3688	0.49
10	Baharain	2737	0.36
11	Japan	3720	0.49
12	China	1354	0.18
13	Russia & other	747	0.10
14	other Asian Countries	3849	0.51
15	Australia	2497	0.33
16	United Kingdom	7271	0.96
17	Germany	1638	0.22
18	France	250	0.03
19	Other European countries	1998	0.26
20	USA, Canada & Mexico	9557	1.26
21	other countries	1877	0.25
	total	759490	100.00

(Source: Population Census, 2001, National Report, CBS)

Above table shows that total absentees of the country, reported by the population census report 2001, which is 759490. It is very low population shown in census. Out of this number, 589050 people i.e.77.56% of total absentees have gone to India, which implies that migration in Nepal is still associated with India. The major destinations of Nepalese emigrants except India are Hong Kong, Malaysia, Saudi Arab, Quater, United Arab Emirates, United Kingdom and United States of America. More especially only three gulf countries Saudi Arab, Quater and UAE have contained 60 percent of Nepalese absentees except India. This brings the fact that Nepalese emigrants are mainly in three gulf countries. Though the figure presented above are only the recorded figure, the number of the Nepalese people in the international Labour market are supposed to be much higher who got their access from the illegal source and even illegal place of departure like India and Bangladesh.

4.1.1.1 Growth of Foreign Employment

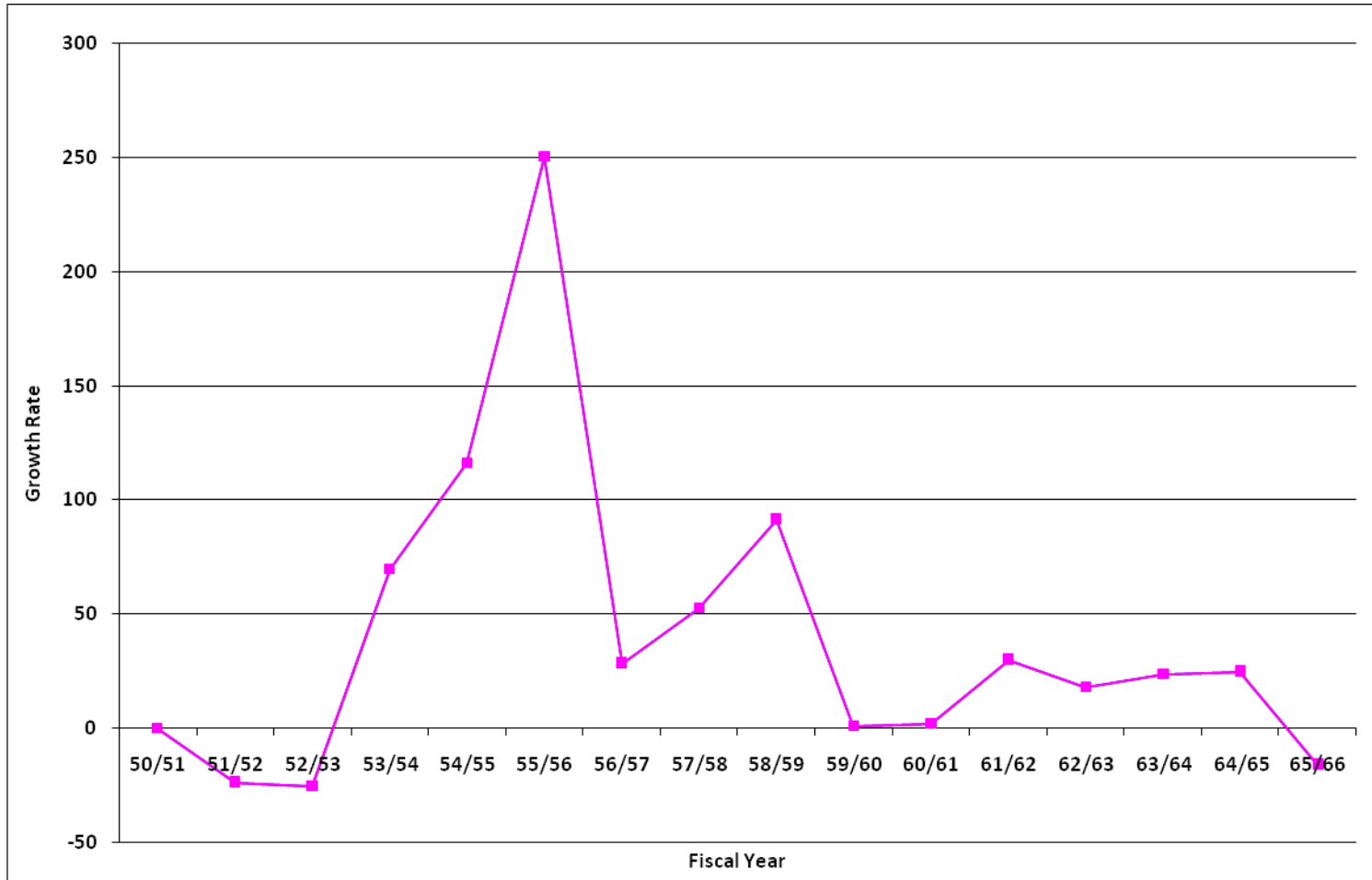
Labor and employment promotion department has recognized 57 countries where Nepalese can go for employment purpose. Out of them, 41 countries have been recognized only after 97/98. Records show that Nepalese people have spread all over the world from South Asia to America, Europe, Africa and Atlantic Ocean. How the number of foreign employment seekers can be shown through the report prepared by labor and employment promotion department of the government is given below in table and graph.

Table 4.2
Growth of Foreign Employment

Country	FY 50/51	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62	FY 62/63	FY 63/64	FY 64/65	FY 65/66	Total
Malaysia	0	0	0	0	89	151	171	11306	52926	43812	45760	66291	75526	74029	50554	35070	455685
S Arab	2290	1041	1469	1959	4825	14948	17867	17966	21094	17990	16875	13366	15813	39279	42394	48749	277925
UAE	132	0	23	95	284	1417	6360	8950	8411	12650	12760	12726	15317	25172	54342	31688	190327
Qatar	391	245	505	477	1802	9030	8791	14086	19895	26850	24128	42394	55892	59705	85442	76175	425808
Kubeit	361	13	18	107	137	609	465	885	378	907	3194	1789	640	2441	1967	2291	16202
Hongkong	63	86	59	67	155	301	209	331	482	564	672	523	140	361	199	65	4277
Bharain	91	0	0	0	111	787	583	904	695	818	606	536	540	1200	5099	6360	18330
S. Korea	234	774	55	455	192	267	766	245	131	712	1324	327	131	765	146	108	6632
Israil	0	0	0	0	89	196	0	10	16	55	433	815	876	405	86	2517	5498
Oman	43	0	0	0	7	90	32	68	96	44	73	330	28	509	2626	4247	8193
Others	234	772	60	554	335	315	873	379	615	1186	1689	737	149	0	11891	7027	26816
Total	3839	2931	2189	3714	8026	28111	36117	55130	104739	105588	107514	139834	165052	203866	254746	214297	1435693
Growth rate	0	-23.65	-25.32	69.67	116.10	250.25	28.48	52.64	91.53	0.81	1.82	30.06	18.03	23.52	24.96	-15.88	

Source: Labor and Employment Promotion Department, Ministry of Labor and Welfare, GON, 2008

Figure 4.1
Growth Rate of Foreign Employment



The figure above shows the growth rate of the Nepalese people in the foreign labor force. The figure shows that the growth rate of labor migration has significantly increased in FY 054/55 to 250% per annum. The situation of the labor force has continuously decreased until FY 059/60 and FY 060/61. However, the growth rate of the foreign employment has small fluctuation till F/Y 064/65 but remarkably decreased in F/Y 2065/066. Since the year 2059 and 2060 the growth rate of going foreign employment has been in fluctuation and ultimately decreased.

4.1.1.2 Growth of Remittance

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 home. 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 workers 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 formal channels.

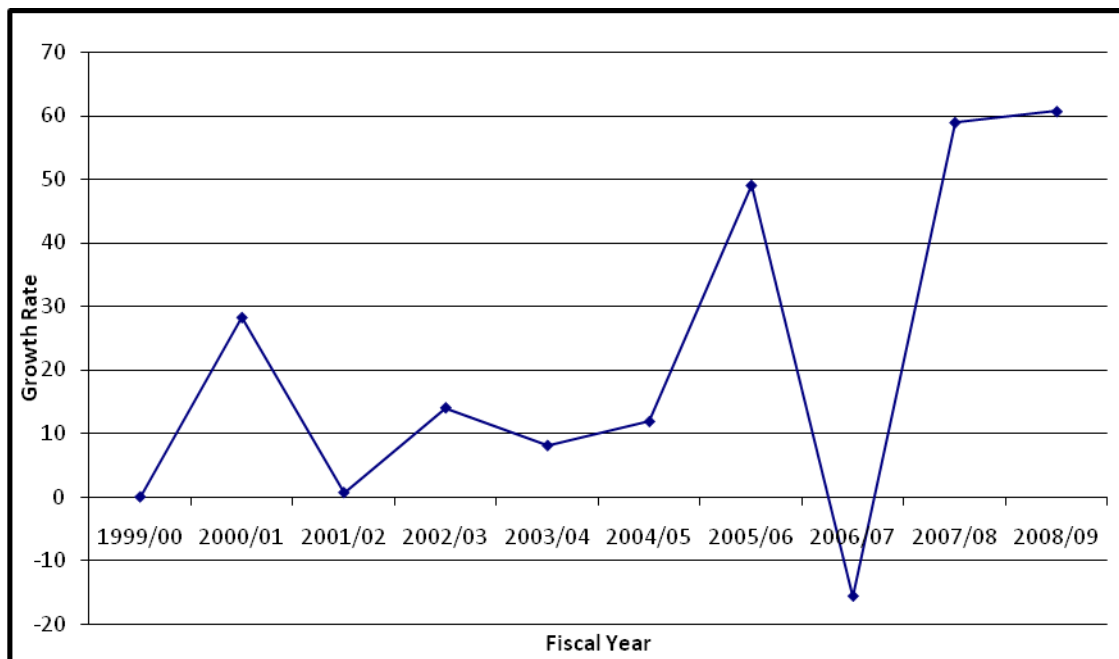
Table 4.3
Growth of Remittance

NRs.in (000)

Years	Workers Remittance	Growth Rate of Remittance
1999/00	36818.10	-
2000/01	47216.10	28.24154424
2001/02	47536.30	0.678158509
2002/03	54203.30	14.02507137
2003/04	58587.60	8.08862191
2004/05	65541.20	11.86872307
2005/06	97688.50	49.04899514
2006/07	82420.00	-15.6297824
2007/08	131000.00	58.9420043
2008/09	210500.00	60.68702

Source: Nepal Rastra Bank

Figure 4.2
Growth Rate of Remittance in Nepal



The above table and figure shows the growth of remittance. Though the growth of the remittance has been fluctuation year to year, it might be because of the fluctuation of the labor migration. Going the figure, the FY2008/09, there is the highest increase in the remittance to 60.68% per annum.

The balance of payment (BOP) statistics of the NRB revealed that Nepal acclaimed the sum of NRs 58.5, 65.5, 97.7, 82.4,131 and 210.5 billions in the fiscal years 2003/04, 2004/05, 2005/06, 2006/07, 2007/08 and 2008/09 respectively as workers remittance, which accounted to 10.9, 11.1, 14.9, 13.8, 17.4 and 21.8 percent share of national gross domestic product (GDP) respectively. In addition, it is believed that, remittance from India, from illegal workers abroad and hand carry come from informal channel do not accounted to the sum of the bank's statistics

4.2 District Profile

Surkhet district is one of the inner Terai in Bheri Zone. The district lies between the altitude 2034 meter to 2200 meter. The length of the district is approximately 80.6 km east-west and 15 km, north-south. The total area of Surkhet district is 2451 sq. km. In

Nepal's map it is situated from 27°55' to 28°0 northern latitude and 83°10 to 83°35' eastern longitude.

It is bounded by Salyan in the east, Doti and Achham in west, Achham, Dailekh and Jajarkot in north and Kailali and Bardia in south. The district is divided politically and administratively into three electoral constituencies, one municipality and 50 VDCs. According to the population census 2001, the total population of the district is 2,81,527 among which 1,42,817 is male and 145,710 is female. The average family size is 5.34 and the density is 118 per sq. km, the average life expectancy of the people is 57 yrs and the annual growth rate of the district is 2.47%. The headquarter of the district is Birendranagar. According to the population census 2001, the total population of the district is 2,81,527 among which 1,42,817 is male and 145,710 is female with the annual growth rate of 2.47%. The total household number is 50691 and average family size is 5.34.

The population density of the district is 118 per square Km. According to the data of CBS 2001 the literacy rate above 6 yrs of the age of the district is 62.47%. There is diversity in religion, tribe, occupation, language etc. According to the census report of 2058, an 85.3% of the people are Hindus, but other religion groups like Buddhists, Islam, Christian are also living here. The major caste distribution of this district is Chettri (28.05%), Magar (20.4%), Kami (18.67%), Brahman (11.45%), Thakali, Damai, Sarki, Tharu, Gurung, and Sanyasi are also found to have settled in and are in perfect harmony.

The main population of the district is agriculture and livestock. Most of the people are involved in agriculture (85.03%), other are in business, industry, community service, construction. The main crops of this district are paddy, wheat, maize and millet. On the other hand, it is also famous for many religious places like Bulbule Tal, Kankrebihar and Deautibajai Temple, Chamera Cave, Jajura Daha and Siddhapaila Lekh. In the Surkhet district environment is very nice. Geographically some areas are planes, some are hilly and some are rocky. It is generally known as hilly district. Land utilization of this district includes agricultural land, grazing land and other types.

The development process has gone slowly as the general pattern of the rest of the country. The transportation facility available approximately in 39 VDC on winter

season but 11 VDC has no transportation facility as yet. Other modern facilities like telephone, electricity, bank etc, are centered at district headquarter and it's near about VDCs. Some development process has been stopped by political conflict and VDC's people are restricting to consume modern facilities.

4.2.1 Birendranagar Municipality: An Introduction

Birendranagar municipality is located in center of the Surkhet district. It is head quarter of the Mid-western development region. It lies between 28°22' north to 28°58' North latitude and 80°59' east to 82°2' East longitude. Birendranagar municipality is located in the electoral constituency number of two of Surkhet district. it is surrounded by five VDCs, in East Jarbuta VDC in south Litikoili VDC and Uttarganga VDC, in west Lekhgaun VDC and north Gadhi VDC. It has total area approximately 36 square KM. The climate of the Birendranagar is nice. The temperature of the municipality fluctuates around maximum 33°C to minimum 10°C. There is altogether 7139 household in municipality, total population is 31381 and household size is 4.39. This municipality is rich in natural resources and scenario. The forest has covered 23 square KM area.

4.2.2 Age and Sex Composition of Population

The whole population of Birendranagar municipality is divided into the three age groups: young, adult and old. Also the population of municipality is divided into dependent and independent population. The table 1 shows the age and sex composition of population.

Table 4.4
Age and Sex Composition of Birendranagar Municipality

Age group	Male	Female	Total	
			Number	Percent
0-14	6534	4846	11380	36.37
15-59	8687	9753	18440	58.76
60 above	669	852	1521	4.87
Total	15890	15451	31381	100

Source: CBS, 2001

The table 4.4 shows that total population 31381 and that 15890 male and 15451 female. From the table 36.37 percent people are in the age group 0-14. The percent of

the age group 15-59 is 58.76. The old group or above than 60 age group has only 4.87 Percent. The population of dependent has 41.24 and independent population has 58.76 percent. Table 4.4 shows active population is greater than non active people. So, it affects the economy positively as well as other development work.

4.2.3 Religious Composition

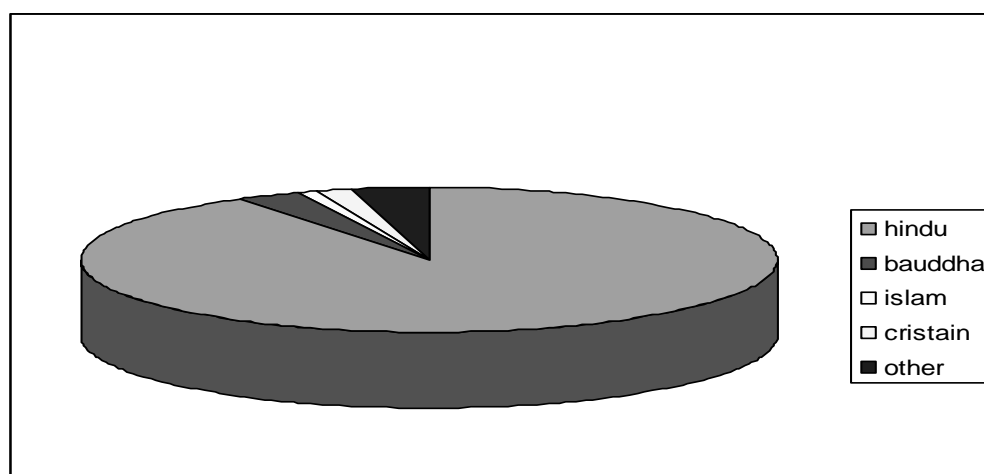
The Birendranagar municipality has a Hindu society. In this municipality 90 percents people follow Hindu religion. Temple, kot, Deurali, Gauro etc are the main religious places.

Table 4.5
Religious Composition

Religious	Population	Percentage
Hindu	28485	90.77
Buddha	956	3.05
Islam	273	0.87
Christian	525	1.67
other	1142	3.64
total	31381	100.00

Source: CBS, 2001

Figure 4.3
Religious Composition of Birendranagar Municipality



4.2.4 Ethnic Composition

In Birendranagar municipality, various ethnic groups have been found. Table 2 shows the ethnic composition of Birendranagar municipality Chhetri, Brahmins, Magars,

Gurungs, Dalits(Kami, Damai, Sunar) have been found in the municipality. The table 2 shows the ethnic composition of Birendranagar municipality.

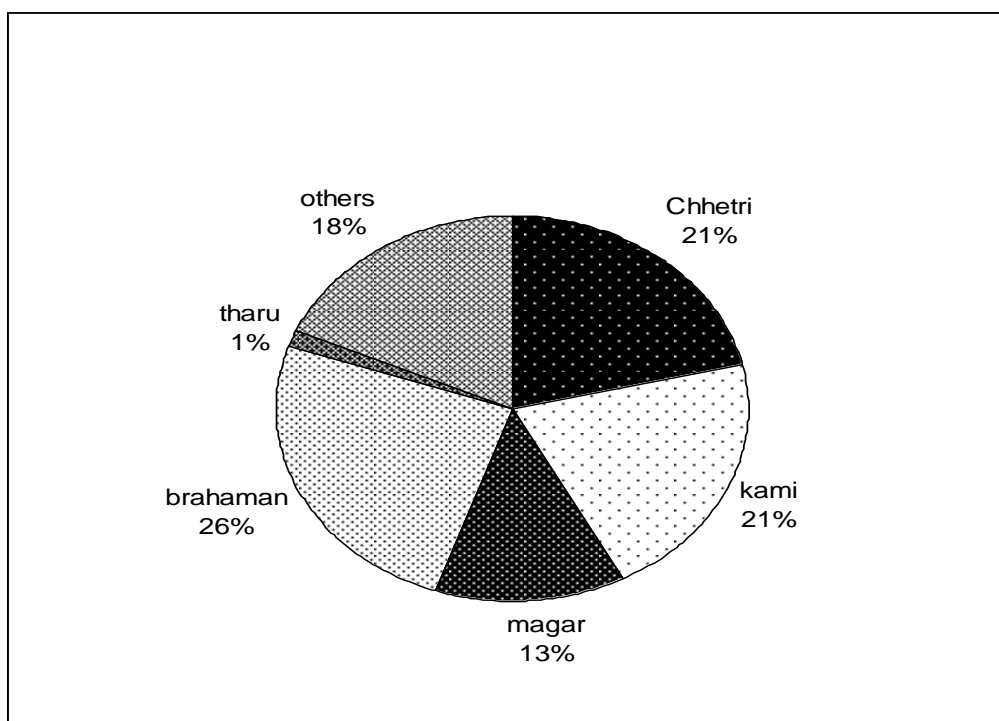
Table 4.6
Ethnic Composition of Birendranagar Municipality

Ethnic groups	Population	Percentage
Chhetri	6694	21.33
Kami	6592	21.00
Magar	4095	13.05
Brahaman	7768	24.75
Tharu	453	1.57
others	5779	18.30
total	31381	100.00

Source: CBS,2001

The table 4.6 shows Brahaman has 24.75 percentage of total population. In Birendranagar municipality Brahaman has followed by Chhetri, Kami and Magar respectively.

Figure 4.4
Ethnic Composition of Birendranagar Municipality



4.2.5 Literacy and Education

Birendranagar started educational steps from 2019 B.S. with the establishment of “Shree Jana lower secondary school” in Birendranagar bazaar ward no-6 which was the first government school of Birendranagar municipality. At present this school has become higher secondary school and there are 21 government school and more than 13 private schools and one Bal Mandir Schools in the municipality. The table-4.4 represents the educational status of this municipality.

The main cause behind female illiteracy is that females have to engage in households works.

Table 4.7
Population 6 Years of Age and Over by Status of School Attendance for Municipality

Status	Male	Female		Total
			No.	Percent
Currently attending	575	523	1098	63.50
Currently not attending	251	380	631	36.50
Total	826	903	1729	100

Source: CBS, 2001

The table shows that 63.50 percent population attending the school and 36.50 percent population not attending the school. Out of not attending has large number of female.

4.2.6 Occupation

The main occupation of the people in Birendranagar municipality is agriculture. Apart from agriculture, army service, labor service, business etc, are other occupation in which people are engaged. They are engage in following occupation in following percentage:

Table 4.8
Occupation composition of Birendranagar municipality

Occupation	Population	Percentage
Agriculture	15684	49.99
Labor	8653	27.57
Service	2593	8.26
Business	986	3.14
Other	3465	11.04
total	31381	100.00

Source: CBS, 2001

Among these population 49.99% or 15684 no of population are engaged in agriculture, 27.57% or 8653 no in labor ,8.26% or 2593 no in service, 3.14 % or 986 no in business and 11.04%or 3465 no population in other sector.

Some of the populations have gone to the foreign countries like Korea, India, Saudi, Qatar, UAE, and Malaysia for job. The municipality is far from hydroelectricity. Some people are benefited by solar energy, transportation, telephone, health post, private nursing homes facilities are also there.

4.3 Labor Migration and Remittance Economy of Birendranagar, Surkhet

This section provides description about the social characteristic of the respondents, status of economic condition; occupation that causes to seek foreign employment, medium used to obtain foreign employment, destination, duration of stay in aboard, income earned in abroad, system of transfer remittance, use of remittance and its trend.

4.3.1 Social Characteristics of Respondents

The social condition such as caste/ethnic composition, size of family, age, material status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. For the purpose of the study; the sample was classified into four distinct ethnic groups such as Brahmin/Chhetri, Magar, Kami and others. The other social characters considered important for these groups are family size, age, and

marital status and literacy rates. The information obtained by interviewing the respondent is presented in the following table:

Table 4.9
Information of the Social Status of Respondents

Cast/ethnic groups	No of respondents	Average family size (No)	Average age (years)	Percent of married	Percent of literate
Brahmin/Chhetri	27	4.66	28.62	57.35	81.14
Magar	21	5.2	30.23	60.55	42.01
Kami	18	4.45	25.36	76.49	12.11
Others	15	4.15	28.15	72.69	44.58
Total	95	3.97	24.06	55.65	41.68

Source: Field survey 2009

Above table shows that among the workers seeking foreign employment from Birendranagar municipality is mostly dominated by Brahmin/Chhetri followed by Magar, Kami, and others are seeking foreign employment but their size is very small. Average size of family for household is 5.68 members which is higher than national average. Magar and Kami have higher family size than other group. Average age of the respondent is 30.33 years. Kami had lower average age than other group. Most of the respondents were married. The percentage of married respondent was 70.82%. Kami had highest marital status than other groups. The respondents of Brahmin/Chhetri were all literate and highest percentage of illiterate was from the Kami.

From the above table we can conclude that foreign employment seeking families from Birendranagar Municipality have very high family size, most of the respondents were married and 58.88 percent were literate.

4.3.2 Status of Economic Condition

Economics condition is one of the most important factors of emigration. It is expected that people from lower economics condition would seek foreign employment, is quite high and poor people may not be able to afford it, in this municipality respondent are classified into lower, middle and high income group according to their economic condition. The information obtained is presented in the following table:

Table 4.10
Status of Economic Condition

Cast & Ethnic group	No of respondents	Economic condition (in resp. to income)		
		Lower	Middle	Higher
Brahman/Chhetri	30	5	23	2
Magar	27	12	11	4
Kami	22	15	7	0
Other	16	7	8	1
Total	95	39	49	7

Source: field survey 2009

The above table clearly shows that the economic condition of the different cast/ethnic group. This table shows a wide variety in the economic status of the groups in the sense that some groups are of high economic status and some are poor. The Brahman/Chhetri are mostly belong middle income groups and Kami are low income groups.

4.3.3 Occupation of the Respondents

The occupation is one of the important reasons for migration. Underemployment and low income encourage out migration. White color job with good income discourage out migration. To find out their occupational background the respondents are asked to identify their main occupation themselves into three categories. The responses are summarized in the table:

Table 4.11
Distribution of Occupation of the Respondent from Different Ethnic Group in Birendranagar Municipality

Cast & Ethnic Group	No of respondents	Occupation		
		Agriculture	Wage Labor	Business
Brahman/Chhetri	30	15	5	10
Magar	27	17	7	3
Kami	22	3	18	1
Other	16	7	6	3
Total	95	42	36	17

Source: Field Survey 2009

Above table shows that the most of the respondents are identified agriculture as their main occupation. Five out of 95 respondents thought that their main occupation is agriculture and wage labor. It is shows that 42 people out of 95 are engaged in agriculture and 36 are engaged as wage labor. Only 17 respondents are engaged in business field.

4.3.4 Causes Seeking to Foreign Employment

There must be several reason of seeking foreign employment. The reason might 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 4.12

Cause Seeking Foreign Employment in Birendranagar Municipality

Cast & Ethnic Group	No of respondents	Causes for Foreign Employment			
		Unemployment	Debt	Conflict	Earn money
Brahman/Chhetri	30	15	3	2	10
Magar	27	12	3	5	7
Kami	22	15	6	1	0
other	16	9	2	3	2
total	95	51	14	11	20

Source: Field Survey 2009

Above figure shows that major cause for all respondents because all respondents told that there was no employment with in country. Second cause was to earn money; around 51 people out of 95 were to go to foreign employment because of unemployment and 20 people interested to earn money. It is shows that most of Brahman and Chhetri are gone abroad because of unemployment followed by earn more money. In field survey respondents said that they or their relative gone abroad in the causes of unemployment, debt, conflict, and to earn more money.

4.3.5 Medium Used to Obtain Foreign Employment

Individuals, who want foreign employment, need to know the job, salary, nature of contract and cost for getting the employment opportunity. Generally government

registered manpower agencies (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them, individual contracts also play important role. The quality of job and the costs are related to the medium used by the individuals. The cheating by agents and the torture are also related with the medium used. The medium used this was considered to be important and the respondent were asked to identify it. The responses are given in the following table:

Table 4.13
Medium used to for Foreign Employment Respondent from
Birendranagar Municipality

Cast & Ethnic Group	No of respondents	Medium		
		By MPA	By individual contact	By friends
Brahman/Chhetri	30	26	2	2
Magar	27	22	4	1
Kami	22	18	1	3
other	16	14	1	1
total	95	80	8	7

Source: Field Survey 2009

The table shows that among the respondents 80 persons went to seek foreign employment through registered manpower agencies. Sixteen people managed through their own contacts with the help of friends and relatives. Two individuals used local agents of gulf countries contractors. It is concluded that majority of foreign jobs seeker use MPAs as a medium to find the job. Some use their friends and relatives as medium and very few choose local agents of gulf firms. Those people who go through MPAs are better than other in earned and security.

4.3.6 Status of Skill of Migrant Workers

Skill is one of the most important factors which helps to find the proper job and increases the bargaining power of labor. Anybody, who is trained can earn more money and get better job than unskilled labor. Most of the Nepalese seeking foreign employment are said to be untrained. They do not have adequate skills due to untrained nature and are paid low. The assessment of individual toward their own status of skill development the sources of training are asked in the interview. The responses received are presented in following table:

Table 4.14**Skill Status of Migrant Workers of Birendranagar Municipality**

Cast & Ethnic Group	No of respondents	Unskilled labor	skilled labor(through)	
			Institution	Own/friend
Brahman/Chhetri	30	26	3	1
Magar	27	21	5	1
Kami	22	19	1	2
other	16	14	2	0
Total	95	80	11	4

Source: Field Survey 2009

Above table shows that 80 or 84.21 percent of job seeker considered themselves as unskilled before getting foreign employment. Among remaining 15.79 percent some had skills related to driving, carpentry, security and electricity wiring. Out of 15 individuals 11 were training in training institute. Above table shows that most of the foreign seekers were untrained, unskilled labor. So their income is very low than skilled labor.

4.3.7 Destination of the Foreign Employers

Foreign job seekers in Nepal go and work in several countries. The place of employment depends on level of education, the type of skill learned, the ability to bear the cost of employment and other several factors. Because Nepalese labor force is unskilled, majority of them get employment in gulf countries, Saudi Arabia and Malaysia. The destination of employment may show their level of skill and income. So the destination was considered important and the information obtained in the interview is presented in the table below

Table 4.15**Destination of the Foreign Employers in Birendranagar Municipality**

Cast & Ethnic Group	No of respondents	Destination			
		Gulf	South-east Asia	Europe	Other
Brahman/Chhetri	30	20	5	2	3
Magar	27	16	6	3	2
Kami	22	20	1	0	1
other	16	12	2	1	1
Total	95	68	14	6	7

Source: Field Survey 2009

Above table shows that 68 (71.57%) migrants have chosen gulf country as their destination which was followed by south East Asia (14.73%). Among the gulf returnees if the individual country was observed it was mostly in Malaysia (56%) and other rest of the gulf. South East Asia countries seem second choice of migrant workers. Third one choice destination is European countries, 6 respondents are work in Europe. The table shows that Magar are going European countries as British Lahore.

4.3.8 Costs Paid for Foreign Employment

A sizable amount of money needs to be invested as a cost of foreign employment. The costs started from obtaining a passport, medical checkup, manpower agency commission, visa fees, air fare, cost of internal travel and hotel charge in Kathmandu at the time of processing 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 paid by deferent groups in given in the following tables:

Table 4.16
Average Cost Paid and Range of costs for Foreign Employment in
Birendranagar Municipality

Cast & Ethnic Group	No of respondents	Average cost (in 000)	Range of cost(in 000)	
			Minimum	Maximum
Brahman/Chhetri	30	95.23	70	560
Magar	27	97.56	78	590
Kami	22	83.28	74	135
other	16	87.69	81	520
Total	95	90.94	75.75	451.25

Source: Field Survey 2009

Above table shows that average cost of the going abroad is NRs.90.94 thousands but it is huge different between minimum and maximum cost. Minimum cost 75.75 thousands include mainly those people who goes to Gulf countries i.e. Quarter, UAE etc. maximum cost 451.25 thousands include mainly cost of those people who went European countries. Average cost of the Magar group is higher than other because of European countries. Their maximum cost is also higher than other. Lowest average

cost obtained by Kami because most of the Kami persons went in Gulf countries, few of them gone European countries. So their cost of foreign employment is lower than other.

4.3.9 Source of Financing

Most of the rural people of Nepal who want to for foreign employment use several source of financing the cost involved. They are loan; 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 of financing the foreign employment. The information collected from the interview is presented in the following table.

Table 4.17

Source of Financing for Foreign Employment in Birendranagar Municipality

Cast & Ethnic Group	No of respondents	Sources		
		Loan	Sale of land	Family saving
Brahman/Chhetri	30	19	8	3
Magar	27	20	5	2
Kami	22	18	3	0
other	16	11	3	2
Total	95	68	19	7

Source: Field Survey 2009

Above table shows that 68 respondents out of 95 (71.57 percent) person; borrowed loan to pay the cost of foreign employment. Another 19 person or 20 percent used money from sale of land to pay the cost. Only 7 people who went abroad by contribution of their internal family savings. From Kami community there is no person who went abroad in family saving .It can be concluded that the cost if foreign employment is financed by borrowing, sale of land and family saving. Accept Kami family few number of other cast went foreign by family saving.

4.3.10 Types of Job Performed in Foreign Employment

Since the skill of Nepalese workers is low most of them get employment in manual job. To find out the types of jobs performed the respondents were asked to give the type is work they did while being employed in foreign country. The response categorized into five different groups of given in the following table:

Table 4.18
Types of Job Performance in Foreign Countries Gone from
Birendranagar Municipality

Cast & ethnic group	No of respondents	Occupation				
		Agriculture	Mechanical	Individuals workers	Security Guards	Hotel
Brahman/chhetri	30	7	6	7	5	5
Magar	27	5	7	4	8	3
Kami	22	10	5	5	1	1
Other	16	3	1	9	1	2
Total	95	25	19	25	15	11

Source: Field Survey 2009

Above table shows that 25 respondents have done the works in Industrial sector. Most of Dalits or kami are engaged in this work. Individuals workers is the dominant work of emigrants workers. Twenty five respondents have taken individuals work. All of cast engaged in the different work. Most of the Kami engaged in the carpentry work. Chhetri and Magar are mainly engaged in security field. It shows that the main job is Industrial sector, individual worker, mechanical, security guards and hotel respectively.

4.3.11 Duration of Foreign Stay

Duration of foreign stay of emigrant's 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 back their home due to inferior type of job low salary, family affairs such as death of any family members, sickness and their own bad health. To find out the duration of foreign stay the respondents were asked to provide their length of stay. The results are summarized in the following:

Table 4.19**Duration of Foreign Stay Gone from Birendranagar Municipality**

Cast & Ethnic Group	No of respondents	Average stay (in year)	Range in year	
			Minimum	Maximum
Brahman/Chhetri	30	3.05	2	4
Magar	27	3.13	2	4
Kami	22	3.69	2.5	5
other	16	2.89	1	4
total	95	3.19		

Source: Field Survey 2009

Above table shows that average duration of stay abroad is 3.19 years. The respondents of all the respondents expect other were stayed more than 3 years and other cast were stay less than 3 years. The maximum stay is 5 years and minimum is 1 year. Kami respondents stay maximum 5 years. It can be concluded that the duration of stay in abroad of the respondents were around 3 years.

4.3.12 Causes to Return to Work Again

The labor employment about when returns back, he/she has two options. He / She may stay and take some new profession or continue as farmer or return back to foreign employment. Those who return may be returning for several reasons such as easy continuation of the job, unavailability of job at home, avoiding conflict. Those who do not return, may not be returning again with several reasons such as difficulty in job, willingness to stay with family, no urgent to make more money because the debt has been paid, marriage or death of the older member of the family etc. How the sample individuals responded to further employment in foreign land was solicited through the questionnaires and the responses are summarized to below:

Table 4.20**Causes to Return to Work again from Birendranagar Municipality**

Cast & Ethnic Group	No of respondents	Causes to return in foreign employment		
		Employment purpose	Conflict	No plan to return
Brahman/Chhetri	30	14	6	10
Magar	27	17	4	6
Kami	22	19	1	2
other	16	11	3	2
total	95	61	14	20

Source: Field Survey 2009

Above table shows that among the respondents, 75 or 79 percent plan to return to foreign employment for which the reasons are unemployment and conflict. Among them 61 or 64% want to return to foreign employment again due to employment opportunity. Another 14 or 14.73% want to return to foreign employment due to conflict. Twenty or 21.05% respondents don't plan to return again which may be because they had done difficult, danger and dirty work in abroad.

4.3.13 Income Earned from Aboard

It is often that Nepalese workers get low paying jobs in overseas. So they earn less money than laborers form other countries. But income earned abroad depends on skill of workers, salary payment by company, 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 responses are given in the following tables:

Table 4.21**Income Earned from abroad in Birendranagar Municipality**

Cast & Ethnic group	No of respondents	Income Destination wise(per person)				
		Gulf	middle-east	Europe	other	average
Brahman/Chhetri	30	216	270	960	540	496.5
Magar	27	204	196	1130	660	547.5
Kami	22	168	264	0	624	352
Other	16	186	276	900	564	481.5
total	95	774	1006	2990	2388	

Source: Field Survey 2009

Above table shows that earned income of the respondents who gone abroad or whose family gone abroad. It is shows that in gulf there is least income (774 thousands per year) among other countries and in European countries highest earning (Rs 2990 thousands per year). In Malaysia they have earned more income than the respondents of other gulf countries. In terms of cast wise Magar earned more money than other cast people in abroad. They earn 547.50 thousands in average followed by Brahmin/Chhetri by 496.50 thousands per years. Kami earns least in the all around world; they earn only 352 thousands per year. There is huge different between Kami and other group because of other group gone for better job than Kami and they spent more. Once causes is other cast group gone Europe but Kami group not excess to go Europe because of money problems. Most of the Kami are lower class family.

4.3.14 System of Transfer Remittance

Income transfer depends in the availability means of transfer institution and facilities and their reliability. Formal channel used in bank, money transfer agencies etc. uses of informal channels are Hundi, friend/ relatives and /or bringing back by own self. For finding out the channel used the respondent of this municipality were asked to identify the channel used. The respondents might have sent the remittances several times and they might have used different channels at each time. They were asked to identify the entire channel used. The answer provided by respondents is presented by following table:

Table 4.22

Channel used to Transfer Remittance by Foreign Employer

Cast & Ethnic Group	No of respondents	Method used (in number)		
		Bank	Hundi	Relative friend
Brahman/Chhetri	30	25	2	3
Magar	27	24	1	2
Kami	22	9	3	10
other	16	15	0	1
Total	95	73	6	16

Source: Field Survey 2009

Above table shows that 73 out of 95 or 78.84% respondents used formal institution

like bank, 16 or 16.84% respondents sent back the remittances with friends or relative and only 6 or 6.31% respondents used Hundi. Most of the respondents except Kami society send their money from formal channel, because of safety and fast medium of send money all over the world. Most of the kami send their money through their friend and relatives. Medium of send money by foreign job holder is formal.

4.3.15 Use of Remittance

The use of remittances depends on the priority placed by the individuals on different uses, the size of the 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. 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. The answers given by respondents are presented in the following table.

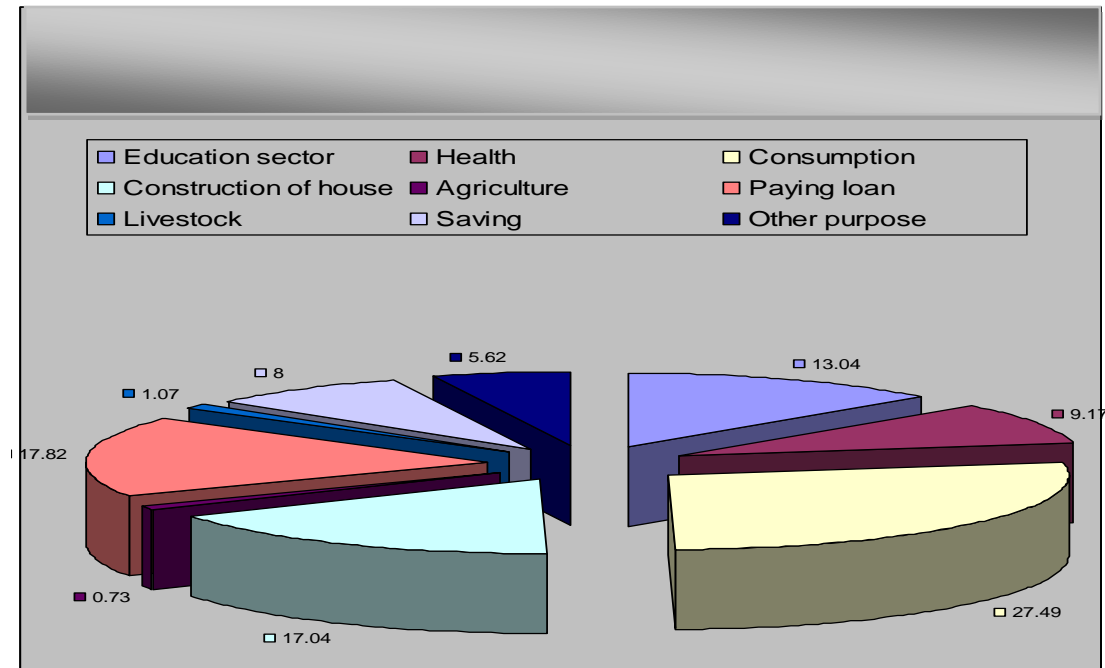
Table 4.23
Uses of Remittance in Birendranagar Municipality

Cast & ethnic group	No of respondents	Utilized Sector (In Percent %)								
		Education sector	Health	Consumption	Construction of house	Agriculture	Paying loan	Livestock	Saving	Other purpose
Brahman/chhetri	30	19.13	12.5	19.49	18.06	0.89	13.53	0.72	11.8	3.92
Magar	27	13.02	7.82	34.29	14.65	0.81	15.82	1.87	6.43	5.29
Kami	22	5.2	6.46	32.36	18.87	0.23	25.07	0.64	4.28	6.89
Other	16	12.44	8.96	24.32	16.67	1.02	19.27	0.98	8.69	7.65
Total	95	13.04	9.17	27.49	17.04	0.73	17.82	1.07	8.00	5.62

Source: Field Survey, 2009

Figure 4.5

Uses of Remittance by Sectors in Birendranagar



This particular section of the study is of vital importance in the sense that this research concentrates. The figure and the Pie- diagram shows that the major portion of the remittance is spent on the consumption (27.49%). This result is primarily expected and this supports the Keynesian economic doctrine that poor people have higher marginal propensity to consume. In the same way, remittance has been found to have spent on the construction of the houses (17.04%). In the same way, remittance has been found to have been spent on the payment of the past loan (17.12%) which was previously taken for financing. In the same way, remittance has been found to have been spent on the education (13.04%). This table also shows the fact that there is very negligible amount of the remittance saved (08.00%) which is really alarming for the students of the economics in the sense that these people will have no further way of sustaining their lives after certain time and they will be bound to go to the foreign country in the days to come. The other sectors have received very little amount of the remittance which is around 2-3%.

4.3.16 Reason of Non-Utilization of Remittance into Productive Sector

Nepalese migrants workers have earned some part of money in abroad and they were returned in home. But they have not yet used their income into productive sector.

Why they haven't used their income into productive sector? There may have been several reasons. These reasons might be insecurity, lack of knowledge, lack of market, lack of sufficient capital, non availability of opportunities for investment etc. to find out the reasons of not utilization of remittance into productive sector the respondents of this municipality were asked and their answers are given in the following table

Table 4.24
Reason of Non Utilization of Remittance for Productive Purposes by the People of Birendranagar Municipality

Cast & ethnic group	No of respondents	Reasons(in number)				
		Conflict	Lack of sizable capital	Lack of knowledge	Lack of market	Investment in productive sector (in percent)
Brahman /chhetri	30	9	11	6	4	45
Magar	27	12	5	8	2	29.95
Kami	22	5	10	6	1	16.81
Other	16	8	5	1	2	32.09
Total	95	34	31	21	9	0

Source: Field Survey 2009

The above table shows that the remittance has been affected by so many factors. For the convenience; these factors are termed as the non-utilization patterns. The non-utilization of the remittance has been classified in to five headings and the data are compiled in accordance to the number of respondents. The causes of non- utilization varies from caste to caste. The Brahman/chhetri and Kami think that it is the lack of sizable capital that causes the non-utilization of the remittance, but still they are investing in the productive sector to 45%and 16.81% respectively. In the same way, Magar and other think that it is the conflict which is the main reason of the non-utilization of the remittance but still they are investing their fund in to the productive sector to 29.95% and 32.09%. Going to the table different causes are said to be responsible for non- utilization of the remittance. There is no uniformity in the opinion of the non-utilization of the remittance.

4.3.17 Changes in Household Economy Due to Foreign Employment

It is often believed that if somebody received foreign employment his household economy will improve. The change in economic wellbeing improvement in living standard, improved skills, social status might be same if the areas where the changes take place. To find out the change in household due to foreign employment the respondents were asked to give their own judgment. The answer given by them is presented in the following table:

Table 4.25

Frequency distribution of change in different indicators of the respondents

Indicator	Changing condition			Total
	Increase	Decrease	Remaining same	
Economics status	73(76%)	7(7%)	15(16%)	95(100)
Standard of living	79(83%)	9(9%)	7(7%)	95(100)
Social attitude	65(68%)	6(6%)	24(25%)	95(100)
Skills	43(45%)	0	52(54%)	95(100)

Source: Field Survey 2009

The above table shows that the remittance has caused so many changes in the households. In aggregate 76% of the respondents said that their economic status has gone up in against of 7% of decreased. In the same way 83% of the respondents said that their standard of living gone up in against of 9%. In the same fashion, 68% of the respondents feel that their social attitude has changed. But unfortunately, the skills of the workers are found to have decreased which is asserted by the 54% of the respondents.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This thesis has got five chapters in total which are focused on the condition and utilizations of remittance in Birendranagar Municipality of Surkhet district in specific and the condition of Nepalese economy and remittance in general.

Nepalese economy is largely depended on the remittance for last few years. The remittance has contributed the reduction of poverty, increased per capita income, increased the living standards of people, and so on. Moreover, the uses of knowledge and skills gained from the foreign countries have positive impact to the overall development of Nepal.

Over the years, the demands for Nepalese workers in the global labor market especially in the gulf countries, Malaysia, South Korea, and India tremendously increased, for they are available at a relatively low wage and they are appraised for honesty and dedication to their work. However GON lacks clear policy to plan, develop and efficiently utilize men power as per national and global requirements.

Though there are various reports on Surkhet district on the various topics, the study of the remittance utilization pattern is not yet carried out by any of the researchers. The Birendranagar municipality is also the headquarters of the mid- western development region. So, this study is of vital significance.

The inhabitants of the indigenous people in Surkhet district is quite interesting in the sense that there total percentage in this district is 53 percent. So, this study is significant in terms of this as well.

Indigenous people are found to have very strong “Demonstration effect” in the sense that their major proportion of the income is found to have spent on the goods and services that can promote their life style. This study has examined whether they are

suffered from that tendency or not.

For this, some special objectives have been considered. The special objectives of this study are to find out the utilization pattern of remittance in different sector (mainly on productive or unproductive sector) by the people of Birendranagar, Surkhet. For this purpose primary data collection method is used and the data are collected. While collecting the data, measures were taken in the overall representation of the remittance goers. The collected data has been further categorized in terms of the social caste system as prevails in the Nepalese society. It has been found that as in the general case the utilization of the remittance has been used properly to the greater extent by the Brahmin / Chhetri caste.

5.2 Conclusion

From the study carried out around the Birendranagar Municipality, it is concluded that, as the other part of the country, the remittance going persons are high in numbers. Though, this study tried its best to collect the data to the greater extent, the data that this study produces are just the representative. From, the analysis of the data, as per the objective, the utilization pattern of the remittance has been tried to present in the most precise way possible.

From the data analysis chapter, it can be concluded that generally, the middle income persons prefer to go in to the foreign land for remittance. In the same way, the persons who have been in the business profession are the highest numbers of goers. In the same way, as per the national tendency, the unskilled persons are found to have gone in to the foreign land for the work. It might be the cause that because of the unskilled labour migration, the amount of remittance that should have been entered in to the country, is not incoming. There are lots of instances that show the general scenario of the remittance going persons.

5.3 Recommendations

From the entire study including the data analysis, the following recommendations are made;

1. Although, the remittance is not the permanent remedy for removing the poverty,

it has been found to have uplifted the economic status of the remittance going people and to the country as well. The remittance can contribute more to a country's economy if it is utilized properly. Therefore, for the proper utilization of the remittance and conducive environment for the investment of the remittance earnings, the government should make special policy or guidelines for the effective utilizations of remittance.

2. It has been found that the remittance going persons are unskilled, it is recommended that there should be some institutions that can train the remittance going persons. The trained persons will have higher degree of confidence and skills which can help them to work with greater degree of efficiency and earn a high volume of money.
3. From the study, it has been found that the major portion of the remittance has been spending on the unproductive sectors like construction of the house which goes unrewarded. So, it is recommended that the government must develop the plan and policies that can invest the remittance in the most productive sector.
4. The remittance going persons are financing with the aid of loan with high rate of interest from the village money lenders. It is recommended that the central bank under the guidance of government should development the "Remittance Going Loan Program" to facilitate the remittance goers. This can save the remittance going persons from the bad intention of taking high interest from the village money lenders.

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APPENDIX

Foreign Employment and the Remittance Economy of Nepal

Questionnaire for Returnees of household head in case of absence of Employee

1. Background Information of:

the Interviewer:

Person who went abroad for a job:

a) Name Title:

a) Name Title:

b) Age:

b) Age:

c) Education

c) Education:

2. Family Background:

No.	Name, Title	Age	Sex	Education	Profession	Marital Status	Remarks
1							
2							
3							
4							
5							
6							
7							

3. In which class do you belong looking at your economy condition of family?

a) Lower b) Medium-Low c) Medium d) Higher

4. Information towards Foreign Employment:

- a) Gone country
- b) Time of leaving country to abroad
- c) Time of returning back from abroad
- d) Duration of settling down in abroad.

5. What are the causes for going to abroad for employment by you on the basis of primary factors?

- a) Unemployment
- b) To decrease family loan

- c) To income high amount of money
- d) Not appropriate to seat in own country due to the conflict
- e) Internally desire to go to abroad
- f) Any other to be mentioned.....

6. How much money did you pay for gone abroad?

a)in rs

7. What were the sources from which you collected money to go to foreign country?

- a) By loan rate of interest? %
- b) By sale of land
- c) By family saving
- d) Others. which?

8. Did you get full time to live in abroad as you did agreement before you went or not?

- a) Yes
- b) No

If not.....

If more time stayed, why?

9. How much money did you use to save per month?

Answer:-

10. Whether you came with your saved money or sent already through any media before you returned back?

- a) Brought money along with you
- b) Used media to send money
- c) If you used media to send money, which are the following media that you used?

S.N.	Media	Sent money (in Amount)
1	From Bank	
2	From Hindi	
3	From Friends/Relatives	
4	Brought with yourself	
	Total	

11. Have you again made plan/thought to go to abroad?

If so, why?

- a) For no get job in the country
- b) Because of conflict
- c) Others

12. Has any your family member been to abroad except you?

Answer:-

13. What sort of job did you do? (Any one)

- a) In Agriculture
- b) In Mechanical
- c) In individual worker
- d) In security guard
- e) In Hotel/ Household
- f) Others

14. Had you obtained any skill before you went to abroad? If you yes, what sort of skill did you learn/ gain?

- a) By institution
- b) By friends/ own self
- c) Others

15. What sort of job did you in foreign country?

- a) Safety
- b) No Safety/ No Security

16. What about your per month income according to time work done in foreign country? (In Nepali Rs. equivalent)

17. Did you get salary as the agreement did?

- a) Yes
- b) No

Information towards the use of /Remittance.

18. What are the sectors that you spent and invested money earned from foreign country ?

Particular	In percent
Education	
Health	
Consumption	
Construction of house/ buying land	
Agriculture	
Paying loan	
Livestock	
Saving	
Other purposes	

19. Did you invest money in any vocational field ? If yes, in which sector did you invest? If not, why?

Answer:-

20. What about opportunity to invest in indigenous country?

a) 100% not b) 100% yes c) Maximally yes

If not, why?.....

21. Have you ever used/implemented your skill obtained in abroad to indigenous country?

a) Yes b) No

If yes, what sorts of organizations are there?

22. How and which way is appropriate to go to abroad?

a) By MPAs
b) By relative/ friend
c) By others

23. To be specific, what about changes seen before you went to abroad and after you returned back from abroad ?
- a) In economic condition
 - b) In daily life spending
 - c) In social status
 - d) In skill development
 - e) Others