

CHAPTER-ONE

INTRODUCTION

1.1 Background of the Study

The term foreign employment is defined as the process of migration from one place to another or one country to another country which has been global challenge to manage for most of LDCs (Luitel, 2017). Migrant workers' remittance income has emerged as one of the most important components in the Nepalese economy, influencing not only household consumption and investment patterns, but also overall economic structure and dynamics (Adhikari, Tuladhar & Sapkota, 2014). It also represents the major vehicle for reducing the scale and severity of poverty in the developing world (Rath, 2013).

Migration and foreign employment have provided alternative livelihood opportunities to many people in the condition of slow socio-economic growth of nation. But they have also brought new challenges for the government and policy makers in managing safe labor migratory force. The elapses and loopholes to implanting the existing policies, laws and bylaws about foreign employment are adversely affecting the rights and safety of migrant workers going abroad for employment. So, strong and strict implementation of government policies for effective labor migration governance to protect the labor, human right and well- being of the migrant workers is a crucial need in the current context.

Nepal is a land locked, least developed country of Asia which lies between two Asian giants China and India. The average length from east west is 885 km and its average breath from north to south in 193 km. The area of 1, 47,181sq km. it is a country of numerous and diverse village having three distinct ecological regions running from south to north namely Terai, Hill and Mountain. It is located between 26°22' to 30°27' north altitudes and 80°4' to 88°12' longitudes. Only 17.97% of total area is agricultural land where 83% of total population is affiliated in agriculture and agriculture is the main occupation of 73.9% population of total population 2, 64, 94,504. But only 40% farmers are able to fulfill food more than 6 months from their

agricultural product. This shows agriculture sector of Nepal is still in subsistence level and low productivity.

Every year 512 thousand youth labor force enters in Nepalese labor market for employment but employment growth rate is only 3 percent per annum (MoF, 2017) due to low growth rate of industrial sector, traditional farming system in agriculture, and low level of infrastructure development and so on. At that condition only one third of them can get the job in the domestic market. So, rests of the labors are being obliged to go the foreign country to get the employment opportunity.

Generally, remittances refer to that portion of migrants' earnings sent from the migration destination to the place of origin. Even though they can also be sent in kind, the term 'remittances' is normally limited to denote monetary and other cash transfers transmitted by migrant workers to their families and communities. The labors who resides the foreign country for employment are known as foreign employee and country in which the foreign labors are working there are known as the country of foreign employer (Subedi, 2015).

The share of skilled manpower in foreign employment is only 1.5 percent, but share of unskilled labor is 75.5 and 23 percent are semi-skilled in total 4.5 million foreign employed labor force of Nepal which shows the lack of training and technical education facilities (MoF, 2017). This also shows that Government of Nepal is doing elapses to formulate the effective programs to increase the skill of productive human resource of country which causes low bargaining power of Nepalese labors in international labor market (MoF, 2017)

Nepal is the third tip remittance recipient country in the world on the percent of national GDP (WB, 2016) .The share of remittance in GDP of Nepal at Fiscal Year 2015-16 is 29.6% and 26.9% in 2016-17 (MoF, 2017). Every day, approximately 1,500 people are going foreign country for employment. 110 countries are opened for foreign employment for Nepal. Main destination countries for Nepalese unskilled and skilled people are Qatar, Saudi Arabia, United Arab Emirates (UAE), Kuwait, Oman, Bahrain and South Korea (MoF, 2017).

The constitution of Nepal has also ensured the Right to Employment of the Citizens. To make foreign employment safety, disciplined and reliable, the government of

Nepal has established Department of Foreign Employment under Ministry of Labor and Employment and Foreign Employment Promotion Board. The government has also done bilateral labor contract at 7 countries (Qatar, UAE, Israel, South Korea, Jordan, Japan, and Bahrain) and declared free visa free ticket at 7 countries(Saudi Arabia, UAE, Malaysia, Qatar, Bahrain, Kuwait and Oman) and established safety home at 4 countries (MoF, 2017). Legally, GON is imposing Foreign Employment Act and Bylaw 2007, Foreign Employment Policy 2011 and Guidelines For send House workers in Foreign Employment 2015.

Foreign employment is the main alternative of employment and remittance income is the main source of GDP and 56% households of total households receive remittances in Nepal (CBS, 2012). This shows that remittance is the dominant cause of reduction of poverty below poverty line from 30.8% at FY 2005/06 to 21.6% at FY 2015/2016 (NPC, 2017). But the bitter experience of foreign employment is that still Individuals seeking foreign employment have to pay large amount of cash as a cost of the employment process also free visa free ticket declared country. So, role of the government should be strictly implementation oriented to foreign employment rules, regulations and bylaws and develop strong punishment mechanism to punish exploiter manpower companies and agents.

1.2 History of Remittance: A Brief Survey

Different literature has been studied regarding remittance in Nepal and its impact in national economy. The flow of the Nepalese people for Foreign Service is not new. Labor migration in true sense has started after Anglo-Nepal treaty of peace and friendship of 1816 that recruited 3000 Nepalese soldier British Gorkha Regiment. Signing of peace and friendship Treaty between India and Nepal in July 1950 was a turning point in the movement of Nepalese migrant for employment in India. The Treaty granted the movement of workers in reciprocal basis and the Nepalese labor need no work permit.

After the enactment of Foreign Employment Act 1985 Nepalese labor started to migrate beyond India for employment. Oil boom in Gulf countries have created massive demand for foreign labor. The period between 1997 and 2003 could be considered the boom period for labor migration from Nepal to outside world. The

most favored destination for Nepalese labor migrants are the Gulf, Middle East, Malaysia, Korea, Japan and others. For foreign employment institutionally 110 countries and personally 167 countries are opened for Nepal. The importance of labor migration was given little attention in Nepal until recently.

Another stream of early Nepalese emigration to India was that of migration to north eastern 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 emigrate there. Many of them cleared the forest and started cultivation there.

While both the first and 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 industry within the country is limited. Thus, more people migrate for non –farm employment.

After the membership of Nepal of the UNO in 1955 and participation on various international conventions, Nepal's relation with rest of the World further paved the way for Nepalese emigrants 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 1990s, more Nepalese youth of rural and urban areas of the country began to migrate temporarily towards India and other countries for education and employment. They send back remittances to their respective family members.

1.3 Statement of the Problem

Remittances refers to money and goods that are transmitted to household back home by people working away from their origin communities especially foreign country (Panta, 2015). Remittance income is the important source of household income and the approximately it has one third contribution of national GDP of Nepal. It is playing dominant role to reduce the rural and urban poverty below poverty line of the least developed countries like Nepal. A World Bank (2006) study showed that Remittance inflows to poor households accounted for one third to one- half of the

overall reduction in absolute poverty between 1996 and 2004(Cited in Sapkota, Adhikari and Tuladhar, 2014).

More than 60% households of total households receive remittance income in Nepal and it has played the dominant role to reduce the absolute poverty also. But the bitter experience is nearly 80% of total remittances received by the households are used for daily consumption (CBS, 2012). This shows, remittance is also seen to increase dependency. These inflows are quite volatile since countries that depend too much on them may face economics shocks when the flow is disrupted. So, very appropriate policies should be formulated and implemented honestly by the government so that remittance inflows are used in productive sectors.

Remittance income is the major source of income of many households of Menchhyam Village Body. People in study area have changed their consumption pattern because of inflow of remittance. Remittance income has changed their attitudes towards educations, savings, investments, and business as well.

In this context, this study has tried to answer the following research questions:

-) What is the trend of foreign employment and remittance?
-) What are the sectors of utilizing remittance income?
-) What portion of total remittance income is spent on capital formation?

1.4 Objectives of the Study

The general objective of this study is to highlight the utilization pattern of remittance in the study area. The study has covered the following specific objectives:

-) To study the trend of foreign employment and remittance income ,
-) To determine the sectors of utilizing remittance income,
-) To study the portion of remittance income spent on capital formation.

1.5 Significance of the Study

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and poverty and income distribution. Workers' remittances flow in as a component of foreign savings and as

such complements national savings by increasing the total pool of resources available for investment. So, the impact of remittance on large macroeconomics scale like economic growth has been an issue of interest for many researchers.

Though there are various reports on Tehrathum district on the various topics. The study of the remittance utilization pattern is not yet carried out by any of the researchers. The Tehrathum district is also the higher remittances earning district, where the major proportion of the remittance income has found to spend on consumption or purchase of goods and services that can promote their lifestyle. Most of the remittance recipient household spend their income to purchase house property in urban area and emigrate there by leaving their land and house property in study area. This study will examine whether this tendency is right or not?

Finding of this study will be beneficial for the economist and policymakers to know whether the remittance is contributing to national development or not. More capital formations mean contribution to long term development as investment. No one study deals regarding remittance income and its impact on capital formation in this study area, so this topic is highly significant.

1.6 Limitations of the Study

The main limitations of this study are as follows:

-) This study has been mainly focused on the remittances received by the people of Menchhyam Village Body.
-) The outcomes of this study may or may not be applicable in the national level.
-) Most of the data were brought from sampled people.

1.7 Organization of the Study

The study has been separated into five chapters. The first chapter is the introductory chapter which includes background of study, statement of the problem, objectives of the study, significance of the study, limitations of the study, and organization of the study. The second chapter focuses on the review of the literature that is divided into international context, Nepalese context and research gap. The third chapter is the research methodology that includes the research design, nature and sources of data,

sample period covered, population, sample and sampling procedure, tools and method of primary data collection, data organization and processing, and tools and method of data analysis. The fourth chapter is the data presentation and analysis related to the study area. The last fifth chapter is the major findings, conclusion and recommendations.

CHAPTER - TWO

REVIEW OF LITERATURE

The primary objective of the present study is to analyze the inflow of remittance, its role on poverty reduction and its utilization as well on an economy which is entering inside the country. For this purpose, a review of related literatures in this concerned area is must, which will help to get clear ideas, opinions and other concepts. This chapter emphasizes study about the literatures which were concerned in this connection. Therefore, in this chapter given by different authors and intellectuals of this area, books, journals, research work and previous thesis related to labor migration and inward remittances are reviewed. Moreover foreign employment issues and inflow of inward remittances are reviewed and attempt has been made to present them properly.

2.1 International Context

Chaudhary (1993) studied about the use of remittance and concluded that first, initial consumption pattern largely affected by the use of remittance. It is because; if the recipient is below the poverty line, his/her elasticity of demand on necessary things is high, which encourages local consumption expenditure. If he/she is above the poverty line, and rise income status him/her, the 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 remittance income depends on propensity to save. 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 of his study is use of remittance is affected by the value system and attitude towards different types of occupation.

Yang (2008) analyzed the impact of Philippine exchange rate shocks in international migration, remittances, and household investment based on the empirical data analysis from 1997 to 1998. To analyze the impact of exchange rate, household consumption has not included education expenses, durable goods purchases and capital investment in household enterprises. Data analysis in this study conclude that

the estimated impact of the exchange rate shock on the dependent variables of interest are plausibly interpreted as acting predominantly via changes in household income rather than via the migrant return channel. Second, the exchange rate shocks themselves are likely to be the primary causal factor behind the changes in household investment outcomes rather than the real economic shocks (such job terminations or the change in economic output) that might be correlated with the exchange rate shocks. A migrant return rate of 1(100%) is associated with an increase of 3.8 percentage point in the likelihood of staying in school and reduction of work hours per week 1.4 hours for children aged 10-17. This implies that returned migrants devote labor hours to household enterprises in place of children reducing child labor hours and raising their school attendance.

Mahmud, Sabur& Tamanna (2009) established the relationship between remittance, migration and development in the journal of sustainable development. On the basis of purpose of their study, they have recognized two distinct approaches about international migration by reviewing past literatures; one functional and second structural concept of migration and develop a new concept of migration known as integrated approach to international migration. This approach conceptualized migration as either cumulative decision of individual or a manifestation of a social structure. This approach has viewed migration as household strategy focused not so much to maximize income, as to diversify sources of income in order to minimize risk like unemployment, crops failure, loss of income etc. The direct effect of remittance is the contribution to national income while the indirect effect includes the shift in production stemming from withdrawal of labor force, erasing foreign exchange constraints and enhancing domestic saving and investment.

Rath (2009) showed that the impact of remittance in developing countries. The main objective of this article has to analyze the trend of remittance and its costs. He has found that the remittance has been send home by migrants from developing countries reached from \$206 billion to \$193 billion in 2005 and more than double of 2001. The size of remittance is as larger as FDI and official aid. They have found the cost of sending remittance in three money transfers operate (western union, money gram and dolex) has increased and the benefits of remittance has reduced the poverty. A strong

flow of remittance has improved the receiving countries credit worthiness lowering cost of borrowing money in international market.

Stratan and Christruqa (2012) argued about the economic consequences of remittance in case of Moldova Republic. Workers' remittances have become the single most important source of foreign exchange currency in Moldova. Such high level of workers' remittance has huge macro economic consequences. Workers' remittances have played a significant role in boosting growth in recent years, through their effect on consumption. According to a government survey, on an average remittance constitute at least 65 percent of the recipient family in 41 percent families with migrant and between 35 to 65 percent for another 25 percent. The largest part of remittances is used to meet basic current consumption needs and the remainder to buy houses and land.

In case of role of remittance in growth of Moldova, unfortunately, higher the share of remittance on GDP does not increase the marginal propensity to invest. An increase in real GDP by 1% will increase remittances by 2.7% suggests that remittances respond to investment opportunities and the business and political climate in the home country as much as to altruistic and insurance considerations. So, to benefit from remittances and encourage sustainable GDP growth, it is important to assure stability at least for medium term period, macroeconomic stability and sound national policy and program which encourage the development of quality factors of economic growth. Good business environment, investment climate and functional national institutions. In addition, strong national education system and some additional national policies and programs are also much more important that could channel remittances to productive sectors in the economy.

Marwan, Kabir, Adibah, Azniza, Rashid & Helmi (2013) discussed the role of export, overseas development aid, remittance inflows in relation to economic growth on the basis of evidence from Sudan in the International Conference on Economics and Business Research by using co-integration technique within Solow-model approach. The result of this study is that 1 percent rise in capital, labor; remittance, export and inflation are expected to contribute about 0.2 percent, 2.6 percent, 0.03 percent, percent, 0.3 percent, 0.1 percent to economic growth respectively but 1 percent rise in aid reduces GDP by 0.04 percent. This clearly showed that, all variables except aid

are positively and significantly co-integrated with growth and foreign aid has a detrimental effect on growth. On the other hand, exports and remittances are determinants of growth. So, there is a need to manage and boost greater inflow of traditional capital such as aid and the contemporary capital like remittances, besides stimulating greater trade liberalization.

Goschin (2014) outlined the remittance as an economic development factor based on the empirical study of data of 10 countries of central and eastern Europe from 1995-2011. Remittance has significant positive influence for both absolute and relative growth of GDP. The assessment of influence of remittance flows on economic development on the long run, as well as the effects of the decline in remittance amid recent global economic crisis. Although, emigration is likely to reduce the potential GDP in sending countries but overall net effect is positive.

IFAD and World Bank (2015) discussed the relationship between financial inclusion and remittance on the report to the G-20 Global Partnership for Financial Inclusion and provided the policy guidelines and recommendations for government and financial service provider institutions about the financial inclusion issues. Based on the objectives of this study poverty is the main determinant of the financial exclusion. Remittance has also been called as the largest poverty reduction program in the world and base for financial infrastructure in rural and community level. This study has also described remittance as the catalyst for financial inclusion and development. It is because remittance flow can leverage to pull people out poverty to develop home countries' economic infrastructure and to profit the financial sector. Not only that, through the interaction between remittance senders, recipients and financial service providers, financial service provider can grasp the better opportunity to meet remittance users' need and get profitability and sustainability of the institutions through saving mobilization of the remittance users. Some studies suggest that a 10% increase in the share of remittance on country's GDP can lead to decrease in the proportion of people in poverty of 1.6 3%. The policy recommendations for financial inclusion and sustainable utilization of remittance of this study are: (a) develop public goods to understand remittances and related financial inclusion issues, (b) develop financial education campaigns to improve financial literacy and ensure proper consumer protection for remittance senders and receipts, (c) support innovative models

to deliver remittance services and complementary products, (d) promote legal and regulatory frameworks, (e) support research, advocacy and dialogue at international and bilateral levels and (f) create incentives for migrant workers to be agents of change.

Tahir, Khan and Shah (2015) examined the impacts of external factors like foreign remittances, FDI and imports on economic growth process of Pakistan economy through time series data analysis during the period 1977-2013. The main findings of this study is that remittances have played the vital role in the economic growth and also increase foreign exchange reserves which in turn stabilizes the domestic economy. Not only that, there is also positive and significant relationship between FDI and economic growth. An increase of one percent in FDI influenced the economic growth by 0.42. But, there is adverse relationship between economic growth and import. Theoretically, imports have positive relationship with economic growth but it depends on the structure and composition of imports. Main recommendations for government and policy makers on the basis of findings of study for sustainable development of economy are: attract FDI through business friendly environment, resolve power shortage issues, ensure better law and order conditions to boost the confidence of the foreign investors, implementation of policy about use of remittance in productive sector and minimization of imports of consumable goods by promoting for import of new technologies, ideas, capital goods and equipment to reduce the negative impact of import on growth of the economy.

Meyer and Shera (2017) studied the impact of remittances on economic growth using econometric models based on the empirical data of Albania and other five regional countries during the period 1999-2013. Based on the objective of study, remittance in the world is introduced as the major international financial resources and sources of economic growth in developing countries. The main finding of this study is that an increase in remittance with a unit increases GDP by 0.293 percent and growing population with a unit of GDP decrease by 1.037 percent while growing trade with one unit, GDP rose 0.58 percent respectively. So, contribution of the worker's remittance is the significant and most important role in economic growth. Only, productive use of it can help the economy to maintain and improve the economic growth by investing on consumption and investments.

2.2 Nepalese Context

Pant (2006) indicated the history of labor migration of Nepal dated back to the unification of Nepal as a country in 1768 A.D. Much of early migrations were resulted by push factors like excessive tax burden, exploitative agrarian relations and political instability. The more formal and temporary migration process began after Nepalese people started to work in the British army following the Sugauli treaty was signed on December 2, 1815. This Treaty, among others, has allowed Britain to recruit Gurkhas of military services. While the first and 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.

Gaudel (2006) described the role of remittance in economic development and its socio-economic implications comparing between remittance income and FDI. Main findings of this study based on the objectives is that 1 percent change in remittance income will increase GDP by 2.13 percent to 5.17 percent and 1 percent increase in grants increases GDP by 14.3 percent to 15.4 percent. It shows grants are more effective to increase GDP in the economy, pensions and other items are also effective to raise the GDP in the country. This study focused the need of job guarantee for the workers with the wage level equivalent to the residence of the foreign country. He also recommended attracting the country's young, energetic generations to come back again with skilled knowledge and experience by providing the way for utilize remittance and experience in productive sector also.

Srivastava and Chaudhary (2007) investigated on the role of remittance on Nepalese thee economic indicators GDP, GNP and PCI which are independent variables for this study. The result of the study showed that increase in remittance income by Rs.100 would lead to increase nominal GNP by Rs.242 indicates the multiplier effect of remittance in the national economy. Remittance has also shown 61 percent and 72 percent respectively on Nominal GDP and 48 percent and 55 percent of real GDP and GNP respectively. Not only that, the biggest contribution of remittance has been found to the welfare and improved livelihood of the receiving households in terms of

basic needs, better health, education and smaller extent in terms of saving. This suggests that only meaningful utilization of remittance income can pave the way to better prospects of the nation.

Shrestha (2008) analyzed the contribution of remittance and foreign employment in Nepalese economy as well as role of remittance in poverty alleviation in Economic Review VOL-20. Based on the objective of study, he focused the policy measures to promote foreign employment. Remittance income typically spent on land and housing, small portion of migrants use the remittance directly for productive investment like agriculture, manufacturing, and trade. Main portion of remittance is used for education of children, reinvestment of remittance for further migration and for lending money. Dependency on remittance income is increasing of migrant's family to fulfill the basic needs of the family. Skills and resources of the returned migrants are the assets of the country which can be used for development of economy. To utilize the skills and resources of the returnees, government should implement programs schemes for returnees like business counseling, entrepreneurship development programs and concession on import of machineries and equipments, supplementary loan to establish manufacturing establishment, implement different support programs ensuring conducive environment for returnees to invest their income and skill in productive purposes which is important for developing effective migration and increase domestic investment. To increase the competitiveness and bargaining power of Nepalese labors in international market, there is urgent need to opening new mission countries, lobbying for safety protection of Nepalese labors, training and upgrade the technical competence of Nepalese labors. Ultra Poor do not migrate to overseas employment because lack of financial resources, information and social networks. So, government can implement pro-poor intervention to target ultra poor to empower them through vocational education, financial support and skill training to prepare them for jobs abroad.

Pant (2011) recommended the measures for productive use of remittance and impact of remittance in Nepalese economy in economic review volume 23. The main focus of his study is that remittance does not automatically contribute to national development. To carry out effective and efficient public policies to channel remittances into productive projects, the government has to look at what motivate Nepali's to send money home particularly beyond individual family remittances and craft its policies

to take advantage of it. The reasons to migrant workers do not spent their remittance income in productive uses are (a) paucity of promotion support in terms of information advisory training and other services pertaining to investment in new and potentially successful sectors, (b) less risk involved in the purchase of land and construction of house, (c) hardly any knowledge on investment opportunities, (d) top priority accorded to household expenditure, (e) lack of expertise in the remittance receiving household for understanding a business and (f) lack of investment friendly climate.

To increase the portion of remittance income invested in productive sector, the policy measures to this study are: (a) The opportunity to promote self employment and small business formation amongst returning migrants and their relations back home should be acknowledged by the government and schemes must be targeted to support investment in business activities through light microfinance institutions which can be powerful for saving mobilization (b) Financial literacy programs for remittance receivers remittance receivers with knowledge and skills to evaluate their options and choose most suitable financial products for them (c) Implementing government policies to attract remittance fund to specific saving and investment vehicles including migrant pension plans, preferential loans or grants for business ventures preferential access to capital goods and material imports for recent returnees and investment and advisory services for business start-ups.

Neupane (2011) showed that size of remittance inflow has been increasing in tremendous way in Nepal. Not only the size of remittance inflow has increased in the nation but it has been found that its share to GDP has also increased. In the year 1990/91 ratio of remittance to GDP was just 0.46% and the figure has gone up to 19.01 in the first eight month of the year 2009/10. From quantitative analysis made in his study, it has been found that nominal GDP is significant to bring increase in domestic consumption expenditure in the nation. The result obtained through key informant survey shows that average consumption expenditure of households is 1,60,100 Nepalese rupees yearly where average remittance receipt is 1,83,900 Nepalese rupees yearly. The result obtained in his study has shown that increment of 1 percent in GDP brings 1.023 percent increase in domestic private consumption expenditure. From analysis of data made in this study, he found that remittance inflow and domestic consumption expenditure have positive relationship. Quantitatively the study has

found that 1 percent increase in remittance inflow is responsible to bring approximately 0.030 percent increases in domestic private consumption expenditure other things being the same. Lag GDP has not found significant to bring change in domestic private consumption expenditure in the nation. From the analysis of data made in this study it has been found that GDP is significant to bring positive change in domestic investment expenditure in Nepal.

The result has shown that 1 percent increase in GDP brings near about 1.119 percent increase in domestic investment in the nation other things remaining the same. Through the analysis of the data made in his study, he found that remittance inflow plays negative role to change domestic investment expenditure in the nation. The numerical result says that the 1 percent increase in remittance earning brings approximately 0.164 percent decreases in domestic investment expenditure other things being the same. He also found that the cost of capital that is the industrial lending rate of commercial banks is not significant to affect domestic investment in the nation. He also found that the study is that lag GDP is not significant to increase domestic investment in the nation. Domestic consumption expenditure has been found highly significant for bringing increase in GDP of Nepal. The result obtained in this study confirms that 1 percent increase in domestic consumption expenditure brings approximately 0.870 percent increases in GDP other things being the same.

CBS (2012) outlined that 56 percent families in Nepal have received remittance income in one year. The average household receipt is estimated at Rs. 80436 at current prices. Calculation of average remittance receipt per person comes out to Rs. 9245. of the numbers receiving such remittance, 58 percent is from within the country, 19 percent from India, and 23 percent from others countries. The number of families receiving remittance has been rising last 15 years. The first survey showed that only 23 percent families had received remittance while the recent third survey showed 56 per cent are receiving remittance. The share of remittance to household income in 1995/96 was 27 percent, which has gone up to 31 percent by FY 2010/11. For instance, the share of remittance received from India has come down to 11 percent with a decline of 24 points in the last 15 years, whereas the share of remittance received from countries other than India has increased to 69 percent from 22 percent in the same period.

Acharya and Thagunna (2013) studied the effect of remittance on each of those macroeconomic variables based on the empirical analysis of remittance inflow of Nepal with comparing to South Korean case study. Based on the concern of study, remittance has more causality on the consumption pattern and less on investments. To kick-start the Nepalese economy through strong stimulation effect, more investment in infrastructure and other productive sector is necessary facing foreign exchange constraints and offset such problems which leads to generate its own economic return, making domestic market stronger and entrepreneurship to improve. Remittance inflow in Nepal is still significant, so, policy should be focused to channelize those funds to infrastructure development and strong implementation of policy can shift Nepalese economy away from remittance dependency in the future.

Subedi (2015) discussed the role of remittance in economic growth of Nepal based on the analysis of data of the remittances and GDP of Nepal for 39 years from 1975 to 2013. This study has proved that GDP is the linear positive function of remittance and remittance has a significant impact on the growth of GDP of the country. The share of remittances to GDP of Nepal has been increased from 12.12 percent in 2001 to 25.54 percent in 2013. This percent was 1.23 percent in 1975 and 1.11 percent in 1978. This shows that remittance income in Nepal has been increasing rapidly during last decades especially from 2001 and remittance is the significant determinant of economic growth of Nepal. Very low rate of growth of GDP and very high growth rate of remittance implies the huge amount of remittances is used in household consumption and there is no saving and investment. This study has also indicated the need of use of remittance into productive sector to increase entrepreneurship and balance the BOP surplus by import minimization and export maximization. Not only that this study also recommends to the government and policymakers to get the returnees with skill, entrepreneurship and welcome them for utilizing their capital and skill in domestic country. Still more than 50 percent of the total remittances are entering into country through illegal channel and carrying self by migrants. So, the government should strictly implement the policy to send remittance through legal channel also. Other recommendations of this study are minimization of dependence on remittance of economy, using advance technology and develop website by the government to give information to migrant workers for remittance transfer mechanisms, prices speed and

reliability to increase competitiveness of the remittance industry and also give information on investment opportunities returning to the country of origin and so on.

Bam, Neupane & Thagurathi (2016) carried out the impact of remittance income on household per capita income, consumption, and poverty head count ratio and poverty gap by using regression model. Study came to conclude that remittance has statistically significant positive impact on household per capita income and consumption and negative relationship between remittance income and proportion of poor quintile population and positive relationship between remittance and richest quintile population. It indicates that remittance income has significant impact to transform poor population towards upper class reducing income inequality, poverty gap and poverty head count ratio in developing countries.

ILO (2016) made the study based on the survey of 421 remittance receiving households entitled "Promoting Informed Policy Dialogue on Migration Remittance and Development in Nepal". The findings of this study are: (i) only 1 percent people went through government channels for foreign employment, 36 percent through agents and more than half of migrants went through employment agencies, (ii) a migration journey costs on average NRS. 1, 50,000 and 87 percent households took loan to finance foreign employment journey with average interest rate 35 percent but average earning is monthly Rs.29, 927 only. Based on the study the identified challenges limiting the positive implications of migration in Nepal are: (a) limited banking network and a large proportion of an unbanked population, (b) high levels of poverty, unemployment and illiteracy, (c) poor and inadequate infrastructure, (d) limited human capital, (e) high migration costs, (f) lack of policy and institutional coherence on topics relevant to migration. Some suggestions to address the development challenges are offer collateral free loans to finance migration journeys overseas, negotiate bilateral agreements similar to EPS, deliver financial literacy programs targeting both migrants and their families, develop banking infrastructure especially in rural areas, investigate ways of facilitating returned migrant entrepreneurship by developing entrepreneurship training, providing grants to help returnees to secure livelihood, offering cash based awards, offering loans with low or no interest rates and with collateral or non collateral basis and so on.

MoF (2017) has outlined the rise in remittance inflow by 5.3 percent to Rs. 450.00 billion in the first eight months of the FY 2016/17. The ratio of remittances to GDP was 29.6 percent in FY 2015/16. The outbound trend for foreign employment towards other countries except India has increased for failing to create much adorable employment in domestic market. As a result, remittance inflow has stood as a major pillar for overall balance of payment and external sectors' stability. The ratio of remittance inflow to GDP that had stood at 13.8 percent in FY 2006/07 went up to 29.6 percent in FY 2015/16. As per WB's report, Nepal stands second among the countries receiving the highest ratio of remittance to GDP. The growth rate of remittance inflow averaged 21.8 percent during last five years. Thus, remittance inflow has remained as a major source for foreign exchange. By the first eight months of current fiscal year 2016/17, BoP remained in surplus by Rs. 50.06 billion in comparison to the surplus of Rs.158.18 billion in the corresponding period of previous fiscal year. Current account that remained in surplus by Rs.158.55 billion during the first eight months of previous fiscal year has recorded a deficit of Rs.6.31 billion in the review period. BoP surplus remained low during review period as compared to that of corresponding period of previous fiscal year due to higher import growth and slowdown in remittance growth.

Luitel (2017) presented the pattern of foreign employment and remittance inflow based on the study area of Piple VDC, Tehrathum. The main theme of the his study is that the majority of foreign employees are fall under age group 25 to 30 and male migrant workers are four times more than the female workers. The first, second, third and fourth attractive destination countries on the basis of number of employees gone are: Malaysia, Qatar, Saudi Arabia, South Korea, UAE, American countries, European countries and Japan respectively. Unemployment, poor economic condition and lack of appropriate condition to live in home country are the main causes to going for foreign employment. Not only that, Government of Nepal has declared free-visa, free- ticket for seven main destination countries (Qatar, Saudi Arabia, Malaysia, UAE, Bahrain, Kuwait and Oman) since 8th July2016, but still foreign employees are obliged to pay on an average Rs. 82631/- for cost of foreign employment. This shows the inability to implement the existing policy and open exploitation by the manpower agencies to foreign employees against government policies. 91 percent of total employees go to foreign employment without training. This shows that Nepalese

workers are demanded for construction, unskilled and risky works with low paid salary. This also shows the need of skill development training and orientation to employees for employees to increase bargaining power to salary in foreign country and increase remittance. The receiving pattern of remittance is: 20 percent is from banking channels, 62.25 percent through IME and rest 17.75 is received by the help of friends and Hundi. This implies due to knowledge and facilities of banking and legal channels, the remittance received from illegal sector is minimizing. Utilization pattern of remittance income in different purposes by the remittance recipient family is that 15 percent of total remittance income received is used for food expenses, 6.25 percent is used for non-food expenses, 13.75 percent for education, 11.25 percent for health, 7.5 percent for entertainment, 17.5 percent for saving, 18.75 for loan repayment and 10 percent is used for reconstruction and building of new house. This implies that a huge portion of remittance is used for development of human capital such as health and education which is non productive expenses from economic perspective.

Thapa and Acharya (2017) assessed the effect of internal and external remittances on household expenditure patterns, applying a propensity to score matching technique based on the data from NLSS-2011-12 done by CBS which found that the internal external and both internal and external remittance indicate a significant effect of remittance on the household expenditure patterns. Internal remittances relatively seem to stimulate the consumption of food and investment in health. External remittances are found to be more effective on the accumulation of durable goods as compared to other goods, while both internal and external remittance tend to increase the share of non food and health expenditure. An in- depth analysis in this study also showed that internal remittances appear to increase the expenditure on food consumption in the second and fifth quintiles and people residing in the hills, while external remittances show a positive effect on the expenditure on non-food, health and durable goods. Internal and external remittances appear to have positive impact of the expenditure share on food and wealth. This proves that households' received remittances spend more on non-food items and less on food consumption.

2.3 Research Gap

This research is made relating to the foreign employment and remittance mainly concerning to Menchhyam Village Body. This study analyzes the trend of migration for foreign employment and utilization pattern of remittance income in study area. Even there are many research about role of remittance in rural poverty reduction, economic growth with different tools and techniques but there is not clear information about the utilization pattern of remittance in capital formation and entrepreneurship development to secure the economic status of foreign employees after returning home and not yet the problems and challenges of migrant's families regarding maintain the increased expenditure pattern after foreign employers return home in this specific area.

CHAPTER THREE

REASERCH METHODOLOGY

The present study is micro and macro level study on trend of remittance in Nepal and its utilization pattern in Menchhyam Village Body. Both primary and secondary data has been gathered. This study analyzed the utilization pattern of the remittances earning people about how they allocated the valuable remittances in their expenditure, investment and daily uses.

3.1 Research Design

The present study has conducted descriptive research design using both the qualitative and quantitative techniques. This study mainly focused about foreign employment and remittance income depending on the nature and sources of data and information.

3.2 Nature and Sources of Data

Basically, the study is based on the primary data concentrated mainly to those emigrant households whose family members are abroad. Some data about remittance and out-migration was also taken from the secondary sources which are both published as well as unpublished.

3.2.1 Primary Data

The primary sources of data have been collected through the household survey, fill up the questionnaires and key informants' interview.

3.2.2 Secondary Data

Data were also collected from the secondary sources; from the publications of the National Planning Commission, Central Bureau of Statistics, budget speeches of the GON, Economic Surveys, NLSS, Economic Reports and other quarterly and annual publications of Nepal Rastra Bank, and other periodicals, journals, books, magazines, seminar papers, reports of research centers and information from donor agencies like WB, ADB, IMF, UNDP.

3.3 Methods of Data Collection

The secondary data have been obtained from different sources. To collect primary data, the following tools and techniques adopted during the study area.

3.3.1 Household Survey

Household survey was carried out by meeting the respondent and collected information with a pretested structured questionnaire (Appendix – I) in order to collect the required data and information from the sample households and also to identify the view of local people about foreign employment and remittance in the study area.

3.3.2 Key Informants Consultation

Key informants consultation was conducted to identify the major objectives and also to identify the plan and policy to be taken to develop the condition of foreign employment and remittance to the local people. The major key informants were chairman and vice-chairman of Village Body, Teachers of schools and local leaders of major political parties, social workers, senior citizens and knowledgeable persons of the study area. Key Informants Interview was conducted with 15 participants of the study area.

3.4 Sample Selection Procedures

In the study area, there are 1794 emigrant households and total population is 8078. Among them 927 persons of 679 households are gone to foreign employment that is taken as a population of study. From 679 households, 102 households or 15.02 percent of total population were selected as sample units using proportional sampling method. In order to make the study meaningful as well as advanced in a given time period, a larger sample size is not possible. The strata are the six wards of the Village Body and the selection of sample households from each ward is made proportional to the size basis. The proportional distribution of the sample households among the six wards is as given below.

Table 3.1

Sample of the Emigrants

Ward No	Total No. of HHs	Total Population	Total No. of Emigrants HHs	Total No. of Emigrants	No. of Sampled HHs
1	217	973	71	94	11
2	258	1188	81	107	12
3	250	1113	102	157	15
4	285	1227	119	183	18
5	396	1828	155	195	23
6	388	1749	151	191	23
Total	1794	8078	679	927	102

Source: *National Population and Housing Census2011 (VDC/Municipality), TEHRATHUM, CBS, NPC, GON 2014, and Field Survey, 2018.*

3.5 Data Organization and Processing

The collected data and information were organized and processed as per to find out the answers of the given research questions that could justify the given objectives of the study.

3.6 Tools and Methods of Data Analysis

The study used a descriptive data analysis along with a simple numerical analysis by using various tools. The major tools of data analysis of the study are tables, bar diagram, and pie chart, percentage, ratio, and other simple statistical tools like average and frequency distribution. All collected data and information were processed manually.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This section provides description about the trend of remittance inflow, brief information about study area, social characteristics of the respondents, status of economic conditions, occupations that causes to seek foreign employment, medium to obtain foreign employment destination, duration of stay in abroad, income earned in abroad, system of transfer remittance, and pattern of using remittance in capital formation and other purposes.

4.1 Trend of Foreign Employment and Remittance in Nepal

The terms foreign employment and remittance of Nepal are not new terms and both of them are highly positively correlated to each other.

4.1.1 Trend of Foreign Employment of Nepal

Foreign employment in Nepal is seen with the inception of recruitment of Nepalese as Gorkha Soldiers since 1815 A. D. and it has come to the current stage. Foreign employment now is completely different from what it was in the past. Currently 700 manpower agencies involved in recruiting the Nepalese for different purpose on behalf of the companies from abroad out of which only 648 agencies are operating as per the record of Department of Labour (DoFE, 2015).

Since the beginning of 19th century, it has been seen that Nepalese laborers prefer India as a major destination for employment. This may have been due to the open border in between the two countries. The Census of India on Nepalese nationals indicate that their number has increased from 82,071 in 1951 to 1,33,524 persons in 1961 and thereby in 5,26,526 persons in 1971. The Census on 1981 showed that 66.5 percent of the absentee Nepalese in India were engaged in some kinds of services. Furthermore, 1991 Census of Nepal revealed that there were 650337 absentee populations of which 81.2 percent were in India and the rest were in other countries. This constituted around 3 percent of the active labor force (estimated in 1996 at around 11.7 million). It is unofficially estimated that almost 33 percent of the unemployed labor force are working abroad. The Nepalese going to Gulf countries and

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India for job belong to poor families comparing to those going to South East Asian countries. Poorest among the poor are left behind in the Nepalese villages. These people cannot possibly go even to India because they lack the necessary element to do so, including network, resources and risk bearing capacity. Thus, the poorest of the poor are still deprived of the direct benefits of remittance. According to NRB's study, 24 percent of the total Nepalese working was in India followed by 16.3 percent in Saudi Arabia, 6.88 percent in Qatar, 6.88 percent in South Korea, 6.88 percent in South Korea, and 5.6 percent in U.A.E. (DoFE, 2015).

The number of job aspirants in foreign land increased dramatically, especially after the restoration of democracy. The Labor Act -1985 came as a boon for facilitating foreign employment and opening up avenues for the private sector. With the enactment of Foreign Employment Act -1985 and arrangement of distributing passport to the potential migrant workers by the District Development Offices, accompanied by higher demand for labor created by the oil boom in the Gulf, the Nepalese started to migrate beyond India, particularly to the Gulf.

The total number of migrant workers (excluding those migrating to India) increased to 3806147 in first 8 months of FY 2016/2017 from 1,926 in FY 1992/93. By the end of 2007, the total number crossed one million and crossed 2 million and 3 million at the end of FY 2012/13 and FY 2014/15 respectively. The official figures of those working abroad are felt to be grossly underestimated. The official figures capture only those passing through formal procedures. In many cases, those who travel abroad for other reasons (for instance, for study) may be involved in paid employment.

The number of workers going abroad for employment has been steadily increasing as per the data provided by the Department of Labor and Employment Promotion. In FY 2014/15, FY 2015/16 and first eight months of FY 2016/17 the number of workers going overseas for employment was 512,887, 418,713 and 186166 respectively comparing 2,159 in FY 1994/95.

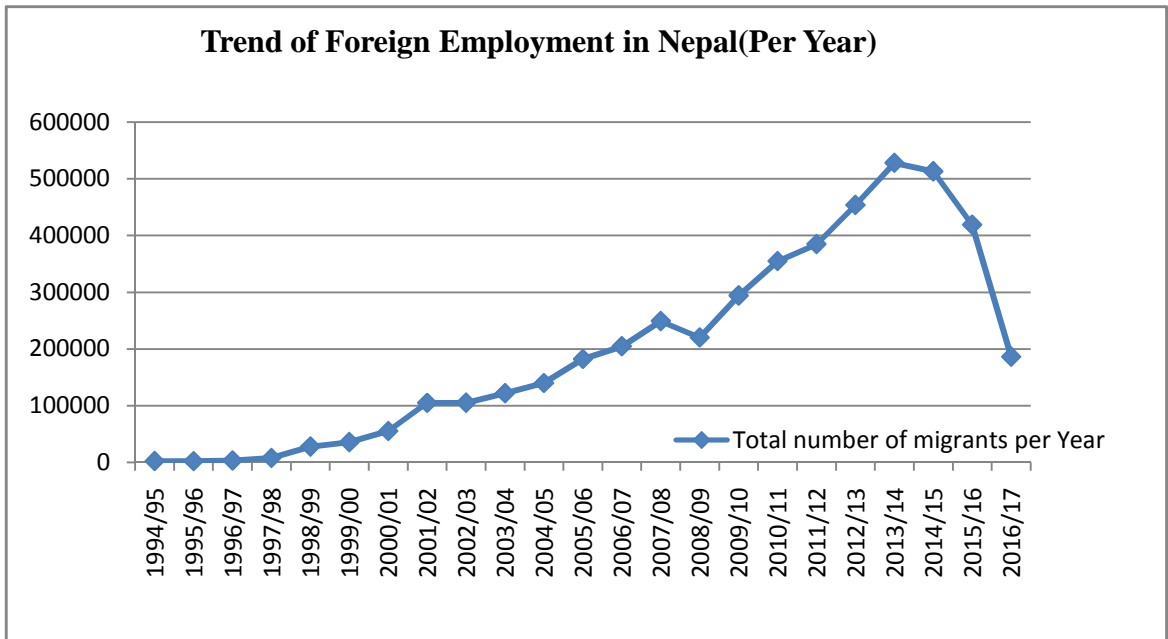
Table 4.1: Trend of Foreign Employment of Nepal

Fiscal Years	Total number of migrants	Annual Percentage Change
1994/95	2159	-
1995/96	2134	-1.16
1996/97	3259	52.72
1997/98	7745	137.65
1998/99	27796	258.89
1999/00	35543	27.87
2000/01	55025	54.81
2001/02	104739	90.35
2002/03	105055	0.30
2003/04	121769	15.91
2004/05	139696	14.72
2005/06	182043	30.31
2006/07	204533	12.35
2007/08	249051	21.77
2008/09	219965	-11.68
2009/10	294094	33.70
2010/11	354716	20.61
2011/12	384665	8.44
2012/13	453543	17.91
2013/14	527814	16.38
2014/15	512887	-2.83
2015/16	418713	-18.36
2016/17*	186166	-55.54

* First 8 months

Source: *Economic Survey 1990/91 to 2016/17 MOF, GON, Kathmandu.*

Figure 4.1: Trend of Foreign Employment in Nepal



Source: *Based on Table 4.1.*

A total of 2,723,587 labour were migrant from 2008/09 through FY 2014/15. As illustrated in table 4.1, there was a steady increase in issued permits until FY 2013/14, when the total number dipped slightly. The 2.83 percent decrease in FY 2014/15 from the 2013/14 year is attributed to the earthquake that hit Nepal in April 2015. The earthquake and subsequent aftershocks, which occurred in the last quarter of the fiscal year, disrupted all aspects of everyday life, including the operation of both government and private institutions facilitating foreign employment. After FY 2014/15 also labor migration rate decreased by 18.36 percent in FY 2015/16 and 55.54 from corresponding previous fiscal years. The cause of decrease in foreign labor migration might be generation of employment opportunities within country after earthquake disaster at the field of reconstruction with higher wage rate.

4.1.2 Country-wise Foreign Employment Scenario

Nowadays Nepali youths are attracted to foreign employment due to lack of adequate employment opportunities in the home country. The number of Nepalese workers going for foreign employment is growing every year. Based on the official and

unofficial records as of now, more than 3 million people have gone for foreign employment. As per the Nepal Living Standard Survey FY 2010/11, 56 percent families in Nepal have received remittance income. The average household remittance receipt per person comes out to Rs 9,245. The percentage share of remittance on total income of families and country's GDP is increasing. The share of remittance to household income is becoming 31 percent on FY 2014/15. A separate Foreign Employment Department has established on December 2008 which has been carrying out foreign employment related activities. It has implemented the Foreign Employment Management Information System (FEMIS) to simplify the process of work permit for foreign employment and systematize the data about foreign employment from December, 2017. A total of 186,166 workers have gone for foreign employment until the second trimester of the FY 2016-17. Of this total number, 9,335 are female and 176831 are male while this member stood as 418,713 at the end of FY 2015-16 of which 399,406 are male and 19,307 are female. To sum up the data from FY 2006/07 to second trimester of FY 2016/17, 3806147 workers have gone for foreign employment which include 3641699 are male and 164448 are female. The total number and country-wise distribution of workers gone for foreign employment is cumulatively from 2006/7 to relative FY presented in following table 4.2.

Table 4.2: Country-wise Foreign Employment Scenario from FY 2006/7 to FY 2016/17(Cumulative)

Country Area	Total No. up to FY 2011/12	Total No. up to FY 2012/13	Total No. up to FY 2013/14	Total No. up to FY 2014/15	Total No. up to FY 2015/16	Total No. up to FY 2016/17
Malaysia	477908	636120	850269	1053097	1114076	1152540
Qatar	485909	589395	718269	842637	971675	1033944
Saudi Arab	345393	442388	529264	627510	766039	809222
UAE	234336	292783	347748	401447	454240	480491
Kuwait	54716	71989	91342	101010	111059	116707
Bahrain	27405	31623	35808	39973	43119	45043
Oman	16272	20245	23680	25980	29039	30451
South Korea	15707	20147	22272	27430	34862	34909
Others	49378	55877	69729	82184	95872	102840
Total	1707024	2160567	2688381	3201268	3619981	3806147

Source: *Economic Survey, 2016/17.MOF, GON, Kathmandu.*

4.1.3 Trend of Remittance Inflow of Nepal

The official record shows a dramatic increment in the incoming remittance. Nepalese official records have shown that the total amount of remittance entered in the nation was Rs. 2128.3 million in the FY 1990/91 with 1.77 percent contribution to GDP. The Figure has highly risen particularly after FY 2000/01 and has been recorded to be Rs. 47216.1 million. In the first eight month of FY 2016/17 remittance earned and sent by migrant workers has been recorded to be Rs. 699 billion with GDP contribution 26.9 percent. Not only that, the country is having surplus in the current account despite the huge trade deficit because of rise in Remittance inflow. The remittance to GDP ratio increased from 13.8 percent in FY 2006/07 to about 25.6 percent in FY 2012/13 and further to 29.6 percent in FY 2015/16. This ratio is relatively high compared to India and other South Asian countries.

Table 4.3

Trend of Remittance in Nepal

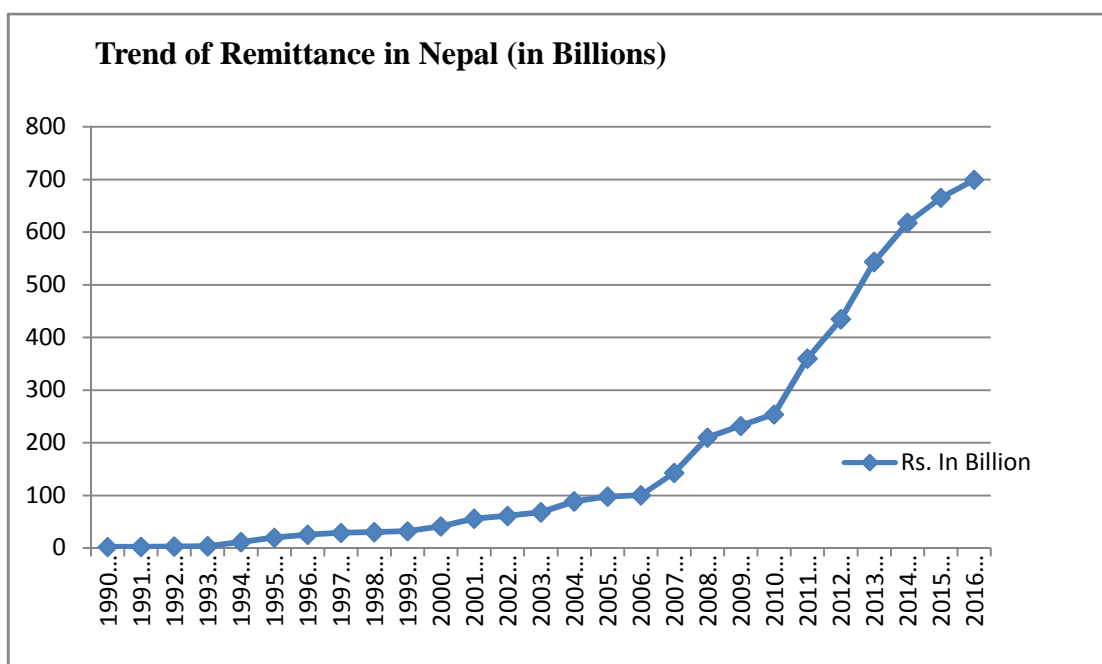
Fiscal Years	Rs. In Billion	Ratio to GDP
1990/91	2.12	1.77
1991/92	2.31	1.55
1992/93	2.99	1.75
1993/94	3.46	1.74
1994/95	11.3	2.31
1995/96	19.6	4.2
1996/97	25.3	7.4
1997/98	28.8	9.9
1998/99	30.3	11.2
1999/00	31.8	33
2000/01	41.2	21.3
2001/02	55.7	18.2
2002/03	61.0	13.4
2003/04	67.98	9.1

2004/05	88.7	11.1
2005/06	97.69	14.9
2006/07	100.1	13.8
2007/08	142.7	17.5
2008/09	209.7	21.20
2009/10	231.7	19.4
2010/11	253.6	18.5
2011/12	359.6	20.5
2012/13	434.6	25.6
2013/14	543.3	27.7
2014/15	617.3	29
2015/16	665.1	29.6
2016/17	699	26.9

Source: *Economic Survey, 1990/91 to 2016-17, MOF, GON, Kathmandu.*

Figure 4.2

Trend of Remittance in Nepal



Source: *Based on Table 4.3.*

Table 4.3 and Figure 4.2 show that total number of migrants toward foreign nation has been increasing year by year because of such a high increase in labor migration from nation growth of remittance inflow is also in increasing trend.

Table 4.3 also shows that not only the volume of remittance but also its ratio to GDP has increased. In FY 2000/01 the ratio of remittance to GDP had increased up to 10.69 percent from 1.77 percent in the year 1990/91. But in comparison of FY 2002/03 in FY 2003/04 and in comparison of FY 2005/06 in FY 2006/07, the ratio has declined. In FY 2015/16 and first eight month of FY 2016/17 ratio of remittance to GDP has reached 29.6 percent and 26.9 percent respectively. The ratio of remittance to GDP has highly increased in the nation because the increasing rate of remittance inflow is more than the increasing rate of GDP.

4.2 Introduction to the Menchhyam Village Body

Tehrathum district is an area of 679 square kilometer and its total population is 101,577 with Population density is 150 per square kilometer. Myanglung, the head quarter of this district is 655 Km east from Kathmandu. This district has 2 municipalities and 4 village municipalities. Menchhyam Village Body (Combined 3 previous VDCs Morahang, Shreejung and Pounthak) with 6 wards is situated in 18 Km north-west from district head quarter (connected by muddy road). The population of this municipality is 8078, out of them 3683(45.59%) males and 4395(54.41%) females..The literacy rate of this Village Body is 69.20%.The ethnicity of this Village Body is mixed which includes Brahmin, Kshetree, Gurung, Tamang, Sherpa, Limbu, Rai, Kami, Damai, Dashnami and others. Nepali language is the medium of general communication. Limbu, Sherpa, Tamang, Gurung language is also spoken by the people of these ethnic groups (CBS, 2011).

This Municipality is also prosperous in cultural aspect also. It has different types of Shivalaya and temples such as Gaukhuri Gupha, Gaukhuri Kirateshwar Mandir, Pathibhara, Siddheshwor sivalaya, Radha Krishna Shivalaya etc. It is also famous for Dhan Naach, Chyabrung Naach in Limbu culture, Sangini Naach and Chutka Bhajan in Chhetri Bahun and other cultural norms and values.

4.2.1 Age and Sex Composition of Menchhyam Village Body

The whole population of the Menchhyam Village Body 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 4.4 shows the age and sex composition of population.

Table 4.4
Age and Sex Composition of Menchhyam Village Body

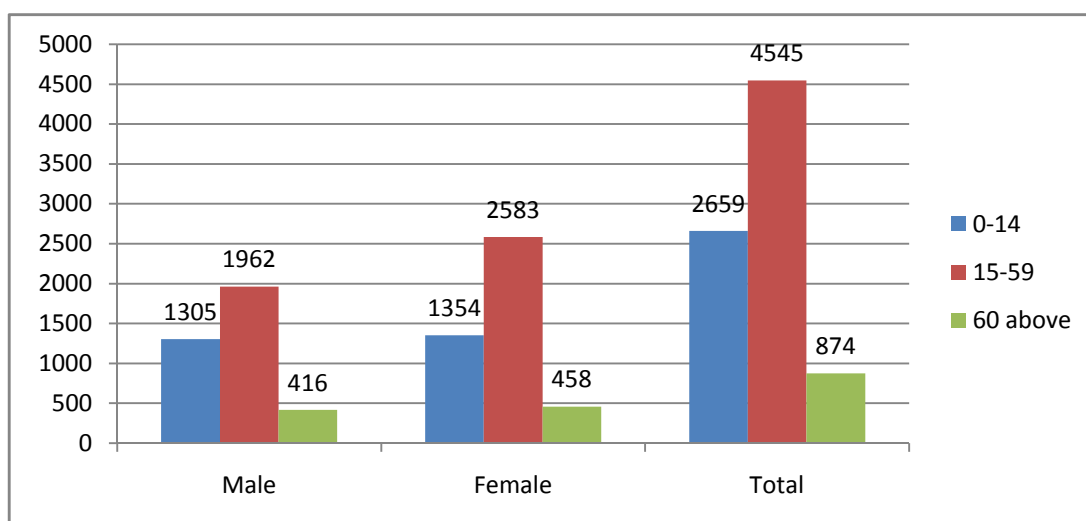
Age Group	Male	Female	Total	Percentage
0-14	1305	1354	2659	32.92
15-59	1962	2583	4545	56.26
60 above	416	458	874	10.82
Total	3,683	4,395	8,078	100.00

Source: *National Population and Housing Census, 2011(VDC/Municipality) CBS, NPC, GON.*

Table 4.4 shows that total population 8,078 and that 3,683 male and 4,395 female. In the table 32.92 percent people are in the age group 0-14. The percent of the age group 15-59 is 56.26 percent and the old group or above than 60 and above age group has only 10.82 percent. The population of dependent has 43.74 percent and independent population has 56.26 percent. Above table shows non-active population is less than active population. So, it affects the economy positively as well as other development work.

Figure 4.3

Age and Sex Composition of Menchhyam Village Body



Source: *Based on Table 4.4.*

4.2.2 Ethnic Composition of Menchhyam Village Body

In Menchhyam Village Body, various ethnic groups have been found. Table 5.1.2 shows the ethnic composition of Menchhyam Village Body Brahmin, Chhetri, Magar Sarki, Kami, Newar and other have been found in the municipality. The table 5.1.2 shows the ethnic composition of Menchhyam Village Body.

Table 4.5

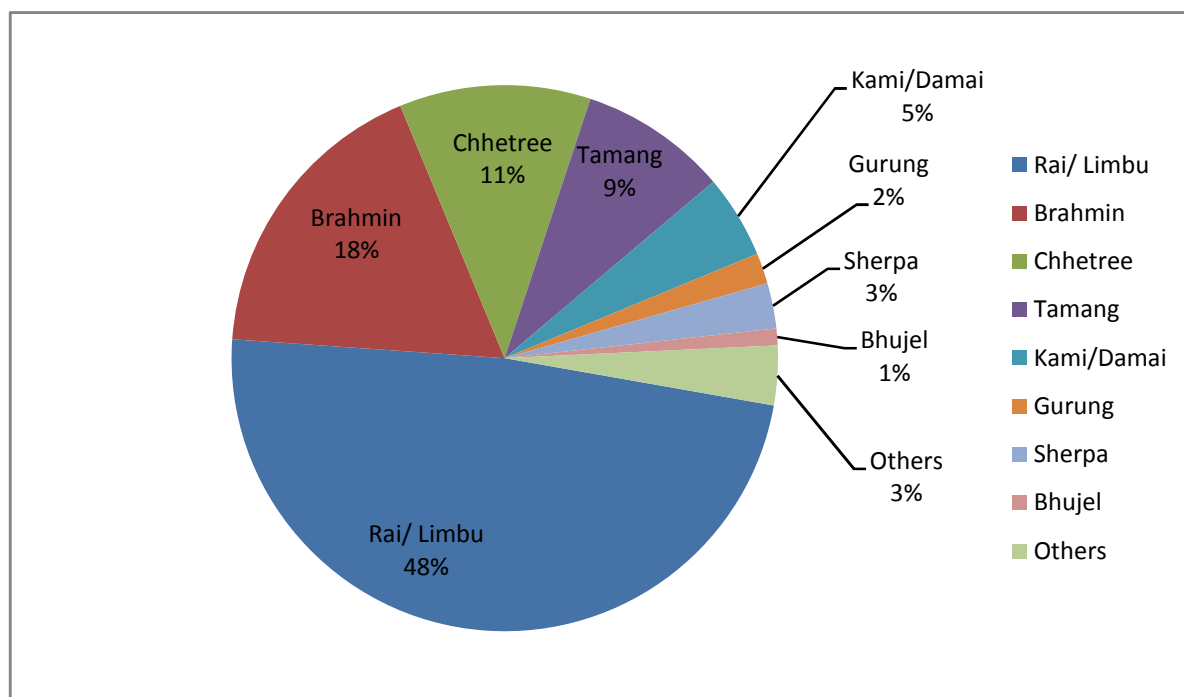
Ethnic Composition of Menchhyam Village Body

Ethnic Groups	Population	Percentage
Rai/ Limbu	3904	48.33
Brahmin	1425	17.64
Chhetree	915	11.33
Tamang	707	8.75
Kami/Damai	399	4.94
Gurung	147	1.82
Sherpa	216	2.67
Bhujel	81	1.00
Others	284	3.52
Total	8078	100.00

Source: *National Population and Housing Census, 2011(VDC/Municipality) CBS, NPC, GON.*

Table 4.4 shows Rai/Limbu has 48.33 percentages of total population .In Menchhyam Village Body, Rai/ Limbu has followed by Brahmin, Chhetree, Tamang, Dalit and others respectively.

Figure 4.4: Ethnic composition of Menchhyam Village Body



Source: *Based on Table 4.5.*

4.3 Caste-wise Distribution of the Respondents

In this section, the study categorized the foreign employment according to the caste system. The foreign employees are divided into different groups on the basis of caste system such as Brahman, Chhetri, Rai/Limbu, Dalit, Tamang and others.

Table 4.6
Caste-wise Distribution of the Respondents

Caste/Ethnics groups	No. of Respondents	Percentage
Rai/ Limbu	43	42.15
Brahmin	21	20.59
chhetree	12	11.77
Dalit	5	4.9
Tamang	9	8.82
Others	12	11.77
Total	102	100

Source: *Field Survey, 2018.*

In study area, the highest percentage of respondents is Rai/Limbu which is equal to 42.15 percent. Similarly second and third highest foreign employees are Brahman and Kshetri respectively. That is nearly 21 percent Brahmin and 12 percent Chhetree. The Percentage of Dalit, Tamang and others is 4.9, 8.82 and 11.77 respectively

4.4 Occupation of the Respondents

The occupation is one of the important reasons for migration. Underemployment and low income level encourage out migration. In the study area even though the different people are engaged in the different occupations like Agriculture, wages, Jobs (government as well as private like teaching, civil service, banking, finance, cooperatives etc.), Business and Foreign Employment etc. which are the main sources of income of the respondents family of the study area. The situation of the income depending on their sources in the sampled households is shown in the following table.

Table 4.7

Major Sources of Income of Menchhyam Village Body

Source of Income	No. of HHs	Percentage
Agriculture/Livestock	75	73.53
Labor Wage	5	4.9
Business	15	14.71
Services/Jobs	7	6.86
Total	102	100

Source: *Field Survey, 2018.*

The table 4.7 shows that most of the sampled households (nearly 74 percent) have agriculture/livestock are main source of income. Similarly, others sources of income of sampled HHs are labor wage, business and services i.e. 4.9 percent, 14.71 percent a 6.86 percent respectively.

4.5 Causes of Seeking Foreign Employment

There might 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 4.8

Causes of Seeking Foreign Employment in Menchhyam Village Body

Causes	No. of Respondents	Percentages
Unemployment/ lack of opportunity	58	56.86
Burden of Loan	25	24.54
To earn more money	7	6.86
Poor Economic Condition	12	11.74

Total	102	100.00
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Source: *Field survey, 2018.*

Table 4.8 shows that the major cause of all respondents for foreign employment is unemployment or lack of adequate employment opportunities within the country. Second cause was to debt; around 58 people out of 102 were to go to foreign employment because of unemployment and 7 people interested to earn money. 12 respondents said that poor economic condition. In field survey respondents said that they or their relatives gone abroad in the causes of unemployment, debt and to earn more money.

4.6 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 man power agencies (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them, individual contracts also play vital costs are related to 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 4.9
Medium Used to Obtain Foreign Employment

Medium	No. of Respondents	Percentage
By MPAs	72	70.58
By Individual Contacts	15	14.71
By Friend	15	14.71
Total	102	100

Source: *Field Survey, 2018.*

The Table 4.9 shows that nearly 70 percent foreign employees went to seek foreign employment through registered MPAs. 15 percent went through their own contacts

with the help of friends and relatives. It showed that majority of foreign jobs seeker use manpower agencies 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.

4.7 Status of Going Foreign Employment with Skill and Training

Training and skill is one of the most important factors for people which helps to change the attitude, develop good career, knowledge and gain new techniques and methodology that helps to find the proper better job and increases the bargaining power of employees. Skilled and trained human resource can get good job with attractive salary also. Most of the workers of foreign employment are going without training that leads to low bargaining power to employers and low level of wage. How many foreign employers are gained related training before going to abroad of study area? The result of this question given by respondents is shown in the following table.

Table 4.10

**Status of Going Foreign Employment with Skill and Training in Menchhyam
Village Body**

	No. of Respondent	Percentage
Trained Workers	10	9.8
Untrained workers	92	90.2
Total	102	100.00

Source: *Field survey 2018.*

Table 4.10 shows that very few Nepalese foreign employees get training before going abroad for employment. The field survey presents the out of 102 respondents only ten migrant workers are participated in related skill development such as driving, carpentry, security, plumbing etc. and vocational training or orientation class. This number is nearly 10 percent out of total migrant workers. On the other hand remaining 92 or about 90 percent Nepalese foreign job seekers are gone abroad without any vocational training and orientation class. This result of this Village Body is nearly similar to the national figure also.

4.8 Destination of Nepalese Foreign Employers in Different Countries

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, so they can get employment in gulf countries, Saudi Arabia and Malaysia because there is high demand of semi-skilled and unskilled labor force from developing countries like Nepal. Nearly 15 lakhs Nepalese unskilled and semi-skilled workers have gone in gulf countries. The destination of employment may reflect their level of skill and income. So the destination was considered as important factor to study the foreign employment. The information obtained in the interview is presented in the following table:

Table 4.11

Destination of the Foreign Employment in Menchhyam Village Body

Countries	No. of Respondents	Percentages
Malaysia	21	20.59
Qatar	26	25.49
Saudi Arab	19	18.63
UAE	20	19.61
South Korea	7	6.86
Others	9	8.82
Total	102	100.00

Source: *Field survey 2018.*

Table 4.11 shows that the highest number of workers is worked in Qatar which is equal to 26 out of 102 samples and it covered about nearly 25.5 percent. Similarly the second largest numbers workers are worked in Malaysia which is equal to nearly 21 percent which is less than Qatar. In the same way, third, fourth and fifth attractive destination countries of foreign workers are Saudi Arab, UAE and South Korea respectively. At last others countries includes UK, India, American countries, European countries as well as Japan and so on.

It is clear that, most of the unskilled Nepalese workers have gone in Gulf country for foreign employment. So, the main destination countries are Gulf country for the foreign employment from the study area. Malaysia has been taken the higher share a percent for foreign employment in past years in national context but from FY 2015/16, the percentage of employment seekers of Malaysia and attraction of Malaysia to Nepali workers is slowly going down.

4.9 Cost Paid for Foreign Employment

Basically cost for foreign employment includes expenses about obtaining passport, medical checkup charges, commission of manpower agency, air fare, Visa expenditure and other expanses that include internal traveling cost, supported cost, buying personal used goods and so on. The country-wise average cost of going abroad for employment as well as minimum and maximum range of expenditure are shown in table below.

Table 4.12
Monetary Cost of Foreign Employment

Countries	No. of Respondent	Range of Cost		Average
		Minimum	Maximum	
Malaysia	21	50000	120000	85000
Qatar	26	35000	130000	82500
Saudi Arab	19	50000	130000	90000
UAE	20	80000	250000	165000
South Korea	7	80000	90000	85000
Others	9	200000	250000	225000
Total	102	495000	970000	732500
Average		82500	161666.67	122083.33

Source: *Field survey, 2018.*

Table 4.12 shows that expenditure for foreign employment includes payment on different utilities like passport, manpower companies, preparation etc. From the table

the maximum range paid by the foreign employment who go for foreign employment out of Gulf countries like Japan, European countries and so on. The number of these workers is less than the workers who go to the Gulf countries to earn money but the cost paid is seems a bit high of them. In the context of gulf countries including UAE, there is not seem to free visa- free ticket policy to 7 countries. Not only that, there is not seen to follow the government rule about the service charge determined by the government NRs. 10,000 but manpower agencies are still exploiting the workers by taking more than 8 times commission as foreign employment service charges.

4.10 Agreement and Receiving Salary

Government of Nepal has determined minimum basic salary scale in many countries but somewhere and some time Nepalese migrant workers are compelled to receive salary less than basic level less than agreement. This section shows the present situation of agreement salary before going foreign employment and really received salary in work place. In the following table has analyzed the situation of agreement and receiving salary in aboard of the study area.

Table 4.13
Agreement and Receiving Salary in Different Country

Countries	No. of Respondents	No. of Workers Receiving Salary with Agreement	No. of Workers Receiving Salary below Agreement	Percentage of Workers Receiving Salary below Agreement (%)
Malaysia	21	8	13	61.90
Qatar	26	8	18	69.23
Saudi Arab	19	7	12	63.16
UAE	20	15	5	25
South Korea	7	7	0	0
Others	9	7	2	22.22
Total	102	52	50	49.01

Source: *Field survey, 2018.*

Table 4.13 shows that on an average about 50 percent Nepalese foreign employees receive salary below agreement before going foreign employment of the study area that means only 47 workers of total 102 workers are getting salary according to

agreement in work place. All Nepalese workers are received salary according to agreement in South Korea because of workers go there by EPS (employment permit System). From table, the high percentage of workers in Qatar receives employee compensation below agreement which is equal to approximately 70 percent and same result found in Saudi-Arabia also. Similarly, nearly 61, 25 and 22 percent workers get salary less than agreement in Malaysia, UAE and Other countries respectively.

4.11 Sources of Financing

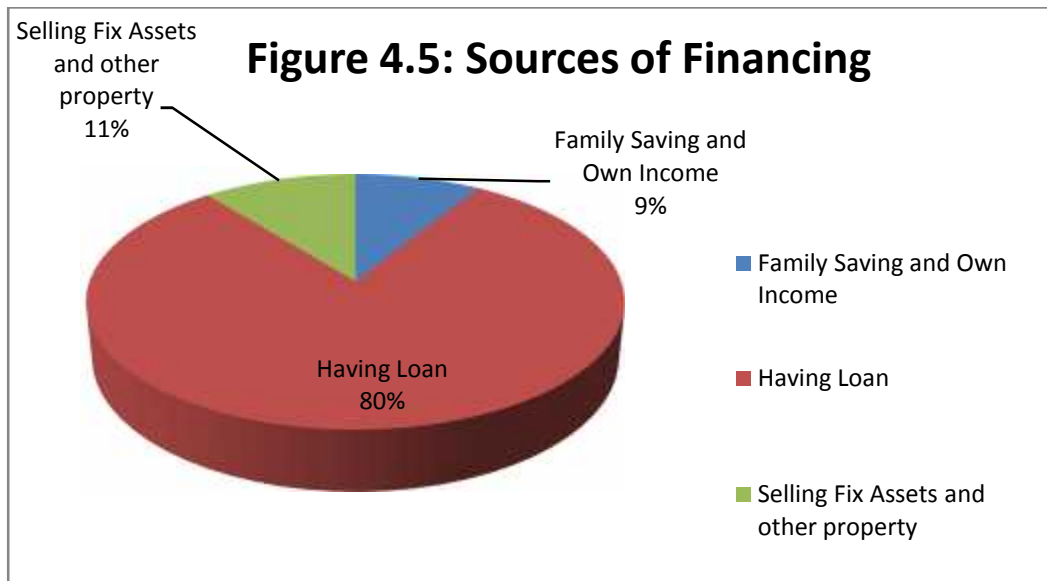
Nepalese people who want to go for foreign employment use several sources of financing such as Loan, own income, borrowing from friends and relatives, selling land property or other fix assets and so on. Here loan is categorized in two sources, one is organized sources and another is unorganized sources. To find out of 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 4.14

Sources of Financing for Foreign Employment in Menchhyam Village Body

Sources of Financing	No. of Respondent	Percent
Family Saving and Own Income	9	8.83
Having Loan	82	80.39
Selling Fix Assets and other property	11	10.78
Total	102	100.00

Source: *Field Survey, 2018.*



Source: *Based on Table 4.14.*

Table 4.14 and figure 4.5 illustrates more than 80 percent person borrowed loan to pay the cost of foreign employment, 11 persons or 11 percent sales of land to pay the cost. Only 9 people or nearly 9 percent went foreign country by contribution of their internal family savings or their own income sources. This shows that the cost of foreign employment is financed by borrowing, sale of land or other properties by most of the people and less of family saving. In the context of Nepal, still most of the people in rural area have not access to formal modern banking services such as saving, loan and other services. This situation has also shown in field survey because most of the respondents say that they take loan from neighbors and rich people in the study area.

4.12 Types of Jobs and Duration of Stay in Foreign Employment

Due to lack of skill or low level of skill or less competitiveness of Nepalese workers in international market, most of them get employment in manual job. To find out the types jobs performed the respondents were asked to give the type of work they did while begin employed in foreign country which is categorized into six types, they are agriculture, industrial, construction, business, driving and others.

Duration of foreign stay of foreign workers depends upon availability of work, facilities provided by company, salary, health of workers, visa permit date, household urgency and another several reasons. Sometimes the respondents return their home before the agreement date due to inferior type of job, low salary and family affairs

such as death of any family members, sickness and their own bad health and also the duration of foreign stay the respondents were asked to provide their length of stay. The results of both the types of job performed and the duration of stay in the foreign employment are summarized in the following table.

Table 4.15
Types of Jobs and Duration of stay in Foreign Employment

Types of Job	No. of Respondent	Percentage	Average Stay in Years
Agriculture	10	9.8	2
Industrial	21	20.59	3.2
Construction	48	47.06	2.8
Business	7	6.86	3.2
Driving	15	14.71	3
Others	11	10.78	3
Total	102	100	2.86

Source: *Field Survey, 2018.*

Table 4.15 presents that the job category and stay duration of foreign employment in foreign country that majority of respondents go to employment for the construction i.e. 48 out of 102 respondents, nearly 10 percent for agriculture, 20.59 percent for industrial, 6.86 percent for business, 14.71 percent for driving and only 10.78 percent for others (cleaners, carpenters, security guard etc.) like ways average stay duration is 2.8, 2, 3.2, 3.2, 3 and 3 respectively. This table cleared us that most of the migrated respondents were unskilled and the majority of people work for construction with low paid salary and majority of respondent stay for long time duration in business occupation.

4.13 Channels of Remittance Transfer

Income transfer depends in the availability means of transfer institution and facilities and their reliability .Formal channel used in bank, money transfer agencies (IME, Himal Remit, Prabhu Money Transfer, Western Union, City express etc.) etc. Uses of

informal channels are Hundi, friend, relatives and or bringing back by own self. For finding out the channel used the respondents 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.4.16
Channels Used to Transfer Remittance by Foreign Employer

Mean of Receiving Remittance	No. of Respondent	Percentage
Bank/ Money Transfer companies	84	82.35
Friends	10	9.8
<i>Hundi</i>	8	7.84
Total	102	100

Source: *Field Survey, 2018.*

Table 4.16 shows that 84 out of 102 or 82.35 percent respondents used Bank/ Money Transfer companies or formal institution to send remittance income. 7.84 percent respondents used *Hundi*. Most of the respondents send money from formal channel because of safety and fast medium of send money all over the world. Due to increase in banking knowledge, awareness and accessibility of banking services, more respondents used banking system.

4.14 Amount of Remittance

It is clear that unemployment is the main causes of poverty in any state and unemployment plays the vital role of migration from their native palace to the another places. This study got different income level in abroad and remittance also depends on that. This can be shown in the following table.

Table 4.17
Amount of Remittance

Income Class (Rs in Thousands)	No. of Respondent	Percentage
Up to 20	5	4.90
20-40	46	45.10
40-60	20	19.61
60-80	9	8.82
80-100	12	11.76
More than 100	10	9.80
Total	102	100

Source: *Field Survey, 2018.*

Table 4.17 shows the monthly remittance inflow from foreign employment in the study area. Among 102 respondents, 5 respondents send money less than 20 thousand, 46 or nearly 45 percent send 20-40 thousand, 19.61 percent send 40-60 thousand, 8.82 percent send 60-80 thousand, 11.76 percent send 80-100 thousand and 10 percent respondents send more than one lakh per month.

4.15 Utilization Pattern of Remittance

It is clear that remittances are crucial in reducing the poverty headcount ratio and fostering development. The utilization of remittance depends on the priority of the individuals on different uses, the size of the remittance, the time of availability, opportunity for investment and several other factors. Most of the employees go for foreign country due to unemployment and poverty at home and debt problem is the consequence of poverty and unemployment. Generally the earnings made by them are used for loan repayment first because the cost of foreign employment is managed 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 earning in more than one use. Based on the

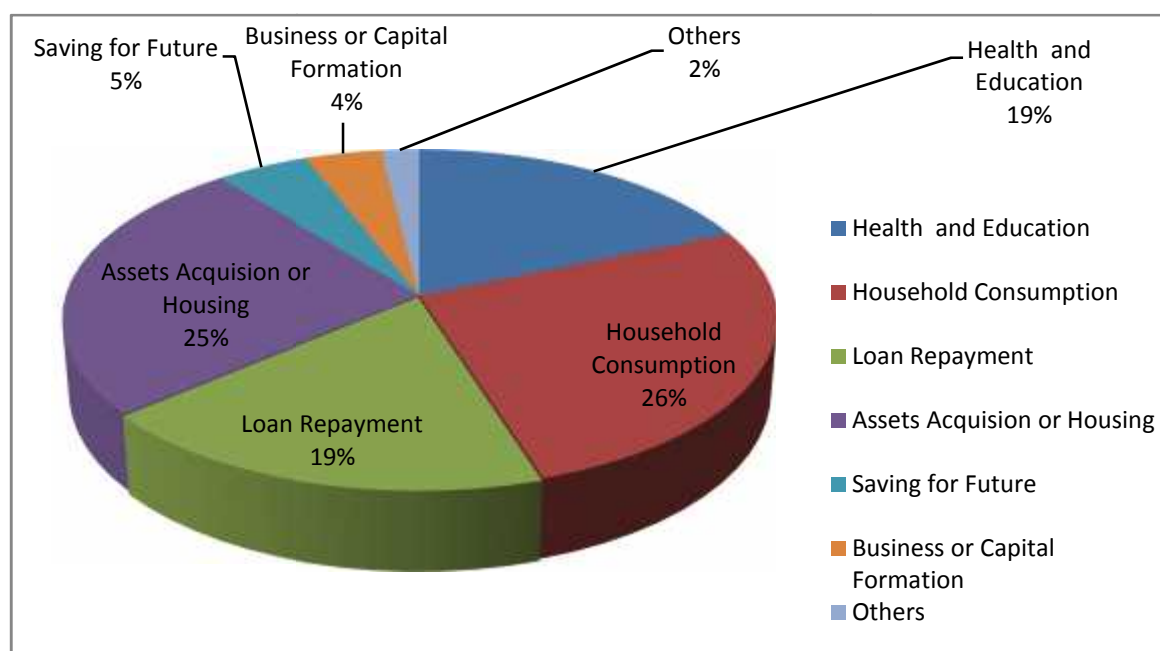
household survey conducted for the purpose of this study, this section analyses the use of remittances, looking what portion of remittance was used in different sector illustrated in following table which has very important role in the sense of the main research concern.

Table 4.18
Utilization of Remittance in Menchhyam Village Body

Purposes	No. of Respondents	Percentage
Health and Education	19	18.63
Household Consumption	27	26.47
Loan Repayment	19	18.63
Assets Acquisition or Housing	26	25.49
Saving for Future	5	4.90
Business or Capital Formation	4	3.92
Others	2	1.96
Total	102	100

Source: *Field Survey, 2018.*

Figure 4.6: Utilization of Remittance in Menchhyam Village Body



Source: *Based on Table 4.18*

. Table 4.18 and figure 4.6 show that the major portion of the remittance is spend on the consumption (26%) (that includes food and non food consumption or expenses on durable goods also), health and education (19%), saving for future(5%), repayment of loan(19%) which was previously taken for financing, assets acquisition or housing (15.37%) such as building houses, purchasing land or houses mainly urban area. This table also shows the fact that there is very few amount (4%) of the remittance have been used on business capital formation.

It is clear that utilization less portion of the remittance on business or productive sector is really alarming for the students of the economics in the sense that these people will have no further way of sustaining their lives and what will be the condition they will have faced after returning back the foreign employee permanently by the lack of alternative income generating sectors at home. From the sustainability of lifestyle perspective, this question has alarmed to the stakeholders. But, expenditure on health and education is an investment on human capital formation which raises the productivity and income earning capacity of people and this will give benefit in the long run. Spending on property acquisition is also investment in study area also because money spent on the land in urban area gives much more return in short run and they feel secured and socially standard. Who have land and house in urban area basically Itahari, Dharan, Biratnagar and other places, banks and other financial institutions and money lenders easily trust to provide loan to provide they demand and the price of land is also becomes more expensive in day by day. Other reasons of respondents not to utilize remittance income in productive sectors are; lack of proper opportunities to utilize skills gained in foreign employment, lack of business friendly environment and lack of proper market and weak level of infrastructure in study area. There is no uniformity in the opinion of the non-utilization of the remittance.

4.16 Changes in Status of Household Economy Due to Foreign Employment

It is believed that remittance income from foreign employment will improve the household economy of the employee. This section presents the summary of the own judgment about economic status, living standard and social well-being based on the

asked questionnaires. The view of the respondents has found out by indirectly asking about quality goods consumption pattern, previous loan settlement, insurance, saving for future, investment money, purchase land or build new house participation in social activities and so on. The answer given by them is presented in the following table.

Table: 4 .19
Frequency Distribution of Change in Different Indicators of the Respondents

Indicators	Increased		Remained same		Total
	No. of Respondents	Percent	No. of Respondents	Percent	
Economic status	95	93.1	7	6.9	102 (100%)
Standard of living	92	90.2	10	9.8	102 (100%)
Social status and attitude	90	88.2	12	11.8%	102 (100%)
Skills and Knowledge Level	25	24.5%	77	75.5%	102 (100%)

Source: *Field Survey, 2018*

Table 4.19 shows that the remittance has caused so many changes in the households. The responses of respondents showed that 93.1 percent of the respondents are able to improve their economic status and rest of 6.9 percent or 7 respondents have remained same. In the same way portion of respondents which have improved social status and attitude, living standard and level of knowledge and skill has positively improved 90, 92 and 25 percent respectively and rest of them has been remained same.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The current status of Nepalese economy is characterized by underutilized natural resources, miserable, backward or subsistence level of agriculture, huge trade deficit, high unemployment rate, mass poverty, illiteracy and so on. Although agriculture is the main occupation of two third of total population, no scientific methods of agriculture have yet been implemented. The natural resources available here have remained un-utilized or underutilized due to many reasons.

Human resource is also another important economic resource of Nepal. It has 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. 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 efficiently building. Currently demand for the Nepalese workers is conspicuously high especially in Gulf countries, Malaysia, South Korea and many others countries in the world. Unfortunately Nepal lacks appropriately utilization of human resources to meet domestic as well as global requirements.

Over the years, the demand for Nepalese workers in the global labor market especially in the gulf countries, Malaysia, South Korea, Qatar, Saudi Arabia and India tremendously increased, for they available at a relatively low wage rate and they are appraised for honesty and dedication to their work. However GON lacks policy to plan, development and efficiently utilize manpower 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 human resource of the country.

Foreign employment is the process of migration from one place to another or one country to another country. Due to lack of employment opportunities inside the country every year a large number of people have been gone to different countries in search of education, health services, good living standards and social security.

Remittance is defined as the money received by the country from the foreign employment. The official record shows a dramatic increment in the incoming remittance in every foreign employee's countries. The country with widening export import gap and mounting burden of debts servicing, it appears that remittance is saving the country from the balance of payment crisis.

Foreign employment in Nepal is seen to have been established with the inception of recruitment of Nepalese as Gorkha soldiers in 1815 AD, till it has come to current stage. Every day, approximately 1,500 people are going foreign country for employment. Personally 167 countries and institutionally 110 countries are opened for foreign employment for Nepal and Nepalese people (MOF, 2017). The data of Economic Survey, FY 2016/17 showed that from FY 2006/07 to second trimester of FY 2016/17, 3,806,147 workers have gone for foreign employment which includes 3,641,699 male and 164,448 are female.

As per the Nepal Living Standard Survey 2011/12, 56 percent families in Nepal have received remittance income in one year. The share of remittance in total income of families is on increase. The share of remittance to household income in FY 1995/96 was 27 percent, which has gone up to 31 percent by FY 2014/15.

The average income transfer in the form of remittance is Rs 80, 436 (in nominal terms) per recipient household. Per capital nominal remittance when the whole population is considered stands at NRs 9,245. NLSS III estimates that total amount of remittances in the country at NRs 259 billion in nominal terms. Internal source account for 20 percent for this amount, Gulf countries (especially Saudi Arabia and Qatar) together account for 26 percent, Malaysia 8 percent, India 11 percent, and the remaining 35 percent is accounted for other countries.

Major Findings of the research study are as follows:

- J The share of remittances in the National GDP soared from 13.8 percent in FY 2006/07 to 26.9 percent in FY 2016/17. The increasing volume of remittances and its contribution to the national economy in the recent years is reflected in the increasing remittance to GDP ratio (Figure 4). The remittance to GDP ratio increased from 13.8 percent in FY 2006/07 to about 25.6 percent in FY 2012/13, 29.6 percent in FY 2015/16 and further to 26.9 percent in FY 2016/17.
- J Out of total foreign employment only 102 HHs were taken as sampled households; out of them majority of foreign employees have sampled households (nearly 74 percent) have agriculture/livestock as main source of income. Similarly, other sources of income of sampled HHs are labor wage, business and services i.e. 4.9 percent, 14.71 percent and 6.86 percent respectively.
- J The major cause of respondents for foreign employment is unemployment or lack of adequate employment opportunities within the country. Second cause was to debt; around 58 people out of 102 went to foreign employment because of unemployment and 7 people interested to earn money. 12 respondents said that poor economic condition. In field survey respondents said that they or their relatives went abroad in the causes of unemployment, debt and to earn more money.
- J 70.58 percent foreign employees went to seek foreign employment through registered MPAs. 15 percent went through their own contacts with the help of friends and relatives. It showed that majority of foreign job seekers use manpower agencies as a medium to find the job. Some use their friends and relatives as medium and very few choose local agents of gulf firms.
- J Only 10 percent of total migrant workers got training before going abroad i.e. 9 percent and 90 percent Nepalese foreign job seekers have gone abroad without any vocational training and orientation class. This result of this village municipality is nearly similar to the national figure also.

- J In the context of gulf countries including UAE, there is not seem to free visa-free ticket policy to 7 countries. Not only , there is not seen to follow the government rule about the service charge determined by the government NRs. 10,000 but manpower agencies are still exploiting the workers by taking on average NRs. 80,000 more amount as commission as foreign employment service charges.
- J On an average about 50 percent Nepalese foreign employees of mainly gulf and other countries except South Korea receive salary below agreement before going foreign employment of the study area.
- J The most of the people go for foreign employment through their having loan i.e. viewed by 80.39 percent of a total respondents and 10.78 percent by selling fix assets and other property, 8.83 percent with family saving and with their own income. This shows that the main financing for foreign employment is having loan and selling fixed assets.
- J The majority of respondents go to employment for the construction i.e. 48 out of 102 respondents, nearly 10 percent for agriculture, 20.59 percent for industrial, 6.86 percent for business, 14.71 percent for driving and only 10.78 percent for others (cleaners, carpenters, security guard etc.) like ways average stay duration is 2.8years, 2 years, 3.2 years, and 3 years respectively.
- J 82.35 percent respondents used Bank/ Money Transfer companies or formal institution to send remittance income. 7.84 percent respondents used Hundi. Most of the respondents send money from formal channel because of safety and fast medium of send money all over the world. Due to increase in banking knowledge, awareness and accessibility of banking services, more respondents used banking system.
- J Major portion of the remittance is spend on the consumption (26%) (that includes food and non food consumption or expenses on durable goods also), health and education (19%), saving for future(5%), repayment of loan(19%) which was previously taken for financing, assets acquisition or housing (15.37%) such as building houses, purchasing land or houses mainly urban area. This table also shows the fact that there is very few amount (4%) of the remittance have been used on business capital formation.

) Utilization less portion of the remittance on business or productive sector is really alarming for the students of the economics in the sense that these people will have no further way of sustaining their lives and what will be the condition they will have faced after returning back the foreign employee permanently by the lack of alternative income generating sectors at home. From the sustainability of lifestyle perspective, this question has alarmed to the stakeholders.

5.2 Conclusions

Based on the study carried out around the Menchhyam Village Municipality, it is concluded that, the growing trend of remittances inflow worldwide has drawn attention of both academia and policymakers in recent years. Remittance is now emerging as one of most significant and reliable sources of external finances and balancing foreign exchange reserve for many developing countries. Not only in the macro levels has contribution of remittances been direct and stabilize in migrant sending households in micro-level as well. A significant number of people in developing countries are receiving remittance and spending in health, education and day-to-day consumption reduction of massive level of absolute poverty also.

The advantage of foreign workers goes beyond the immediate monetary gains. The returning employers increase the social capital through exposure to new technology, ideas, languages and people and produce intangible but important benefits to societies. Remittance money represents the most essential of family values, hard work, thrift, sacrifice and hope for effective use of Remittance money which were lacking during the field survey conducted at various places.

International labor migration mostly in Gulf countries, Malaysia and south Asian and European countries is a new phenomenon of migration. In the context of Nepal, it has been increased from the period of armed conflict in Nepal. Bitterly, it is important to note that from foreign employment, Nepal has not only receiving remittance income; it has making the most of the rural areas of the country with youth less and teeth less people which leads to decrease agricultural product and slowly and gradually it has been transforming the Nepalese economy from agriculture based to remittance based economy.

Still Nepal is staying the unskilled and untrained cheap labor exporting country which leads to less bargaining power, low salary and less competitiveness of Nepalese labor in international market and finally it affects small volume of remittance inflow. This implies that Nepal has beautiful opportunity to increase remittance inflow by supplying competitive, trained and capable labor force in international market by increasing investment from government and private sector to technical training and education to migrant workers which have dual benefit to home country. First, it increases remittance and second, it develops capable human capital also.

Manpower agencies are almost unfair about their business dealing with the workers and their professionalism is questionable. GoN has declared free visa free ticket for 7 higher Nepalese labor migrating countries 0but the implementation of it is not seen. MPAs are still exploiting migrant workers taking huge amount of money to go for free visa- free ticket declared country. The role of civil society and government organizations is also found ineffective to address the issues of potential labor migrants in home country as well as in the country of destination.

5.3 Recommendations

From the study about the foreign employment and remittance in the study area, some recommendations are made as follows:

- i) Remittance plays positive role to save the economy from the balance of payment crisis but it is not the ultimate solution to reduce unemployment problems. So the government of Nepal should conscious to provide job opportunities inside the country and should seek possible sectors to mobilize the manpower of the country.
- ii) Nepalese economy has received a large amount of remittance, but remittances are still being transferred through informal channels. Formal channels should be promoted. At least one formal institution must be established to facilitate transfer remittance in each destination.
- iii) Most of the respondents of this study area have gone to foreign employment in unskilled condition. So they cannot earn more income than skilled workers. So, the technical training institution should be established in rural areas and a person who wants to go to the foreign employment, should be given training related to

the work has to be done in abroad and also the language of the migrating country before going to foreign employment.

- iv) Most of the respondents had not utilized their remittance and newly learnt skills from abroad productive and capital formation sectors when they came back home because of lack of technology, lack of investment friendly environment, poor development of agriculture, non-availability of sizable investment funds and lack of market, etc. So the policy should make to solve the conflict situation, create a good environment and provided sufficient technology as well as market and the GON should play the role of facilitator for all the investors and the workers.
- v) Surely remittance income is playing a very positive role to reduce rural poverty of the study area and also it is improving the social as well as other economic indicators of this study area but this is not satisfactory. The maximum part of the remittance income has been used in unproductive sectors like regular household expenses, loan payment, house improvement and social spending, etc. This doesn't give any return in the future. Thus, the policy should be made to give more information to the respondents on using their remittance income into productive sectors like investment in Shares, Business, etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.
- vi) Financial literacy programs could be effect tool to aware the migrants and family members of migrants of foreign employment for utilizing remittance in productive sector by guiding them to minimize the remittance based consumption pattern and entrepreneurship.
- vii) The concept of economic diplomacy should be implemented from the government of Nepal to increase the demand of Nepalese labor in the foreign labor market.
- viii) The Bilateral Agreement should be done from the executive level with all the labor importing countries. Bilateral agreement has been done with only 6 labor importing countries including United Arab Emirates, Qatar, Israel, Japan, Bahrain, Jordan and Korea. It might the best examples of the positive impact of the agreement and helpful to protect the right and facilities of Nepalese labors in employing countries.

- ix) The labor desk should be established in the airports of labor migrating countries to help the Nepalese labor in various problems.
- x) The concept of labor attached should be implemented in every embassy. So that, all the problems of migrated labors can be solved from the different desk.
- xi) Different incentives should be provided by the government level as well as from the private sectors for encouraging the people to remit earned money through the formal channels.

Finally, this case study of foreign employment and remittance inflow in Menchhyam Village Municipality which is very current issue of the study area, therefore this study is very significant, while the study is concluded in small size and may not be sufficient to make general conclusions for the whole nation about the role of remittance income and labor migration. I am confident and hopeful that it will be certainly beneficial to the people of Menchhyam Village Municipality as a whole and side by side for the people of other local governments of the entire country.

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APPENDIX

UTILIZATION OF REMITTANCE ON CAPITAL FORMATION

(A CASE STUDY OF MENCHHYAM VILLAGE BODY, TEHRATHUM, NEPAL)

Questionnaire for Returnees of House hold head in case of absence of Employee

1. Background information

Background Information of

Of Interviewer

Person who went abroad for job:

A) Name Title:

a) Name Title:

b) Age:

b) Age:

c) Education:

c) Education:

2. Family back ground:

No.	Name, Title	Age	Sex	Education	Profession	Marital status	Remark
1							
2							
3							
4							
5							

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 earn high amount of money
- d) Not appropriate environment to seat in the country due to the country
- 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 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 media to send money, which are the media that you used?

S.N	Media	Sent Money (in Amount)
1	From Bank	
2	From Hundi	
3	Brought friends/Relative	
4	Brought with yourself	
Total		

11. In which sectors have you utilized your remittance income?

Headings

An Average amount annually (In Rs)

- a) House hold consumption
- b) Education
- c) Debt repayment

- d) To purchases land and real estate
- e) Investment in Agricultural and livestock's

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 yes, what sort of skill did you learn/ gain?

- a) By Institution
- b) By friend/own self
- c) Others

15. What about you're per month income according to time work done in foreign country? (In Nepali Rs. Equivalent)

16. Did you get salary as the agreement or below agreement?

- a) as agreement b) below agreement

17. What about opportunity to invest in indigenous country?

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

If not, Why?

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

- a) Yes b) No

If yes, what sorts of organization are there?

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

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

20. 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
c) Others

21. Have you receive salary in destination country with agreement in Manpower Company? (If you receive salary below the agreement, tick 'No'. If you receive salary equal or above agreement, tick 'Yes'.)

- a) No
b) Yes

