

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Nepal, recognized by most of us as "naturally god gifted country" so it is rich for nature although it also recognized by most of us as "one of the poorest country" has so many reasons to be called so. Its per capital income is \$ 721 among the lowest in the world, it has poor industrial base. Agricultural production is lagging behind population growth, with 1.35 percent growth rate of population (CBS, 2011). Because of this reasons, young generation are attracted towards the foreign employment which has benefited them by raising their living standard.

Nepalese economy has been suffering from the low level of equilibrium trap surrounded by poverty. The economy is still facing the problem of political instability and country is in underway for economic development. Therefore, in the recent year, thousands of Nepalese people are migrating abroad and remittances is becoming strong pillar for their livelihood.

With the flow of time and innovations in easy air travel, communication and improve productivity, migration was not necessarily a 'permanent relocation'. By working in a factory thousands of miles away, now a 'migrant worker' can send money back to his family in the remote hills of the country and also return for a reunion during holidays foreign migration and employment become major sources of national income for many developing countries.

In the Nepalese context working abroad started from 19th century. It has been nearly 200 years Nepalese began seeking work outside the country. Nepalese better Gorkhali were good Lahures and the then King of Nepal received royalties of their services. Hundreds of thousands Nepalese are spread over the world, to serve their master and that very remittances is the sources of incoming money. This tradition has continued to the present day in the British and then after 1947, in the India army as well. Till

1971, 'the earning of British Gurkhas were the highest sources of foreign currency for Nepal (Dhital, 2007).

Nowadays Nepalese are going abroad not only the armed force but are also spread all over the world for employment (work). Although Nepalese has opened 108 countries for Nepalese workers, there is an estimated half a million to 7000,000 mostly unskilled and semi-skilled Nepalese working in the Arabian Gulf. Although they have now started going in the large number of other regions as well, the Gulf region has more Nepalese workers than anywhere else in the world. Among the number of Nepalese workers in foreign countries 24 percent are in India, 16.3 percent in Saudi Arabia, 6.88 percent in Qatar, South Korea and U.K. 5.6 percent in UAE and 1.5 percent in Japan, Malaysia, Germany and United States (Dhital, 2007).

Remittance inflow which had amounted to Rs. 34.14 billion during 2011/12 rose by 38.42 billion during the last period of FY 2013/14, over the similar period in the previous period. The balance of payment witnessed a surplus of Rs. 13.27 billion in the FY 2012/13 with comparison to the surplus Rs. 7.90 billion during FY 2011/12 consequently total foreign exchange reserve increased by 20.2 percent from 365.13 billion in mid July 2013 to Rs. 481.98 billion in mid-march 2014, At the prevailing import trend. This reserve level would be sufficient to finance imports for 11.3 months and services imports for 9 months (MOF, 2014).

Remittances has become the second largest capital flow behind Foreign Direct Investment (FDI) and a head of overseas development assistance to developing countries. Hence, now a day around 23 percent of the total amount contribution on GDP by the remittances. It has not only helped lessen the impact of growing unemployment problem. Also continues to inject much needed cash into the economy. It has also been propping up foreign exchange reserve, helping the country, avoid the major balance of payment crisis. The central bank has said that all most two third of the budget is coming in as remittances every year.

In Nepal, remittances has emerged as one of the premier source of foreign exchange, and has becoming important source to support for family members remaining at home.

It has been already demonstrated that remittances sent by the migrants' workers is an effective tool for poverty reduction. Though foreign employment is boon to the economy, the facilities are inadequate to back up the increasing trend of migration on jobs abroad, lack of assurance of safe working environment and right of the migrant workers are the other constraints for boosting foreign employment and remittances.

Thus the Scenario clarifies that remittances are the potential sources of fund for increasing household income and the largest sources of external finance developing world like Nepal.

The major reasons for out-migration from Nepal include education and work. Typically, education related out-migration occurs from the relatively wealthy households and the work related out-migration happens from the relatively less wealthy households. The major destinations are the US, Australia, the UK, Canada and other European countries. The work related migration destinations are India, the Middle East and East Asia.

1.2 Statement of the Problem

Rapidly increasing population, very slow industrialization process and frequent Bandha and Strikes due to political instability have been narrowing down employment opportunities in Nepal. Unemployment is one of the most challenging problems of our country. So the numbers of Nepalese people were wanted to go abroad. Because of this there is a big jump in remittances income in the country which has helped to boost the country's overall Balance of Payment (BOP). In this sense it is said that Nepalese economy is based on the remittances Business. It is the second source, after the agriculture, which plays the vital role in GDP. Remittance can contribute for the economic development if it is mostly mobilized in productive fields.

Most of the remittances income is being used in unproductive sector like real estate, luxurious consumption items etc. This has reduced the productive base of the country and therefore the economy of the country will be very vulnerable towards external shocks and become depended towards external factor in future.

Migration and its outcome remittance have large benefits to receiving country in national as well as in household level. There is growing evidence that remittances have reduced poverty in serve developing countries. However as important discussion regarding remittance in a country like Nepal is do the amount of money received as remittances are use for investment with long benefits like human capital formulation or they used for household consumption.

Information is lacking in each and every step for potential labor migrants. Most of they are no aware where they are going, what work they have to do the actual cost they need to spend to go for work and other social and cultural information about the country of destination. As a result there are numerous realistic stories of the suffering of Nepal Migrants workers in aboard. It is beloved that Nepalese worker are accepted in East and South Asia as well as Gulf countries. Only because they are cheap and they do whatever job given.

A migrant worker has faced numerous problems while he/she make the decision migration for foreign employment. A migrant takes a behind decision to migrate for the work without any consideration factual income that he/she receives in the country of destination. Similarly, he/she to face problem to find sufficient money that should be spent for going aboard and the only way to get money is through the local feudal with high interest rate. Government, except some case, has not special provision to provide loan is subsidies interest rate.

Foreign employment rate is increasing but most of the unskilled labors have gone to the foreign country. Nepalese labor forces seeking foreign employment are having very low level technical education and formal training. They are compelled to take risky, difficult and dirty work in foreign country. To finance the employment individual have to depend on several source of funds which includes internal saving, borrowing from money lender etc. Formal institutions like banks, cooperatives and finance companies do not provide loan easily. It is very difficult to arrange the fund needed to foreign employment by people coming from lower income class.

Similarly the government policies regarding foreign employment may contain lots of lacunas to manage the remittances money. The government programs and policies need to be revised to address the various problem related to the foreign employment and uses of remittances income in the present context of global scenario. Now the National Planning Commission (NPC) has also given priority for improvement in foreign employment and proper use of the remittances.

The study area as well as most of the part of Sarlahi district is losing, their youth day by day, as the name of abroad migration for short time as well as long time, Which bring the serious problem in the urban area to utilization the local resources and implementation on development plans and policies. Nowadays huge amount of remittances send from abroad by the migrant people. So this research will be tries to analysis the inflow of remittances in the Nepalese economy and going abroad is effective or not in the sense of economic condition of the people of study area. The specific issues associated with the remittances and its proper economic are use in this regard thus this present study address to the following question related to the remittances:-

1. How the remittance income is used by household in the study area?
2. How the remittances affect the economic status of households?

1.3 Objectives of the Study

The main objective of this study is to asses to utilization and impact of remittances in the study area. The specific objectives are as follows:

-) to examine the utilization of remittances in the study area
-) to compare the economic status of migrant household before and after receipt of remittances

1.4 Significance of the Study

At present, remittances has become an integral part of urban and rural household for livelihood, strategies in many parts of our country. So the remittances money is a crucial part and reliable sources of livelihood in much rural part of the country and for

children education, nutrition and to fulfill other requirements. It permits household to increase their consumption of more goods and services. At a community level remittances create multiplier effect in the domestic economy, producing employment opportunities and spurring new economic infrastructure and services especially in remote rural areas where state resources have not been effective.

As remittances income is one of the major sources of foreign exchange earnings. The significance of the study is theoretical as well as applied. This study differs from the previous study in number of aspects:

-) It inclusively studies the impact of remittances in different group of people especially in Harion Municipality, related to their economic condition.
-) Inflow of remittances and its utilization.
-) This study tries to analyze household condition and the condition of economic activities as whole before and after received remittances.

This study will be helpful to know about the inflow of remittances in the Nepalese economy and its utilization and impact in the study area, such as researchers, students, governments and planners and for those who want to know about it as well as who want to undertake further study in this theme.

1.5 Limitations of the Study

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

- i. This study covers only Harion Municipality of Sarlahi District. It may not be helpful to make general conclusions. Since, it is the study of Harion Municipality of Sarlahi District, the conclusions may or may not applicable everywhere. So, findings of the study cannot be generalized for other area.
- ii. This study mainly focused on the remittances received by the people of age group 18-45 years. Considering that these age group are energetic, dynamic, able to do risky task and frequent traveler for foreign job.

- iii. Most of the analysis is based on primary data so any distortion of the reality from this study may be due to biasness of the respondents.
- iv. Due to lack of information, time and money this study is only limited to 60 households samples.

1.6 Organization of the Study

The first chapter "Introduction" deals with focus of the study, statement of the problem, objective of the study, significance and limitation of the study. Theory of migration and about remittances has been reviewed in the second chapter, which is presented under the chapter "Review of Literature". The third chapter is Research Methodology of the study. The fourth chapter deals with utilization of remittances in Harion Municipality of Sarlahi District, comparison of economic–status of households before and after remittances received. The fifth chapter deals with Summary, Conclusion and Recommendations.

CHAPTER–II

REVIEW OF THE LITERATURE

The present research aims to analyze the inflow of remittances and utilization as well as impact on 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 emphasize about the literatures which were concerned in this connections. Therefore, in this chapter conceptual framework given by different authors and intellectuals of this areas, books, journals, research work and previous thesis related to labour migration and inward remittances and reviewed. Moreover labour migration issues and inflow the inward remittances and reviewed and attempt has been made to present them properly.

2.1 Theoretical Review

Lipton (1980) has explained that moral hazard problem highlights this view. the proponents of this highlights this view. The proponents of this hypothesis focus on the negative effects of migration and remittance on the economics of origin. Migration is concentrated among young men and requires harder work by the women and children to replace absent young men. The remittance income is spent on everyday needs and the received remittance encourages leisure for work.

Revenstein (1985) was the first person to attempt migration theory. His law of migration is also known as push pull factor of migration push factor are land tenure system, unfavorable form of trade wide dispersion of poverty in income and so on, pull factors are employment education and other facilities and opportunities are known as bright of the town on one hand push factor migrant from their place of origin and on the other hand pull factors migrant to place of destination.

As stated in the BOP manual states workers remittances cover current transfer by migrants who are employed in new economy and considered residents there. A migrant is a person who comes to on economy and stays or in expected to stay for a

year or more. Workers remittances often involved related persons. Persons who work for and stay in new economies for less than a year are considered non residents; their transactions are appropriate mainly to the component for compensation of employs.

Stark & Lucas (1988) have explained that in the new economics of labor migration, the household determines the decisions to migrate. In this respect the family manages the transaction cost required to migrate at the first instance and expects some reciprocal behavior from the immigrants later. Even though a selfish migrant can violate the family contracts, which are never in written form, the migrant would have to cut the ties with the family. However, and implicit family contract can be enforced because of mutual altruism and social connectedness with the origin community. The family or household left behind expects transfers of fund by the migrant. The expectation of remittances by the family depends on various motives such as altruism, self interest, family loan and insurance arrangements, social status and prestige in the origin community etc.

Admas (1991) has explained that remittances may finance investment in the country of origin in the form of land and housing acquisition, financial assets and microenterprises.

Todaro (1996) has analyzed that international migration in developing countries. Clarifies that migration is stimulated primarily by rational economics consideration of relative benefit which are mostly financial Decision to migrant is influenced by .the difference between expected income between two place. He adds probability getting job in new area is inversely related to unemployment rate in the new area.

Glytsos (1997) has explained some individuals, the temporary migrants, migrate to accumulate financial assets to make specific investments. They are not likely to invest in host community, are more frugal on current expenditure but remit the maximum amount of their income. Their main motive is to save as much as they can future consumption is preferred to the current consumption. So the intension to return positively affects financial transfers from immigrants to their home country. The main aim of a permanent migrant is to integrate themselves into host county circumstances.

Remittances for family support is of minor importance since the family members join the migrant abroad sooner or later.

A study in the uses of remittance income in rural Pakistan, Adams (1998) has concluded that the availability of remittance income helps to increase investment in rural assets by raising the marginal propensity to invest for migrant households. The external remittances have a more important statistical effects on the accumulation of rural assets than total labor income as excluding remittance and rental income.

Glytsos (2002) has discussed that the major impact of remittance on origin occur directly through changed in the patterns of expenditure and investment of the household members having migrant members and indirectly through multiple effects. Remittances serve as the market flow of foreign exchange, it is used partly for consumption and partly for investment and have strong positive and negative effects on development.

Edwards & Ureta (2003) studied the effect of remittances on households' schooling decisions using data for El Salvador. They concluded that remittances have a large significant effect on school retention. *Adam (2005)*, reveals that large proportion of remittance money goes into education. The increased expenditure on education represents investment in human capital.

Zimmerman & Carter (2003) has analyzed that permanent income hypothesis, individual households should be able to smooth consumption by saving in the normal times and depleting savings during shocks so that they can maintain their consumption level constant for their whole life period. When a household has a migrant household member, it is the prime period to make savings as they have regular income in the form of remittances. Saving as the method to smooth consumption is used by the rural households. Consumption smoothing is achieved not only by the relatively liquid financial saving and credit transactions, but also by lumpy and possibly costly changes in stocks of physical assets.

Chami (2003) has discussed that the receipt of remittances can cause behavioral changes at the household level and that remittances tend to get spent on consumption rather than on investment goods like the purchase of a livestock unit or setting up a small retail shop. The significant and even the majority portion of the remittances are spent on status oriented consumption goods like buying a television or radio.

Ratha (2003) has suggested that the economic shocks are frequent in underdeveloped countries because of normal business cycles, imported business cycles from the donor/developed countries, financial shocks and economic restructurings. Such shocks make many individuals and households experience periods of unexpected reduction in income. In the periods of shocks in the developed countries, these cannot finance their international aid. So, the flow of foreign aid tend to rise during the favorable economic conditions and fall in times, remittances appear to react less violently and show remarkable stability over time. Even in the economic shock in the origin country, the remittances flow may be rising showing the counter cyclical flow of funds as the family members back to the origin are in financial problem and the emigrants think that it is their responsibility to help to the left behind members in the situation of hardship.

Solinano (2003) has discussed that remittances can have a positive impact as a development tool for the receptive countries with effects on saving, investment growth, consumption, poverty and income distribution. The impact on growth of remittances in receiving country is through saving and investment as well as short run effect on aggregate demand and output through consumption. Worker's remittances are a compare of foreign saving and they complement nation savings by increasing the total pool of resources available to investment.

Bracking (2003) has analyzed that the relative deprivation theory addressing 'why to migrate' pinpoints the issue of social status and prestige in the origin community. The migrants want to be relatively better off in the social stratification on wealth distribution. As the migrants are relative to their own origin community they want to spend their earned money aboard on their origin community. Remittances contribute

to the underwriting of pre existing class locations and the formation of new social hierarchies.

Edwards & Ureta (2003) have analyzed is that since remittances are a transitory type of income, households tend to spend them more at the margin on investment good human and physical capital investment goods human and physical capital investments than consumption goods .

Addison (2004) has explained that remittances have for several generations been an important means of support for family members remaining at home. As migration continue to increase the corresponding growth of remittances has come to constitute a critical flow of foreign currency into many developing countries and Africa is particular policy makes in developing countries have started to streamline financial system removing controls creating incentives, with the aim of attracting remittances specially through official channels generally, remittances can create a positive impact on the economy through various channels. The general understanding among various economic thinkers is that remittances can impact on the economy through saving investment, growth consumption poverty and income distribution. The importance of remittances flows becomes critical in economics with credit market imperfections as in the case in most developing countries.

Constant & Zimmermann (2005) has highlighted that the propensity to save out of transitory income is higher than the propensity to save out of permanent income. Empirical evidence shows that saving out of remittances, which is one is higher than savings from regular earnings in the origin country. The intention of return makes the temporary migrants save more than the permanent migrants.

Adams (2005) has used a large household data set from Gautemala argues that households receiving remittances tend to spend more on investment goods like education, health and housing. At the margin, households receiving international remittances spend 58 percent more on education than do households without remittances.

Panta (2006) has made that a study on his article 'Remittance inflows to Nepal Economic impact and policy options' defines that remittances refers to that person-of migrant's earnings sent from the migration destination to the place of origin the term remittances are normally limned to denoted monetary and other kinds transfers transmitted by migrants Workers to their families and communities. Remittance falls under the Bop. Standard measures based on three items in report as incorporated in the IMF balance of payment statistic year book. There are the form of- (1) workers remittances (Money sent by workers living abroad for greater than one year):(2) Compensation of employees (gross earning of foreigners living abroad for less than one year; and (3) migrant transfer (net worth of migrants moving from one country to another).

Sigdel, (2006) has conducted that with the aim to evaluating the significance of inward remittances in the overall economy developed of the economy of the country. Employment in abroad has not only helped Nepal ever-growing unemployment problem but it has also injected much needed foreign currency in to our economy to fill up foreign exchange and investment gap, thereby-helping Nepal avoid a major BOP crisis.

Osilli (2007) has analyzed that migrants sent remittances not only to provide economic support to their origin households but also to accumulate savings in the origin country often in the form of investments such as land, housing, microenterprises and financial assets.

Kapur (2009) has examined that has examined that the effect of remittances on economic development is often controversial regarding the valuation of brain drain or income gain. Through the brain drain, a poor country loses a scare factor (e.g., human capital), but gains another scare factor, financial resources. The determinate effect of brain drain is that in underdeveloped countries migration mainly happens with person who are in the upper end of the human capital distribution.

The effects of remittances to the macroeconomics variable are always debatable because the remittances are the flow of money from one individual to another

individual. The use of these funds depends on household decisions. So, remittances will always have microeconomic effects but the total volume of individual transfer may indicate different situations. The remittance income can affect the receiving country's economy in many spheres both at the macro and micro levels. At the macro level, the flow of remittances can influence the determination of inflation, exchange and interest rate, and the growth rate of the economy. At the micro level, an increase in the flow of remittances can contribute to reducing liquidity constraints of the household, which often prevail in rural areas of most of the developing countries.

Admas (2010) has used nationally representative household data set from Guatemala finds that households receiving international remittances spend marginally less on consumption goods like food and spend marginally more on investment goods such as education and housing compared to what they would have spent on these goods without remittances.

2.2 Empirical Review

Bhandari (2004) has tried to evaluate the new economics of labor migration hypothesis of relative deprivation as the cause of migration from the agricultural households and conclude that the households with relatively less access to cultivated land are more likely to migrate and that the fragmentation of land holdings encourages work related migration.

Thieme & ways (2005) have explained the reasons to migrate, choice of destination and financing of migration cost in the Nepalese context. According to the study, the main reason to migrate is to increase the living standard of the household such as paying the debts, buying house or land, financing education of children, fulfilling the current expenses. Not only are the economic reasons, but there are social attributes which encourages the migration of the young people. Migration is institutionalized in rural Nepal and the young people have no incentive to work in agriculture. Regarding the choice of destination, the household decides where to migrate and the main consideration is the investment requirement for migration and the migration networks.

The main findings include the method of transferring remittance, uses of the transfer by the households and contribution of remittance on the rural economy of Nepal. The international migration contributes to sustainable livelihood by financial capital and lowers the investment cost and risk of migration of potential migrants.

Khatri (2006) has conducted a study done by UNFPA looked at 74 low and middle income developing countries are found that there is statistically significant correlation between remittance and decline in poverty. It is noted that 10 percent increase in the share of remittance in a country's GDP can lead to a 1.2 percent reduction in poverty. Moreover, a 10 percent increase of migrant flow from the sending country will lead to 1.6 percent decline in the share of people living on less than \$ 1 a day. Although the methodology used in reaching the finding in the study is somewhat controversial, the positive impact of remittance on employment and poverty alleviation is widely accepted.

Remittance impact on poverty reduction in a small country like Nepal can be even higher than the average impact for 47 countries indicated by UNFPA study. There are two reasons why this can happen: First the country is poor and the per capital income low and second productivity is also low. For example, a study done by national living standard survey on the contribution of remittance in reducing poverty between 1996 and 2005 was 11 percent Remittance not only helps to reduce poverty, but also to reduce the depth and severity of poverty in Nepal, and other countries. The money that is available to improve human development of the country since resources can be used to provide education for children and look after the overall health of family member.

Bhadra (2007) has aimed to analyze the design of this study is pre and post recall. In the absence of baseline data and the inability to conduct an experimental study, researcher designed this study to measure the impact of remittance on poverty reduction based on retrospective pre and post recall by the respondents. Among the various methodologies applied in research, this study adopted the quantitative method, a sample survey was conducted for qualitative method, focus group discussions were held and study were done. A purposive sampling was adopted in order to reach the

respondent. The total sample size of study was 421 household,s comprising 247 returnee migrant women and 174 households member of women. Semi structure questionnaire, focus group discussion and case studies were use for data collection.

Poverty indicators used in this analysis are inadequacies in food, housing, clothing and schooling for boys and girls, medical care, social expenses, religions expenses land and income. The conclusion of this study is that Nepalese women international labor migration promoted by poverty at home and significant impact of their remittance on overall poverty deduction at the household level.

Upadhyay (2007) has analyzed the role of remittance for poverty alleviation in Nepal, data was secondary. Secondary data were taken from Nepal living standard survey 1995/96 and 2003/04 on headcount poverty rate of different types of households according to their migration status in 2003/04. If the pattern of receiving remittances remained the pattern of receiving remittances remained the same as in 1995/96 then poverty rate among household with internal migration would have been higher than the observed on by 4.2 percent points, where as poverty rates among household with migrants abroad would have been higher than the observed one by 19.5 percentage points. Overall the increases in the incidence of remittance accounts for a 3.9 percentage points decline in poverty line.

This is analysis shows that increase in remittance coming from outside of Nepal has affected and stronger impact on poverty then increase in internal remittance. Similarly remittances are typically helpful to meet specific needs of migrants, family member and thus lead to improve their standard of living. This study found that the lower class of poor households may finance their remittance to fulfill their basic needs, such as in consumption, housing and children education and health care fee and to pay back loan. For the middle or rich households to this may provide opportunities either to tend loan for individuals going abroad or to make capital investment for business and entrepreneurial activities.

Regmi (2007) has tried to examine the role of remittance in rural poverty reduction as a case study of Khilung Deurali VDC of Syangja district. The research design is pre

and post recall. For analysis 100 remittance receiving households were taken by using proportional random sampling. Data required for analysis were collected through questionnaire sample statistically tools like percentage, ratio were used for data analysis. In this research income status, education, inadequacy of food health was taken as indicators of poverty.

Finding of this study are follows from literature overview:

1. Major reasons to seek foreign employment include unemployment family debt burden, conflict problem etc.
2. Major sector of employment for Nepalese worker were building construction and mechanical.
3. Remittance has increased their household's economic status and social indicators after returning from the foreign employment.
4. More than 80 percent respondents said that remittances have increased their economic status.

Thapa (2009) has analyzed the Nepalese migration and its effect on work of the household members of remittance receiving households by using the secondary panel data from different living standard survey concludes that the remittance income is like the same as of non farm income.

Shrestha (2009) has made a study with the objectives to reviews the using the analytical approach, taken the data dating back to 1990 to 2006/07, especially she tries to shows the contribution of remittances to GDP ratio her study shows that the remittances to GDP ratio was only 0.5 in 1990 /91. Recently the remittances to GDP ratio increased from -10-34 in 2001/02 to 15.12 accounted highest is 2005/06. But the share of remittances to GDP was-decreased to 14.83 as compared to previous year. It indicates that contribution of remittances in Nepal is immense justifying the fact that Nepal's economy is remittances economy'.

Further her study shows that the contribution of Remittances of the different- sector of economy becomes much more important. Finally she suggest in her research paper, considering the present and address the issue of foreign employment and remittances in Nepal from the changed perspective.

Dahal (2010) has made that study with the objectives to highlight importance of youth and Remittances in Nepalese economy and suggest some measures to mainstream youth and remittances for this purpose. He study shows about 2 million youth work abroad and send foreign currency as remittances, which is being used as a sources of consumption by the government and banking system, about 15% in being used in buying land and investing agriculture and industries, He denote two important resources youth and remittances are interrelated. He says the remittances is cash money created by youth that contributes 21.8 percent to nation's GDP. It was 10.7 percent in 2000/01. Total amount of remittances reached 217 billion 2008/09. But the two factors are left to vagaries of market. The comment of this study in-.the state must capitalize both resources for the long term prospects of nation. Finally his study shows, Remittances is not a permanent resources; it is a significant transitional resources that can be utilized for productive economic investments in economy.

Bhattarai (2010) has conducted in his study Nepal has opened foreign employment for 1.07 countries in the world. In 75 -countries where Nepalese have been gone for the foreign employment. There have been 1429423 Nepalese employers were, gone by labour permit (last Ashad 2069). And there have been 25 million Nepalese processed for foreign employment by the open boarder without any permit, which is nearly 10 percent of whole population. Among them foreign labours 71 percent untrained 27 percent semi trained and 2 percent are trained.

Bhattarai &Regmi (2010) have focused on the role of remittance in household economy collecting primary data from Nirmal Pokhari VDC Kaski district of western hill Nepal. For the purpose of household survey four wards of the VDC were selected purposively.

In the second stage of sampling the total households of the selected wards were divided into two categories based on remittance receiving household and remittance non-receiving households. From these two strata, 34 remittance non-receiving and 64 remittance receiving household were selected randomly for household survey. The necessary information was collected filling up the interview schedule asking head of the household. The analysis was done with the help of simple statistical tools. Descriptive as well as inferential statistical tools have been used. Educational status, income, expenditure, saving and debt were taken to analyze the role of remittance in rural household economy.

Main findings are that per household agriculture income was Rs. 2013.02 for remittance receiving households whereas it was Rs. 24691.48 for remittance non receiving households. Similarly average non-agricultural income was Rs. 17170 for remittance receiving household whereas it was Rs. 57218 for remittance non receiving household. It implies the fact that remittance has positive influence on non agriculture income but not on agriculture income of the sample household. The study suggests that remittance has no doubt, played an important role to subsist the household economy in the rural area.

However, from the test of means difference in various indicators of households economic status; it is difficult to claim that remittance has played significant role to enhance the productive cycle of the rural economy. The remittance has not been properly channeled in to the domestic economy by investing it into agriculture economic activities, rather it has been used to meet the hand to mouth problem of the household or to spend on the non-productive venture such as buying land in cities, buying ornaments and to celebrate better festival or event.

Bohara (2011) has discussed that from household data of Nepal concluded that the migrants send remittance to the origin motivated by self-interest to inherit parental property and to return home. The return motive is most plausible in the context of Nepal as majority of international migration is work related and temporary. The migration to India is mostly seasonal and the strict immigration policies in the middle

east and the Gulf makes the return motive dominating other motives to remit not only in present but can be expected to be continued in the future as well if the current trend of migration destinations continue.

Endo & Afram (2011) has studied the challenges and constraints of migration and remittance process in the migration corridor of Nepal to Qatar. The report descriptively identifies the challenges in the migration process as high transaction costs presence of too many middlemen, informal flows of money on both ways and migration of low paid unskilled manpower to Qatar. Inadequate banking transfer system exacerbates the remittance transfer process.

Shrestha (2011) has from Nepal's macro economic data concludes that expenses on education in the underdeveloped countries does not finance brain drain but highlights the potential role of skilled emigration in improving human capital investment in developing countries like Nepal. Moreover, wage gap between the developed and underdeveloped countries enhance the private investment for children education in the underdeveloped countries so that the new generation can complete in the global market.

Pant (2011) has stated that remittances flows are crucial policy concern since they are large in size, relatively stable and provide direct benefit to households. But for the economy remittance do not automatically contribute to national development. So, government needs to provide incentives to direct remittance to productive investments so that the families of migrant workers are able to undertake small business.

Wagle (2012) has analyzed the international migration using the macroeconomic data from living standard survey suggests that the international migration explains the decrease in poverty and inequality in the last decade in Nepal.

Maharjan (2012) has examined the impact of male out migration on the workload and status of women left behind in rural Nepal. The study using the survey data concludes that the expansion of workload due to our migration of male household members have broadened their involvement in household decision making, access and utilization of resources; and involvement in social activities.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Selection of the Study Area

Harion Municipality is the famous village of Sarlahi District in terms of various aspects. Harion Municipality consists 11 wards. The interview will be taken from three wards of Harion Municipality i.e. wards 7,8&9. This study is carried out in Harion Municipality only For the three wards. There is no study conducted in Harion Municipality wards no. 7,8&9 regarding the utilization of remittances. Thus, this study attempts to explore the factors that determine impact of remittances in rural and especially Harion Municipality of Sarlahi district.

3.2 Research Design

The micro level study of remittance confined within the selected Harion Municipality of Sarlahi district. The research design for this study is the analytical, as well as descriptive. The main objective of this study is to assess the utilization of remittance in the focus area. The information and type of data collected from the study in cross sectional.

3.3 Nature and Sources of Data

This study is based on primary as well as secondary data in order to meet stated objectives of the study.

3.3.1 Primary Data

A structured questionnaire (the sample questionnaire is presented in the appendix) was develop for the household survey and attention was paid to keep the questions simple and unambiguous to avoid confusion. The questionnaire was field tested along with the colleagues field workers. Wherever possible, the questions were converted into multiple choice questions. The survey questionnaire was initially developed in English and later translated into Nepali before the survey was conducted. The field team for

the surveys was constructed in 1st September 10th September 2015. The field team consisted of 3 persons including the researcher. The field workers to their previous field survey experiences as suggested by the local people. The field team was assigned to fill out the questionnaire in the households of the village the interviewers were instructed about the questionnaire. After completing the survey, data entry was done by the researcher himself.

3.3.2 Secondary Data

Besides the primary data, secondary data also use to fulfill the research objectives, so the source of available data should be taken from official and unofficial sources. The relevant data taken from publication of National planning commission secret ant, Central Bureau of statistics (CBS), Budget speech of Government, economic survey other different journals, seminar paper, report of research center's data and information from donor agencies like World Bank, ADB, IMF, UNDP, etc.

3.4 Sample Selection Procedures

This study is base on the primary data collection through household survey. The questionnaire was devoted to the migration of household members and remittances. The sample size of the survey is 60 households. The questionnaire was develop to collect three types of information including general information about the household including the number of household members, sex, age, education and occupation; detailed information on wealth income and expenses of the household and information on outward migratory experiences of the family members and income remitted or brought back by the immigrant during the past 12 months.

For the data collection purpose, 60 households were randomly selected from these three wards i.e. 7, 8, and 9. Among the migrant households, no household has reported to have more than one migrant abroad. The information on income of the migrant used here is obtained from responses given by the head of household. The head of the household is assumed to be the person in the household acknowledged as head by other members and can make decisions regarding family matters. Obtaining the

information directly from the themselves would be more accurate, due to data limitations, the data are collected from the household head.

3.5 Data Collection Method

The household survey has collected household information regarding household characteristics; wealth composition of the household and their migratory experiences of the household members.

3.5.1 Household's Characteristics

The household survey has collected information about the household characteristics regarding household size, number of person involved in economic activities, age, sex and education level of the migrant of origin.

3.5.2 Household Income and Expenses

Remittance income is realized in the household level. It affects the household income, saving and expenditures patterns. So remittances are the private transfer from the members who are absent from the families.

a. The survey includes the following sources of income : i.e.

Agriculture, Business, Public services, private service, cottage industry, wage labor, foreign employment and others (Pension, allowances, Bonus etc.)

b. Household expenditures are constructed by adding the expenses together on the various goods and services by the household during per year.

In productive sector such as business, agriculture education, investment etc. And in unproductive sectors such as food consumption, clothing, loan payment, Real state, Religious functions, interest payment bank deposit, travels and tours, etc.

3.5.3 Effectiveness of Remittances in Economic Status

The survey included information regarding with physical assets and saving/investments of household's position.

- a. In physical assets, the questionnaire was developed to measure the access of household's such things like as agriculture tools, vehicles, T.V radio, telephone, refrigerator, landholding.
- b. In saving investment, the receipting remittances measure the utilization. Such as Business investment: Wax factory Jill, fancy shop, Hotel, Fishery, poultry, others. It also is measured the deposit in Bank and cooperatives as well as investment in capital market (Shares, Bonds, securities etc.)

3.6 Tools for Data Analysis

This research has carefully analyzed the primary and secondary data those have been collected from different sources. Mostly generalization and comparison has been done among the available data.

The principal of the analyze data was describe the scientific way. The data has been indicated the something. It is necessary to analyze the real situation. This research has been based on primary and secondary data which has different removed and only the related data has been accepted and included. Table and diagrams such as pie chart has been used to analyze the data to make it more understandable. Simple quantitative tools have been used analysis the collected information and data to fulfill the requirement of the study. If needed situation some statistical tools like percentage average ratio used to analyze data.

CHAPTER IV

UTILIZATION OF REMITTANCE IN HARION MUNICIPALITY

4.1 Profile of the Study Area

Sarlahi, one of the six district of Janakpur zone, is located in the central development Region. It is surrounded by Sindhuli district to the North, Mahottari district to the East, Rautahat to the West and India to the South. There are 89 VDCs and four municipality in this district. This district is divided into six constitutional regions.

The present study, Harion Municipality is surrounded by Sindhuli district to the north, Janakingar VDC to the south, Netragunj VDC to the east and Dhunghrekhola VDC to the west. It has all together 11 wards which contains 7235 households and 25,344 population (District Profile, 2011).

Majority of the people depend on agriculture. Very few engaged in business sector. The focus group discussion conducted at Harion Municipality suggested that most of the people are Brahmin/Chhetri, Tamang, Madhesi and Muslims.

There are many reasons behind foreign employment. Due to the employment problems, low productivity in agriculture, etc. In this region, there are main crops are sugarcane, parwal, tomato, fruits etc. There is a sugar factory, named is indushanker sugar factory and some domestic industries.

4.2 System of Transfer

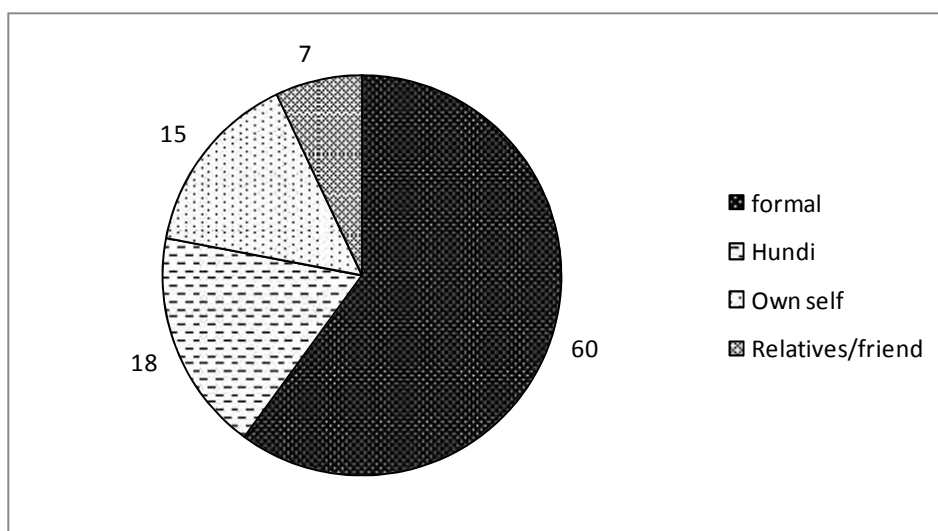
Migrant worker require different institution/medium to remit the income earned aboard. The amount of remittance sent by them depends on the system and method of transfer.

4.2.1 Medium of Transfer

About 60 percent migrant worker use formal financial institutor like bank and money transfer to transfer their income. But occasionally they use informal channel also.

Figure : 4.1

Medium to transfer remittance



Source: Field survey, 2015

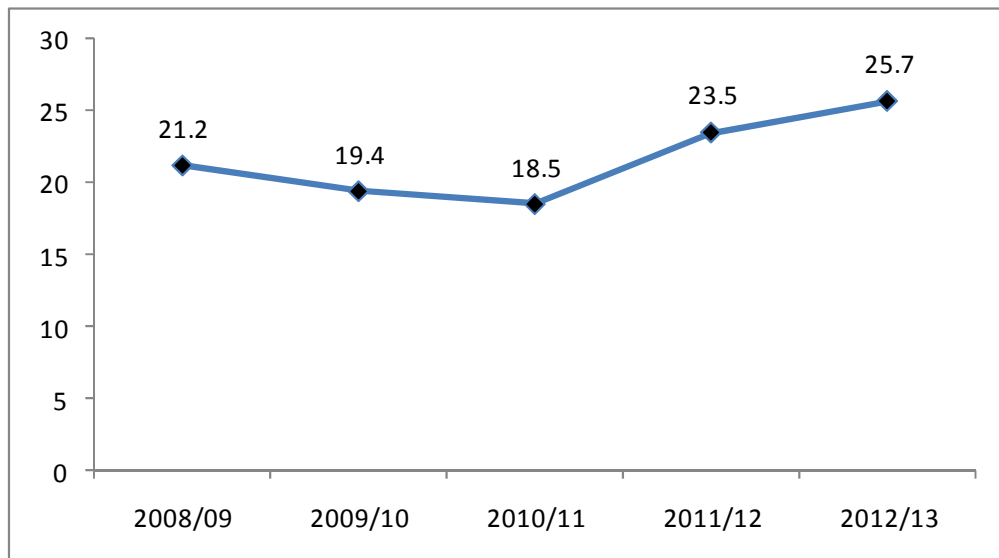
Figure 4.1 shows that 60 percent use formal channel of sending remittance. 20 percent migrant worker use Hundi to send their income and only small portion of them use bank and relative/friends to send income.

Excluding individual applicants, labour migration for employment/status report of Nepal 2013/14 the Sarlahi district has become 13, 405 in 2013/14 A.D. The male was 13, 219 and female was 186. The Sarlahi district is No 9 on the top ten list of labour migrants receiving labour permits on origin districts.

The annual remittance contribution to GDP has been increasing since 2011. It represented a 25.7 percent share in 2012/13 and 29.1 percent share during the first eight months of 2013/14. However the data on remittances is not disaggregated in terms of migrant workers and other inflow of remittances (such as from students aboard who work part time or emigrants who send money home to their parents) Hence, it is difficult to determine the direct remittance from labour migrants in all destination countries.

Figure 4.2

Percentage of Contribution of Remittances to GDP



Remittances as a part of GDP in % Based on data for the first eight month of the fiscal year 2013/14.

Source: Economic Survey, 2014.

According to the nature of jobs and skilled required, the wage range of migrant workers varies from 20, 000 to 100, 000 rupees (NRs) (Kantipur daily Newspaper).

World Bank (2011), According to the government data NRs 40, 600 are remitted per household poor year on average. The highest salary and benefits is reported from the republic of Korea, where Nepali migrant workers go through the government channel under the employment promotion system. More than 25000 Nepali migrant workers are engaged in agriculture and manufacturing through the employment promotion system.

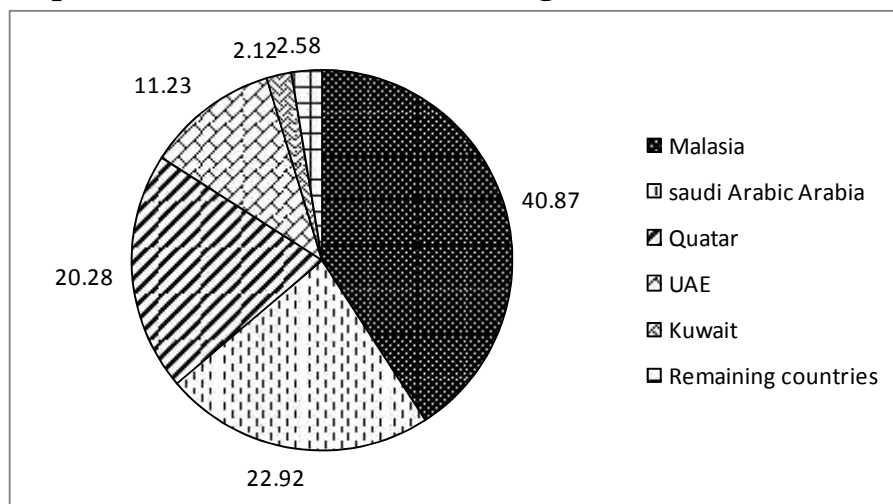
From a household budget survey it conducted in 2008, the Nepal Rastra Bank found that remittances were used largely to buy land and a house (at 49 percent of respondents) followed by repayment of the debt (25 percent), saving in a bank (11 percent), education, health and other (9 percent), social work (3 percent) and other investment (2 percent) (*NRB, 2008*).

The survey also explored the medium of transfer of remittances and found that 48.3 percent of remittances were sent through money transfer followed by Hundi (28.5 percent), a bank (21.7 percent) and other (5.6 percent). The survey findings also indicated that the inflow of remittances through official channels is smaller than though informal channels. Based on the findings, the Nepal Rastra Bank initiated a campaign to encourage all labour migrants to send remittances through normal channels.

The government published a list of 109 countries for foreign employment in the Gazette that can be managed for employment through the recruitment agencies. Any country that is a member of the United Nations, unless banned by the government, is on the list.

Prior to 2000, Middle East countries initially and eventually Malaysia as well were among the most preferred destinations for labour migrants going aboard. That trend continued over the past six years, even with many new destinations emerging.

Figure 4.3
Top -Five destination for labour Migrants (2008/09-2013/14)



Source: Department of Foreign Employment (2013/14, Report)

As shown in figure 4.3, among the destination countries in which labour migrants were sent by recruitment agencies, Malaysia received the most labour migrants, at 40.9 percent of all male and female labour migrants, followed by Saudi Arabia (at

22.9 percent), Qatar (at 20.3 percent), UAE (at 11.2 percent) and Kuwait (at 2.1 percent).

4.3 Utilization of Remittances in the Study Area

4.3.1 Expenditure in Education

The migrant household have spent expenses on education sector. the private and government schools are mentioned below:

Table 4.1
Expenditure in Education

Description	No. of Respondents	Average Amount (in NRs)
Private Schools	36	12000
Government School	24	4200
Total	60	16200

Source: Field Survey 2015

The table 4.1 shows that the 36 migrants households send their children to the private schools and 24 households send to the governments schools. And the average amount to expense 12,000 NRs in private schools and 4200 NRs in government schools. The total average amount is 16200 NRs.

4.3.2 Expenditure in Agriculture

The Migrant households have spent their remittances in agriculture sector. In agriculture, the basically cultivation, purchase to physical tools, chemicals and others etc which are mentioned below:

Table 4.2
Expenditure in Agriculture

Description	No. of Respondents	Average Amount (in NRs)
Cultivation	42	18400
Purchase to physical tools	6	3200
Chemicals	8	1500
Others	4	2600
Total	60	25700

Source: Field Survey, 2015

The table 4.2 shows that the 42 households have spent cultivation with average amount 18400 NRs. Together to purchase to physical tools by 6 households with average amount 3200 NRs, in chemical households with 1500 NRs and other by 4 households with average amount 2600 NRs. The total average amount expenditure in Agriculture with 25,700 NRs.

4.3.3 Expenditure in Business/ Industry Investment

The Migrant households invest in business and small industries like wax factory, Mills, fancy shop, Hotel, fishery, poultry, shops and others.

Table 4.3
Expenditure in Business/Industry Investment

Description	No. of Respondents	Average Amount (NRs)
Wax factory	2	7800
Mill	3	52000
Fancy Shop	5	42000
Hotel	4	34300
Fishery	2	28600
Poultry	2	42000
Shop	8	54000
Others	34	32000
Total	60	292700

Source: Field Survey, 2015

The Table 4.3 shows that the survey households invests respectively in different business and industries. 2 households in wax factory to expense average amount 7800 NRs. In Mill by 3 household with 52000 NRs, in Fancy shops by 5 household with 42000 NRs. In Hotel by 4 households with 34,300 NRs, In Fishery by 2 households with 28600 NRs, In poultry by 2 households with 42000 NRs, In ship by 8 households with 54000 NRs and others by 34 households with average amount 32000 NRs. In total average amount expenditure is 292700 NRs.

4.3.4 Expenditure in Clothing

The migrant households expense the remittance amount for clothing. They purchase the readymade and tailoring clothes which are mentioned below:

Table 4.4
Expenditure in Clothing

Description	No. of Respondents	Average Amount (NRs)
Readymade	42	16500
Tailoring	18	15400
Total	60	31900

Source: Field Survey, 2015

The table 4.4 shows that the 42 households purchase to readymade with average amount 16500 NRs and 18 households tailoring clothing with average amount 15400 NRs. In total average amount 31900 NRs expenses in clothing.

4.3.5 Expenditure in Loan Repayment

The migrant workers take loan from organized institutions like bank, cooperatives etc. and other side unorganized institutions like lenders, creditors etc.

Table 4.5
Expenditure in Loan Repayment

Description	No. of Respondents	Average Amount (NRs.)
Organized Institutions	22	72800
Unorganized Institutions	28	85500
Total	60	158300

Source: Field Survey, 2015

The table 4.5 shows that 22 migrant household have taken loan from organized institutions with average amount 72800 NRs. And rest 38 migrant households have take loan from unorganized intuitions with average amount 85500 NRs. In total average amount 158300 NRs to repayment the previous loan.

4.3.6 Expenditure in Land Purchase

The migrant households have purchased for residence and cultivation and average half of the household amount purchase hand vehicle is mentioned below:

Table 4.6
Expenditure in Land Purchase

Description	No. of Respondent	Average Amount (NRs)
Residence	16	22000
Cultivation	12	175000
Non Purchase	32	-
Total	60	395000

Source: Field Survey, 2015

The table 4.6 shows that 16 migrant household spent for residence land with average amount 220000 NRs and for cultivation with average amount 175000 NRs by 12 households. The 32 household do not expenses the land purchasing. The total average amount is 395000 NRs. for land purchasing.

4.3.7 Expenditure in Health

The migrant households use for health treatment in clinics and Hospitals. And some households expense in Dhamsi/Jhankri, that is mentioned below:

Table 4.7
Expenditure in Health

Description	No. of Respondents	Average Amount (in NRs)
Clinic/Hospital	47	12200
Dhami/Jhankri	13	4500
Total	60	16700

Source: Field Survey, 2015

In table 4.7 shows that the 47 household goes to clinic/hospital for health treatment. They spend average amount 12200 NRs in Clinic/hospital per year and 13 households goes to the Dhami/Jhankri with average amount 4500 NRs for health treatment. In this village, there are illiterate people, they believed in Dhami/Jhankri. In total average amount expenses in health with 16700 NRs.

4.3.8 Expenditure in Religious functions

The migrant households expense large remittance amount in religious activities. Such as festivals, marriage ceremony, bratbandh and others which are mentioned below:

Table 4.8
Expenditure in Religious Functions

Description	No. Of Respondents	Average Amount (NRs)
Festivals	-	42300
Marriage Ceremony	-	180000
Bratbandh	-	85500
Others	-	54400
Total	60	362200

Sources: Field Survey, 2015

The table 4.8 shows that the survey household expense average amount in festivals with 42300 NRs, in marriage ceremony with 180000 NRs, in Bratbandh with 85000 and other social rituals with 54400 respectively. The total average amount expenses in religious functions with 362000 NRs. It shows that the migrant households expenses large amount unproductive sectors.

4.3.9 Expenditure in Physical Assets

The migrant households expense their remittance in different physical assets like as vehicles, TV/Radio, Telephone/Mobile, refrigerator and others.

Table 4.9
Expenditure in Physical Assets

Description	No. of Respondents	Average Amount (NRs)
Vehicles	3	145000
TV/Radio	18	21500
Telephone/Mobile	26	12400
Refrigerator	5	17400
Others	8	16500
Total	60	212800

Source: Fied Survey, 2015

The table 4.9 shows that the 3 migrant households expenses in vehicles with average amount 155000 NRs, in TV/Radio by 18 households with 21500 NRs, in Telephone/Mobile by 26 household with 12400 NRs, in refrigerator by 5 households with 17400 NRs and 8 household expenses others with 165000 NRs. In total expenditure average amount is 212800 NRs.

4.3.10 Saving in Bank/Cooperatives

The migrant household have saving remittances in Banks, cooperatives and others which are mentioned below:

Table 4.10
Saving in Bank/Cooperatives

Descriptions	No. of Respondents	Average Amount (NRs)
Bank	22	72500
Cooperatives	34	58400
Others	6	32600
Total	60	163500

Source: Field Survey, 2015

The table 4.10 shows that the 22 migrant households save their remittance in bank with average amount 725000 NRs and by 34 household save in cooperatives with 58400 NRs and other 6 households with 32600 NRs respectively. In total average amount 163500 NRs for saving. It indicates that the maximum migrant households use bank/cooperatively.

4.3.11 Expenditure in Consumption

The migrant households spend their remittance in consumption such as food, fruit, meat and other things etc which is mentioned below:

Table 4.11
Expenditure in Consumption

Description	No. of Respondents	Per year Amount (in NRs)
Food	38	86400
Fruit	10	6200
Meat	9	12800
Others	3	8500
Total	60	113900

Source: Field Survey, 2015

The table 4.11 shows that the 38 migrant households expenses the large amount for food with average amount per year 86400 NRs, in fruit by 10 households with 6200 NRs, in Meat by 9 households with 12800 NRs and 3 households expenses 8500 in others things. In total average amount expenses per year is 113900 NRs. It indicates that the large amount of remittances spend on consumption.

4.4 Comparison of Economic Status of Migrant Household

4.4.1 Average Annual Expenditure on Productive Sectors Before and After Remittances

The migrant households spend their remittances on productive sectors such as Education, Agriculture, Business/industry, Health, land purchasing (investment) etc. The average annual expenditure on productive sectors before and after Remittances which are mentioned below:

Table 4.12**Average Annual Expenditure on Productive Sectors Before and After Remittances**

Sector	No. of Respondents	Average Annual Expenditure		Average Change in Amount	% in change
		Before	After		
Education		12400	16200	3800	23.45%
Agriculture		21700	25700	4000	15.56
Business/industry		196200	292700	96500	32.97
Health		12500	16700	4200	25.15
Land Purchased (Investment)		286000	395000	109000	27.59
Total	60	-	-	-	-

Source : Field Survey, 2015

The table 4.12 shows that the 23.46 percent increases expenditure in education sectors. The migrant households sent their children before foreign employment in government schools but now they send their children private schools. So the Average annual expenditure change in 3800 NRs on average.

The Agriculture Sector, 15.56 percent change in average annual amount with 4000. NRs. It indicates that the people are interested to invest agriculture sector slowly. In business and small industries sectors, there is 32.97 percent change in before and after average annual expenditure. The people are employed and market also has expanded.

In health sector, there is 25.15 percent in change expenditure before and after remittances. It shows that the people are conscious to good health treatment and less

believe in Dhami/Jhankri. The average annual amount is 4200 NRs with change. And 27.59 percent change in land purchasing in Average annual expenditure on before and after remittances.

4.4.2 Average Annual Expenditure on Unproductive Sectors Before and After Remittances

The migrant households spend their remittance on unproductive sectors such as consumption, clothing, loan repayment, religious function, physical assets, bank deposit etc which are mentioned below:

Table 4.13
Average Annual Expenditure on Unproductive Sectors Before and After Remittances

Sector	No. of Respondents	Average Annual Expenditure		Average Change in Amount	% in change
		Before	After		
Consumption		87400	113900	26500	23.27
Clothing		22400	31900	9500	29.78
Loan Repayment		123300	158300	35000	22.11
Religious functions		242400	362200	119800	33.06
Physical assets		135300	212800	77500	36.42
Bank deposit		95000	163500	68500	41.89
Total	60				

Source: Field Survey, 2015

In table 4.13 shows that the households average annual expenditure has large change in unproductive sectors. In consumption, 23.27 Percent change before and after remittance with average annual expenditure. Together, In clothing 29.78 percent in

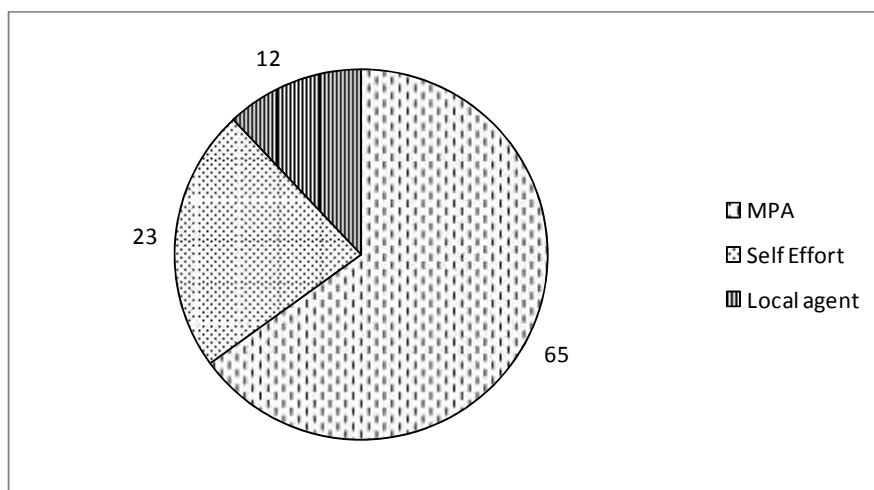
loan repayment has 22.11 percent, In religious functions has 33.06% change in average annual expenditure. The household spent large amount celebrate their festivals, marriage ceremony and various social rituals.

The survey households has spent their remittances to purchase physical assets like as T.V. Mobile, vehicles, refrigerator etc. There is 36.42 percent change in annual expenditure and the rest money deposit in Bank and cooperatives, this 41.89 percent change which indicated that people have a habit to organized institutions like as bank, cooperatives but the money does not seem to use productive activates properly.

4.4.3 Medium of foreign Employment

Generally, people proceed for the foreign employment through registered Manpower Agencies (MPA) figure 1. Shows that nearly there fourth of the total go there with the help of MPA. Only small position reach foreign country with their self, effort. Some people go in the foreign country with their self-effort.

Figure 4.4
Medium of Foreign Employment



Source: Field Survey, 2015

4.5 Destination of Migrants

The choice of destination of the migrants in the survey area. India is the traditional destination for work related temporary migration and the easiest destination as the travelling to India does not need any travel document and it has the similarity on

culture and language. But after the opening up of the economy with other world, the share of migrants to India is decreasing in the national level and in the survey area also.

Middle East includes the countries on the Persian Gulf including Qatar, Kuwait, Saudi Arabia, UAE etc.

The east Asia includes the migrants to Malaysia, Japan, Hongkong and Singapore.

In the survey area, the highest number of migrants is found in Golf countries followed by East Asia especially in Malaysia and then only to India.

The migration to other countries except these locations is categorized into others which include Europe, North America and Australia.

Table 4.14
Destination of Migrants

Destinations	Number of migrant	Percentage (%)
India	11	18.33
Middle East	26	43.33
East Asia	14	23.33
Others	9	15
Total	60	100

Source: Field survey 2015

4.6 Income Earned Aboard and Remittance

Nepalese worker don't take special training of specific job. So there are not many skilled human resources. A large portion of Nepalese worker gets low paid jobs. Table 4.5 shows that 45 percent workers earn less than one lakh per year. This amount is not

enough as stated by foreign employment Act 1985. According to the act, the basic salary should not be less than US\$ 1500 per year.

Table 4.15

Volume of Income and Remittance of Respondents

Remittance	Income level		Remittance	
	No. of Respondent	%	No. of Respondent	%
Less than Rs. 100000	34	56.67	27	45
100,000-150,000	12	20	18	30
150,000-200,000	9	15	10	16.67
200,000-above	5	10	5	8.33
Total	60	100.00	60	100.00

Source: Field Survey, 2015

The remitting behavior seems weak associated with income level. Table 4.7 shows that about one third sends less than a lakh yearly and these who are sending more than two lakhs also not more than one fourth.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The thesis tries to answer these research questions by a household survey conducted in September 2015 in three wards of Harion Municipality in Sarlahi district. In the mid south of Nepal, which provides the real time migratory experiences happening in Nepal. For this purpose, 60 households were chosen randomly in the three wards and interviews were held with the household head regarding the general information about the household including number of household members, sex, age, education, occupation, detailed information on wealth, income and expenses of the households and information on migratory experiences of the family members and income remitted or brought by the immigrant during the previous twelve months. Actually the study has not make the distinction among the reasons of migrants but all the migrants are for work related migration and there were no households with more than one migrant household member.

The thesis was to examine the utilization of remittances in the study area. All the households in the survey area are involved in at least some kind of agricultural activities. They use their own land for their own farming and usually employ very less amount of hired labor. The landholding size of the households is too small. So, the households are less concerned with the rising wages in the agricultural sector. At the same time, there are some observable changes which made the households less concerned with the lost labor value of the household labor. The number of females engaged in the farm labor has increased and the wage rate of the female workers has increased more rapidly almost eliminating the gender difference in the agriculture wages.

The household has emphasized the changing social value regarding female work and the women empowerment as the reasons for such increases in the female wage rate more rapidly than male. Moreover, the inflation rate is very high about 10 percent per

year (MOF, 2012) and along with other prices, the farm wage is increasing. The household are not concerned with the increasing wage rate as their purchasing power to hire labour has increased due to extra income in the form of remittances on one side and they don't have enough information and entusing to distinguish the reasons for increasing wages in the agricultural sector as all the prices are increasing.

The household size is negatively related to the change in asset holding higher the size of the household, the lower will be the change in asset holding and hence, the household savings.

Remittances are very important for the households with migrant household member because the change in asset holding is not affected by the economic activities made by the household members left behind. The households with migrant are remittance dependent.

Regarding the effects of remittance on household expenditures, remittance income affects all kinds of households expenditures but the effect is mostly visible for consumption uses. So, mostly the remittance income is spent for consumption purposes. The remained money is spend for accumulating wealth in the form of non land assets such as television, motor cycle water pumps, jewelries, refrigerator, mobile etc.

These assets are partly productive and partly unproductive. For example, if the asset is accumulated in the form of jewelries, the investment does not help to accumulate wealth in next period of time and hence, this investment is unproductive. On the other side, if the asset is accumulated in the form of tractors or water pumps or making toilets in the household, they are regarded as productive as they help to improve the productivity.

5.2 Conclusion

The thesis has examined the utilization of remittances in the households. The impact of remittances is measured on creation dependent variables household expenditures on different regular items (food non food and education and saving. The impact of remittances on the dependent variable gives the partial results as the remittance income is entitled only to those households which have a migrant household member therefore, the conclusion are based on dual conditions: whether the remittance income has an effect on the dependent variable; and whether the other explanatory variables have a different effect on the dependent variable for the remittance receiving households.

Poverty is the major burning issue in the underdevelopment and developing nation in this present era. Nepal being a small landlocked and agriculture dominated country is suffering from a major problem of poverty. Poverty is defined as the unavailability of the basic requirements such as clothes, shelter and food.

Due to the various factors like unemployment, increasing population, political instability, internal conflict etc. Many youth are lured to go aboard for employment Remittances income has been helping in the reeducation of rural poverty but due to the lack of proper government policies remittance income is being use up in various unproductive sectors.

It is clearly shown that the national GDP growth rate is directly related to the various factors like total saving of the economy and total investment of the economy. On the other hand saving is determined by the investment without investment, the country cannot get higher GDP growth rate . The investment in the country like Nepal is directly dependent on the remittance invested into the economy. Therefore we can say that the remittance is the major factor of development of country like Nepal. There is gap between saving and investment. Thus utilization of remittance in investment is a great need of today e.g. development process. Remittance play vital role to positive changes in development in the nation as well as community. It has its own value.

Nepal's door to international labor market opened after the restoration of democracy in 1990's and has already spread over more than hundred countries. Thus from all over world, Nepal is receiving the remittance money. But the gulf or the Arabian countries are being the easiest destination for the Nepalese workers to get employment and earn money. The sustainability of the Nepalese economy largely depend on the foreign aid and remittance, this is how remittance is helping in the growth of Nepalese economy.

It is clear to all of us that unemployment is the main cause of poverty in any state and the unemployment plays the major role for migration to the other place form their native place. In this study, we also found that the main cause for the migration of the youth is unemployment. Most of the workers of the study area are migrated to those countries where they do not need any special qualification for the job to be taken their migration to the different countries depends on the economic condition of their family, and also the regular money income of the members of family.

Remittance has a positive impact at the household level. Families receiving remittance are enjoying a comparatively better quality of life now than in the past. One can observe that these families have been slowly overcoming the debt burden, relatively comfortable houses with good toilets are being constructed, children are studying in private schools if they are available nearby, and televisions and mobiles have become common amenities. New market centers are emerging in the periphery, new kinds of small businesses such as cyber cafes, beauty parlors, cosmetic shops, fancy shops, stationery stores have increased employment opportunities in private schools and colleges has expanded and families are shifting from rural areas to cities and new market areas. Among the all scenarios remittance play the vital role to reduction poverty.

It is concluded that the economic and social condition of all families who have involved in foreign employment has increased. It may be in both aspects i.e. economy as well as social but surely there are positive changes in the status of the families due to the remittance income. Therefore, we can say that remittance e is play vital role in reducing the level of poverty line. IN rural areas remittances is playing a great role.

The living standard of the people has been raised up. Educational status has been raised up and the people are living healthy then before. The social status of the people has been raised up. In overall scenario the poverty level has been reduced and the people are now living a higher living standard if they will get the remittance income. So, it is absolutely difference the economic status of migrant household before and after receipt of remittances.

5.3 Recommendations

The further researches can be directed towards the study of migrants themselves rather than relying on the household healthy for the information. More detailed information can be obtained from the migrant themselves than the household members left behind.

The remittance sending behavior of the permanent and the temporary migrants are different as the temporary migrants want to earn as much money as they can and save the majority portion of the income but the permanent migrants spend money in order to socialize in the new society. If a household member is permanently migrated to another country the other household members also follow the migrant and hence the household itself disappears. The remittance study on the origin cannot capture the true picture if the household itself disappears. So a combination of study in the origin in the host country may be another appoint for the research to study the migratory behaviors.

However, in Nepal, Remittance has become the backbone of the economy. If the backbone is well nourished, human body can be strong enact to withstand any kinds of powerful shocks. But analogy, in order to make our economy strong enough to absorb any kind of financial shocks, remittance income should be managed and potentialities within remittance inflows should be identified on time. In this context, some suggestions has been mention below:

The migrated person with higher secondary and the above are found to earn much higher remittance income the person with primary, lower secondary and secondary education level. The government of Nepal should encourage those with higher

secondary and above educational level to seek foreign employment. Most of the rural areas come from lower income groups and base on agriculture occupation. So, they can not easily effort foreign employment. If they go foreign countries for employment, they should borrow or get loan at the high interest rate. So the policy should be made to give more opportunities to poor people of rural areas as well as facilitate to them funds for foreign employment. Thus, government should provide loan to the poor people in the cheap interest rate who want to go foreign employment.

Government should promote to remittances income in to productive sectors. The dangerous trade deficit can also be recued with the help of remittance by utilizing in establishing cottage and middle industries. In this situation, Should research regarding impact of remittance on economy and possibility of remittance income for sustainable development should be done.

Although this recognition is limited to the negative aspect of migration, such as addressing rural urban migration by supporting rural development urban planning has become challenging due to an increases of climate induced rural urban migration. As well, male out migration has heavily imposed an additional workload on women left behind.

However, that migration and remittances contribute to the development and adaption needs of recipient families and origin communities, for example in the form of employment, food security, asset creation livelihood diversification (income, sector and geographic), disaster risk reeducation, changes in attitudes or skills.

For examples, the financial and social remittance can support off -farm livelihood diversification, which can in turn compensate for the income losses in the farm sector due to environmental hazards. Recipient households can invest financial remittances into a clean energy supply based on biogas or solar power. Financial remittances can be used to procure insurance and support disaster preparedness. Public awareness in Nepal about the relationship between climate change adaptation and remittances is low. Government stakeholders need to support measures to enhance the understanding of and the coordination and cooperation regarding climate change induced displacement,

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Appendices
QUESTIONNAIRE

**UTILIZATION OF REMITTANCES IN HARION MUNICIPALITY OF
SARLAHI DISTRICT**

Questionnaire prepared for the households whose members have gone abroad for foreign employment.

1. Information of Interviewer

a. Name :

b. Age :

c. Education :

d. Word No.:

e. Tole :

f. Number of family:

2. Family background :

Name	Relation with family	Age	Sex	Education	Marital Status	Occupation	Country	Field of employment

Codes : Occupation

Agriculture = 1, Business = 2, Public Services = 3, Private Service = 4, Cottage industry = 5, Wage labour= 6, Foreign employment = 7, others = 8

3. How many members of your family have gone for foreign employment?

No. _____

4. Did you have any technical skill before going for foreign employment?

. Yes / No

5. If yes, go to question no 6 in which sector?

.....Yes

6. To what extent, the skill is helpful to you recent area of employment in abroad?

.....

7. Why did you go for foreign employment?

Push factors	Pull Factors
a. Conflict ()	a. Employment ()
b. Family loan burden ()	b. Better living standard ()
c. Education ()	c. Friend ()
d. Unemployment ()	d. Attraction Salary ()
e. Other ()	e. Other ()

8. Which channel did you used to go for foreign employment?

i. Manpower agents ()

ii. Local agents ()

iii. Friend ()

iv. Relatives ()

9. How much did you spend to go for foreign employment in during visa fee and preparation cost?

NRs.....

10. What was the source from which you collected money to go for foreign employment?

No.	Topic	Amount in NRs	Common interest	Rate of interest
1.	From own income			
2.	Having loan from organized institution a. From bank b. Financial institutions c. Cooperative			
3.	Having loan from unorganized institutions a. Local money lender b. Relatives			
4.	From selling various things/properties.			
Total				

11. What is the Expect length of time to repay loan?

.....Year.....Months

12. Monthly salary Remittances inflow and channel of remitting money?

Monthly salary in NRs	Remittances in per year	Channel of Remittances money

13. Did you over time opportunities?

- a. Yes () b. No. ()

14. If yes how many hours per week and remuneration amount of over time?

.....HoursRs.

15. How much money can you save per month?

.....Money.

16. Area of uses Remittances Per Year/ Amount

- a. In productive sectors

Areas	Amount(in NRs)
Business	
Agriculture	
Education	
Investment	
Total	

b. In unproductive sectors.

Area Per year	Amount in NRs
Clothing	
Loan Payment	
Real state	
Culture expenses	
Durables consumers Goods	
Food consumption	
Interest payment	
Bank deposit	
Religious expenses	
Travel & Tours	
Total	

17. If you don't invest Remittances income in productive sector. What are the reasons behind it?

- a. Lack of business environment
- b. Conflict
- c. Lack of Market
- d. Lack of sufficient capital
- e. No idea about business/investment at all
- f. Others

18. If you invested, where have you invested?

.....

19. What is your annual income?

Before going to foreign employment	After going for foreign employment

20.

Total income	Consumption	Saving

21. Effective of Remittances in Economic status

a.

Consumption pattern	Before (days in week)	After (days in week)	Amount	
			Before	After
Food				
Fruit				
Meat				

b.

Education expenditure	Before	After	Amount	
			Before	After
Private				

c.

Clothing	Amount	
	Before	After

d.

Physical Assets	Before	After	Amount	
			Before	After
a. Agriculture/tools				
b. Vehicles				
c. T.V./Radio				
d. Telephone				
e. Refrigerator				
f. Landholding				

22.

Saving/ investment	before	after	Amount	
			Before	After
Business investment				
a. Wax factory				
b. Mill				
c. Fancy Shop				
d. Hotel				
e. Fishery				
f. Poultry				
g. Others				

Deposit/Bank Balance				
a. Bank				
b. Cooperative				
Investment in capital market				
a. Shares				
b. Bonds				

23.

Loan/Debt condition	Amount	
	Before	After

24. What should do government for properly utilized of Remittances income?

.....

25. In your opinion what is to be done to promote employment in the country?

.....