

CHAPTER - I

INTRODUCTION

1.1 General Background

Nepal is a small landlocked and agricultural country. Most of the people of the country are engaged in agricultural farming but due to traditional technology, this sector does not help to promote economy. Because of the high rate of the unemployment, low salary structure and limited employment opportunities in the country, they have shown their interest in the foreign employment resulting in the substantial growth of remittance economy. Cross border migration is in practice from the ancient past especially to India, China and Bhutan. Nepalese economy has been suffering from the low level equilibrium trap circumscribed by poverty and stagnation. The economy is still facing the problem of recession covered by conflict and corruption, though the country is in unclear way for the political stability and economic development. Therefore, in the recent years, thousands of Nepalese people are migrating away to the countries, and remittance is becoming the instrumental factor for their livelihood (Dhakal, 2008).

Nepal, a landlocked Himalayan country, surrounded by India in the east, west, south and by China in the north. Located between latitudes 26⁰22' and 30⁰27' and longitudes 80⁰4' and 88⁰12' east, with 147181 sq. km. About 83% of the land mass is occupied by hill and mountains, including the highest peak in the world Mt. Everest. The remaining 17% is occupied by flat land terai in south. The population growth rate of Nepal was 1.4 percent per annum and total population is 266, 20,809 (CBS, 2011) and per capita income less than \$640. The economy of the country is still largely agriculture-based. The development challenge of Nepal is formidable. The annual population growth rate is 1.4% and around 26% of population lives below the poverty line and GDP growth rate is not more than 4.6% (Mof), 2012). Nepal being one among the poorest countries of the world, its opportunities for the faster economic growth is limited. We have abundant resources for which the country enjoys competitive advantages. The exotic culture, unique, unique social setting arts and architecture, religion and above all people themselves are the resources, if harnessed appropriately could bring about noteworthy achievements.

Remittance can be defined as the sum of money that a migrant worker sends back to his/her country of origin. Remittance transfers are crucial sources of income for developing economies like our country Nepal and people as well. At a present context, with the rapid globalization, a lot of good opportunities are creating in the world. Global opportunity and liberal economic and social policy have now explored the avenues for easy flow of workers into the host country that has contributed a lot to the home countries to reduce the unemployment problem and helped in maintaining favorable current account balance.

The increased global integration and the enhancement in communication technology have facilitated the movement of labor from one country to another and, as a result, the flow of remittances started growing at a higher pace. While there is a moderate rise in remittances transmitted to development to developed countries, the remittances sent by migrants to developing countries has witnessed dramatic survey recently. This happened precisely after 1990s when the migration from the developed countries from the North accepted many migrant workers from the poor South (NRB, 2006).

Nepal has also the long tradition of overseas employment which started particularly after the people started migrating to neighboring Indian cities. The trend now, however, has shifted and the overseas employment has become one of the attractive options for many leaving the country to work abroad. The argument for the people's interest for foreign jobs, be it in neighboring country or overseas, is attributed to low absorptive capacity of domestic economy caused by the sluggish performance of manufacture and non-manufacture sectors, rapid growth of population and labor force, prolonged political instability, changing attitude of the people in their livelihood and others(NRB, 2012).

Nepal Life Standard Survey (NLSS) 2010/11 concluded that 56% of the total households were receiving remittance from their family members. Each household receives an average remittance of Rs.80436 per year of the total remittance flow. 19.6% comes from within the country, India 11.3% and from other countries remittance contribution is 69.1% of total remittance flow.

Remittance transfers of resources from individuals in one country to individuals in another are an important source of private funds in developing countries unlike foreign investment which goes to a limited number of well-established economies on the volatile earnings from trade remittances tend to be stable thus helping to cushion domestic economic shocks. And they are of direct benefit to the individuals and households that receive them (World Bank, 2005).

1.2 Statement of the Problem

Remittance is an important contributor to Nepalese economy. Larger scale of remittance is entering in the national economy over last few years and demand for middle level manpower is very high in international labor market.

Information is lacking in each and every step for potential labor migrants. Most of them have are not aware they are going, what work 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, As a result, there are numerous realistic stories of the suffering of Nepalese migrant workers in abroad. It is believed that Nepalese workers are accepted in East and South Asia as well as Gulf countries only because of they are cheap and they do whatever job given. Most of the migrants are educated from middle and lower middle class families who go abroad with the hope of earning much within a short period (Rimal, 2004).

Since many years foreign employment rate is increasing, but most of unskilled labors have been going to foreign land. Nepalese labor force seeking foreign employment has very low level of technical education and formal training. They are compelled to take danger, difficulty and dirty job in foreign country. Slowly training, institute are being established in Nepal to develop skills on individuals who are seeking foreign employment so that earning capacity of the employed can be increased and competitiveness in the labor market can be increased. But these institutes are in infancy. Individuals seeking foreign employment have spent a large amount of money as a cost for employment.

Remittance may help improve economic growth, especially if used for financing children's education or health expenses. Even when they are used for consumption, remittances generate multiple effects, especially in countries with high unemployment. In many other countries, a large part of remittances are invested in real estate reflecting both a desire of migrants to provide housing to family left behind and a lack of other investment instruments in the recipient community. Whether remittances are used for consumption or buying house or for other investments, they generate positive effects on the economy by stimulating demand for other goods and services (WB 2005).

The trend of Nepalese people going abroad for employment is tremendously increasing day by day. The Nepalese government has also encouraged Nepalese labor force for foreign job. But still a host of problems in the remittance sector has to be resolved.

It is no doubt to say that Bhingri is one of the most remittance-recipients out of 49 VDCs of Pyuthan district. With an enormous number of people residing outside for the foreign job, however, the question is that how much money sent by those workers in district has affected the livelihood of their families and neighborhoods back in the country. This study is expected to answer this question by conducting a comprehensive survey in migrant-sending communities of the district.

Yet another less explored are so far regarding remittances is how the people going abroad finance their migration cost. Most of the people going for foreign job belong to the families who are economically very poor and they often live in the areas where there is acute lack of financial services. On this ground, this research also aimed at identifying how migrant workers finance their cost of foreign trip.

1.3 Objectives of the Study

The primary objective of the study is to examine the contribution of the remittance in rural poverty reduction of the study area. The specific objectives of the study are:-

- i) To assess volume of the remittance income in the study area.
- ii) To analyze the sources of remittance in the study area.
- iii) To examine the impact of remittance income in the household economy.

1.4 Significance of the study

Remittance is one of the major sources of foreign exchange earnings of a country. The inflow of remittance increased continuously but during the period of recession it has affected. Remittance inflow has not only increased the foreign exchange earnings and regulation of current economy but also due to strong remittance income Nepalese industry, internal trade etc. regulated. The nation is earning revenue from this source too. In such adverse situation of national economy,. Total GDP growth has been increased positively proves that remittance income playing or crucial role in minimizing the vulnerability of the economic growth to same extent (pant, 2008). To analyze the present manpower of Nepal about 70 present of the educated manpower is migrated of work, some of them are coming back of Nepal and some of them are salting there forever but all of them are spending money from there for their family and relative.

Remittance can generate a beneficial impact on the economic through various channels, such as saving, investment, growth, consumption and income distribution. Remittance have relaxed the foreign exchange constraints of the country and strengthened its balance of payment position. Bringing more remittance money though formal channels are critical, as there in no actual flow of currency through informal channels. There is, however, more, money being circulated in the receiving country without any increase in, foreign reserve due to informal channels. Depending on the volume, this increase in cash circulation without an increase in foreign reserves can cause inflation. The remittance money can crate real-estate bubbles and tends to support overvalued

exchange rates. Furthermore, when the informal sector is utilized, any direct or indirect tax revenues the government would gain from these transactions are lost (Shreatha, 2006).

1.5 Limitations of the Study

The study has the following limitations:-

- i) This study is concentrated with a particular area of Bhangri VDC, Pyuthan district to examine an impact of remittance and poverty. Thus conclusions or generalization of this study may or may not be applicable in the other part of the nation.
- ii) This study is based on the sample size of the study area.
- iii) Price of all commodities is calculated at the current price.
- iv) The study also includes limited statistical tools and techniques like figure, percentage, average and ratio.

1.6 Organization of the Study

This study has been organized in five chapters. The first chapter is an introductory chapter, which includes general background, statement of the problem, objectives of the study, significance of the study, limitation of the study and organization of the study. The second chapter focuses on a review of literature. The third chapter explains the research methodology of the study. The fourth chapter explains the poverty scenario and socio-economic features of the study area. The fifth chapter explains the data analysis and interpretation of the study area. The sixth chapter includes a summary of the major findings, conclusions and suggestions. At last, references/ bibliography and annexes.

CHAPTER II

REVIEW OF LITERATURE

For review study, the researcher uses different books, journal, reviews abstracts, indexes, report, and dissertation or research studies publication by various institutions, encyclopedic etc. It is divided into three headings.

Concepts and Theories

Previous Studies

Conclusion on Review

2.1. Concepts and Theories

Remittance means the transferring money from one place to another place. Generally remittance refers to that portion of migrants earning sent from the migration destination to the place of origin. Even though they can also be sent in kind, the term "remittance" is normally limited to monetary and other cash transfers transmitted by migrant workers to their families and communities (NRB, 2006).

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Malaysia so that are called "Malayako Lahure". According to study conducted by prof. Seddon, Jagannath Adhakari and Ganesh Gurung entitles " Foreign Labor migration and the Remittance Economy of Nepal" DFID (Department for International Development of the British Government) in the year 2005, nearly RS69 billion was Remitted by the Nepalese working in foreign countries in 1997. Of this, nearly 40 billion came from an estimated one million Nepalese working in India whereas the rest(nearly Rs. 29 billion) come from people working in other parts of the world.

According to NRB, the recorded value of money sent back from abroad more then doubled, from 1974/75 (Rs 90.7 million) to 1980/81 (Rs 216.8 million). Over the next decade, the official value of foreign remittances increased three fold, to reach Rs. 676.8 million by 1989/90. By the middle of the 1990's the velum of officially recorded remittance from abroad accounted for between a quarter and third.

Remittances full under the group of items classified as transferee in the balance of payments (BOP). In the fifth edition of the balance of payments manual (BPM), transferee are defined as offsetting entries for real sources or financial items provided, with out a quid pro quo, by one economy to another. Putting it in another way, whenever an economy an economy does not receive or provide recompense in from of real resources of financial items for goods, services or finical items supposes to or received from another economy, it become a transfer for the purposes of BOP accounting. Two kinds of transfer are identified in the BPM: current transfers and capital transfers. while current transfers are recorded in the current, capital transfers are recorded in the capital account. Current transfers are categorized on the basis of the sector of the compiling economy into two main groups: general government and other sector. General government transfers encompass current transfers, in cash or in kind, between government and international organizations. Current transfers and other private sector of the economy and non-resident consist of those occurring between individuals, between nongovernmental institutions or organizations (or between the two groups) or between nonresident government institutions and individuals or non- governmental institutions. Moreover, the category of workers' remittances encompasses current transferee by migrants who are employed in other economies and considered resident there. Standard measures on remittance are based on three items in the BOP reports (as incorporated in the IMF Balance of Payments Statistical Yearbooks). These are in the form of; a) workers living abroad for greater then one year; b) compensation of employs (gross earning of foreigners living abroad for less then one year; and c) migrant transfer (net worth of migrants moving from one country to another (De Wind & Hold away, 2005).

For the foreign employment, Nepalese people are engaged before some centuries. Nepalese were able to name "Brave Soldiers" during the world war. Nepalese people have earned a name and

fame for fighting the victory in the war so that they are called "Bir Gorkhali". The Nepal migrants are called "Laure" because they employed and earned money in Lahore which is in Pakistan now. Some of the Nepalese earned money in Malaysia so they are called "Malaya Laure" (DFID, 2005). Nearly Rs.69 billion come from an estimated one million Nepalese working in other parts of the world.

Observation of the trend of Nepalese seeking jobs abroad, the majority of them that is 5,77,810 people have gone to Malaysia, 4,84,797(Qatar), 3,59,771(Saudi Arabia), 2,16,731(UAE), 24,342(Kuwait), 19,533(Bahrain), 12,007(South Korea), 11,502(Oman), 4,070(Hong Kong), and 43,157 other countries, Nepalese have gone for employment MOF (2009/10), Economic Survey. Nepalese government opened 107 countries for foreign employment, Nepalese are found to go for work in Malaysia, Saudi Arab, U.A.E., Israel, Bahrain, Macaw, Afghanistan, Libya, USA, Japan, Australia, Singapore, Denmark, Canada, Korea and so on. In this way, the remittance play vital role in the economy.

The results indicate that, participation in migration noticeably reduce rural poverty. Poverty headcount, poverty depth and poverty severity are significantly lower in the presence of migration in the cause of Huber. By using the basic poverty line developed by Revulsion (2004) for rural areas which is equal to 850 Yuan in 2002, the study found that remittance lead to decline in the incidence of household poverty from 27.5 percent to 14.3 percent.

2.2. Previous Studies

Adams (2004) used the survey data for Guatemala and Ghana to investigate the effect of remittance from domestic and international migrant on poverty and income distribution. Using both cross section data from Ghana living standard survey and pseudo-panel estimation it is found that international remittances decrease the probability of family being poor. The effect of international remittance in reducing poverty is far higher than effect of domestic remittances in reducing poverty. It concludes that remittances reduce poverty but has no effect on income distribution in Guatemala and Ghana. The degree to which remittances impact poverty depends on how measures poverty.

Owiafe (2008) analyzed the impact of external remittances on poverty reduction in Ghana. The study employed mainly secondary microeconomic time series data analysis. All data were taken from LMF, international financial statistics government, finance statistics and the World Bank and the state of Ghanaian economy. Data were analyzed descriptively and quantitatively. Charts

such as trend graphs and table were employed to add in the descriptive analysis. This study adopt newly developed auto regressive distributed lag econometric model.

The study concluded that remittance have indirect impart on economic growth through human capital development and the case of capital constraints, it's direct impact is nil, where poverty is concerned remittances seem to have direct impact on poverty reduction, though the direct increase in the income of the poor, thus smoothening household consumption and eating capital constraints.

NRB (2012) in his case study shows the positive effects were also observed in the access of communication means such as radio, TV, and telephone. In the same line, then migrant households radio listening and television watching habits were also increased significantly. The Channel by with the workers send money was reportedly formal channels (84 percent of household reported this). Only 14 Percent report that they sent money though hundi and \$ percent remitted with their friends.

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

Osmolovski and Lokshi (2008) examined the work related migration and poverty reeducation in Nepal. This research paper used total per capital consumption expenditure as an indicator of household welfare. Their consumption aggregate includes of household welfare. Their consumption aggregate includes of household expenditure on food and non food items, imputed housing expenditures an implied stream of services from durables goods, as well as cash expenditures an imputed household itself. The values of home -production items are calculated as a product of the quantity of each food item and its prevailing local market price. The poverty line for the analysis is constructed using cost of basic needs approach. To assure interregional comparability, all monetary indicators (household consumption values of remittances wager and so on) are deflated to 2004 all . Nepal prices .The cost of the poverty basket in 2004 all Nepal prices equals NRP 7,694 per year per person -equivalent to US \$ 107 or US \$ 590 in PPP (WB 2006).In this research three group of households classified, the first migrants who send no remittances. The second group comprises households that receive remittances but do not report them. Finally some household could receive remittance from individuals who are not household member.

The result of this study shows that almost 20 percent of the decline in poverty in Nepal between 1995 and 2004 can be attributed to increased work-related migration and the resulting remittances sent back home. In the absence of migration the poverty rate in Nepal would increase from the currently observed 30.2 percent and the mean per capita expenditure would decline from 15000 to 14000 NPR. Migration and remittance have a strong impact on the living conditions of households with a migrant. The poverty rate among households with a member who migrant within Nepal would be twice as high as current levels if the migrants had stayed home. The poverty rate for households with a migrant working abroad would also be substantial higher had their members not migrated. They emphasize the role of migration for work and remittance inflows in raising the living standards of recipient families and reducing aggregate poverty in Nepal.

Sharma, Gurung (2009) try to examine the impact of global economic slowdown on remittance inflows and poverty reduction in Nepal. Secondary time series data were taken for analysis. The study found that the remittance income rent invested mainly on household purposes of purchase of land, purchase and maintenance of new house, paying off loans, deposit cash in bank and finally interest for business purpose. Some returnee migrants have also invested their saving in business ventures. Given the political and economic realities in Nepal and the limited space for expanding employed and income opportunities, foreign employment will remain a attraction for new entrants in the Nepal labor market remains fragile subject to different factor, including local demands and global economic situation. Since the bulk of the Nepali migrant workers consist of unskilled labor. Youth are exposed of insecure and low-paid jobs. Lastly they recommended that the private sector shoals take the initiative to make the most productive use of remittance income, which is now largely invested in land, housing and building. In the long term it would be not sustainable for promoting foreign employment.

Bhattraai and Regmi (2010) focused on the role of remittance in household economy collecting primary data from Nirmal Pokhari VDC in 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 households (RRHH) and remittance receiving households (RNRHH) . From these two strata, 34 remittance non-receiving and 64 remittance receiving households 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.20213.02 for RRHH whereas it was Rs. 24691.49 for RNRHH. Similarly average non-agriculture income was Rs.17170 for RRHH whereas it was Rs. 572118 for RHRHH. It implies the fact that remittance has positive influence on non-agricultural income but not on agriculture income of the sample households. 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 mean difference in various indicators of household's 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 into the domestic economy by investing it into agricultural, education and to shift in non-agricultural 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 fast and festival.

A study done by UNFPA (as cited in Khatri, 2006) looked at 74 low and middle income developing countries and found that there is statistically significant correlation between remittances 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 findings 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 small country like Nepal can be even higher than the average impact for 74 countries indicated by UNFPA study. There are two reasons why this can happen: first the country is poor and the per capita income is low; and second productivity is also low. For example, a study done by National Living Standard Survey on the contribution of remittance to reducing poverty between 1996 and 2003 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. (Khatri, 2006)

CBS (2008) examined the labor market conditions in Nepal and current situation of employment, underemployment and unemployment and of labor force in different economic activities. The

data were primary and collected from field survey. In the first stage, 400 equal primary sampling units (PSUs) were selected from urban and rural strata. In the second stage, 20 households from each PSUs were selected with systematic sampling techniques. Further stratification was done to create 6 strata comprising 3 urban and 3 rural areas. The total sample size combining both the urban and rural areas comprised of 800 PSUs covering 16,000 households distributed over the entire economy.

The survey found that labor force participation rate is 83.0 percent; rate of employment is 97.9 percent or 83.0 percent economically active with 17.0 percent remaining inactive; 2.1 percent unemployed and annual employment growth rate is 2.45 percent. The survey also found that nearly 44 percent of households have at least one absentee living either abroad or within the country. When differentiating between abroad and within the country, the survey found that slightly more than 29.0 percent of households have at least one absentee living in abroad. Similarly, survey found the proportion of households receiving a remittance was 30.0 percent of all enumerated households. The average amount received over all households in the last 12 months was Rs. 19,721. Most remittance income was coming from abroad. The share of remittance received from abroad is the highest from Qatar i.e. 21.3 percent and 19.2 percent, 14.9 percent, 13.4 percent, 2.2 percent, 29.0 percent respectively from Malaysia, Saudi Arab, India, United Kingdom and other countries. From this analysis survey estimated that total amount of remittance received is more than 95 billion NRs, while per capita remittance for the entire country is 4042 NRs.

CBS (2011) about 49 percent of the households in the country perceive their total income as less than adequate and 50 percent think it to be just adequate. The percentage of households reporting their income as “more than adequate” is around one percent only. The proportion of households reporting their income as “inadequate” is the highest in the far-west development region (69 percent) and the lowest in the central region (39 percent). Among the analytic domains, this proportion is the lowest in the Katmandu valley urban areas (26 percent). As expected, proportion of households reporting their income “inadequacy” decreases from the poorest quintile to the richest quintile. It is interesting to note that about 29 percent of the households even in the richest quintile think that their Income is inadequate.

Table: 2.1

Summary statistics of remittances and transfers			
Description	Nepal Living Standards Survey		
	1995/96	2003/04	2010/11
Percent of all households receiving remittances	23.4	31.9	55.8
Nominal average amount of remittance per recipient household (NRs.)	15,160	34,698	80,436
Share of total amount of remittances received by household			
From within Nepal	44.7	23.5	19.6
From India	32.9	23.2	11.3
From other countries	22.4	53.3	69.1
Share of remittances in total household income among recipients	26.6	35.4	30.9
Nominal per capita remittance received for all Nepal (NRs.)	625	2,100	9,245
Nominal total amount of remittance received (million NRs.)	12,957.5	46,365.5	259,088.5

About 79 percent of the total remittances received by the households is used for daily consumption while 7 percent is used for loans repayment. Other uses are to acquire household property 80 (5 percent) and for education (4 percent). Only a small percentage of the remittances (2 percent) is used for capital formation and the remaining (3 percent) is used for other purposes. Nearly 85 percent of the remittance from India is used “for daily consumption”. More than one half of remittances received from Malaysia, Saudi Arabia and Qatar are used “for daily consumption”. Nepal living standard survey (NLSS-2003/04) has defined remittance as a transfer income received by a household with in last 12 months. All incomes transferred from a single source (Individual/household) are counted as one remittance. According to the survey the following table is presented as a comparison of remittances between the year 1995/96 and the year 2003/04.

Table: 2.2

Summary statistics of Remittance

Description	Nepal Living Standard Survey	
	1995/96	2003/04
Percent of all households receiving remittance	23.4	31.9
Average amount of remittance per recipient household (NRs Nominal)	15,160	34,698
Share of remittance received by household from with in Nepal	44.7	23.5
From India	32.9	23.2
From other Countries	22.4	53.3
Share of remittance in total household income among recipient	26.6	35.4
Per capita remittance amount for all(nominal NRs)	625	21,000
Total amount of remittance received (nominal NRs)	12,957,840,907	46,365,466,726

Source: NLSS volume (2003/04)

According to this table, the portion of household receiving remittance has increased from 23 percent in 1995/96 to 32 percent in 2003/04. Average amount of transfer earning per recipient household has more than doubled in nominal terms in some period. Other significant change in the share of their remittance by sources with in Nepal and from other countries including the Gulf account for more than half of the share. For those household, with positive remittance earnings, their share in total income has increased from 27 percent to 35 percent. Overall, total amount of remittance receiver had increased from about 13 billion Rs. to more than Rs. 46 billion. In nominal terms, while per capita remittance for the entire country has more than tripled in nominal terms between two round of NLSS. Rural households have higher portions of recipients relative to their urban counterparts particular. The average income transfer in the from of remittance is Rs 34,698 (in current price) per recipient household in 2003/04. Among development regions, the amount is the highest in the West (Rs 45,805) and the lowest in Far-West (Rs. 15,679). The difference between urban and rural is more than twice (68,981) versus (Rs. 29,530). The amount in Kathamandu valley urban is even higher (RS. 118,998). Disparity among consumption groups is very sever: Rs.65,514 for the richest quintile versus Rs. 13,906 for the poorest quintile.

Per capita remittance is a better indicator for the whole population stands at NRs 2100. Urban areas have double the size of rural areas but strongest association is seen with the level of household consumption. The poorest consumption quintile receives one -eighth of what the richest quintile receives in per capita terms. Remittance flow from internal and external sources, according to the survey, majority of remittance come from with in the country, followed by India and other countries. The far-west and mid west have higher shares from India. Perhaps a better indicator of source shares is by six of transfer income. The survey summaries number, size and share of remittance by source also. NLSS II estimates that the total amount of remittance in the country is NRs 46 billion is nominal terms. India accounts for 23 percent, three Arab countries for 27 percent, other countries for 17 percent and internal sources for the remaining share. This is a large shift from eight years ago when internal sources and India accounted for more than one fourth of the total amount. This is summarizing in the following table.

Table: 2.3

Share of remittances received by source

Sources of remittance	Share of remittance amount received (%)
Internal	
Urban Nepal	12.4
Rural Nepal	11.1
External	
India	23.3
Malaysia	9.6
KSA, Qatar, UAE	26.5
Other country	17.1
Other Donor Agency	0.1
Nepal	100

Source: NLSS volume (2003/04)

Karki (2006), in this dissertation, "Foreign employment and Remittance Economy of Nepal; A case study of Dhuseni VDC, Illam District" has attempted to identify impact of foreign employment and remittance in rural community in the study are Moreover he also tried to identify the past trend of foreign employment and remittance of Nepal, Socio-economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in households economy and uses of remittance. His study is based on both the primary as well as secondary data. Primarily data were collected from the publication of CBS, NPC, and WB, etc. for the purpose of comparison of the composition of foreign employment and remittance in his study. He has analyzed the collected data by using simple statistical tools like percentage and ratio.

Thus, the study has concluded that the main destination of Nepalese's workers is Gulf countries and Malaysia. Sixty percent of total workers are in Gulf countries. The main countries are Saudi-Arabia, Qatar, UAE and Malaysia etc. The Remittance is increased in the year 2003/04 by percent while base year was 1994/95. The contribution of remittance to GDP in 2003/04 was 11.44 percent and the share of remittance in convertible foreign exchange reserve was accounted by 46.9 percent in 2003/04. The average cost for foreign employment was Rs. 93.25 thousand. It ranges between Rs. 45 thousand minimum to Rs 150 thousand maximum. Source of financing for foreign employment for 90.25 percent migrant worker was borrowings. The major sector of employment for Nepalese's workers was building construction (41.66 percent) and Industry (26.38 percent). The Nepalese workers average stay duration was 2.99 years. Most of them respondents of that study area want to go again because of the unemployment (70.85 percent) and conflict (36.11 percent). Out of causes maximum respondents of Brahmin/Chhetri were suffering from the conflict problem. The study summaries that remittance has increased their household economic and social indicators after returning from foreign employment has increased their household economic and social indicators after returning from foreign employment. Around 55 percent respondents said that remittances have changed their economic status and standard of living and around 72 percent said that it has increased their social attitude and around 90 percent respondent's skill. But around 36 percent respondents said that economic status has been same, 44 percent have remained same and standard of living and 27 percent said that it remained their social attitude same and 9 percent said that remained same level of skill after returning from the foreign employment. Around 77 percent respondents improve their clothing 15 percent respondents have worsened their education of children, health of family members and cash available and around 36 percent respondents have same level of education of children and health of family member, around 47 to 50 percent have same level of cloth and cash available.

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. 2 The

total number of migrant workers (excluding those migrating to India) increased to 940,824 in 2006/2007 from 1,926 in 1992/93 (Table 1). By the end of 2007, the total number crossed one million. The official figures of those working abroad are felt to be grossly underestimated (Graner and Seddon, 2004 and Gurung, 2002). 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 2006/07, the number of workers going overseas for employment was 214,094 compared to 2,159 in 1994/95.

Number of Nepalese Workers Abroad

Table: 2.4

Year	Number of Job Seekers
1994/95	2,159
1996/97	2,134
1997/98	3,259
1998/99	7,745
1999/00	27,796
2000/01	55,025
2001/02	104,739
2002/03	105,055
2003/04	121,769
2004/05	139,696
2005/06	182,043
2006/07	214,094

Source: Department of Labor and Employment Promotion (2007)

The major factor contributing to large-scale out-migration from Nepal is higher growth of labor force and limited employment opportunities outside the farm sector. The 3 percent annual growth of labor force is not matched by additional job creation; moreover, the low salary structure in the economy, insecurity in the rural areas, and higher demand for the labor in the industrialized Asian and Middle-east countries are the other contributing factors. The Government's liberal policies, accompanied by mushrooming growth of the manpower agencies have also played instrumental roles. Currently, 700 manpower agencies are operating in Nepal. Furthermore, food scarcity, distorted peace and social order are strong push factors for increasing out migration. The poor people from the Mid West and Far West are migrating to India and those who can manage the funds are migrating beyond India. (Source: NPC/CBS (2005)).

2.3 Conclusion on Review

After reviewing the virus literatures, it is concluded that the international labor migration in one of great importance for receiving high degree of remittance. The Nepalese immigrant sent a considerable remittance back their home which play vital role for their overall development. In case of Nepal one of the major exports is labor and most of the households now depend on at least one members earning from abroad. Generally the Nepalese labor force is comparatively low skill in terms of education and vocational training. Thus a higher qualification could be beneficial at foreign as wall as national labor market. Most of the previous studies were impact of remittance on poverty and education but present study tries to show role of remittance in national economy as wall as socio-economic role in household's level.

CHAPTER- III

RESEARCH METHODOLOGY

3.1 Research design

This is a case study of Bhingri VDC. which covers all 9 wards and micro level study. The design of this study is pre- and post recall as well as comparison of remittance receiving household with remittance non receiving householders. This study adopted the Systemic sampling method. The main objective of this study is to review the Contribution of remittance in rural poverty reduction. For this purpose, US \$1 income per day concept was adopted to measure the poverty of the study area.

3.2 Source of Data

This study conducted with primary as well as secondary data. The primary data collection using the questionnaire methods. The survey method confined to the remittance household survey only. The collected data will be processed according to the need of study. In the context of secondary data, available sources, like policy document, article, books, web-site will be also used which efforts are already done in the past.

3.2.1 Primary Data Collection

Among the selected households members are taken interview with sampled household were use structured questionnaire and relevant information collected through the medium of questionnaire, the questionnaire includes both open and closed types. The researcher took personal interview and fill up the questionnaire, Cross check, editing and indirect question were also put some time to check the validity and relevancy of questionnaire.

3.2.2 Secondary Data Collection

Besides, primary data secondary data also needed to fulfill the research objectives. So the sources of available data should be taken from official and unofficial sources. The relevant data taken from publication of National Planning Commission Secretariat, Central Bureau of Statistics (CBS), Budget speech of GON, Economic Survey, Annual publication of Nepal Rasta Bank, Book, Report, Magazines, Seminar Paper, Reports of Research Center's data and information from donor agencies like WB,ADB,IMF,UNDP etc.

3.3 Sampling Design

The Bhingri VDC, There are 1283 households and total population is 6897. Among them the working age population is only 2548 (the Population aged between 15 years to 60 years is categorized into the working age population). Among the total no of households total of 25 households are migrated to another place in the year 2071/72 BS. Among the total population about 18 percent of the people are migrated to another place. Among them about 36 percent of people are migrated for their further studies and about 45 percent of people are migrated for work. From 1283 total households in the study area, 63 households were selected using proportional size with random sampling method. In order to make the study meaningful as well as advanced in the limited time period a larger sample size was not feasible. The sample is more than 10 percent of total households, which can be considered as the representative of the universe of study. The sampling interval has given by $450/63=7$ and their 7th household has been interviewed strata are the nine wards of the VDC; the selection of sample households is each word is made proportional to the size basis.

3.4 Data Processing

After the data collection, all information of the questionnaire checked and verified. Then the data tabulated in row and column in different categories such as education, income occupation and family size to analysis the different categories to solve the problem. The data be entered on Excel 2010 of Microsoft.

3.5 Data Analysis

After collecting data, all information of the questionnaire classified and tabulated to meet the needs of the study. Data analysis done with the help of require tools and techniques. In data analysis the simple technique used to analysis the result.

3.6 Data collection Techniques and Tools

Primary and secondary data both have been used in this research. For the primary data simple Household survey has been undertaken. In the field work, data are collected through certain questionnaire, interview and observation. Similarly for the secondary data, income and expenditure sheet of project, DFS report, and other informational documents are used.

CHAPTER-IV

ANALYSIS AND PRESENTATION OF DATA

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

4.1 Background of Sampled Household

Social- economic status reflects the economic social well being. So their social economic profile is reported below which is found in the study area.

4.1.1 Demographic Feature of Selected Households by Sex

For the study, only 63 sample households are taken 450 household foe data collection. The total population of sampled households of Bhangri VDC is 450 out of them 290 are male. It is 57.77 percent of Total population. Moreover, female population is 160 it is 42.22 percent of total population. It shows that male population. Is more than female population but there isn't large difference between them. It has been shown in the following figure.

Table No. 4.1.1

Demographic Features of Selected Households by Sex

sex	Population	percentage
Male	260	57.77
Female	190	42.22
Total	450	100.00

Source: Field Survey, 2016

The Table no. 4.1 shows that 57.77 percent population is male of 260 and 42.22 are female. The male population less than female population but there is great difference between them .

4.1.2 Marital Status of the Individuals Surveyed

The population is dividing into different four categories they are married unmarried, widowed and divorced respectively. It shown in the following table in percent.

Table No. 4.2

Marital Status of the Individuals Surveyed

Marital Status	No. of HH	Percentage
Married	290	64.44
Unmarried	150	33.33
Widowed	10	2.22
Divorced/Separated	-	-
Total	450	100.0

Source: Field Survey, 2015

The table no. 4.2 shows that 64.44 percent population is married and 33.33 percent are unmarried. The married population is less than unmarried but there is great different between them. Moreover, 2.22 percent population is widowed. It is clear that most of the couples are living together them separated.

4.1.3 Household Size of Sampled Household

The main determinant of going foreign employment is household size and it is presented in the following table, which is found in study area.

Table No. 4.3

Household size of Sample Household

Household Size	Sampled Household	Percentage
2	15	23.80
4	9	14.92
5	11	17.46
6	16	25.39.
7	12	19.04
Total	63	100.00

Source: Field Survey, 2016

The household size has been show in table no. 4.3 which has been found in the study area. There is no household with a single member, about 25.39 percent households have six member that the highest that 16 household out of total household 63. Only 14.24 percent of household has with four family members. It is the lowest family size found in the study area.

4.1.4 Age Structure of Individual Surveyed

For the simplicity, total population has been divided into 6 section based on age. The total population under 14 years are 80 and 160 population is between 15 to 29 which is highest number of total population. On the other hand the total populations are 70 which is lies in age of 30 to 44 and age of 45 to 59 are 80. The total populations are 40 in age group of 60 to 74 year and only 20 populations are above 74 years. The data has presented in the following table in percent.

Table No. 4.4

Age Structure of Individual Surveyed

Age	Population	Percentage
Less than 14	80	17.77
15-29	160	35.55
30-44	70	15.55
45-59	80	17.77
60-74	40	8.88
75+	20	4.44
Total	450	100.00

Source: Field Survey, 2016

The total population under 14 years is 17.77 percent, between 15 to 29 are 35.55 percent similarly, between 30 to 44 are 15.55 percent, on the same manner 17.77 percent people are between 45 to 59, 8.88 percent people are between 60 to 74 and 4.44 percent population are of total population belong to above 75.

The above results that of the population are found economically active because than 68.87 percent population are between 15 to 59 years.

4.1.5 Education Status of Sampled Members

Despite the gains, the nation literacy rate is very low two out of five people are literate. Two thirds of the total population, thus, remains deprived of the basic capability of literacy. While more than one-half of boys and men are literate, only one of four girls and woman is literate- despite the fact that literacy among girls and woman, in term of percentage ratio, grew much faster than the boys and men. Gender differences on other domains of life, thus is being reconstituted in differential access to opportunities to literacy is highly unequal between the urban and rural areas and the ecosystem and developmental regions of the country. The literacy rate in 1991 was lower in the mountains and the Tarai in compared to the Hills, and the mid-western development regions had a considerably lower literacy rate than the three other developmental regions. Furthermore, there are a larger number of the districts, primarily in the mid-western and far western regions where literacy ratio are in the 20-30 percent range. In addition, literacy is highly unequal distributed among the various caste group and a few of the smaller ethnic are relegated to the bottom of the literacy hierarchy (HDR-N 1998 quote in Thakuri).

Education status refers to their standard. Educational status determines an occupation, income, and consumption of the people. The result of the study found is presented in the following table.

Table No. 4.5

Education Status of Sampled Members

Education Status	Population	Percentage
Illiterate	100	22.22
Primary	50	11.11
Secondary	80	17.77
More than Secondary	220	48.88
Total	450	100.00

Source: Field Survey, 2016

From above mentioned table no. 4.5 we can find 22.22 percent to total population are illiterate, 11.11 percent population are having primary education. 17.77 percent of population is having secondary level and remaining 48.88 percent is having more than secondary level education. From the table the literacy rate is approximately 77.76 percent. It is more than national literacy percentage of Nepal. Average literacy percentage of Nepal is 63.2 as per the data prepared by ministry of education on the basis of Nepal labor force survey 2012 (Economic survey 2013/14).

4.1.6 Occupations of Household Head of Foreign Employee

An occupation is important for the people because it determines their income, and consumption depends on the income. The data of the field observations indicates that, Bhingri VDC of Pyuthan district, the family member of the household are found to be engaged in various sectors like private sectors, public sectors, foreign employment, petty traders and so on. An occupation of household head is presented in the following table.

Table No. 4.6

Occupation of Household Head of Foreign Employment

Occupations	No. of HH	Percentage
Agriculture	43	68.25
Government service	8	12.69
Private sector	4	6.34
Foreign employment	5	7.93
Petty trader	2	3.17
Wage labor	1	1.53
Total	63	100.00

Source: Field Survey, 2016

Table no. 4.6 shows that only 8 percent household head are involved in public sectors out of 63 and it is about 12.69 percent of total. Only 6.34 percent of household head are worked in private sectors. It clears that their access of public sectors is very low. In the selected sample, 7 percent

has engaged in foreign employment. Beside this 68.25 percent of household are in agriculture. It shows that agriculture is the main occupation of the study area.

4.1.7 Causes of Foreign Employment

At present time, labor migration is a global phenomenon. With the rapid global economic liberalization, the demand and supply of labor is unlimited and unbound therefore labor force of different countries are moving globally. But there are many causes for labor migration and it determines differently based on the country. In the context of our country Nepal, the main cause of foreign employment is poverty. Beside this there are different causes of labor migration in international labor job market which is shown in the following table.

Table No. 4.7

Causes of Foreign Employment

Causes	No. of HH	Percentage
Lack of opportunity in the country	20	31.74
Political conflict	15	23.80
Family pressure	5	7.93
For better job opportunities	14	22.22
To increase the economic status	9	14.28
Total	63	100.00

Source: Field Survey, 2016

Table no. 4.7 Shown that lack of opportunity is the main reason of foreign employment. Out of total household about 31.74 percent worker gone foreign job market because of unemployment problem and lack of opportunities in the country. In the study area, 22.22 percent worker gone to foreign employment for better opportunities and following by political conflict in the country with 23.80 respectively. It is because of a decade of decade of conflict between most

governments. On the overland, employee also gone to foreign employment to increase their economic status and family pressure as well.

4.1.8 Medium of Going Foreign Employment

At present time, large number of Nepalese of worker is going foreign employment in different countries through different medium. They have no idea about how to go foreign employment because of lack of knowledge related field. At this situation, in this study following medium is found to go foreign employment.

Table. No. 4.8

Medium of going Foreign Employment

Medium	No. of HH	Percentages
Manpower agency	40	63.99
Advertisement	2	3.17
Relatives/Friends	6	9.52
Government quota	15	23.80
Total	63	100.00

Source: Field Survey, 2016

Table no .4.8 shows that 63.99 percent migrant worker is going through manpower agency which is the highest percentage of this study and followed by 23.80 through government quotas. Only 3.17 percent Nepalese migrant worker have gone through advertisement and 23.80 percent have gone through relatives/friends. It proves that Nepalese migrant workers use different medium to go foreign employment.

4.2 Volume of remittance

4.2.1 Expenditure for going Foreign Employment

The expenditure of foreign employment status from obtaining a passport, medical checkup, manpower, agency, visa processing, air fair and cost of traveling time to time from home to Katmandu. Expenditure of going foreign employment depends on work force agency and type of work and country. The expenditure of foreign employment in the study area is found as follows.

Table No. 4.9

Expenditure for Going Employment

Amount (in thousands)	No. of HH	Percentage
Less than 80	15	23.80
81 to 100	30	47.61
More than 100	18	28.57
Total	63	100.00

Source: Field Survey, 2016

Table no. 4.9 shows that an average expenditure done by employee. In the study Ares, 23.80 percent foreign employee paid less than 80 thousand to go foreign employment and 28.57 percent employee paid more then 100 thousand respectively. On the other hand, 47.61 percent employee paid between 80 to 100 thousand which are the highest percent of total. It clears an average cost of going foreign employment is around one lakh.

4.2.2 Nature of Work of Employee

Income of the employee is determined by what type of work he does. Nature of job depends on employee skill and training. In the case of this study the nature of work are as follows.

Table No. 4.2.2

Nature of work of Employment

Types	No. of HH	Percentage
Plumbing	4	6.34
Electrician	5	7.93
Machinery	3	4.76
Driving	6	9.52
Army	8	12.69
Polic	10	15.87
Cook/Waiter	2	3.17
Construction	24	38.09
Others	1	1.58
Total	63	100.00

Source: Field Survey, 2016

Table no. 4.10.1 shows the most of people from our country has been working in other countries as on skilled and semi - skilled workers. In the same way, it is found from this study that many people have been working in construction of buildings as a labor. In this sectors 38.09 percent employee are in construction. It is the highest percentage of Nepalese foreign worker. 28 percent Nepalese worker are found to work in army and police including British, Indian army and followed by Singapore police. In the study area most of the households are Mager and they went to join army and police because of high salary.

4.2.3 Employee Situation

At present context of Nepal, number of Nepalese worker for going foreign employment is rapidly increasing because of lack of job opportunities in the country. With the increment of Nepalese worker in foreign job market, the amount of remittance is increasing terns in an average. Income of the worker is determined by employee situation based on country, training, and company and so on.

4.2.4 Numbers of Employee Based on Country

The table 4.11.2 shows the migrated workers field of work in destination country of the study area. The most favored country of Nepalese workers are gulf, Malaysia Indian army and others. The data are presented on table no. 4.8.1

Table No. 4.2.4

Number of Employment based on Country

Country	No. of HH	Percentage
Gulf	35	55.55
Malaysis	10	15.87
Indian Army	8	12.69
Birtish Army	2	3.17
Singipur Polic	1	1.58
Hong kong	1	1,58
South Korea	4	6.34
Others countries	2	3,17
Total	63	100.00

Source: Field Survey, 2016

Finding shows that most of people have gone to gulf countries. 55.55 percent of total number of persons is in gulf and they are unskilled labor. This overwhelmingly high percent of migrated unskilled labor force in fact does not produce high volume of remittance. However, if this high number of unskilled and semi-skilled labor-force had been fully skilful, today's volume of remittance would be at least doubled. On the other hand 15.87 percent workers are in Malaysia and followed by Indian army with 12.69 percent. Hong Kong is the lowest number of employee where only 1.58 percent Nepalese worker are working there.

4.2.5 Training before Going Foreign Employment

Training is the most essential for higher income. Wage rate of workers depends on their training and skill. But in case of Nepalese worker, most of the worker is unskilled and they have no training before going foreign employment.

Table No. 4.2.5

Training Before Going Foreign Employment

Training	Yes	No	Total
	25	38	63
Percentage	39.68	60.31	100.00

Source: Field Survey, 2016

Table no. 4.12.3 shows that only 39.68 percent Nepalese worker have training before going employee country. In this study area, 60.31 percent workers have gone to foreign employment without training and skill. So that their wage rate is low as a result and they are unable to change their economic status rapidly.

4.3 Remittance Income

In our country Nepal, remittance income receiving household is increasing day by day. In case of Bhingri VDC of Pyuthan different households are receiving different amount of remittance income which is shown as below.

Table No. 4.3.1

Remittance Income

Remittance income annually (at thousand)	No. of HH	Percentage
60-80	5	7.93
81-100	10	15.87
101-150	15	23.80
151-200	25	39.68
More than 200	8	12.69
Total	63	100.00

Source: Field Survey, 2016

Table no. 4.14 shows that 15.87 percent household receives 81 to 100 thousand remittances that is the highest number of households out of total sample. Only 7.93 percent receives 60 to 80 thousand and 8 household receives more then 200 thousand as a remittance income. Amount of remittance income depends on wage rate, country and type of job.

4.3.2 Medium of Remittance

At present in Nepal different mediums are available to receive remittance. Nepalese migrant workers send their income in different medium base on country and development of financial institution and their knowledge about it. In this study sample households are receiving their remittance in the following medium.

Table No. 4.3.2

Medium of Remittance

Medium	No. of HH	Percentage
From Bank	10	15.87
From money transfer	30	47.61
From hundi	1	1.58
Friends	20	31.74
Self	7	11.11
Total	63	100.00

Source: Field Survey, 2016

Table no. 4.15.2 show that 47.61 percent households are receiving their remittance income through money transfer and it is the highest percent. Only 1.58 percent households receive remittance from hundi. Most of the western and South Korea employee are sending their money from hundi and gulf and Malaysian employee are sending their transfer. In case of bank only 15.87 percent households are receiving remittance from bank. It may be because of lack of banking habits and of banking system in study area and rural area of Nepal. Besides this many employee send money from friends and many employee bring their money themselves.

4.4 Utilization of Remittance

Utilization of remittance shows the picture of economic condition of households. It measures household's economic condition, consumption capacity and investment behavior. Consumption represents the total quantity of goods and services bought and consumed by consumer during a period. It depends on the refining capacity of people. If economic condition is good households increase their consumption and if not good they use their remittance income on debt repayment which is shown below.

Table No. 4.4

Utilization of Remittance

Use of remittance (annually)	An average Amount (annually) per households
Household consumption	38000
Education	13400
Debt repayment	70000
To purchase land and real estate	45100
Investment in agriculture and livestock	9000

Source: Field Survey, 2016

The table 4.16.3 shows answer of questions the annual expenditure on different sector. It is found that 38,000 expenditure is in household consumption of remittance income and 13,400 is found in education respectively. The highest amount of remittance income utilizes to debt repayment with 70,000 and followed by 45,100 to purchase land and real estate. Only 9,000 is used to investment in agriculture and livestock.

4.4.1 Comparison Before and After Receiving Remittance Income

Fuel

Fuel is most important for cooking in every house. The finding of the study is as follows on basis of use of fuel.

Table No. 4.4.1

Fuel

Fuel	No. of HH	
	Before	After
Firewood	35	28
Bio-gas	2	3
LP gas	26	32
Others	0	0
Total	63	63

Source: Field Survey, 2016

Table no. 4.17.1 shows that all 63 households have been using firewood for cooking, 35 before they go to foreign employment and after 28 receiving remittance. Foreign employment impact on use of fuel. It clears that there is a change at fuel.

4.4.2 Stove

All households were used open fireplace before going employment but after receiving remittance, use of stove is change slightly.

Table No. 4.4.2

Stove	No. of HH	
	Before	After
Open fire place	60	50
Mud stove	0	5
Smokeless stove	0	8
Kerosene/gas stove	3	0
Total	63	63

Source: Field Survey, 2016

On table no. 4.18 clears that all 63 households were used open fire as tool of stove for cooking. With the time they went to foreign employment and when they send remittance use of stove has change. Out of 63 households, 5 households are using mud stove and only 8 households are using smokeless stove.

4.4.3 Toilet

Use to toilet increase with educational and economic improvement. It also shows their awareness about health. The use of toilet is presented below which is found in study area.

Table No. 4.4.3

Toilet

Toilet	No of HH	
	Before	After
Household flush	0	5
Household non-flush	50	55
Didn't use	13	3
Total	63	63

Source: Field Survey, 2016

Table no. 4.19 shows the use of toilet facility. Before to go foreign employment 50 household was used non-flush toilet and 13 household did not used any toilet. But after going foreign employment it increased to 50 to 55 household who are using non flush toilet and 5 household are using flush toilet. At present time, there are 3 household have no toilet until now. Only around 5 household in the study area using flush toilet at now was before going foreign employment.

4.4.4 School.

Education is the most important it is because household socio-economic standard reflects it. Therefore, the household's educational attainment has shown in the following table.

Table No. 4.4.4

School

School	No of HH	
	Before	After
Government	40	30
Private/Boarding	23	33
Total	63	63

Source: Field Survey, 2016

Table no. 4.20.1 shows that all 40 household were gone to government school and 23 household ware gone to boarding school but after receiving remittance income it reduced at 30 households and 33 households are going to private school. It clears that income determines household education.

4.4.5 Hostel

Education and hostel of children depend on household's income level. In the study area there ix no any change in hostel system before and after receiving remittance income.

Table No. 4.4.5

Hostel

Hostel	No of HH	
	Before	After
Yes	0	0
No	63	63
Total	63	63

Source: Field Survey, 2016

In table no. 4.21 data shows that all households' children live in their own house instead of hostel. It is because there are no hostel facilities in school in their village. Most of the schools are government and there is no hostel system.

4.4.6 Electricity

Nepal is the second wealthiest country in water resource with 83000 MW capacities to produce electricity. Even though most of the rural area of Nepal is still beyond electrification but increasing of our study area most of the households are using electricity, which are shown in the following table.

Table No. 4.4.6

Electricity

No of HH	Before	After
Used	40	63
Don't used	23	0
Total	63	63

Source: Field Survey, 2016

Table no. 4.22 shows that 40 households were used electricity before they go to foreign employment but after receiving remittance income all 63 households are using electricity. It may be because of increase of their income and expansion of electrification of study area.

4.4.7 Roof

Housing represents household's economic status. With the increase income level people change their housing structure and roof. In study area of Bhingri VDC of Pyuthan following data are found.

Table No. 4.4.7

Roof

No of HH	Before	After
Thatch (Khar)	42	27
Tin (jasta)	21	36
Total	63	63

Source: Field Survey, 2016

Table no. 4.23 shows that 42 household roof was thatch and 27 households were tin before receive remittance but when they started receive remittance they change their roof. After they receive remittance income only 21 households roof are thatch and roof of tin are increases 21 to 36 households.

4.4 .8 Drinking Water

In case of drinking water facility, different sources are used in the study area. They are presented in table no. 5.10.8

Table No. 4.4.8

Drinking Water

Drinking water	No of HH	
	Before	After
Well (Kuwa)	15	5
Tap (public)	40	48
Tap (private)	8	10
Total	63	63

Source: Field Survey, 2016

Out of 63 households, 15 households were used well as a source of drinking water before they go to foreign employment and after 5 households. It is not only cause of remittance but also government project and VDC project. On the other hand, 40 household were used top (public). After going foreign employment, it increased because well family also used it. 8 households were used private top but after receiving remittance it has been 10 households. It clears that remittance income and drinking water facility is positively related.

4.4.9 Communication and Entertainment

Access to information was found to be higher in sample household. The ownership of media items such as radio, television and DVD players all is higher in sample households. Radio and mobile phone remained to be the most used of communication in the study area.

Table No. 4.4.9

Communication and Entertainment

Items	No of HH	
	Before	After
Radio	20	15
Telephone (landline)	5	2
Mobile phone	25	30
Television	10	15
DVD/VCD player	3	1

Source: Field Survey, 2016

Before receiving remittance, income 20 households were used radio and 25 household used mobile phone. After remittance income used of radio was decreased at 15 household it may be cause of replace by mobile. On the other hand use of mobile phone is increased 25 to 30 households. On the case of television and DVD/VCD player, it has increased. It clears that an information access is increasing.

4.4 10. Health Status

The flow of remittance in the study area has increased the peoples approach to the health facilities. There is a health post being run by the government and 2 private medical clinics providing the health services to the people in this VDC. The health status in the sampled households in the following table.

Table 4.4.10

Health Status of the Sample Household

People used by health facility from	Number of Household	Percentage
Lama/Dhami	5	7.93
Health post/Govt. hospital	40	63.49
Private Clinic	10	15.87
Ayurvedic	8	12.69
Total	63	100

Source: Field Survey, 2016

The above table presents the data about the receiving health facilities from various sector like health post, private medical firms and other. The above table shows that 63.49 percent of the total people were getting facilities from the health post. 15.87 percent of the people were getting the health service from the private medical firms, 12.69 percent people going to Ayurvedic facility and only 7.93 percent used to Lama/Dhami.

4.5 Changes in Household Economy Due to Foreign Employment

It is often believed that if somebody receives foreign employment his household economy will improve. The change in economic wellbeing improvement in living standard, improvement in skill, social status might be some of the areas where the changes take place etc. If the respondents are able to gain more than the income which is needed to run their family and also to

pay their loans principle as well as their interest amount then only their economic conduction can improve and their poverty problem can be reduced. To find out the change in household economic condition due to foreign employment, the respondents were asked to give their own judgment about their economic conduction before employment and after foreign employment and comparison of these two time periods the answer given by them is presented in the following table.

Table 4.5.1

Frequency distribution of change in different indicators of respondents due to Foreign Employment

Indicator	Change in condition				
	H. Increased	Increased	Little	Same	Total
Economic	12	30	15	6	63
Standard living	7	35	10	11	63
Social status	10	29	8	16	63
Skills	4	30	16	13	63

Source: Field survey, 2016

The above analysis is based not on the ethnic composition or group but it is based on the total sample size without categorization. It shows that 12 percent of the respondents reported that their economic status is highly increased due to foreign employment. The 15 percent of the respondents replied that their economic status is remained little. The 6 percent of the respondents' economic status has same due to the foreign employment. The decrease in economic status might have been resulted with high cost and low pay in foreign employment or short period of foreign employment. Another 11.11 percent of the respondents had increased their Highly standard of living percent 23 of the respondents had replied that standard of leaving remained same and 35 percent respondents said that their standard of livening is increased after retiring from foreign employment due to incensement in family debt, 13 percent little. In the contest of social attitude and rest 20.63 percent respondents' social attitude remained the same. In

another aspect of foreign employment 20 percent of the respondents had learnt little skills there either it may be useful. The rest 31.74 percent of the respondents replied that did not learn any new skill while working abroad.

From the above table it can be concluded that most of the respondents felt that there was a positive change in their household economic and social attitude and skills development etc. after returning from foreign employment.

4.5.2 Sources of Income of the Sampled Households

In the study area even though the different people are engaged in different occupation like Agriculture, Business, Jobs (Government as well as private) and foreign employment etc. which are the main source of income of the respondent family of the study area. The situation of the income depending on their sources in the sampled households in the following table.

Table 4.5.2

Source of income of the sample households

S.N.	Sources of income	Number of households	Percentage
1	Agriculture	30	47.61
2	Government Job	5	7.93
3	Foreign employment	15	23.80
4	Private Job	4	6.34
5	Business	6	9.52
6	Others	3	4.76
		63	100

Source: Field survey, 2014

Table no.4.5.1 shows that only 5 percent household head are involved in public sectors out of 63 and it is about 7.93 percent of total. Only 6.34 percent of household head are worked in private sectors. It clears that their access of public sectors is very low. In the selected sample, 23.80 percent has engaged in foreign employment. Beside this 47.61 percent of household are in agriculture. It shows that agriculture is the main occupation of the study area.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The main objective of the study is to gauge the Impact of foreign employment and remittance in poverty reduction in the study area. Moreover the study also tries to analyze the nature and extent of remittance income in the study area. Socio economic characters of foreign employees, source of financing and cost for foreign employment, change bought by foreign employment and remittance in household economy and uses of remittance.

To fulfill the objective of the present study, Bhingri VDC of Pyuthan district was selected and a sample survey was conducted October 2016. The sample size was 63 households were chosen by Systematic sampling methods and data were collected through questionnaire methods. Some secondary data used to compare the composition of foreign employment and remittance. The summary of the study are as follows.

- In the field survey, the sample population of male is 57.77 percent and female is 42.22 percent.
- Based on marital status, 64.44 percent of total population is married, 33.33 percent are unmarried, and 2.22 percent are widowed.
- out of 63 sample households only 15 households has 2 family members households are with 4 family members, 11 households have 5 family members, likewise households have 6 family members and 12 households have 7 family members.
- The average family size of households is approximately with 5 members.
- According to age, 35.55 percent population lies in the age group 15 to 29 years, 15.55 percent population is between 30 to 44 years, 17.77 percent population is between 45 to

59 years, on the same way 8.88 percent populations between 60 to 74 years and remaining 4.44 percent population lies above 75 years.

- In the study area, 22.22 percent population is illiterate, 11.11 percent is having primary education 17.77 percent have the secondary level of education and 48.88 percent has more than higher-level education
- out of 63 sample household 43 household head are involved in agricultural sector, 8 household head are worked in government service, 4 HH are in private sector, 5 HH are in foreign employment, 2 are petty traders and 1 HH work as a wage labor.
- There are a lot of causes are in the country to go foreign employment. Out of total 31.74 percent employee are gone because of lack of opportunities in the country and followed by 22.22 percent for better job opportunity respectively. Beside this 23.80 percent migrant Nepalese worker have gone as a political conflict in the country and 14.28 percent worker have gone to increase the economic status.
- The main medium to get foreign employment was manpower agency with 63.99 percent and followed by government quotas with 23.80 percent. 9.52 percent were gone through relatives, friends, and 3.17 percent Nepalese migrant worked gone through advertisement.
- The source of financial for foreign employment from loan is 68.51 percent and 11.11 percent from own family income.
- An average cost for foreign employment was Rs.100 thousand.
- The main job sector is construction. in this sectors 46.29 percent Nepalese migrant worker are working.
- Gulf countries are the main destination of Nepalese worker. In gulf countries 55 percent worker have migrated out of total found in study area and followed by Malaysia with 15.77 percent.
- Majority of Nepalese foreign worker did not have skill and training. out of total migrant worker 60.31 percent have no training
- Out of total Nepalese migrant worker 47.61 percent use money transfer to send their money and 15.87 percent use bank.

- Most of remittance income use for debt repayment. An average 70 thousand used for debt repayment and 38 thousand used for household's consumption. In an education, average expenditure is approximately 13400.
 - All 63 households have been using firewood as a source of fuel.
 - All 60 households were using open fireplace stove before they get remittance but after receiving remittance, it reduced at 50 households.
 - On the case of non-flush toilet, it reduced 50 to 55 households and not all households were using flush toilet before receiving remittance after it increased households.
 - All children were going to government school before they get remittance after receiving remittance income 13 households children joined at private school but they do not stay at hostel.
 - Only 40 households were using electricity facility but at present all households are consuming electricity.
 - In a case of roof, 42 households were thatch it decreased at 27 after getting remittance and tin was increased 21 to 36 households.
 - Drinking water facility in the study area was well 15 public tap was 40 and private tap was 8 households.
 - Communication and entertainment facility is trend. Used of mobile phone has increased 30 households and TV also increased 10 to 15 households but use of radio is decreased 20 to 15 households.
 - The means to get foreign employment of the most of the sample (85 percent) respondents were Manpower Agencies. Other went either thought unregistered agents or personal imitative.
- ❖ As a summary, it can be concluded that the economic and social condition of all families who have involved in foreign employment have increased. It may be in both aspects i. e. economy as well as social surely there is positive change in the status of the families of the respondents due to remittance income. Therefore we can say that remittance income is playing vital role in reducing the poverty level of the study area.

5.2 Conclusions

Remittance income is emerging as one of the most significant and reliable sources of external finance for many developing countries. Not only in the macro level, has the contribution of remittance been direct and sizable in remittance recipient households in micro level as well. A significant number of people in developing world are receiving remittance earning to finance their expenditures in home consumption, children's education and so on. The main conclusion of this study is as follows which are based on study.

- ❖ According to population census (B.S.) 64.44 percent population are married above 10 years but in the study are 33.33 percent are unmarried.
- ❖ Family size has found approximately five in an average it is a bit higher than national level. An average family size is 4.88 in Nepal base on recent population census. It is also nearly five.
- ❖ Economically active population is 73 percent in the study area but in national level, it is 56.96 percent it show that is higher than national level.
- ❖ In the study 68 percent population are literate and population census 2070 (B.S.) shows that it is 65.9 percent. It clears that literacy rate is higher in study area than nation level.
- ❖ Out of 54 sample households 36 household head are involved in agriculture sector it is higher percent therefore if should reduce and increased in other sector.
- ❖ The main cause of foreign employment is poverty and lack of opportunities in the country. In this situation, government should create job opportunities in the country.
- ❖ The main medium to get foreign employment was worker agency with 57.40 percent and they are exploiting because of lack of knowledge. Both government and employee should aware about it.
- ❖ The source of financing for foreign employment from loan is 68.51 percent, it shows that foreign employee is extremely poor and their access in financial sector is very low. In this situation, government should implement poverty reduction programmer and increase financial access.
- ❖ An average cost for foreign employment was Rs. 100 thousand. It is so high and government should reduce cost to going foreign employment by labor agreement with related country.

- ❖ The main job sector is construction and unskilled at this situation government bring special package of training for foreign employee and employee should take any skill before they go to foreign employment.
- ❖ Gulf countries are the main destination of Nepalese worker where wage rate is low.
- ❖ Most of employee use money transfer to send their money until now. It is because of absence of financial institution and habit.
- ❖ Most of remittance income use for debt repayment household consumption.
- ❖ All 63 household have using firewood as a source of fuel. Government of Nepal should create and supply other alternative source of fuel.
- ❖ Most of the households are using open place stove for cooking. In the study, are smokeless stove and other latest developed methods also expanding?
- ❖ Use out toilet is increasing with remittance income. In national level 38.06 percent, households have no toilet but in study, area is 3.34 percent.
- ❖ Schooling of children is changing with remittance income.
- ❖ Only 40 households were using electricity facility but at present in a case of roof 36 household were thatch it decreased at 21 after getting remittance and tin was increased 36 household.
- ❖ Access of drinking water facility is also increased.
- ❖ Communication and entertainment facility is increasing with remittance.

5.3 Recommendations

Nepalese economy is based on remittance and it has become the backbone of the economy. Based on the analysis above, the following recommendations are forwarded for the policy prescription:

- Most of household head are involved in agriculture sector and there economic condition is very poor. TO increase their economic status, government should invest in infrastructure to supply their product and create job opportunities.
- Most of the respondents of rural areas from lower income groups and based on agricultural occupation. Therefore, they cannot easily afford foreign employment. If they go foreign countries for employment, they should borrow, loan in high cost. So the

policy should be made to give more opportunities to poor people of area as well as facilitated to them from funds for foreign employment.

- Most of the respondents of these VDC. Have gone in unskilled condition. So they cannot earn more income than skilled workers. So technical training institution should be established in rural areas and a person who wants to go foreign employment should be given training before going foreign employment to related work.
 - Since most of migrant workers have gone Gulf contraries and Malaysia so these destinations are of the Nepalese workers. Thus, MPAs, agent and employed company have been cheated to maximum workers. On the other hand, the workers of these destinations cannot earn much more money than other destinations, like Japan, Hong Kong, Korea. Therefore, the ministry of labor and transport management GON should make new policy to identify new potential destination and create opportunities to go these destinations. Where the workers will earn more money.
 - The bilateral agreement should be done from the ministry level with all labor importing countries related with labor problem and wage.
 - The expenditure pattern of sample households indicates that remittance earning is mostly being used for non-productive areas such as in real estate and household consumption. This study revealed that there is no significant impact of remittance in the establishment of businesses and saving in bank by employee households. This trend need immediate amend by bringing appropriate policy measures to encourage remittance recipient households to use their money in productive areas.
- ❖ Finally, this case study of remittance in Bhingri VDC, which is the important current issue of nation, is very significant, while the study is conducted in small and may not be sufficient to generalize for the whole national level about labor migration. By study, i m confidents that it will be certainly beneficial to the people of Bhangri VDC and country.

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