

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Movement of people from one place to another is called migration. It is a usual phenomenon since the beginning of human civilization. There are various types of migrations. They are: internal, external, permanent, temporary, rural to urban and/or urban to rural. Among others, foreign employment is regarded as an external migration. Most of the migrations, like foreign employment, have been taking place for the purpose of economic prosperity or utility maximization or improvement in living standard. In this sense, migration and foreign employment are economic phenomena. There are various kinds of factors associated with migration.

We sometimes call them push and pull factors. Main thrust of this study is closely related to remittance-income, which is the consequence of the foreign employment. The remittance brings various kinds of consequences in short and long run. This study, which is a sort of case study, is mostly concerned with short run effect of remittance in specific place/village/community. Due to the globalization, modernization, liberalization and other global socio-economic phenomena, foreign employment rate is increasing in recent years. As a result, mostly the economy of the developing countries like Nepal is directly shaped by remittance.

One of the major sources of economy in the context of Nepal is remittance. In the last few years, demand for middle class manpower is very high in international labour market, especially in the Gulf countries. So, remittance has a vital role for capital-flow or currency-flow in developing countries. The World Bank's new report 2012 'Migration and Remittance fact book 2011' has mentioned that Nepal is

among the top five countries with remittance amounting to 23 percent of the Gross Domestic Product (GDP). Tajikistan, Tonga, Lesotho and Moldova are ranked ahead of Nepal.

Among the least developed countries, Nepal is placed second after Bangladesh. Along with agriculture which contributes more than 30 percent of the GDP, remittance and service sector have emerged as major contributors to GDP. Remittance has contributed significantly to the reduction of poverty in the last 15 years. The Second Living Standard Survey has shown that remittance is one of the major contributors behind the decline of poverty-rate from 42 to 31 percent (CBS, 2004).

In recent years, remittance has emerged as one of the primary sources of foreign exchange via foreign employment. In the economic development of Nepal, there is significant role of remittance especially in the context of poverty alleviation (Shrestha, 2004).

With the enactment of foreign employment act 1985, Nepalese people started to migrate outside India particularly to the Gulf countries: Saudi Arabia, United Arab Emirates (UAE), Qatar and Kuwait where natural resource like oil has created massive demand for foreign labour (*ibid*). Similarly, in February 2001, the government of Malaysia opened labour market to Nepali workers. Within six months over 12,000 labour migrants left for Malaysia and a year later Malaysia was hosting some 85,000 Nepali migrant workers (Seddon, 2005). According to the statistics of Department of Foreign Employment (DOFE, 2012) in 1991, the number of immigrants going to India was 89.2 percent, in 2001 it was 77.3 percent in 2010/11 354,716 where 344,300 were males and 10,416 were females. Likewise, DOFE report 2012, also mentioned that the total figure of foreign employment in 2011/12 was 384,665 where males were 3, 61,707 and females were 22,958. Nepalese people generally migrate abroad in search of job and other opportunities. Banganga Village Development Committee (VDC) is not an exception case to this

phenomenon. The remittance these migrated people send from abroad to their family can play a crucial role for the household, their society and the country as a whole.

Total number of absent population in Nepal is found to be 1,921,494 in 2011 against 762,181 in 2001. The highest proportion (44.81 percent) of absent population is from the age group 15 to 24 years (CBS, 2012). This is not clear, whether there is any relation among absent population, total migrated population and foreign employment or not. Despite these, this study mainly focuses on the impact of remittance income.

1.2 Statement of the Problem

Migration is one of the most obvious events in Nepal. Perhaps it is not an exception case in all over the world in the present context. New means of transportation and communication have eased both internal and external movements reducing costs and risks. So, migration is increasing day by day and the majority of rural households now depend on at least one member earning from employment away from home and often from abroad. The 10th plan of Nepal also remarked that the government would direct its efforts towards poverty alleviation through promotion of foreign employment.

In recent years, foreign employment has reduced the state of poverty and unemployment to a certain extent. The economic status of the households who have succeeded in going for foreign employment has changed. Consequently, it seems that the economy of Nepal is also increasing because of the remittance.

Most of the jobs in which Nepali migrants are employed fall into low-paid category. One bitter reality is that, Nepali women who are employed as commercial sex workers in the numbers of Indian cities including Mumbai, Delhi, Calcutta, Lucknow, Varanasi, Bangalore tend to work in worse conditions that are

degrading to say the least and often involve considerable personal danger (Seddonet *al.*, 2001).

Two major causes of Nepalese people going abroad for employment are the limited employment opportunities and the weak economic status in the country. The scale of foreign migration has created a shortage of skilled manpower, loneliness and helplessness. The Banganga study area is also affected by enormous migration. However, no remittance records are available in the Village Development Committee (VDC) as no past study has been conducted regarding this issue in this area.

The remittance has contributed remarkably in the promotion of socio-economic condition of Nepalese societies but it has not yet been systematically estimated. National media and some research reports concluded that major portion of the remittance is used for meeting household consumption and paying of loans borrowed while going abroad. Only a few migrants use remittance in directly productive sectors like agriculture and manufacturing. In this regard, this study mainly attempts to address the following research questions.

- i. What are the socio-economic characteristics of migrants' households?
- ii. What are the causes and process of migration in the study area?
- iii. What are the socio-economic impacts of remittance in migrants' households including inequality?

1.3 Objectives of the Study

General objective of this study is to find out the cause and effect of migration in relation to foreign employment in Banganga VDC of Kapilvastu district. The specific objectives of this study are as follows:

- i. To analyze the socio-economic characteristics of migrants' households.
- ii. To analyze the causes and process of migration in the study area.
- iii. To examine the socio-economic impacts of remittance income in the study area and measure income inequality.

1.4 Limitation of the Study

There are about 4,000 VDCs in Nepal. Among them, Banganga VDC of Kapilvastu district is the research area of this study. Due to the lack of financial resources, human resources and time, this study is limited to this VDC and the study is also limited to foreign employment. Therefore, the results derived from this study may not be applicable in the country as a whole. The main limitations of the study are as follows:

- i. This study has been conducted in Banganga VDC ward no. 1, 4 and 9 of Kapilvastu district.
- ii. This study does not include the households if there is no participation in a foreign employment.
- iii. This study does not include the households less than one year time period of foreign employment.

1.5 Significance of the Study

The problem of foreign employment is serious in Nepal. This type of study is the first attempt ever made in Banganga VDC. It may be useful to some extent for the researchers, students and for those who want to carry out further study. Similarly, this study may be fruitful to government, planners, policy makers, social workers and others. This study will help to supplement source of information to understand the impact of remittance, foreign employment and its cause and process in Nepal. It is also hoped that this study may be able to explore the socio-economic characteristics of foreign migrants.

1.6 Organization of the Study

This study is classified into seven chapters. The first chapter deals with the introduction including general background, statement of the problem, significance of the study, objectives, limitations and organization of the study. Theoretical and empirical literature review and general review are included in chapter two.

Chapter three is methodological chapter where method of data analysis, tools of data collection, sampling design, profile of study area conceptual framework etc. are included. Chapter four, five, and six, are the main chapters of this study where all the primary data are presented and analyzed. In chapter four, socio-economic characteristics of migrants' households are presented. In chapter five, causes and process of migration in the study area are presented. Similarly, in chapter six the socio-economic impacts of remittance are presented. The seventh chapter is concluding chapter where summary, conclusions and recommendations of this study are presented.

CHAPTER II

REVIEW OF THE LITERATURE

The present study aims to analyze the socio-economic impact of remittances entering the rural area as well as the country. For this purpose, review of related literature in this concerned area will help to get clear ideas, opinions and other concepts. So, for this purpose our study basically focuses on previous studies and other related literature regarding this subject. This chapter has been divided into two sections: theoretical and empirical reviews.

2.1 Theoretical Literature

Lee(1966), has summarized the factors which enter into the household's decision to migrate and the process of migration under four headings including the factors associated with the area of origin (push), factor associated with the area of destination (pull), intervening obstacles (distance cost of lack of transport and communication etc.) and personal factors (age, sex, education and race).

Revenstein(1889) presents the significant factors that motivate foreign employment. The author explains that there are certain undesirable factors in the place of origin, which stimulates or compels to the individuals to migrate from one place to other. Likewise, there are certain desirable factors in the destination that attracts the migrants. In his words, the former's factors are "push" factors and the "pull" factors causing the events of migration. Moreover, the distance between the origins determines the volume of migration. Moreover, the distance determines the volumes of migration between place of origin and destination. Higher the distance lowers the volume of migrations and vice-versa. He also states that migration occurs within streams and counter streams. He is not sure that only the distance between the origin and destination determines the volume of migration.

Todaro(1969) has made the most significant contribution to the large volume of migration literature. The author has opinion that migration mechanism can be explained by the differences in expected rather than actual earning between two places. He has formulated migration model in four different features as:

1. Migration is estimated primarily by national income considerations of relative benefits which are mostly financial and psychological.
2. The decision to migrate depends on expected rather than actual new or old real wage differentials.
3. The probability of obtaining employment in the new sector is inversely related to the unemployment rate in the new sector.
4. Migration related to new employment opportunity, growth rates are not only possible but rational as well and even likely in the face of wide new or old expected income differentials.

To sum up, this model interprets that migration of population is the matter of profit and loss experienced by migrants themselves. This interaction leads them to move from the place of origin to the place of destination, this is also applicable to the Nepalese migrants. Most of the Terai people of Nepal come from hills and the mountains in the last of 20th century and nowadays the migration flow is going aboard for better opportunities of employment and greater profit.

Mabogunje(1970) has applied a concept of system theory in the context of rural-urban migration. According to the author migration system operates within the environment having economic, social and technological and government components.

Mathema(2010) has argued that especially since 1990 with the open market and globalization of the world economy, and demand for the software industries and domestic workers have created more employment opportunities for the labor of the developing countries. In addition, the changing feature of the international foreign labor migration has also enhanced the increasing feminization of foreign labor and

migration. It has resulted the increasing trend in the participation of women labor force. Accordingly, the labours in Nepal including women labour also have enjoyed increasing opportunities of employment in countries outside India. The Government of Nepal has opened 107 countries for foreign employment including Gulf countries, South East Asia, Asia, Europe and the USA as of 2007.

According to world system theory, international labour migration is the heart of the global capitalist market. Wallerstein(1974) argued that due to the free flow of goods, capital, culture and services (labour) the modern world system is being globalized. Further he argued that modern world system is regulated by global capitalist market economy.

In addition to the above four theories, there are other theories which have been developed in course of defining intentional migration. These theories include network theory, institutional theory and the theory of causation. These and the above theories suggest that migration flows acquire a measure of stability and structure over space and time allowing for the identification of stable international migration systems.

Since mid-1980s, foreign employment was officially opened and facilitated by the Foreign Employment Act (FEA) 1985 and currently governed by existing rules and regulations. The sources have indicated that Nepali workers had stated to go to overseas (unofficially) for employment even before this. In the initial years, official labour migration was not very common. Annually around 2 to 8 thousands Nepali workers had gone to abroad through official channels. In 2006/07 the total number of foreign employment was 2,000,000. In 2006/07, about 600 Nepali workers were getting government approval daily to go overseas countries for employment. Likewise, more than 354,716 people migrated in the year 2009/010, out of which 344,300 were male and 10,416 were female. In 2009/010, daily government approval figure was around 1,000 to 1,200 of Nepali workers. Likewise, the number of labour migrants increased to 384,665 in 2011/12. Among

them 361,707 were male and 22,958 were female Nepali workers. Around 1,300 to 1,500 Nepali workers were getting government approval daily in the year 2011/2012. In the contemporary context, the diversity of migrants has increased substantially from India to Gulf countries, South East Asia and Far – East Asian Countries and more other countries of the world.

2.2 Empirical Literature Reviews

Bhattarai (2005) has conducted a study about migration of Nepalese youth for foreign employment. According to him international labor migration mostly in Gulf States, Malaysia and other South East Asian countries is a new phenomenon in the Nepalese context and that only have about 30 years long history. Unexpectedly, the foreign labor migration has developed in such a way, which has shifted the agricultural based economy towards remittance based economy. The figures on labour migration state that there are more than 500 thousand documented migrant workers in aboard where as other estimated figure conforms that there are more than one million Nepali migrant workers including 100 thousand female migrant workers. This figure does not include the migrated population in India. Remittance sent by the Nepalese labor migrant is estimated to be Rs.100 billion each year and women share 11 percent of the total remittance.

Major concentration of Nepali migrant workers were in Gulf States for the very beginning but the dynamics has been changed and people are migrating towards other parts of the worlds including Malaysia and Korea since the past few years even though the number of people going to the Gulf States is still significant. A class division among the labor migrants is also found to determine the selection for the country of destination i.e. poor people use to go to India, Gulf States and Malaysia and rich people towards Japan, South Korea, North America and Europe.

Pokhrel (2011) has studied the trend of foreign labour migration in Nepal. In total of 116 sample households 145 people were labour migrants. Among them the total

number of males and females migrant were 143 and 2 respectively. A total number of 52 returned labour migrants were also approached. The finding claims that the main push factors were under unemployment, family responsibilities and lack of opportunity whereas the major pull factors were high wage rate, presence of friends and relatives and easy availability of work. The process which involves for foreign employment was by contacting friends and relatives from abroad. Recruiting (manpower) agency expenses pertaining for foreign employment usually vary from one country to other, ranging from Rs 30,000 to 6 lakhs.

Kandel (2008) has studied the cause and effect of foreign employment Mithukaram VDC of Nawalparasi District. The main objectives of this study were to describe the causes and socio-economic effects of the foreign employment in the study area. The study comprises 70 of returned emigrant workers representing all wards of the VDC and different caste and ethnic groups. All the immigrants were found to be male. All the represented households were engaging in subsistence farming. Foreign employment or labour migration had been an important occupation among males in the village to maintain the household. Remittance was used for immediate food and other household's requirements, pay debt, buy new lands and house. There were various push and pull factors for foreign employment. The volume (trend) of labour migration was increased due to increasing population pressure, unemployment and prevailing political conflict.

Gurung (2009) has studied the underlying problems and prospects of international labour migration using a total of 120 samples collected in Kathmandu district. Among them 20 percent were female emigrants. The aim of the study was to analyze the socio-economic and demographic characteristics of individual emigrants and to find out the problems and prospects of international labour migration and use of remittance and money transfer as well as the contribution of remittance in the household and the country. The main reason behind the migration was to acquire for a prosperous life in the future. Most of the emigrants

were low level of education, without any skills, training and lower level of income. Those who had good educational status got the good job and attractive salary. Most of the Nepalese migrants were involving in constructions, salesman, housemaid, care giver, security guards, driver and other types of work. The study summarizes that the flow of international migration was increasing and the major destinations were Malaysia and Gulf countries and other Asian countries as well as Europe and North America.

Kansakar (1982) has done a study on migration, remittance and rural development. The author claims that the origin of Nepalese emigration was to be after Anglo Nepali war in 1914 and was totally for recruitment in the mercenary army. The Indian Army was not only opened to Nepalese soldiers for recruitment but also managed for their permanent settlement. However, the Government had no official policies to encourage them. The emigration to India was accelerated because of disequilibria in labor growth and employment opportunity growth and miserable life in Nepalese hill area.

2.3 General Review

2.3.1 Foreign Employment in Nepal

Officially foreign employment from Nepal was started with recruiting the Lahor's regime after losing the battle to British troops. After the unification of Nepal due to excessive tax burden, exploitation from country, carves labor, establishing of tea state in the east Assam, Sikkim and Nagaland forced to move there (Adhikari, 2007).

Moreover, after the democratic movement in 1990, it became easier to obtain travel documents and passport. The increased flow of information and the liberalization in travel document to a surge in the migration of Nepali citizens for employment has dramatically increased as the situation has compelled Nepalese

youths to look for alternatives to abroad. The conflict has also resulted in increased flow of migrants from the mid-west and far-west region to India.

It is after the establishment of democratic system in 1990 that Nepal integrated itself into the world and then diversities in dimension of emigration occurred. Enhancement of foreign labor employment Act 1985 realized the importance of emigration through unofficial channel and recognized the future of foreign labor employment. Search of employment outside the country was entrusted to manpower agencies.

2.3.2 Causes of Migration

There are many perspectives on why Nepalese people migrate to abroad. Shrestha(2004) has recognized the major factors attributing to large scale out migration from Nepal as high growth of labor force, high rate of unemployment, limited employment opportunities outside the farm sector, low salary structure in the domestic economy and insecurity in the rural areas because of insurgency. Kshetry(2003) has attributed the main causes of Nepalese emigration as limited employment opportunities in the government and private sector.

Adhikari (2007) in his article "Remittance income economic development and foreign employment management" has identified the following reasons for a group of migration.

1. Poverty, unemployment, decreasing income, cost burden for living, disaster, low agriculture production, political instability, internal conflict, vicious circle increasing population, low economic growth and armed conflict.
2. Employment, good income, salary, security, demands for labor, family remitting.
3. International labor transport, technology development, concept of borderless world.

4. Global inequality, Brain drain and Brain circular.
5. Trend of going abroad unskilled labor because of the fewer alternatives available in Nepal.
6. Trend of going abroad by rich, high skilled person and to improve their status or search of gainful employment or to fulfill skill gap.
7. Promotion and pressure of the over labor force to foreign employment or labor policy and legal and institutional management.
8. Life style of returning people from abroad, income prosperity and attraction towards abroad, demonstrating.

CHAPTER III

METHODOLOGY

This chapter deals with the methods employed by the researcher to complete the study. Methods are guidelines, which aid the researcher to research in a scientific and systematic way. This chapter provides the brief introduction of the study area including the determination of sample size, research design and conceptual framework. The method of data collection and the tools of analysis are enlisted at the end of the chapter.

3.1 Introduction of the Study Area

Administratively, Nepal is divided in 75 districts. The districts have been regrouped into 14 zones and 5 development regions to promote development of the country. Kapilvastu is one of the terai districts of Lumbini zone of the western development region. It is joined with Rupandehi district in the east, Dang in the west; Arghakhanchi in the north and India in the south. The headquarters of the district is Toulhawa which lies in the south of Banganga VDC. This district is divided by Mahendra highway into two pieces. One third of the area lies in the North of the highway and two third of the area lies in the South of the highway. The total number of households are 91,321 and total population of the district is 5,71,936 (CBS, 2012). Of which male population is 285,599 and female 286,337. This figure shows that the number of female population is higher than the male population. In Kapilvastu district the total VDCs are 77 and the Banganga VDC is one of them. The only one municipality Kapilvastu is located at district headquarter. In Banganga VDC total households are 2,872 and 13,080 is the total population with 6,005 male and 7,075 female (CBS, 2012). This figure shows that the female population is higher than male. Most of the native people of this VDC are from Tharu community. Education level is higher than other VDCs. Comparatively education level of Tharu is lower than other community. There are various caste

and ethnic groups in the VDC. Most of the people use Nepali language. The second language is Tharu. Most of the people follow Hindu religion. In the last two decades, most of the people are migrated from other hill districts like Arghakhanchi, Gulmi, Palpa etc. Mahendra highway cuts the VDC into two parts; most of the area lies in the South and little part of the area (VDC) lies in the north of the Mahendra highway.

3.2 Selection of the Study Area

This study is conducted in Banganga VDC of Kapilvastu District. The study area is purposively selected on the basis of the researcher's interest and familiarity to the area. Moreover, the area where the study was conducted is highly affected by foreign employment and therefore the research topic "The Socio-Economic Impact of Remittance" was selected as this has been burning and relevant issues in this area.

3.3 Research Design

The research design of the study is descriptive as well as analytical. Descriptive means, in this study all the primary data are presented in table and described in the figures of the table. Analytical means, there are various cause and effect relationships of foreign employment and migration which are logically linked and analyzed to make the study more robust.

3.4 Conceptual Framework

There are various types of migration taking place in the country. Temporary migration, permanent migration, seasonal migration, domestic migration, international migrations are some examples of migration. On the one hand, migration depends upon others independent variables like season, time and places. On the other hand, migration depends upon various push and pull factors. Factors such as unemployment, low wage rate, no security etc. are push factors and easy entry and exit, high wage rate, security, luxurious lifestyle etc. are pull factors. Foreign employment is a temporary migration from one country to another. Due to

the foreign employment, most of the developing countries like Nepal are receiving more remittance. So, this study attempts to explore the impacts of remittance in the study area and possible causes and effects of foreign employment by the following conceptual framework:

Figure 3A: Conceptual Framework

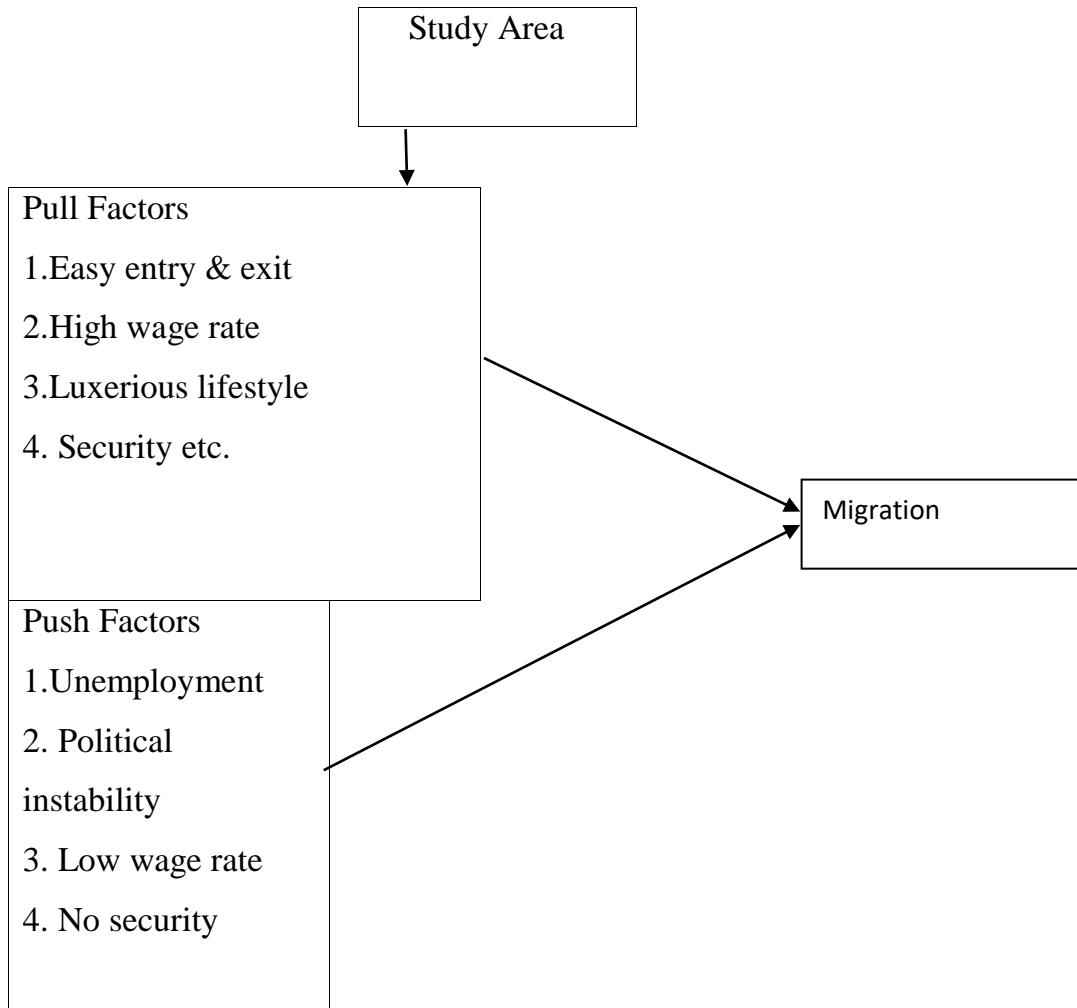
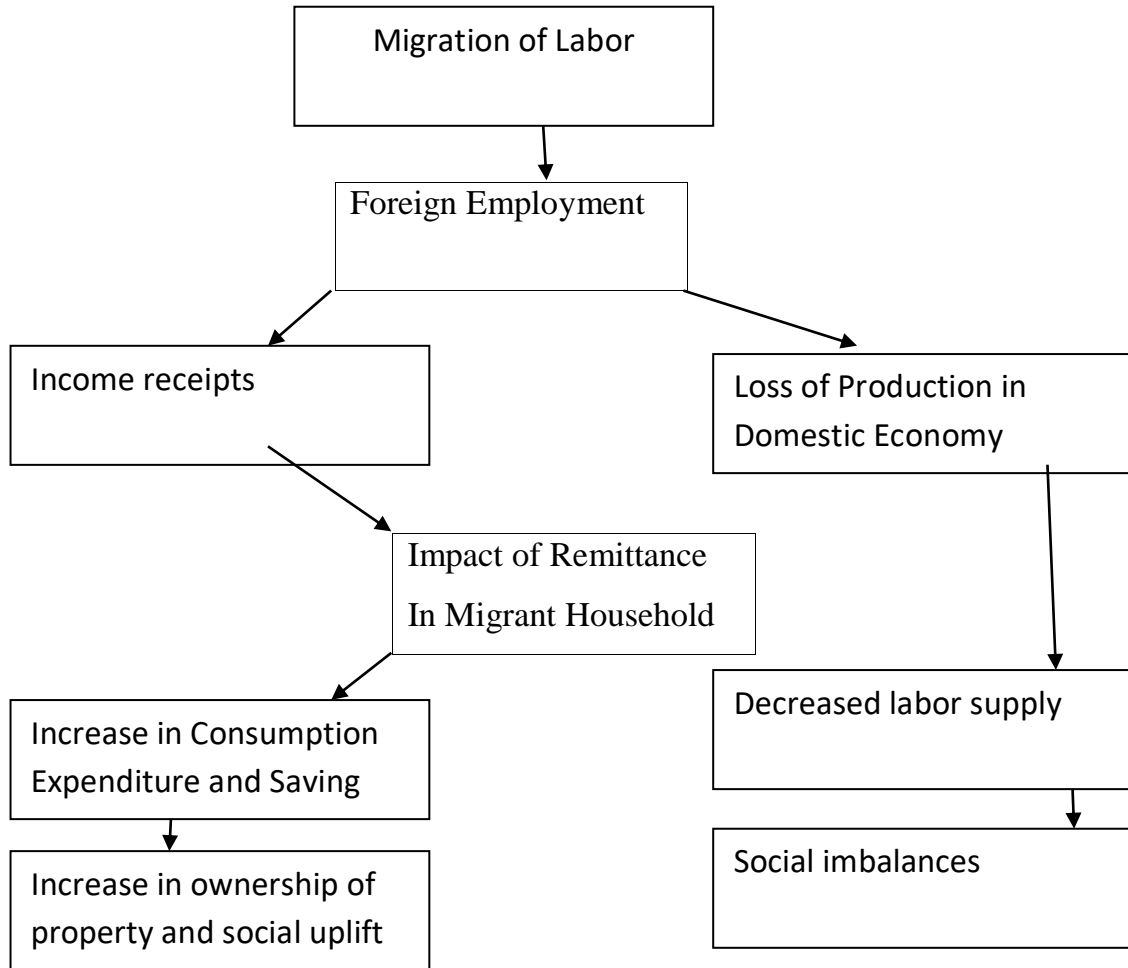


Figure 3B: Conceptual Framework



3.5 Sample Size

In this study, both primary and secondary data were collected from the VDC profile, population census of 2011 and other available sources. The primary data were collected from field survey, first of all random samples were drawn for choosing the ward numbers 1,4 and 9. Lists of 296 migrant households from selected wards were made and chosen the required sample households. After choosing the ward numbers, a total of 105 samples were chosen randomly. In this study the households with less than one year time period of migrants in foreign employment are not included. The distribution of sample size is given in table 3.1:

Table 3.1

Sample Frame and Sample Size of Household in the Study Area

Ward no. of the Survey	Total Households	Migrated Households	Sample Households
1	238	97	55
4	255	112	36
9	304	87	24
Total	797	296	105

Source: CBS, 2011 and Field Survey 2013

The field survey to collect data was conducted in 2 to 22 of October 2013. A set of structured questionnaire was used to collect required information for study. For the collection of information, respondents were household head of those households of the labour emigrants.

3.6 Method of Data Collection

This study is mainly based on primary data by using different methods of data collections.

i. Questionnaire

The questionnaire is the most important step of the data collection in this study. Questions had been designed in the circumstance of individual and reference statement of interviewers in which the demography, composition of the household social and economic condition, number and age of all household members has been included. The information regarding the livestock, landholding size, occupation, education and other facilities were also obtained. Other information including migrations volumes, causes and impacts remittances skills and sources of investment about foreign employment were also gathered.

ii. Face to Face Interview

An interview is a major support of the data collection. Interview was taken among the various classes of people. In this case, two methods of question had been adopted; first method of structured and second unstructured.

iii. Observation

Some data were taken on the support of observation. Observations have been physical and cultural environment especially details of the respondents.

3.7 Data Analysis

The quality of any research work depends upon the set of questionnaire, method of data collection and techniques used to analyze the data. In this study, primary data are analyzed by using the SPSS software by coding, recoding with frequency table and cross tabs. The details of the data analysis tools have been explained in next sections.

3.7.1 Gini-Coefficient

Gini-coefficient is a measure of the inequality of income distribution. The possible lowest value of Gini-concentration ratio is zero. The zero Gini concentration ratios signify perfect equality in the distribution of the income and the highest values of the ratio is 1 and this signifies perfect inequality in the distribution of income.

The formula for the computation of Gini concentration is,

1. For group data

$$\text{Gini} = \frac{1}{100^2} \sum X_i Y_{i+1} - \sum X_{i+1} Y_i$$

Where,

X_i = cumulative of variable on X.

Y_i = cumulative of variable on Y.

3.7.2 Lorenz Curve

The Lorenz curve is a graphical method for measuring the dispersion in distribution. This method of measuring inequality came into existence to compare the income distribution. This curve can also be used to measure the distribution of profit, wages, production etc. It is cumulative percentage curve in which the percentage of items is combined with the percentage of other things as income, wealth, profit etc. The Lorenz curve shows the difference between equal distribution and actual distribution.

3.8 Terminology Used in the Study

In this study, there are mainly four terms used in the field of foreign employment.

- **Immigration**

It is defined as a process where people are coming in the country from another country by crossing the national boarder and the people are called immigrants, who come in the country by crossing the national boarder.

- **Emigration**

It is defined as processes where people are leaving the country and go to another country by crossing the national boarder and the people are called emigrants who leave the country.

- **Remittance**

Remittance refers to that migrant earnings sent from migrated destination to the place of origin.

- **Migrants**

In this research, migrant is referred to those people who have gone abroad one year before for the purpose of foreign employment.

CHAPTER IV

SOCIO-ECONOMIC CHARACTERISTICS OF THE MIGRANTS

This chapter is main chapter of this dissertation. The chapter describes about the demographic and socio-economic characters of households of labor migrants of the study area. This chapter is organized into various sections, such as age sex distribution of emigrants, caste-ethnic composition, land holding pattern, education level of emigrants etc. To meet the objectives of the study, these demographic and socio-economic characteristics could be relevant and fruitful.

4.1 Age and Sex of Labor Migrants

Age and sex structure of the population is the major explanatory variable in demographic analysis. Importance of age and sex composition is not only limited to demographic analysis but also different socio-economic and development planning of a country. Age and sex distribution is the main demographic process. The age and sex composition of the study area is shown in the following table number 4.1

Table 4.1
Distribution of Migrant by Age and Sex

Age	Sex		Total	
	Male	Female	Total no.	Total percentage
Below 20	1.9	0.0	2	1.9
21 -30	13.3	2.9	17	18.2
31 – 40	36.2	1.9	40	38.1
Above 40	35.2	8.6	46	43.8
Total	86.7	13.3	105	100.0

Source: Field survey 2013

Table 4.1 shows the distribution of emigrants by age and sex. According to the table, the highest proportion of male is in the 31 – 40 age group (36.2) and highest female proportion in age group above 40 (8.6). We can see in the total figure up

to 20 age group is the lower proportion and the highest proportion is for the above 40 age group respectively. Similarly, the share of male labor emigrants is 86.7 percent and female labor emigrant is 13.3 percent in the study area.

4.2 Religion Composition

Practice of religion has greater role to shape the life of every people. Nepal is a Hindu religion dominated country. Now this country has declared secular for religion but majority of people are Hindu. Latest census shows that around 80 percent of the Nepalese people follow Hindu Religion (CBS, 2012). In this study area, most of the people are Brahmin, Chhetri, Dalit and Janajati groups. All groups are following Hindu religion.

4.3 Caste/Ethnic Composition of Migrants Households

The population of Banganga consists of the various caste/ethnic groups. Similarly, among the respondents various caste /ethnic groups are observed.

Table 4.2

Distribution of Caste / Ethnicity by Migrants Households

Caste / Ethnicity	Frequency	Percent
Brahmin	21	20.0
Chhetri	39	37.1
Magar	13	12.4
Tharu	30	28.6
Newar	2	1.9
Total	105	100.0

Source: Field Survey 2013

Table 4.2 shows that Chhetri community constituted the largest group. This group comprised about 37.1 percent of the total population. Similarly, Tharu are 28.6 percent followed by, Brahmin 20.0 percent, Magar are 12.4percent and Newar 1.9percent of the total population.

4.4 Educational Status of Migrants

Education is one of the most important social characteristics of population. It is a vital and key factor for foreign employment. The quality of work and wages depends upon the migrant's skill and education.

Table 4.3

Distribution of Educational Level of Migrants

Educational Level	Frequency	Percent
Illiterate	23	21.9
Literate without formal education	24	22.9
Primary	10	9.5
Lower secondary	20	19.0
Secondary	22	21.0
Higher education	6	5.7
Total	105	100.0

Source: Field Survey 2013

Table 4.3 shows that the percent of migrants having higher level education (SLC and above) is very low which is only 5.7percent. Likewise, the highest proportions of literate without formal education migrants are 22.9percent, illiterate are 21.9percent and 21.0 percent are passed secondary level.

4.5 Marital Status of Migrants

Marital status affects the migratory movement of people. It is found that married are more migrated than unmarried because they are compelled to care after their conjugal and family life.

Table 4.4

Distribution of Marital Status of Migrants

Marital Status	Frequency	Percent
Married	86	81.9
Unmarried	19	18.1
Total	105	100.0

Sources: Field Survey, 2013

Table 4.4 shows that, 81.9percent of the migrant people are married and 18.1percent are unmarried. It shows that majority of the married people are migrated for foreign employment.

4.6 Types of Family

Families of migrants of Banganga VDC are categorized into two classes. The first one is nuclear consisting of husband, wife and their unmarried children.

Table 4.5

Distribution of Migrants Households by Types of Family

Types of Family	Frequency	Percent
Nuclear	58	55.2
Joint	47	44.8
Total	105	100.0

Source: Field Survey, 2013

The second one is joint family which is also known as ‘undivided family’. It normally consists of members who at least belong to three generations, husband and wife, their married and unmarried children and their married as well as unmarried grandchildren (Kandel, 2008). Family type of selected households is shown in Table 4.5. It shows the family composition of respondents where, majority of the respondents are dominated by nuclear family. The proportion of nuclear and joint family are 55.2 percent and 44.8 percent, respectively. This figure shows that, there is co-relation between foreign employment and nuclear family.

4.7 Land Holding Pattern of Migrants Household

Ownership of land is one of the important indicators of economic status of people in our society. Agriculture is the dominant occupation of Nepal but this scenario is being changed since last two decades. So, the question is that if agriculture is dominant occupation, how much land is owned by the family of labor migrants.

Table 4.6 presents the land holding condition of migrant’s family. In this study, total respondent are 105 but two respondents are landless and are not included.

Table 4.6

Distribution of Migrants HHs by Size of Land Holding and Types of Land

Land amount (kattha)	Types of Lands		Total	
	Wet land	Dry land	Total no.	Total Percentage
Below 5	38.1	13.3	54	51.8
5 -10	22.9	1.9	26	24.8
11-20	10.5	0.0	11	10.5
Above 20	11.4	0.0	12	11.4
Total	82.9	15.2	103	100.0

Source: Field Survey 2013

Table 4.6, shows that the largest proportion of the respondents are holding up to 5 kattha land and lowest proportion of the respondents are holding 11-20 kattha land. It shows that due to the low holding, majority of the migrants are migrated for foreign employment.

4.8 Sufficiency of Food

Insufficiency of food can be a push factor of migration. This research presents the condition of food sufficiency of the migrant’s family before and after going abroad. The major occupation is found agriculture but the land holding condition is poor. For about fifty percent families has the landless than 10 kattha. So we can easily guess the sufficiency of food. The condition of food sufficiency is presented in table 4.7

Table 4.7
Distribution of Migrants Households by Food Sufficiency

Month	Frequency	Percent
Below 3	26	24.8
4 – 9	23	21.9
10 – 12	56	53.3
Total	105	100.0

Source: Field survey 2013

Table 4.7 shows that nearly fifty percent of households of labor migrants have insufficient food production.

4.9 Drinking Water Facility of Migrants Households

The drinking water facility also presents the economic condition of households. In this study area all households have drinking water facility but from different sources as Table 4.8 shows.

Table 4.8
Distribution of Migrants Households by Drinking Water Facilities

Sources water	Frequency	Percent
Well	16	15.2
Tube well	71	67.6
Piped water	18	17.1
Total	105	100.0

Source: Field Survey, 2013

Table 4.8 shows the quality of drinking water in the study area. The higher proportion is tube well water supply. It is more reliable source of drinking water in Terai. Second source of drinking water is piped water supply and third source is well as the source of drinking water.

4.10 Livestock Ownership of Migrant Households

Keeping the livestock is side occupation of all agricultural family and it is the main occupation in the study area. This means, livestock is one source of income of the society. So, people are rearing livestock in our society. Table4.9 shows the livestock ownership in emigrant's households.

Table 4.9

Distribution of Migrants Households by Livestock Ownership

Categories	Frequency	Percent
No livestock	29	27.6
Cow/ox	21	20.0
Buffaloes	32	30.5
Goats	10	9.5
Chickens/Ducks	13	12.4
Total	105	100.0

Sources: Field Survey,2013

Table 4.9 shows that the large percent households keep buffaloes (30.5 percent)cow/ox 20.0 percent, chickens/ducks 12.4 percent as livestock ownerships byemigrant's family. This pattern also shows that livestock is also related with foreign employment.

CHAPTER V

CAUSES AND PROCESS OF THE MIGRATION

5.1 Growth of Remittance

Remittance provides not only significant portion of the GDP but also contributes in saving and investment at household level. The growth of remittance depends on the number of labor forces working outside the country, the level of earning, and the proportion of income that is sent back home.

Other sources of remittance are Government transfers and investment made by citizens in other countries. The size of remittance also determines the availability of foreign currency in the country. Nepal Rastra Bank, the central bank of Nepal publishes data related to remittances continuously. The growth of the remittances and source of remittances is given in the following table. The category of other remittance includes the money remitted by the labor employed in foreign land. It is only the money sent through formal channels.

The net transfer income that recorded a growth of 29.7 percent in previous year has increased by 16.8 percent totaling Rs. 299.94 billion in the first eight months of the fiscal year 2012/13. The remittance inflow under transfer income that rose by 34.7 percent in the first eight months of the previous year has increased by 22.2 percent totaling Rs. 266.9 in the same period year. In US dollar term, remittance income that recorded a growth of 24.2 percent during the first eight months of fiscal year 2011/12 increased by 10.5 percent amounting US dollar 3.05 billion during the same period of fiscal year 2012/13. Looking at monthly figure, the remittance inflow in April 2013 grown up by 49.9 percent as compared to March same year (MoF, 2013).

Table 5.1 illustrates remittance income inflow, annual percent change and ratio to GDP.

Table 5.1

Remittance Income

	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Rs. in Billion	100.14	142.68	209.70	231.73	253.55	259.55	266.09
Annual Percent Change	2.5	42.5	47.0	10.5	9.4	41.8	-
Ratio to GDP	13.8	17.05	21.2	19.4	18.5	23.1	-

Source: MoF(2013)

The growth rate of remittance to Nepal may have slowed from double digits to single digit in recent years, but the country ranks among the top five in terms of the share of remittance of the Gross Domestic Product.

Nepal is among the top five countries with remittance amounting to 23 percent of the GDP. Tajikistan, Tonga, Lesotho and Moldova are ranked ahead of Nepal. Among the least developed countries, Nepal is placed second behind Bangladesh in terms of remittance inflow (WB, 2012).

Along with agriculture which contributes more than 30 percent of the GDP, remittance and the service sector have emerged as major contributors to GDP. Remittance has contributed significantly to the reduction of poverty inflow of remittance has been the major attributes in the decline of poverty level by 17 percent in a span of 14 years from FY 1996/97(MoF,2013).

Remittance was one of the factors behind Nepal's remarkable success in human development in the last 40 years. Nepal emerged one of the world's fastest movers in Human Development Index (HDI) since 1970.

The top remittance sending countries in 2009 were the US, Saudi Arabia, Switzerland, Russia and Germany. Worldwide, the top recipient countries in 2010

were India, China, Mexico, the Philippines and France. With export declining over the years, money sent back by migrant workers has become the main source of foreign exchange for Nepal.

Remittance growth has not kept pace with the rising number of migrant workers leaving for foreign employment.

The slowdown in the remittance growth has affected the economy, especially in the foreign exchange shortage. Earlier, even when there was a trade deficit, high inflow of remittance would cover it. However, with the remittance growth slacking and import rising, the country witnessed balance of payment deficit. The country was not able to turn around the negative balance of trade over a long period but balance of payment was in surplus in recent years. Table 5.2 shows remittance inflow trend of Nepal.

Table 5.2

Remittance inflow to Nepal (US\$ millions)

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
823	1212	1453	1734	2727	2986	3513	3843	5449	6647

Source: Nepal Rastra Bank

5.2 Remittance Transfers Mechanism in Nepal

Remittances are the money that migrant workers send back home to their country of origin. Remittance income is transferred to Nepal mainly through the hand carriage, *Hundi* and bank transfers. In the case of the hand carry system, migrant or their friends take remittance with them when they go home to visit their family. The commercial bank system is self-transfer system. Nepali migrants send their money back home mainly through informal channels. This is partly linked to the undocumented migration, and is a major reason why official figures grossly underestimated the real value of remittances to Nepal (Seddon, 2003).

Hundi is a very common for sending money from other Asian states as well. Migrants that have worked in the Middle East, Hong Kong, Malaysia, Japan, South Korea, Taiwan, and Western countries used the *Hundi* system. Depending on the sending country, the money does not follow directly to Nepal, but flows via other *Hundi* centers like Hong Kong or Dubai. Sometimes the money is first converted into gold or other goods once it arrives in Nepal, it is reconverted into cash. The *Hundi* system is more prevalent when migration is illegal. None of migrants recorded any losses or bad experiences with the *Hundi* system.

5.3 Development of Remittance Companies in Nepal

The systematic remittance system of Nepal is not so developed. It is a new business, which help to improve the nation. Remittance system remains a significant method for business and individuals to repatriate funds. The system is favored because it usually takes less costs and time then moving funds through the formal banking systems without any risk; it also requires minimal paper works. In *Hundi* system, funds are paid to an agent on one end in one country or region and disposed by another agent in different country or region. The system is built on a relationship and trust and therefore can flourish in an environment characterized by the absence of oversight.

A key factor of remittance systems is that the monetary value is moved from one location to another often without the physical movement of the currency. In many instances elements of legitimate regulated financial services are employed while in other cases companies operate in secret and do not maintain adequate accounts or record, making regulation difficult though impossible. In all cases, remittance system rely upon some form of netting or book transfer procedures to transmit value.

Of the total remittances, 77 percent of remittances are transferred by person, 19 percent via financial institutions, 3 percent via *Hundi* and 2 percent by other

means. The majority of the remittances are brought in by “self” (by the donor himself/herself) in case of internal sources whereas financial institutions are the main media for external source except India. The majority of remittances are sent through financial institutions from these countries: Malaysia (81 percent), Saudi Arab (73 percent) and Qatar (64 percent). (NLSS, 2010/11)

In Nepal, remittance dates back for many years. In the 1990’s after the restoration of the democracy, the government started the liberalization and privatization process in the country. After 1990s large number of Nepalese went to USA, UK, South Korea, and Middle East and so on, for the employment opportunity. Particularly many semi-skilled and unskilled labors are attracted for their employment in Malaysia, Qatar and Saudi Arab.

Table 5.3 depicts remittance companies working in Nepal.

Table 5.3
Remittance Companies Working in Nepal

S.N.	Nepalese Remittance Companies	Foreign Remittance Companies
1)	Annapurna Travels and Tours Pvt. Ltd.	Western Union Financial Services International mc, USA
2)	Sita World Travels Pvt. Ltd	Western Union financial Services International mc, USA
3)	Yeti Travels Pvt. Ltd	Western Union Financial Services International mc, USA
4)	CG Finco	Western Union Financial Services International Inc., USA
5)	Easy Link Pvt. Ltd	Money Gram International Ltd., London
6)	Prabhu Travels Pvt. Ltd.	Money Gram International Ltd., London
7)	Prabhu Travels Pvt. Ltd.	Xpress Money Services Ltd., London

8)	International Money Express Pvt. Ltd.	Money Gram International Ltd., London
9)	International Money Express Pvt. Ltd.	Xpress Money Services Ltd., London
10)	International Money Express Pvt. Ltd.	Malaysia
11)	International Money Express Pvt. Ltd.	International Money Express, London
12)	International Money Express Pvt. Ltd.	Gopiasa LLC, USA
13)	Unique Money Exchange	Xpress Money Services Ltd., London
14)	Manju Shree Travels and Tours Pvt. Ltd.	Xpress Money Services Ltd., London
15)	Prabhu Money Transfer Pvt. Ltd.	Xpress Money Services Ltd., London
16)	Prabhu Money Transfer Pvt. Ltd.	First Remit, USA
17)	Prabhu Money Transfer Pvt. Ltd.	Baharain Financing Co., Babrain
18)	Prabhu Money Transfer Pvt. Ltd.	Wall Street Exchange Center LLC, UAE
19)	Prabhu Money Transfer Pvt. Ltd.	Zoha Inc., USA
20)	Across Travels and Tours Pvt. Ltd.	Xpress Money Services Ltd., London
21)	Across Travels and Tours Pvt. Ltd.	International Money Express, London
22)	Nepal Remittance Pvt. Ltd.	Xpress Money Services Ltd., London

23)	Nepal Remittance Pvt. Ltd.	KrisiPrimura, Hong Kong
24)	Summit Services Nepal	Summit Services USA
25)	Incentives Tours and Travels Pvt. Ltd.	Summit Services USA
26)	Incentives Tours and Travels Pvt. Ltd.	J & P International
27)	Incentives Tours and Travels Pvt. Ltd.	UNISMEC Universal Money Transfer Korea
28)	Union International Tours and Travels	Galaxy Network, Hong Kong
29)	Union International Tours and Travels	Baharain Financing Co., Baharain
30)	Union International Tours and Travels	Wall Street Exchange Centre LLC, UAE
31)	Union International Tours and Travels	First Remit, USA
32)	Nepal World Wide Money Exchange Pvt. Ltd.	Gulf Exchange Company
33)	Muncha Money Transfer Pvt. Ltd.	Pay Quick Inc., America Japan
34)	Money Help Pvt. Ltd,	Travelex Money transfer, London
35)	Crystal World Wide Money Express Pvt. Ltd,	Union Money Exchange CO. WLL, Qatar
36)	Liberal Money Express Pvt. Ltd,	Kathmandu Quick Money Transfer Pvt, Ltd
37)	Kathmandu Quick Money Transfer Pvt, Ltd.	Xpress Money Services Ltd., London
38)	World Wide Tours And	Money Gram International Ltd., London

	Travels Pvt. Ltd.	
39)	Shiva Travels Pvt. Ltd.	Choice Money Transfer, London
40)	Nepal Express Money Transfer Pvt. Ltd.	Dalil Exchange, Baharain
41)	Remittances Settlement Services Nepal Pvt. Ltd	

Source: Nepal Rastra Bank, 2011

5.4 Pattern of Utilization of Remittance in Nepal

WB(2011), report number 55390-NP shows Nepal's economy is gradually entering into a vicious policy cycle of remittance. The report shows that symptoms of the Dutch disease—erosion of external competitiveness, decline in the manufacturing sector, higher disposable incomes and rising wage rates, appreciation of the real exchange rate due to large amounts of foreign exchange inflow, shortage of laborers both in the agriculture and manufacturing sectors, increased dependency on remittances and vulnerability in the country's external sector—have been witnessed in the economy.

The report, however, reveals a positive impact of remittance at the household level. Families receiving remittance are enjoying a comparatively better quality of life now than in the past. 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 public telephone booths and cyber cafes; beauty parlors and cosmetic shops, readymade garment outlets and 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 centers.

Including macro-economic vulnerability, Nepal is paying heavy social costs for the above mentioned social changes; two Nepali workers die abroad daily, a significant size of the active labor force is absent at home due to which domestic growth is being affected and agriculture is losing its attraction among farmers, extramarital affairs in families who have members working abroad are reported to have risen tremendously, kids are becoming obstinate and are less enthusiastic in their studies and parents are feeling helpless in their old age(WB,2011). Communities are facing hardships due to the absence of youths, especially males. Against this backdrop, Nepal must calculate whether the cost or the benefit is higher and devise social, economic and diplomatic policies to reduce the cost and increase benefit.

The two most reported uses of remittances received are: “for daily consumption” and “for repaying loans”. About 79 percent of the total remittances received by the households are used for daily consumption while 7 percent is used for loans repayment. Other uses are – to acquire household property (5 percent) and for education (4 percent). Only a small percentage of the remittances (2 percent) is used for capital formation and the remaining (3 percent) is used for other purposes (CBS, 2011).

In terms of uses, however, it has been revealed that remittances in Nepal have been used very little for productive purposes. The remittance earnings were primarily invested for household purposes, purchase of real estate and house, paying off the loan, purchase of jewelry and as bank deposits (Pant, 2011). For the last few years, remittance inflow has been registering a dominating figure in the balance of payments table by surpassing export and tourism earnings. In this context, the government should develop policies to channel remittances into the productive sector. The government can generate development funds through bonds or motivate remittance earners to invest in productive areas on their own. However this seems to be a fantasy if seen from the recipient household’s perspective. A Nepali worker in these regions normally earns about Rs. 15,000 monthly. They

have their own expenditure priorities at home—repaying loans, kids’ education fees, financing social rituals such as marriages of family members and other family obligations. Due to the rising and higher rate of inflation prevailing in Nepal for the last few years, spending on consumption, clothes and houses is very large and rising. Thus, foreign employment for them is a means of livelihood that is helping to improve their living conditions.

The remittances received from other destinations are: NPR 41 billion (US\$ 530 million or 21 percent) from “other developed” countries; NPR 37 billion (US\$476 million or 19 percent) from India; and NPR 20 billion from Malaysia (US\$ 260 million, or 10 percent). On average, households with a migrant in “other developed countries” receive the highest amount of annual remittance (NPR 311,000, or US\$ 4,050) followed by the Gulf (NPR 163,000, or US\$ 2,120), Malaysia (NPR 113,000, or US\$ 1,470), and India (NPR 62,000, or US\$ 800). Internal migrants – those migrating for work within Nepal – send NPR 75,000 home on average, which adds up to 2 percent of GDP(WB,2011).

Various surveys and the census state that normally Nepalese youths from the mid-west and far west regions go to India to work in low-paying jobs that barely provide them a hand-to-mouth existence. In this context, no policy of channeling remittance into productive investments will work. Therefore, the urgent need is to raise the income level of Nepali workers, control the malpractices of recruitment companies here and of the employers in the host countries and arrange safe and efficient remitting services.

The government of Nepal issued foreign employment bonds. However, they could not attract remittance, earners as expected. When more than 78 percent of the remittance goes to households which are facing hardships to solve their hand-to-mouth problems, they will not come to invest in bonds. Foreign employment bonds are an attraction only for those who are doing low-income work in the developed regions and are willing to come back. In addition, resumption of an attractive business environment, profitability and sound macroeconomic fundamentals can only attract Nepali migrants in the developed regions.

Above literatures mainly focus on the aspects of definition, trends, and way of remittance but they do not analyze the income inequality of households before and after family member being migrants. Besides the socio-economic impact of remittance, this study investigates the income inequality of migrants before and after the foreign employment.

5.5 Push and Pull Factor of Foreign Employment

The main goal of the Social Science research is to find out the impact of any social phenomenon. Foreign employment is an important phenomenon of present globalized world. So, obviously there are various causes and effects of foreign employment. Some crucial causes and effects of the study area are summarized below.

5.5.1 Causes of Foreign Employment

There are various causes for going abroad for employment in the Nepalese context. Some major causes are lower living standard, insufficiency of food, cloth and lower quality of housing, insecurity and unemployment, landlessness and ineffective education system. Table 5.4 shows the frequency distribution of important causes of migration found in the study area.

Table 5.4

Distribution of Emigrants by Causes of Migration

Causes	Frequency	Percent
Landlessness	13	12.4
Indebtedness	4	3.8
Social conflicts	3	2.9
Family conflicts	6	5.7
Unemployment	74	70.5
Lack of facilities	5	4.8
Total	105	100.0

Sources: Field Survey 2013

Table 5.4 shows that 70.5 percent youth are going abroad due to the unemployment in Nepal while 12.4 percent are due to the landlessness and 5.7, 4.8, 3.8, and 2.9 are due to the family conflict, lack of facilities, indebtedness and social conflict respectively.

5.5.2 Process of Foreign Employment

Most of the people do not know the formal process of foreign employment. Some youths are cheated by the brokers. In the process of foreign employment, some people do not have any ideas for going abroad. So they have to depend on brokers. Some time, the broker demand pre-payment from emigrant and deceive amount. The brokers deceive them in different ways. In this case, people are compelled to go abroad depending on assurance of salary, type of work, facilities as provided by the brokers without taking full information. In this study, area, some migrants have cheated in the process of foreign employment.

Table 5.5
Distribution of Migrants by Process of Foreign Employment

Medium	Frequency	Percent
Employment Agency	60	57.1
Broker	17	16.2
Relatives / Friends	27	25.7
Family Members	1	1.0
Total	105	100.0

Source: Field Survey, 2013

Table 5.5 shows that the most of the respondents are decided to go abroad by the process of employment agency 57.1percent followed by relatives and friends 25.7 percent, brokers 16.2percent, and family members 1.0 percent. It shows most of the migrants depend on employment agency.

5.5.3 Selection of the Country

There are various causes for choosing the destination country by migrant employees. For this, mainly pull and push factors are responsible. Some important causes of pull and push factors are shown in the following table:

Table 5.6
Distribution of Migrants by Selection of the Countries

Selected Country	Frequency	Percent
High wage rate	42	40.0
Easy to available of work	43	41.0
Easy entry and exit	12	11.4
Social relationship	8	7.6
Total	105	100.0

Source: Field Survey 2013

Table 5.6 shows that, the highest percent migrants are migrated due to high wage rate (41.0 percent), followed by easy availability of work (40percent), easy entry and exit (11.4percent) and social relationship (7.4percent).

5.5.4 Destination Country of Labor Migrants

In the process of migration, destination is another important and crucial factor. The destination is that country where migrant workers go for the work. The destination countries of the labor emigrants in the study area are shown in Table 5.7

Table 5.7
Distribution of Migrant by Destination Countries

Countries	Frequency	Percent
India	16	15.2
Gulf Countries	72	68.6
Others	17	16.2
Total	105	100.0

Source: Field Survey 2013

Table 5.7 shows the destination countries of Nepalese emigrants. Highest proportion (68.6percent) migrants go in Gulf countries followed by (16.2percent) migrants go others countries and (15.2percent) migrants go in India. It shows that gulf countries are main destination of Nepali labor migrants.

5.5.5 Occupational Status of Labor Migrants

Occupation is another important component of socio-economic factors of migrants. People move from one place to another for better job opportunities.

Table 5.8
Distribution of Migrants by Occupational Statuses

Type of Job	Frequency	Percent
Factory Worker	31	29.5
Driver	3	2.9
House Made	26	24.8
Labor	23	21.9
Security Guard	8	7.6
Cook man	13	12.4
Others (Engineer)	1	1.0
Total	105	100.0

Source: Field Survey, 2013

Table 5.8 shows the occupational status of labor emigrants after going abroad. Factory workers are highest than other occupations, which is 29.5percent followed by house workers 24.8percent and labor 21.9percent and others (engineer) 1.0percent.

CHAPTER VI

THE SOCIO-ECONOMIC IMPACTS OF REMITTANCE

This chapter concentrates on the most important impact of the remittance and the facts emerging due to migration in emigration area that is in Banganga. Several factors impact the analysis of benefits and costs involved when people move from one place to another. In the first phase, we cannot say that movements are always beneficial. The advantages and disadvantages of migration are not similar within the households. Because of all these things, the study tries its best to analyze the true ‘social and economic impact’ of the movement of emigrants.

6.1 Economic Impact of Remittance in Migrants Households

There are some positive as well as negative effects of remittance in the economy of the Banganga immigrant households. Agriculture is still the major occupation of villagers. By getting employment opportunities in the foreign countries, youngsters are ignoring agriculture these days but emigration to India and other countries for employment is not a permanent solution. These people definitely have to come back to manage their lands and agricultural production.

Table 6.1

Distribution of Economic Impact of Remittance in Migrants Households

Economic Impact	Frequency	Percent
Bought land	31	29.5
Constructed toilet	16	15.2
Returned indebt	14	13.3
Reformed in education	12	11.4
Increased in business	21	20.0
To buy leaving standard reform	11	10.5
Total	105	100.0

Source: Field Survey 2013

Table 6.1 shows the use of remittance. The table shows that the highest proportion (29.5percent) remittance have been used to buyland followed by business investment20.0percent and construction toilet 15.2percent respectively. This shows that foreign employment is playing positive role in the economic life of migrant households.

6.1.1 Last Year's Annual Expenditure of Migrant Households

Foreign employment is considered as the second major way of earning livelihood after agriculture in Banganga VDC. In case of gulf countries, around 28 percent respondents said that they have relatively low paying jobs and had gone abroad by taking loan. So obviously, they give the first priority to pay debt. Large proportion of the remittance is used for meeting daily expenses such as food, clothing, festivals, entertainment, education etc.

Table 6.2

Distribution of Migrants Annual Expenditure pattern in household Level

Use of Remittance	Frequency	Percent
Buying land	14	13.3
House build	25	23.8
Education	29	27.6
Health	2	1.9
Buying food and cloths	9	8.6
Payment of debt	10	9.5
Saving / provide	16	15.2
Total	105	100.0

Source: Field survey, 2013

Table 6.2 shows that about 27.6 percent of the total expenditure has been used in education last year. And this is highest than otherexpenditure. Likewise, building house is the second highest source of expenditure that is 23.8 percent of the total expenditure. Lowest proportion is in health services.

6.1.2 Living Standards

In the study area, immigrant households are using modern facilities like furniture (table, chair and cupboard), gas stoves, television, radio and vehicles. The living standard of some households is similar to those of the urban area. The living standards of the households have changed drastically after the involvement of their family member in the foreign labor migration which is shown in Table 6.3.

Table 6.3
Distribution of Migrants Households by Living Standard Facilities (Before & After)

Categories	Before		After	
	Frequency	Percent	Frequency	Percent
Vehicle	-	-	11	10.5
Radio	58	55.2	6	5.7
TV	33	31.4	75	71.4
Mobile/Camera	34	32.4	54	51.4
Solar	1	1.0	29	27.6
Electric Fan	55	52.3	88	83.8
Cycle	68	64.7	92	87.6
Computer/Laptop	5	4.7	22	20.95
Internet Facilities	-	-	13	12.3

Source: Field Survey, 2013

Table 6.3 shows the changes in household assets, electronic goods and services which are related to living standards. In the migrant's households, all goods and services are increasing after going abroad.

6.1.3 Types of Housing

Housing generally refers to the social problem of insuring that members of society have a home to live in, whether this is a house or some other kind of dwelling, lodging, or shelter.

The house structure shows the economic and social status of respondents in the society in Nepalese context. The types of house structure in this study area are shown in table 6.4.

Table 6.4

Distribution of Migrants by Types of House (Before& After)

Type of House	Before		After	
	Number	Percent	Number	Percent
Pakki	7	6.7	45	42.9
Ardha-Pakki	43	41.0	42	40.0
Kachchi	55	52.4	18	17.1
Total	105	100.0	105	100.0

Source: Field Survey 2013

Table 6.4 shows that, nearly 42.9percent houses are *pakki* 40.0percent are *ardha-pakki* and 17.1 percent are *kachchi* after the foreign employment. This shows that construction of *pakki* houses are increasing with going abroad.

6.1.4 Toilet Facility

Toilet facilities also present the level of living standard as well as consciousness of sanitation of the family. The facilities of toilet are presented in the Table 6.5.

Table 6.5

Distribution of Migrants by Type of Toilet Facility (Before& After)

Type of Toilet	Before		After	
	Frequency	Percent	Frequency	Percent
Modern	-	-	10	9.5
Simple	63	60.0	85	81.0
Others (No Toilet)	42	40.0	10	9.5
Total	105	100.0	105	100.0

Source: Field Survey 2013

Table 6.5 shows the better conditions of sanitation because more than 9.5 percent are modern, 81.0 percent are simple, and 9.5 percent are other (no toilet). So, we can say that toilet making process is increasing gradually.

6.1.5 Impacts in Food Sufficiency Due to Remittance

The socio economic impact of remittance also relate with impact on food sufficiency. The food sufficiency plays a vital role on respondent for their change on condition of living standard. Most of the respondents increase their result on impact in food sufficiency.

Table 6.6

Impacts in Food Sufficiency Due to Remittance

Effect on Food Sufficiency	No. of Respondents	% of Respondents
Increased	66	62.85
Constant	37	35.23
Decreased	0	0
Don't know	2	1.90
Total	105	100.00

Source: Field Survey 2013

Table 6.6 shows the effect on food sufficiency due to remittance income. Out of 105 respondents, 62.85 percent respondents produce sufficient food for year which

had increased due to remittances, for 35.23 percent respondents, had their food sufficiency constant due to remittances, 1.90 percent respondent did not know what the impacts in food sufficiency due to remittances.

6.1.6 Monthly Income of Labor Migrants

Income is one of the most important factors and can play a greater role for taking decision to migrate. Income gives the higher social status in our society. So, those people are taking decision to migrate whose income is lower than other members of the society. In Nepalese context, the major occupation is agriculture and it is seasonal occupation. So, many people are seasonally employed. Directly, it can be seen that people are taking decision for labor emigration because of unemployment and low income. The income of labor emigrants before and after going abroad is shown in Table 6.7.

Table 6.7

Distribution of Labours by Income of Labor Migrants

Monthly Income (Rs.)	Before		After	
	Frequency	Percent %	Frequency	Percent %
Below 2000	7	6.66	-	-
2000 - 4000	22	20.95	-	-
4000 - 6000	26	24.76	-	-
6000 -8000	33	31.42	-	-
8000 - 10000	11	10.47	-	-
1000 -12000	6	5.71	-	-
10000 - 15000	-	-	11	10.47
15000-20000	-	-	14	13.33
20000-25000	-	-	17	16.19
25000-30000	-	-	20	19.04
30000-35000	-	-	16	15.23
35000-40000	-	-	11	10.47
40000-45000	-	-	7	6.66
45000-50000	-	-	5	4.76
50000-55000	-	-	4	3.80
Total	105	100.00	105	100

Source: Field Survey 2013

Table 6.7 shows that, among the labor migrants about 31.42 percent (highest percentile) earn income between the ranges Rs.6000-8000 per month. Similarly, only 5.71 percent earned income more than Rs.10,000–12,000 per month before going abroad. However, all emigrants earned more than Rs.10,000 per month after going abroad. The highest frequency (19.4 percent) falls at income rank between 25,000-30,000. The table clearly shows that only 3.80 percent migrants were earning more than Rs.50,000 after going abroad.

6.1.7 Measurement of Income Inequality

6.1.7.1 Gini Coefficient

Unequal distribution of income is a serious problem in both developed and developing countries. There is no country in the world where inequality of income does not exist. The word income inequality is very familiar and interesting in the literature of economics. Economists and statisticians have propounded different methods to show the concentration of income and wealth. Annex I shows the result of income inequality measures in the study area. The income inequality of households before going for foreign employment is measured by Gini Coefficient which is 44.576 percent. Similarly, income inequality of households after going foreign employment is 54.27 percent (Annex I). The findings show that there was higher inequality after going foreign employment. Due to foreign employment, some people in the community may have become richer and thus the income inequality has been increased over the time.

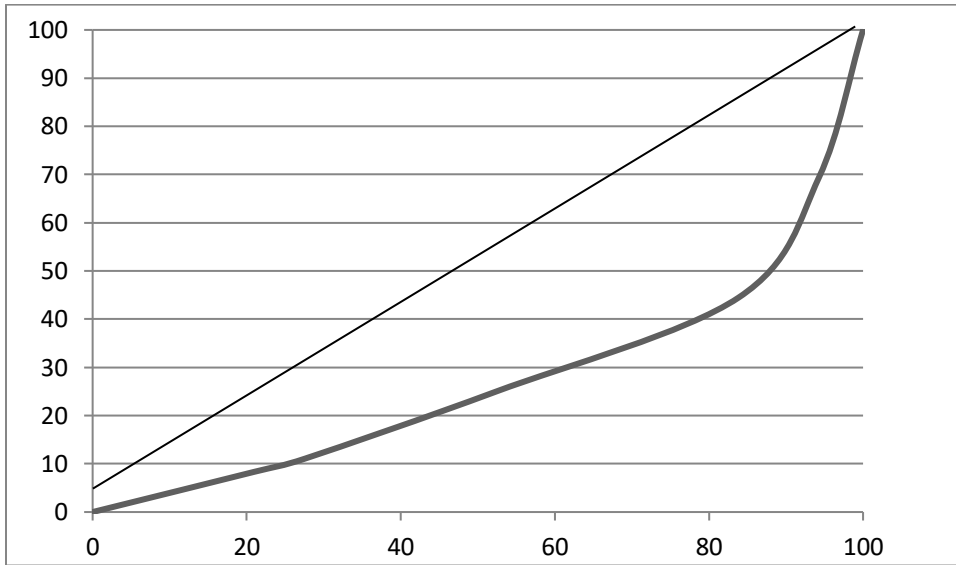
6.1.7.2 Lorenz Curve

Lorenz Curve is one of the important method of measuring inequality of income. First, this method was used by Max O. Lorenz to measure the inequality and thus it is known as Lorenz Curve. On the x-axis the percent of migrants is measured while on the y-axis percent of income is mentioned.

The Lorenz curve is more flat for the income distribution of upper quintiles before employer's foreign employment.

Figure 6A

Income Distribution Before Foreign Employment

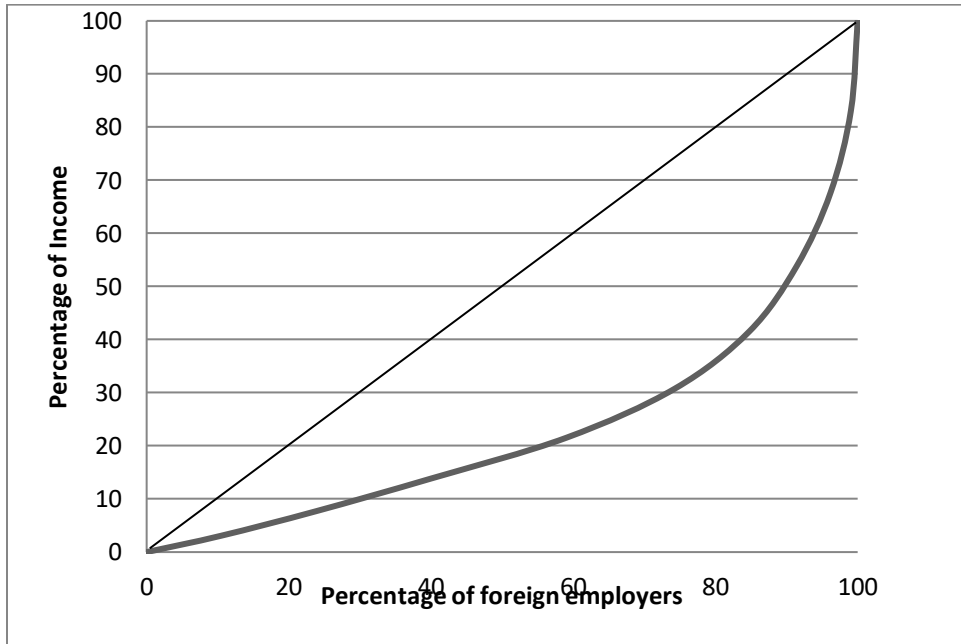


Source: Based on Annex I

The maximum income earned is Rs.12,000 and minimum income is Rs.1,000. The Gini-coefficient of income distribution is 0.4458

Figure 6B

Income Distribution after Foreign Employment



Source: Based on Annex I

The income distribution of the persons before going to foreign employment is more equal in comparison to the income distribution after foreign employment. The Lorenz curve is located significantly far away from perfect equality line for the income distribution after foreign employment and Gini-coefficient is 0.5427. The distribution of income ranges from Rs. 10,000(the minimum) toRs. 55,000(as the maximum).The Lorenz curve moved away from the perfectly equal line after foreign employment. This means the employer's income has been more divergent when they go for foreign employment. The Gini -coefficient increased more than 23 percent from 0.4458 to 0.5427 (Annex I).

6.2 Social Impacts of Remittance

We can say that foreign employment brought some changes inthe social setting of Banganga. It is difficult to draw up a measuring scale for analyzing the changes in the social background of the VDC. Still some data obtained from interview, observation show that the social effects of emigration on the society have been positive. In the field interview more than 50 percent respondents have reported that they had faced many problems abroad due to their illiteracy and low level of skills. They also explained that due to the difficulties they face abroad, they are promoting their children to read and write.

Table 6.8

Social Impacts of Remittance in Migrants HHs Life

Social Impacts	Frequency	Percent
We do not have to depend upon labor	14	13.3
Easy to adopt in society	16	15.2
We do not have to go others for borrow	16	15.2
Neighbors started to speak while they did not take before foreign employment	15	14.3
Easy access to marry	16	15.2
Decreasing to social discrimination	12	11.4
We get opportunity to be a member of tole reform committee	5	4.8
Migrated to city	11	10.5
Total	105	100.0

Source: Field Survey 2013

Table 6.8 shows the social impacts of emigrant’s households. Households that do not have to depend upon labor were 13.3 percent;households that do not have to go others for borrowing and easy access to marry were 15.2 percentand get opportunity to be a member of *tole* reform committee were is 4.8 percent. From thisresult, we can generalize that foreign employment is playing a positive role to increase social prestige and status.

6.2.1 Challenges of Receiving Remittance

Receiving remittance and its use is very challenging and risky. The challenges such as robbery and crime and misuse of remittance due to lack ofproper use are some of the factor responsible for receiving remittance.

Table 6.9

Challenges of Receiving Remittance

Challenges of receiving Remittance	No. of Respondents	% of Respondents
Robbery and crime	2	1.90
Misused of Remittance	26	24.76
No use of remittance	4	3.80
Above all	28	26.66
No Challenges	45	42.85
Total	105	100.00

Source: Field Survey 2013

Table 6.9 shows that out of 105 respondents, 45(42.85 percent) respondents perceived no challenges of receiving the remittance. A total of 28 (26.66 percent) respondents faced challenges of all problems (robbery and crime, misused of remittance, no use of remittance), 24.76 percent respondentsremittance was misused, 3.80 percent respondents agreed that their remittance income was no

used, and finally 1.90 percent encountered with robbery and crime while receiving the remittances.

6.2.2 Impacts in Family Relation Due to Remittance

Remittance is an income factor which shows various impacts on family relation. Most of the respondents reported balanced relationship and some of them reported problems in their relation due to remittance income.

Table 6.10

Impacts in Family Relation Due to Remittance

Relation with member	No. of Respondents	% of Respondents
Balanced	67	63.80
Same as Before	28	26.66
Other (conflict, divorce etc.)	10	9.52
Total	105	100.00

Source: Field Survey 2013

Table 6.10 shows the impacts on family relation due to remittance. Out of 105 respondents, 63.80 percent respondents had balanced in family relation with migrant member, 26.66 percent respondents had family relation same as before and 9.52 percent respondents had problem such as conflict, divorce with migrant member.

The result shows positive social impact of remittance on the study area. Most of the respondents' family relation was balanced with migrant member because of continuous communication with migrant member and regular receiving the remittance income but unfortunately some of them reported negative impacts in family relation with migrant members due to sharing of remittance. This result shows that even divorce rate is increasing among family members.

6.3 Other Positive and Negative Impacts

These impacts are mentioned on the basis of formal and informal interview and conversation. In the positive side, female education is increasing after receiving remittance and on the other hand female headed households were also increasing. This is because as male household heads go abroad female take over the household head status. This is most important effect of foreign employment as well as remittance. Similarly, as a whole education rate, health condition, average age was increasing and mortality rate was decreasing. Consumption pattern was also increasing. In other words, we call them improving in living standards.

In the negative side, alcoholism was increasing, divorce rate was increasing, copy culture was increasing, playing card culture was increasing, HIV positive was increasing, conflict was increasing, and illegal physical relation was increasing. These effects not only depend upon remittance but also on foreign employment.

CHAPTER VII

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary

The contribution of remittance has been increasing since last decade. It can be justified by the expansion of number of remittance companies also. Received remittance has been used in various sectors such as household consumption, education, buying ornaments and land, and payment of debt. Much remittance is used in unproductive sectors. Because of the landlessness, huge debts, social conflicts and family conflicts, unemployment and lack of facilities, people are compelled to migrate abroad. Most of them migrate through official employment agency and others by individual agents and family members. Migrants choose their destination country depending on high wage rate, easily available work, easy entry and exit and social relationship. In other words, these are also pull factors of migration. This study shows large portion of migrants (68.6 percent) goes to Gulf countries. About 30 percent of them go to India and other countries. Most of the migrants work there as unskilled human resources such as factory work, housemaid and labour.

Majority of the migrants are over 30 years of age. In terms of caste/ethnicity Chhetri, Tharu and Brahmin have occupied more than two third of the foreign employment. Most of the migrants are found below primary education and illiterate. Large parts of the migrants are from nuclear family. More than 50 percent have no sufficient land for fulfilling their basic needs. Nearly 50 percent migrants have no sufficient food for a year.

Only one fifth of the migrant families use their remittance in productive sector. After moving abroad construction of *ofpakki* (meaning: made up of rod, concrete, and cement) house from *ardhapakki* (mud, stone and dry grass etc.) houses has been significantly increased. So that *kachhi* houses are

decreasing gradually. Because of the remittance, food sufficiency has positive impact among the migrants family. This is very crucial part of the study. Before going abroad, all migrants earned not more than twelve thousand whereas after going abroad they earn more than ten thousand to fifty five thousands. This shows that economic status of migrants is increasing. Likewise, income inequality has also increased among them. Because of migration, migrants family have experienced positive social change in the society such as being able to adopt in the society, no need to depend upon other for debt, easy access to get marry, neighbors have changed their behavior towards them, decreasing in social discrimination and easy to migrate to urban area. Besides this, remittance has some negative impacts, too. These are increasing robbery and crime, increasing divorce rate and domestic violence. Again, there are some notable positive impacts. They are: increase in education level, improvement in health care, increase in average age, increase in consumption pattern, decrease in mortality rate and improvement in living standards.

7.2 Conclusions

It is clear that foreign employment in Banganga VDC has increased over time in recent years. It has been highly institutionalized and several local agents and manpower agencies are working actively while considerable numbers are going on their own efforts.

A clear shift of foreign labor migration is seen in direction and destination with increasing trend and volumes. Gulf countries (including Dubai, India, Qatar) and Malaysia have the highest volume. In the process of going for foreign employment, the majority of migrants are going abroad from the route of Nepal. One fifth of the total migrants have gone abroad from India. The lack of information and being uneducated migrants some migrants are cheated from Manpower Company and local agents.

This study concludes that the majority of migrants have either below the primary level of education or illiteracy. Almost all the youths are leaving their study because of the trend of going abroad with friends and neighbors. Unemployment, lack of agricultural land and low level of agricultural production are important factors for migration. Likewise, higher wage rate, demonstration effects (a feeling that if one has been abroad, the other wants to follow his/her steps) and presence of friends/relatives at the destination place and no need of special skills and higher education are other important factors associated with destination.

The large part of remittance is being used in unproductive sectors like construction of houses, ornament buying, household consumption, buying land, alcohol and other individual purpose. Besides agricultural sector, there are not any options to invest and reinvest remittance. There are not any cottage industry and manufacturing industries also. Similarly, saving proportion is very low.

The income inequality is increasing after going abroad, which is shown by Gini. This is also shown by Lorenz Curve, which shows that the curve is flatter after going to foreign employment as compared to before going abroad.

7.3 Recommendations

International migration is increasing day by day and it has made a great impact in household as well as national economy. It may cause lack of manpower in the place of origin. People go abroad through the legal and illegal way. As the government of Nepal has not been able to increase the employment opportunities inside a country, Nepali youth are compelled to go abroad for employment. Low level of income, low level of productivity in agriculture, strikes, insecurity, high price of goods and services, dreams to earn more money are the other main causes of migration. After the analysis of data and studying the findings, it is recommended that:

1. Those who are willing to go abroad should be given skill trainings before leaving the motherland.
2. Information should be provided to them about the destination; nature of work, working hour, language, culture, contact address of employer and Nepal embassy or consulate in the country of destination.
2. The labor sending process should be made easier by making it possible for the prospective migrant to complete all necessary paper works from government offices.
3. Poor, conflict victims, Dalits and indigenous people willing to go abroad should be provided loan and special schemes.
4. From the commercial banks, poor people may not get sufficient loan at low interest rate which is needed to go abroad. Therefore a credit bank should be established focusing for foreign employment as soon as possible.
5. Suitable environment as well as policies should be created to encourage foreign migrant workers to invest their remittance in the productive works in their home country.
6. There should be further research about the impact and use of remittance covering the country as a whole. The study results suggest that the proper use of remittance helps in rural development by creating new opportunities.

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