

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Logical meaning of remittance goes as “Remittance is a sum of money that you spend as payment for something” (BBC English Dictionary, 1994). However, in contrast to the gesticulation of international payments, we intend here to express the layman’s meaning of remittances by a sum of money that is earned by the home workers in the host countries in exchange of their services and remitted to the country. Nowadays, people are excited to use the jargon as a substitute word for worker’s remittance earnings as “Migradoller”.

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

The WB’s working definition of remits is “workers remittance plus compensation of employees plus migrants transfers”. Remittances are the portion of internationally migrant worker’s earnings sent back from country of employment to the country of origin. Depending on the combined value of “workers remittances” and “labor income” (or compensation of employees) for migrant working abroad for either more or less than one year. Besides this remittances reflects the monetary dimensions in the complex web of linkage that exists between migrants diasporas and their home countries (Dennis, 1991).The term remittances is normally limited to denoted monetary and other cash transfers, transmitted by migrant workers to their families and communities (CBS, 1996).

Remittance is defined in IMF Balance of payment manual published in 1993 are current private transfer from migrant’s workers who are considered residents of the host’s country to recipients in their country of origin. According to IMF’s World economic outlook, 2005 migrant’s remittance, compensation of employees and migrants transfers. If migrants have lived in the host country for less than a year, their

entire income should be classified as compensation of employees considered factor income .Since 1980sWorldBank has recognized worker's remittance as part of labor income and added to exports parts of the country concerned (Shrestha ,2009).

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International labor migration has great impact on the socio- economic condition of the countries concerned. At present not a single country exists that does not contribute to international labor migration either as a receiving country or country of transits. Foreign employment therefore plays a vital role in the today's global economy. Labor migration has rapidly increased particularly after globalization. In the recent years, remittance has emerged as one of the important sources of foreign exchange earnings that have significant bearing in the economy especially in the context of poverty alleviation and balance of payment situation of the country.

International migration of skilled persons has assumed increased importance in the recent years demonstrating the impact of globalization, revival of growth on the world economy and the explosive growth in the information and communication technologies. A number of developed countries have liberalized their policies for the admission of highly skilled professionals. Immigration of highly skilled people in developed countries because of there are opportunity for struggle and earn more money, they tries to permanent resident in going country and other thing in development country , there are law and order situation. So highly skilled people prefers developed country. But semi-skilled and raw workers prefers developing country because of cost of going these country is very low then developed country and opportunity of get manual job is very high in developing countries.

International migrant remittances are perhaps the largest source of external finance in developing countries. Officially recorded remittance flows to developing countries exceeds US\$ 125 billion in 2004, making them the second largest sources of development finance after foreign direct investment. Remittances were certainly

larger if flows through informal unrecorded channels are also included. As the development community continues the search for additional resources to finance the Millennium Development goals (MDGs), remittances pro-poor and cyclically stable, compared to other capital flows appear to be a promising source. Remittances also appear to be the least controversial aspect of the overheated debate on the international migration. Both remitting and recipient countries are considering the long term economic implications of these transfers.

A number of developed countries have liberalized their policies for the admission of highly skilled professionals. It should be properly acknowledged that some amount of mobility is obviously necessary if a developing country is to integrate into the global economy although a large outflow of skilled persons poses the threat of a 'brain drain' which can adversely impact growth and development.

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

1.2 History of Remittance: A Brief Survey

The recent revival in interest in migration remittances is largely due to the sheer size these flows have acquired in recent years. That remittances are the second largest sources of external financing in developing countries was first revealed by Ratha in an earlier version. In addition to being large, remittances are stable and may even be countercyclical during a growth slowdown in the recipient country .It also shows that remittances are more evenly distributed among developing countries than other sources of hard currency flows. Although top recipient countries are typically large countries such as Tonga, Tajikistan, and Lesotho. Lebanon is among the top recipients in terms of remittances per capita.

Global flows of migrant worker remittances were estimated at US\$382 billion in 2013, up 5.7 percent from their level in 2012 and 34.5 percent compared to 2011 (World Bank 2013). Developing countries received an estimated US\$625.8 billion workers' remittances in 2014, registering an increase of nearly 48.7 percent compared to 2011. Growth in remittances was especially strong nearly 83 percent during 2011 - 2014 in low income countries, notably India.

Migration in search of employment and livelihood opportunities and permanent settlement is not a new phenomenon for Nepal. There has been constant mobility of Nepal across the national borders since unification of the Nepal as a country in 1768 AD. (Pant, 2063). Most of these early migrants were the results push of factors like political instability and exploitative agrarian condition. The formal and temporary migration for employment started before early 19th century when the Nepalese travelled Lahore to join the army of Sikh Ruler Ranjit Singh. Labor migration in true sense started after Anglo-Nepal treaty of peace and friendship of 1816 that recruited 3000 Nepalese soldier British Gorkha Regiment. Signing of peace and friendship Treaty between India and Nepal in July 1950 was a turning point in the movement of Nepalese migrant for employment in India. The Treaty granted the movement of workers in reciprocal basis and the Nepalese labor need no work permit. (Shrestha, 2009)

After the enactment of Foreign Employment Act 1985 Nepali labor started to migrate beyond India for employment. Oil boom in Gulf countries have created massive demand for foreign labor. The period between 1997 and 2003 could be considered the boom period for labor migration from Nepal to outside world. The most favored destination for Nepalese labor migrants are the Gulf, Middle East Malaysia, Korea, Japan and others. For foreign employment 109 countries are opened for Nepal. The importance of labor migration was given little attention in Nepal until recently.

It was only after the 1990s that the policy makers and academicians began to fully recognize the importance of paid employment within and outside the country. Accordingly, for the first time data regarding migration were recorded in the Population census of 2001 (Pant, 2063).

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

Remittance is created by foreign employment which has the long experience of Nepal. For the foreign employment Nepalese people are engaged before some centuries. The Nepalese people were earned name knows as 'Brave soldiers' in the history of the world before some decades. Due to that reason, the demand of Nepalese people for the foreign countries and brought in Nepal. The common 'Lahore' is called to Nepalese people because they employed and earned money in Lahore which is in Pakistan now. Some of Nepalese were earned money in Malaysia so they were called 'Malayako Lahore' which indicates that they are being employed in the Malaysia now.

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

After becoming the member of UNO in 1956 and participating in various international conventions, Nepal's relation with rest of the World further paved the way for Nepalese emigrants abroad. The pace of globalization also fuelled for inter- regional and intraregional migration in most of the developing countries of the world. As Maoist movement intensified particularly after the beginning years of 1990s, more and more Nepalese youth of rural and urban areas of the country began to migrate temporarily towards India and abroad for education and employment. These youth send back money (remittances) to their respective family members.

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

1.3 Statement of the Problem

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

The contribution of the remittance in the economy mainly depends on the role it play in increasing employment or the national income. This crucially depends on the productive use of remittance or investment in the economy. Remittances were also seen to increase dependency. These inflow are quite volatile since countries that depend too much on them may face economics shocks when the flow is disrupted so very appropriate policies should be formulated and implemented honestly by the government so that remittance inflows are used in productive sectors.

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

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

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

1.4 Objectives of the Study

The general objective of this study is to high light the status and utilization of remittance in the study area particularly. The study has covered the followings specifics objectives:

-) To examine the flow of remittance to the household level,
-) To determine the utilization of remittance,
-) To examine the impact of remittance income on capital formation.

1.5 Significance of the Study

International remittance has play vital role in most developing countries to reduce poverty, income distribution education and economic developments, especially in rural areas. Migrations of labor from developing countries to industrializing economic brings huge macro-economic benefits for receiving as well as sending countries cope with economic crises and reduce poverty. In micro economic level remittance improves livelihood of the migrant's families. The impact of remittance on large macroeconomics scale like economic growth has been an issue of interest for many researchers.

The researcher has a great significance in the sense that from the period of 1809, much of the Nepalese people went in to the foreign land for the service. Even in the case of the Gurkha regiment, the indigenous people were highly preferred. The flow of the foreign service of the Nepalese people is not new. But, after the country was hit by war led by CPN (Maoist) the volume of the foreign land going people increase drastically. Baglung district eastern region, where the people- war hit high. This might be one of the causes of the increase in the remittance drastically. The major intention of the study is to analyses the pattern of the remittance utilization in the context of the changing global scenario.

Though there are various reports on Baglung district on the various topic. The study of the remittance utilization pattern is not yet carried out by any of the researchers. The Baglung is one of the highest remittances earning district, which has 54 percent of total remittance earned all around the Nepal. So, this study is significant in terms of this as well.

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

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

1.6 Limitations of the Study

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

-) This thesis has mainly focused on the remittances received by people of Baglung municipality.
-) Due to time and money constraints, this thesis has limited scope.
-) This study may or may not be applicable in the nationallevel.

CHAPTER TWO

REVIEW OF LITERATURE

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

Foreign labor migration and remittance have emerged over the last two decades as a prominent feature of Nepalese economy. Although unjustifiably neglected previously a number of recent studies have contributed in bringing this topic increasingly into both public and academic debates. The literature review is grouped into theoretical and empirical.

2.1 Theoretical Review

2.1.1 International Context

Lee (1966) in his book has purposed the 'push-pull obstacles' model of the migration on the basis of Ravenstein theory. According to lee, the decision of migrate and process of migration are determined by the four factor which include: Factors associated with the area of origin (push), Factors associated with the area of destination (pull), intervening obstacles (distance cost or lack of transport and communication etc.), and personal factors (age, sex, education and race).

Todaro (1976) in his book has stated that migration is stimulated primarily by rational economic consideration of relative benefit which are mostly financial. Decision migrate is influenced by the difference between two places, the odds, probability of getting job in new area is inversely related to unemployment rate in the new area. The other types of migration theories are connected with economic growth.

Lewis (1984) in his book distinguished subsistence sector and developed sector within the economy. The first agro-based, underdeveloped or rural area and second is industrial, developed, urban territory. The prime reason for migration is due to wage

differences. Unlimited supply of labor force prevailing of low wage rate are attracted into industrial sector until subsistence sector i.e. migration exist whenever wage differential exists and elimination of such differential causes to end labor mobility.

Lucas & Stark (1985) in their book have explored the determination of remittance. They have studied and found that remittance on a household level determined by “Pure altruism”, “Pure Self-interest” and “Tempered Altruism” or “enlightened self-interest” in their paper. Moreover, remittance depend on the migrant’s elasticity of demand. That is, if the migrants demand is elastic, fewer services will be demanded and remittance decreases and also found that there is proportional relationship between income and remittance.

Elabadwi & Rocha (1992) in their booksynthesized the old researches in two categories: endogenous migration and international workers’ remittance concerns the income differential and wage rate between two places there is ‘required’ label of remittance which must be equal to average income of family and community, on the other hand portfolio approach to international workers’ remittance suggests volume if remittance depend upon decision whether to save in host country or remit to the country. The volume of remittance is affected by relative rate of return of interest rate, foreign exchange, real estate values and rate of inflation and difference in the black market exchange rate and official exchange rate. The first approach considers income and demographic variables as the main determinant and economic policy influences less and so it is long-run analysis and second insists on macroeconomic policies, economics and social environment for higher remittance and short-run treatment.

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

Remittance means transferring money from one place to another with fatly way which is also called antimony laundering. Money laundering is the illegal attempt to hide the true source of money. It generally involves money that has been obtained through

criminal activity frequently drug dealing money launder's money so it cannot be easily detected.

Chaudhary (1993) in his book has quoted five different researches conducted by (i) H. Remple, R. Lobdell (ii) G. E. Jonson and W. E. White law in Kenya (iii) Remple and Cobdell in Pakistan (iv) B. Banrjee in Delhi (v) ILO and presented by A.S. Oberai and HKM Singh. Their common idea is propensity to remit of all migrants and proportion of remittance is equal and depends on the types of work received abroad, level of education of migrants, marital status, origin of migrant rural or urban. The proportion of income remitted is more or less same of all type of capital formation. But the amount of remittance certainly is not equal. Chaudhary (1993) studied in his own research about the use of remittance. He concludes that first, initial consumption pattern largely affected the use of it. If the recipient is below the poverty line his/her elasticity of demand on necessary things is high, i.e. it encourages local consumption expenditure. If he/she is above the poverty line. It makes him/her rise in income status, so consumption pattern shifts to goods for facility and luxury. Secondly, expenditure of remittance in receiving household depends upon availability of desired commodities or services too. If they are not available they lead to establish wholesale and retail unit. Thirdly, the use of it depends on propensity to save and it is affected by level of income and ceremonial duties like marriage. If they are high one's propensity to invest reduce. The fourth element proposed by Chaudhary that affects the use is value system and attitude towards different types of occupation. Ravenstein (1885) was the first person to attempt forming migration theory, Ravenstein's "laws of migration" is also known as pull-push factors of migration; still predominates as framework of migration analysis. Push factors are land tenure system, unfavorable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of rural poverty in general and so on. Pulls factors are employment, education and other facilities are opportunities known as bright light of the towns. On the one hand push factors push the migration from their place of origin and on the other hand pull factors pull the migration to the place of destination.

Ball (2006) in his article examines how remittances impact the decision to invest in capital formation on the part of the household while attempting to account for the

migration. This study also consider the differential impact of remittance inflows distribution.

Cast & paste (2006) in their book examined impact of remittance on inequality and poverty in Latin America and find that a one percentage point increases in remittance as a share of GDP lowers the poverty headcount by about 0.4 percent which they judge to be an in substantial impact of remittance in equality in Latin America. In addition to their effect on poverty, remittance also improve other important indicators especially health and education indicators for receiving households.

Dhital (2007) in his book tried to access remittance current position and its role in the economy on this area to dig out the ground realities. She concluded that remittance generated are consumed and contribution to economic growth if they are invested productively.

2.1.2 National Context

Remittance refers to that portion of migrants earnings sent from the migration destination to the place of origin. The term remittance is normally limited to denoted monetary and other cash transfers transmitted by migrants' workers and communities (Pant, 2006). Remittances fall under the balance of payment (BoP) standard measures based on the three items in BoP report as incorporated in the IMF BoP statistical year book. He concludes a large part of remittance are utilize for the consumptions of purchasing house or other investments they produce positive impact on the economy by simulating demand for the goods and services. Moreover, the positive development impact of remittance could become more effective if migrants from associations and their commitments to their home becomes institutionalized.

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

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

Kshetry (2004) in his book has identified the causes of Nepalese emigration as limited employment opportunities in government and private sector. Underdevelopment of industries and rudimentary services sector provides limited number of jobs to ever increasing labor force. In the farm sector which conventionally used to absorb almost all the work force failed to do so because of low motivation for farm sector work. The entrepreneurs in this sector are not enthused to invest more either due to low returns or risk involve in this sector. Such events and lure of making quick money at least from legal means by going overseas for menial work prompted to exit large number of workers from rural Nepal.

Karki (2006) in his article has found that foreign employment has helped to improve the social and economic indicators in Baglung district. It has helped in improving the education, health and income status of people through increased income, skills, experience etc.

Among the various uses of remittance found vary by reducing poverty, creating economic security and enhancing social status within those households and the community. Remittances have been playing pivotal role by relaxing foreign exchange constraints, increasing contribution to GDP and strengthening the BoP situation of the country.

Shrestha (2006) in his book stated that stagnant agriculture economy, lack of new opportunities of employment and more importantly the “demonstration effect” continue to push Nepalese labor to India and abroad.

Khadka (2011) in his article has shown the impact of remittance in the economy. He has used primary as well as secondary data and used random sampling method to analyze the data. After analyzing the data, he has found that poverty level has decreased after receiving remittance income. An annual average educational expenditure of remittance receiving household has been greater than non-remittance receiving household.

Acharya (2013) in his article has mainly concentrated on providing a comprehensive commentary of the diversified Nepalese foreign employment sector. The recent trend of foreign has been covering a wide space in the world. Especially, least developed

countries like Nepal, it is not a new issue but foreign employment has been significantly contributing for transferring socio-economic transformation. He has found the foreign employment sector for Nepal has suffered from various challenges. In such a situation, he has suggested the government of Nepal should be implemented proper policy to make this sector more beneficial.

2.2 Empirical Review

2.2.1 International Context

Seddon (2003) in his study has showed the history of labor migration from Nepal. Data backs at least to the beginning of early 19th century and closely linked to British imperial politics. Recruitment of so called “Gurkha” soldiers into the (British) India army was institutionalized in 1816. After Nepal had lost the war with the British East India Company. Samser JBR, encouraged the people to join the British recruitment. About 200,000 Nepalese males joined the British regiment event during the First World War. The Anglo-Nepal convention held on 15th May 1815, created alternative labor market to the Sikh ruler Ranjit Singh in Lahore and other joined them after the defeat of the Nepalese army by the British. This tradition, until today is reflected in the name “Lahore” for soldiers. But today it is regulated by the “Foreign Employment Act”. With the enactment of foreign employment act, Nepalese started of migrate beyond India particularly to the Gulf, where oil boom had created massive demand for foreign labor. There was significant growth of Nepalese migrants in East Asia, South East Asia and the Gulf.

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

Farid, Mozumdar, Kabir&Hossian (2010) in their studies have depicted the trends of shifting flows of migrations from Bangladesh and to find out the remittances flows from overseas migrations to Bangladesh. Their study has been based on secondary data. They have used table graph for analysis the data in order to achieve the objectives of the study. They have found increasing trend of migrant's remittance and contribution of remittance on GDP

2.2.2 National Context

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

Pant (2006) in his study indicated the history of labor migration of Nepal dated back to the unification of Nepal as a country in 1768 A.D much of early migrations were result of push factors like excessive tax burden, exploitative agrarian relations and political instability. The more formal and temporary migration began after the Nepali people started to work in the British army following the Sugauli treaty was signed on December 2, 1815. This Treaty, among others, allowed Britain to recruit Gurkhas of military services. While the first and Second World War generated a huge demand for young army personnel from Nepal, in recent times the scope for out-migration for military services has gone down and more and more people have migrated for civilian

jobs. Because of low urbanization and growth of the industrial sector in the country, the scope for non-farm works within the country is limited. Thus, more people migrate for non-farm employment.

Shrestha (2006) in his research has stated that history of the foreign employment i.e. through the tradition of going abroad began in Nepal in 1809 followed by recruitment of Gurkha soldiers by the British East India Company in 1815, it was largely limited to certain regions and ethnic communities of the country. Most of the Nepalese look to India to seeking job as spending small sum of money, no need of visa and passport and across 1750 KM long common open border. In this due to opportunities of job and more importantly the “demonstration effect” continues to push Nepalese to India and third countries. But it was only after the restoration of democracy in 1990, the flow of Nepalese workers to the Gulf countries, East and South East Asia (Saudi Arabia, Kuwait, Oman, Japan, Hong Kong, Taiwan, Korea, Malaysia, and Singapore), Europe (United Kingdom, Germany, Netherlands, Belgium, and France), Canada and USA witnessed a significant rise. Moreover, after the democratic movement in 1990, it became easier to obtain travel documents and passports. The increase in flow of information and the liberalization in travel led to a surge in the migration of Nepalese citizens for employment. Again because of the political conflict since 1995, the pace of foreign employment has dramatically increased as the situation has compelled Nepalese youths to look for alternatives abroad. This conflict has also resulted in increased flow of migrants from the mid-west and far west regions to India.

CBS (2003) in its report had recorded as high as 55.7 percent of labor force are under employment. It is obvious that Nepal is facing a dismal condition of unemployment and under employment. Nepalese economy is passing through the critical phase of low-level equilibrium trap circumscribed by poverty and stagnation. Foreign employment is considered as an exit door to uplift the ailing Nepalese economy and remittance has been the only hope to rescue the economy from low level of equilibrium trap. Acceleration in overseas migration and remittance has been instrumental for survival, poverty alleviation and improvement in living standard of the people. The virtue of foreign employment is that it helps to increase foreign exchange reserves in the resource scarce economy, Nepal has been able to adjust

balance of payment crisis due to remittance despite continues slackening in tourism and trade.

Adhikari (2007) in his study identified the eight reason of migration, (1) Push factors; Poverty, unemployment, Decreasing income, cost burden for living, Disaster, low agriculture production, political instability, internal conflict, Vicious circle, increasing population, low economic growth, armed conflict.

(2) Pull factor: Employment, good income, salary, security, demand of labor, family remitting.

(3) Globalization: International level transport, technology development, concept of borderless world, inter- country network, skill sharing, GATT'S model 4 (acceptance of temporary inhabitant for skill gap), Global inequality, Brain gain and Brain circular etc.

(4) Survival Strategy: Trend of going abroad by Rich, high skilled persons and ti improve their status or in search of gainful employment or to fulfill the skill gap.

(5) Advanced strategy: Trend of going abroad by Rich, high skilled persons and improve their status or in search of gainful employment or to fulfill the skill gap.

(6) Government Policy: promotion and pressure the over labor force to foreign employment by Foreign employment or labor policy and legal and. institutional manage.

(7) Demonstrative Effects: life styles of returning people from abroad, income, prosperity and attraction towards abroad, demonstrating rather.

Acharya (2013) in his study has mainly concentrated on providing a comprehensive commentary of the diversified Nepalese foreign employment sector. The recent trend of foreign employment has been covering a wide space in the world. Especially least developed countries like Nepal, it is not a new issue but foreign employment has been significantly contributing for transferring socio-economic transformation. He has found the foreign employment sector for Nepal has suffered from various challenges. In such a situation, he has such a situation, he has suggested the government of Nepal should be implemented proper policy to make this sector more beneficial.

2.3 Research Gap

Different studies have been done in the national and international level regarding to remittance. Especially, in these studies only use of remittances presented, further researchers clearly cannot mention the foreign employment problem because these things are not based on current data. It's found that the study about utilization of remittances on education, health, paying loan, agriculture etc. anyone cannot study about capital formation. So there, the research studies by using current data to fulfill the gap between national and international context about utilization of remittance on capital formation.

CHAPTER THREE

REASERCH METHODOLOGY

The present study is micro level study on the utilization of the remittance in Baglung Municipality. Both primary and secondary data gathered. This study analyzed the utilization pattern of the remittances earning people. How they allocated the valuable remittances in their expenditure, investment and daily uses.

3.1 Research Design

The research design followed in the study has both an explorative and descriptive research. It has been used both the qualitative and quantitative techniques depending on the nature and sources of data and information.

3.2 Nature and Sources

The nature of data has been quantitative and qualitative both. The present study have both the primary and secondary data.

3.2.1 Primary Sources

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

3.2.2 Secondary sources of data

Besides primary data, Secondary data has been help to fulfill the research objectives. The secondary data have been obtained from economic survey, collected from Baglung municipality office Baglung, central bureau of statistics (CBS) Nepal, Nepal Rastra Bank, Baglung District profile published by Baglung district development committee, Baglung municipality profiles published by Baglung municipality office Baglung, various data received by branch of CBS Baglung and other office located in Baglung.

3.3 Data Collection Methods

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

3.3.1 Household Survey

The total number of households of Baglung Municipality is about 7,848 as recorded in the population census 2011 there are 917 Emigrants household in the municipality. In their house at least one person has migrated to Malaysia Dubai, Saudi Arabia, Quarter and other countries (field survey 2014), total migrants from the 7,848 households are 917. As it becomes impracticable to study all emigrants only 85 emigrants 'households are taken sample. To take sample all 11 wards of the municipality are considered as simple random sampling and the desired sample are taken randomly from each wards of the proportional representation of sample from each wards as follows.

Table 3.1

Sample of the Emigrants

Ward No.	1	2	3	4	5	6	7	8	9	10	11	Total
Population	3,443	7,332	5,426	2,112	2,076	1,156	1,430	1,238	1,356	1,372	2,119	29,360
No. of emigrants	105	130	115	55	62	79	65	95	88	69	54	917
Sample emigration HH	8	10	8	7	7	8	7	8	8	7	7	85

Sources: Population Census, 2011 and Field Survey, 2014

The Table 3.1 shows the total population, numbers of migration and sample of emigration household of Baglung municipality. The total population of this municipality is 29,360 out of this population ward number 2 have higher population because it lies in bazaar area. In Baglung municipality each and every house holds members are engaged in foreign employment. Ward number 2 have a higher

emigrant's population and ward number 11 have least number of population are engaged in foreign employment.

3.3.2 Questionnaires Design

A survey questionnaires sheet have been prepared and administered to the local people in order to collected quantitative and qualitative data. The questionnaires have been based the structural and semi- structural have also been included for such respondents to collected the information. The questionnaires are based on economic status, utilization of remittance by the remittance receiver family. Some information on remittance has been collected through banks, organization who works in remittance fields (Western Union Money Transfer, BOK Remittance Money Gram etc.)

Some of the information collected from neighbors of the remittance receiver for actual information of utilization of remittance, like buying land, paying loan. Invest on agriculture and other invests etc. Some information collected from personal observation. So tool of data collection questionnaire, personal observation, neighbor discussion and direct interview.

3.5 Sample Selection Procedures

The study has been carried out the basis of cluster sampling. Under this method 4,5and 6 wards have been selected, from each wards sample methods are systematically simple random sampling and systematic sampling of the study area.

3.6 Methods of Data Presentation and Analysis

Data have been represented in various units and forms depending on its nature to fulfill the set objectives. A number of mathematical tools such as tabulation, percentage, and other graphical presentation such as graph, pie chart, map etc. have been employed as analytical tools. The following steps are used to analysis the data.

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

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This section provides description about the social characteristics of the respondents, status of economic conditions, occupations that causes to seek foreign employment, medium to obtain foreign employment destination, duration of stay in abroad, income earned in abroad, system of transfer remittance, use of remittance and its trend.

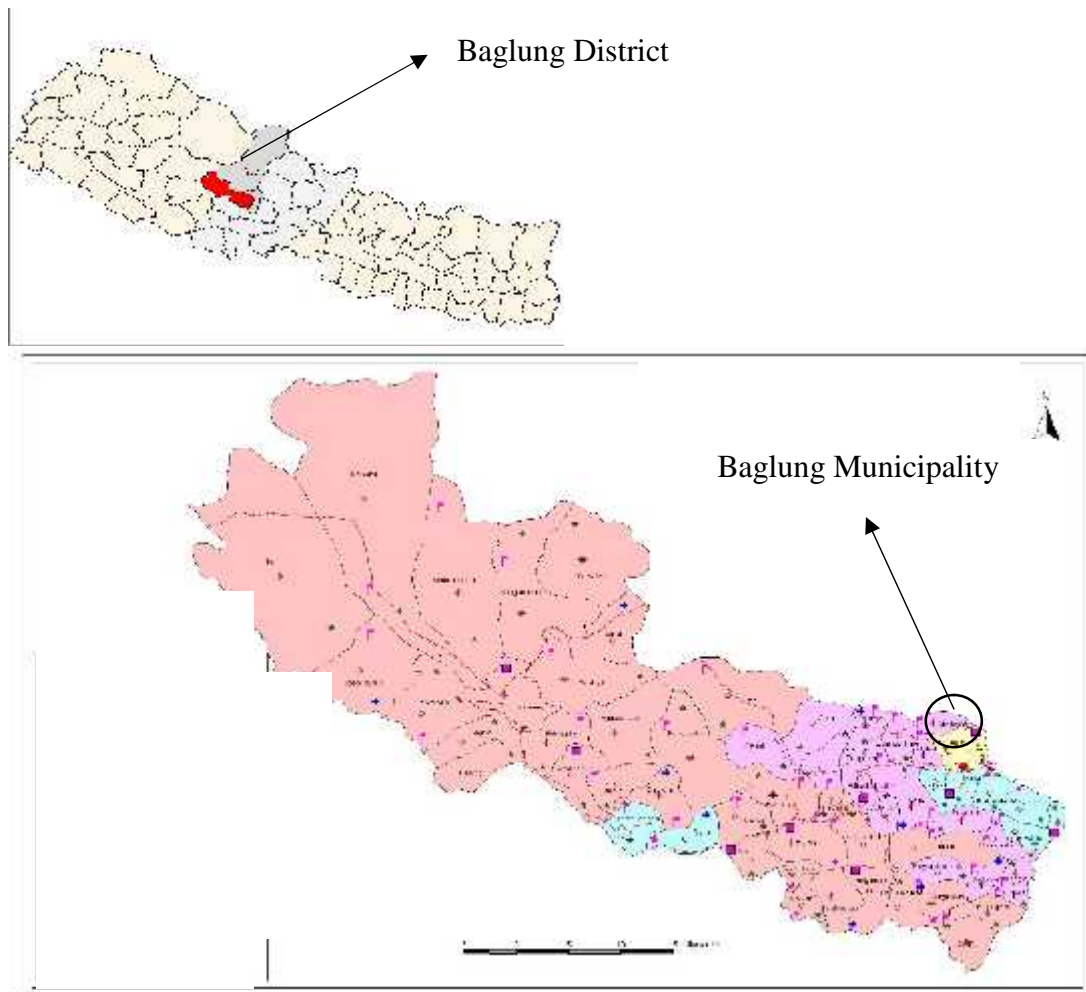
4.1 Profile of the Study Area

Baglung Municipality is only one municipality of the Dhaulagiri Zone. It is situated in the east of Baglung district, which is also headquarter of Dhaulagiri Zone. It is situated between 28° 15”to28° 22” latitude and 83° 36”longitude. There are 11 wards. The total area of this municipality is 18.35 Km². The municipality is situated at the higher of 1020 meter from the sea level. According to the municipality office the total population of the municipality is 29,360, out of them 10,039(48.14%) males and 10,039(51.85%) females. The population density is 1084.34 Km². The population growth rate is 3.15 percent and the total literate rate is 74.86 percent out of 74.86 percent male 84.44 percent and female 64.3 percent. (District Profile, 2014)

People of the various castes and creeds in habits in this municipality. Majority of the population belongs to ethnic communities of Brahmin, Chhetri, Newar, Sunar, Magar, Sarki, Damai, Kami etc. Nepali language is the medium of general communication. Newari language is also spoken by the people of this ethnic groups. The educational organization are: government campus 1, higher secondary school 1, and government secondary school 7, out of three 1 government and 2 private secondary, the total number of school are 14. Lower secondary level: 2 are private and 2 government. Health service facilities are 1 Zone Hospital, 1 Aurbid Hospital, 1 Eye hospital and Eye care center 2. Telephone line set 3057 and post-paid and pre-paid mobile service also available. There is no lack of electricity in this municipality. Transportation is available in almost all over the wards of this municipality, where has 15.175 kilometer pitch roads, 5739 kilometer graveling and 65.77 kilometer non-graveling road. The main occupation of this municipality trade, agricultural, service and hotel. (District Profile, 2014)

The ward number 1,2,3,4,and11 urban-based and 5,6,7,8,9 and 10 are remote-based area. Market area people area engaged in trade, cottage and industries and remote area people are engaged in agriculture and foreign employment. There is one commercial bank, one Nepal Bank Ltd, one Agricultural Bank. Three private commercial bank and also more than 23 co-operative limited. In Baglung Municipality the Micro credit program was initiated since 2050/051 B.S by the help of ADB and out of 10,813 female only 430 individuals were performed in groups under the program in the Municipality. The study area are Mulpani, Ratmata, Khahare and Bhanssa which state the map of Baglung Municipality. People of these wards are poor and illiterate. In the recent years many national banks have opened branches and regional office. A large no of people are employed overseas and in neighboring India. People from Baglung and nearby have a tradition of Indian Army. Baglung and the region receives highest amounts of remittances earned from foreign employment in Nepal. As of 2010 pension fund alone distributed to ex-service men of the Indian Army by the pension paying office at Baglung. (District Profile, 2014)

Figure 4.1



4.1.1 Age and Sex Composition of Baglung Municipality

The whole population of the Baglung municipality is divided into the three age groups: young, adult and old .Also the population of municipality is divided into dependent and independent population. The table 3.1.1 shows the age and sex composition of population.

Table 4.1
Age and Sex Composition of Baglung Municipality

Age Group	Male	Female	Total	
			Number	Percent
0-14	4,956	4,474	9,430	32.11
15-59	7,621	10,205	17,821	60.69
60 above	984	1,125	2,109	7.18
Total	13,556	15,804	29,360	100.00

Sources: Population Census, 2011

The Table 4.1 shows that total population 29,360 and that 13,556 male and 15,804 female. In the table 32.11 percent people are in the age group 0-14. The percent of the age group 15-59 is 60.69 the old group or above than 60 and above age group has only 7.18 percent. The population of dependent has 39.29 and independent population has 60.69 percent. Above table shows non-active population is less than active population. So, it affects the economy positively as well as other development work.

4.1.2 Religious Composition of Baglung Municipality

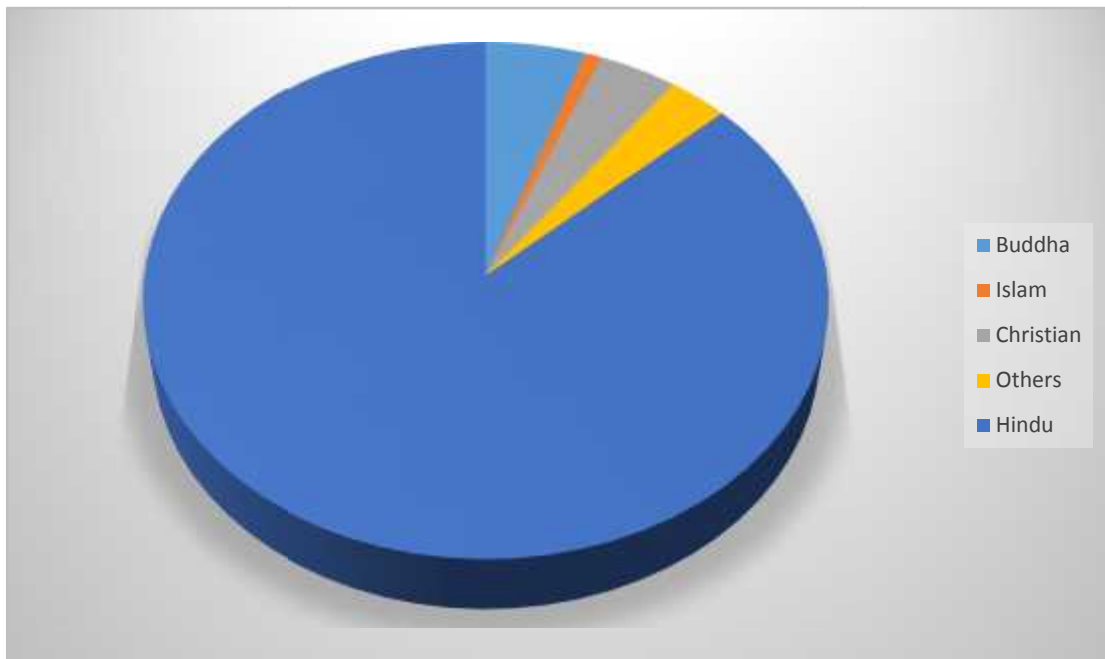
The Baglung Municipality has a Hindu society. In this Municipality 90 percent of people follow Hindu religion. The main religious palaces of Baglung Municipality are Baglung Kalika, Radhakirshna Mandir, Malika, Sansarkot, and Shiva Mandir Uppalachhaur, etc.

Table 4.2
Religious Composition of Baglung Municipality

Religious	Population	Percentage
Hindu	25,488	86.81
Buddha	1500	5.16
Islam	260	0.86
Christian	1,200	4.08
Others	912	3.10
Total	29,360	100.00

Sources: District Profile, 2014

Figure 4.2
Religious Composition of Baglung Municipality



4.1.3 Ethnic Composition of Baglung Municipality

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

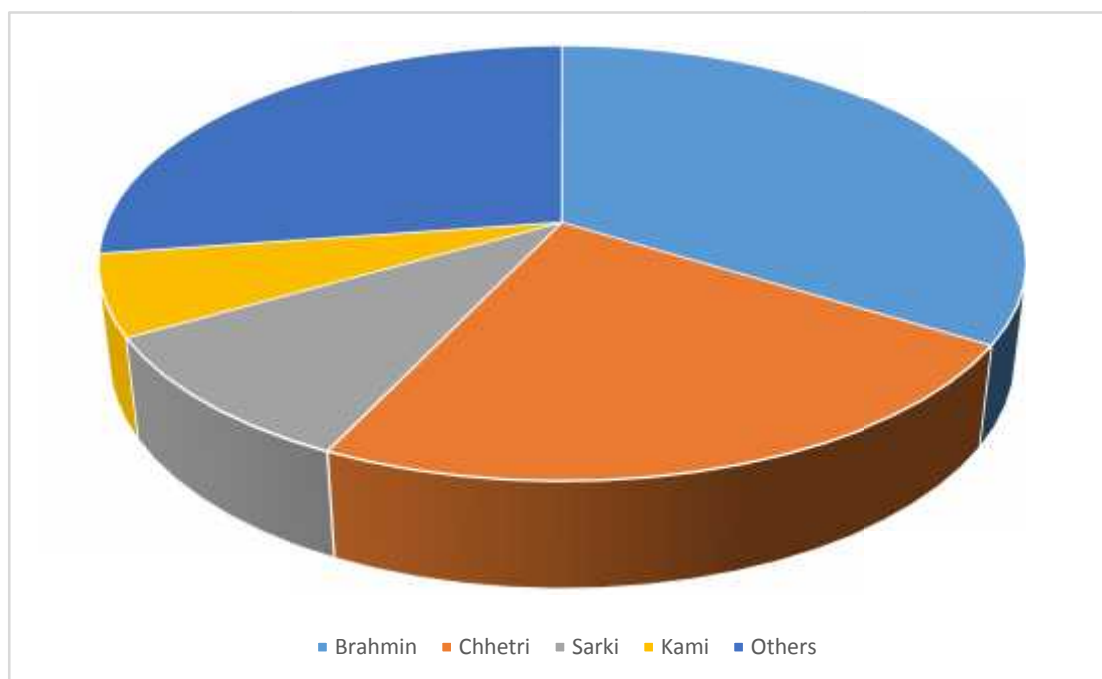
Table 4.3
Ethnic Composition of Baglung Municipality

Ethnic Groups	Population	Percentage
Brahmin	9,402	32.03
Chhetri	6,413	21.83
Sarki	2,687	9.15
Kami	1,663	5.66
Others	7,581	25.82
Total	29,360	100.00

Sources: CBS, 2071

The table 4.3 shows Brahmin has 32.023 percentages of total population .In Baglung municipality Brahmin has followed by Chhetri, Sarki Kami and others respectively.

Figure 4.3
Ethnic composition of Baglung Municipality



4.1.4 Literacy and Education

Baglung started educational steps from 2006 B.S with the establishment of RatmataRatri school in Ratmata Baglung ward no. 4 which was the first government school of Baglung municipality. At present this school has become higher secondary school and there are 33 government school and more than 15 private school. The table 4.1.4 represents the educational status of Baglung Municipality.

Table 4.4
Status of Literacy and Education of Baglung Municipality

Status	Male	Female	Total
Literacy	11,471	11,807	23,278
Illiteracy	754	2,818	3,572

Sources: District Profile, 2014

Table 4.4 shows that 26850 out of 11471 Male and 11807 female are literate. 754 male and 2818 female out of 26850 are illiterate. In Baglung municipality female

population are more literate than male population because all municipality's people known that when all female are literate all houses are literate. So all parents are attendance their child in school.

4.1.5 Occupation of the Baglung Municipality

The main occupation of this municipality is Agriculture, Service sector and foreign employment. Apart from this sector, army service, labor service, business etc. are the occupation in which people are engaged. They are engage in the following occupation shows in percentage.

Table 4.5
Occupation composition of Baglung Municipality

Occupation	Population	Percentage
Agriculture	9,310	31.70
Foreign Employment	6,416	21.85
Labor	3,419	11.64
Service	2,705	9.21
Business	2,668	9.08
Others	4,842	16.49
Total	29,360	100.00

Sources: District Profile, 2014

Table 4.5 shows that among 29360 population 31.70 percent or 9,310 number of population are engaged in agriculture, 21.85 percent or 6416 number of population are engaged in foreign employment, 11.64 percent or 3419 number of population are in labor, 9.21 percent population are service sector, 9.08 percent population are business sector and 16.49 percent or 4842 number of population in other sector.

4.2 Social Characteristics of the Respondents

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

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

Table 4.6
Information of the Social Status of Respondents

Caste/Ethnics groups	No. of Respondents	Average family size (Number)	Average (year)	Percent of married	Percent of literate
Brahmin/Chhetri	30	4.6	29.6	57.35	81.15
Sarki	20	5.3	30.23	60.55	30.65
Kami	15	4.45	28.3	65.56	32.13
Others	20	4.15	28.15	70.69	44.85
Total	85	4.62	29.07	63.53	47.68

Sources: Field Survey, 2014

Table 4.6 shows that among the workers seeking foreign employment from Baglung municipality is mostly dominated by Brahmin/ Chhetri followed by Sarki, Kami and others are seeking foreign employment but their size is very small. Average size of family for household is 4.62 members which is higher than national average. Sarki and Kami have higher family size than other groups. Average age of the respondent is 30.33 years. Kami had lower age than other groups. Most of the respondents were married. The percentage of married respondents was 63.53 percent. Kami had highest marital status than other groups. The respondents of Brahmin/ Chhetri were all literate and highest percentage of illiterate was from the Kami.

From the above table, we can conclude that foreign employment seeking families from Baglung Municipality have very high family size, most the respondents were married and 63.53 percent were literate.

4.3 Status of Economic Condition

Economic condition is one of the most important factors of emigration. It is expected that people from the lower economics condition would seek foreign employment is quite high and poor people may not be able to afford it. In this municipality respondents are classified into lower, middle and high income group according to

their economic condition. The information obtained is presented in the following table.

Table 4.7
Status of Economic Condition

		Economic Condition (in respondent to income)		
Caste and Ethnic groups	No. of Respondent	Lower	Middle	Higher
Brahmin/Chhetri	20	4	20	6
Sarki	30	15	4	1
Kami	15	7	6	2
Others	20	6	10	4
Total	85	32	40	13

Sources: Field Survey, 2014

Table 4.7 clearly shows that the economic condition of the different caste/ethnic group. This table shows a wide variety in the economic status of the groups in the sense that some groups are of high economic status and some are poor. The Brahman/Chhetri are mostly belong middle income groups and Sarki are low income groups.

4.4 Occupation of the Respondents

The occupations are one of the important reason for migration. Under employment and low income encourage out migration. White color job with income discourage or band for foreign employment. To find out their occupational background the respondents are asked identify their main occupation themselves into three categories.

Table 4.8
Distribution of Occupation of the Respondent from Different Ethnic Groups in
Baglung Municipality.

		Occupations		
Caste and Ethnic Groups	No. of Respondents	Agricultural	Labor wage	Business
Brahmin/Chhetri	30	20	4	6
Sarki	20	5	12	3
Kami	15	8	6	1
Others	20	10	6	4
Total	85	43	28	14

Sources: Field Survey, 2014

Table 4.4 shows that the most of the respondents are identified agriculture as their main occupations. Fifteen out of eighty five respondents thought that their main occupation is agriculture and wage labor. Only 14 respondents are involved in business field.

4.5 Causes of Seeking Foreign Employment

There must be several reason of seeking foreign employment. The reason might be economic, social or political. They may be related to the acquired skills and various other reasons. To find out the causes of seeking employment the respondents were asked to identify the prime causes to go for foreign employment. They gave more than one reasons as follows:

Table 4.9
Causes of Seeking Foreign Employment in Baglung Municipality

Caste and Ethnic Groups	No. of Respondent	Causes for Foreign Employment			
		Unemployment	Debt	Conflict	Earn money
Brahmin/Chhetri	30	10	10	2	8
Sarki	20	7	5	5	3
Kami	15	5	4	4	2
Others	20	12	3	4	1
Total	85	34	22	15	14

Sources: Field Survey, 2014

Table 4.9 shows that the major causes for all respondents for foreign employment is unemployment within the country. Second cause was to debt; around 34 people out of 85 were to go to foreign employment because of unemployment and 14 people interested to earn money. It shows that most of Brahmin and Chhetri are gone abroad because of unemployment followed by earn more money. In field survey respondents said that they or their relative gone abroad in the causes of unemployment, debt, conflict and to earn more money.

4.6 Medium Used to Obtain Foreign Employment

Individuals, who want foreign employment need to know the job, salary, nature of contract and cost for getting the employment opportunity. Generally government registered man power agencies (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them, individual contracts also play vital costs are related to the medium used. The medium used this was considered to be important and the respondent were asked to identify it. The response are given in the following table:

Table 4.10
Medium Used to Obtain Foreign Employment

Caste and Ethnic Groups	No. of Respondents	Medium		
		By MPA	By individuals contact	By friend
Brahmin/Chhetri	30	26	2	2
Sarki	20	15	2	3
Kami	15	8	2	5
Others	20	14	3	3
Total	85	63	5	13

Sources: Field Survey, 2014

The Table 4.10 shows that among the respondents 63 persons went to seek foreign employment through registered man power agencies. Thirteen people managed through their own contacts with the help of friends and relatives. It is concluded that majority of foreign jobs seeker use MPAs as a medium to find the job. Some use their friends and relatives as medium and very few choose local agents of gulf firms. Those people who go through MPAs are better than other in earned and security.

4.7 Skill Status of Foreign Employment

Skill is one of the most important factors which helps to find the proper job and increases the bargaining power of labor. Anybody, who is skilled can earn more money and get better job .They do not have adequate skills and educations due to untrained nature and are paid low. The assessment of individual towards their own status of skills development the sources of training are in the interview. The response received are presented in the following table:

Table 4.11
Skill Status of Foreign Employment of Baglung Municipality

Caste and Ethnic Groups	No.of Respondents	Skilled labor		
		Unskilled	Institution	Own/friend
Brahmin/Chhetri	30	25	4	1
Sarki	20	18	2	0
Kami	15	12	2	1
Others	20	17	3	0
Total	80	70	11	2

Sources: Field Survey, 2014

Table 4.11 shows that 70 respondents of job seekers considered themselves as unskilled before getting foreign employment. Among remaining 13 respondents some had skills related to driving, carpentry, security and electricity wiring. Out of 13 individuals 11 were trained or skilled in training institute and 2 individual are skilled by own or friend. Above table shows that most of the foreign seekers were untrained, unskilled labor. So their income is very low than skilled labor.

4.8 Destination of the Foreign Employers

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

Table 4.12
Destination of the Foreign Employment in Baglung Municipality

Caste and Ethnic Groups	No. of Respondents	Destination			
		Gulf	South-East Asia	Europe	Others
Brahmin/Chhetri	30	15	7	6	2
Sarki	20	18	1	1	0
Kami	15	10	2	0	3
Others	20	14	1	3	2
Total	85	57(67.05%)	11(12.94%)	10(11.76%)	7(8.23%)

Sources: Field Survey, 2014

Table 4.12 shows that 67.05 percent employers have been chosen gulf country as their destination which was followed by South East Asia 12.94 percent. Among the Gulf returnees if the individual country was observed it was mostly in Malaysia and Dubai. South East Asia countries seem second choice employers. Third one choice destination is European countries, 6 respondents are work in Europe. The table shows that maximum Sarki are going Gulf countries.

4.9 Cost Paid for Foreign Employment

A sizeable amount of money needs to be invested as a cost of foreign Employment. The costs started from obtaining a passport, medical checkup, manpower agency commission, Visa fees, air fare, cost of internal travel and hotel charge in Kathmandu at the time of processing the foreign employment. To find out the costs paid by the respondents; they were asked to quite expenses in different categories. The summarized version of the cost paid by different groups are given in the following table:

Table 4.13
Average Cost Paid and Range Costs for Foreign Employment in Baglung Municipality

Caste and Ethnic Groups	No. of Respondents	Range of Costs(000)		
		Average cost(000)	Minimum	Maximum
Brahmin/Chhetri	30	90.32	81	420
Sarki	20	89.31	79	150
Kami	15	87.20	82	335
Others	20	91.11	90	550
Total	85	89.48	83	363.75

Sources: Field Survey, 2014

Table 4.13 shows that average cost of the going abroad is NRs 89.48 thousands but it is huge different between minimum and maximum cost. Minimum cost 83 thousands include mainly those people who goes to Gulf countries ie.Malaysia, Quarter, UAE etc. Maximum cost 363.75 thousands include mainly cost of those people who went European countries. Average cost of the others group are higher than Brahmin, Chhetri Sarki and Kami. Their maximum cost is also higher than other. Lowest average cost obtained by Kami because most of the Kami persons went in Gulf countries, few of them gone European countries. So their cost of foreign employment is lower than other.

4.10 Source of Financing

Most of the rural people of Nepal who want to foreign employment use several source of financing the cost involved. They are loan, sales of property including land, internal saving as well as funds mobilize through friends and relatives. To find out the extent of source used by the respondents they were asked to provide their source of financing the foreign employment. The information collected from the interview is presented in the following table.

Table 4.14**Source of Financing for Foreign Employment in Baglung Municipality**

Caste and Ethnic Groups	No. of Respondents	Sources		
		Loan	Sales of land	Family Saving
Brahmin/Chhetri	30	25	4	1
Sarki	20	18	2	0
Kami	15	14	1	0
Others	20	15	3	2
Total	85	72(84.70%)	10(11.76%)	3(3.52%)

Sources: Field Survey, 2014

Table 4.14 shows that 72 respondents out of 85 or 84.70 percent person borrowed loan to pay the cost of foreign employment. Another 10 person sale of land to pay the cost. Only 3 people or 3.52 percent went foreign country by contribution of their internal family savings. It can be concluded that the cost if foreign employment is financed by borrowing, sale of land and family saving. Accept Kami and Sarki family few number of other cost went foreign by family saving.

4.11 Types of Job Performed in Foreign Employment

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

Table 4.15**Types of Job Performance in Foreign Countries gone from Baglung Municipality**

Caste and Ethnic Groups	No. of Respondent	Occupation				
		Agriculture	Mechanica I	Individual Workers	Security Guards	Hotel
Brahmin/Chhetri	30	7	6	5	8	4
Sarki	20	12	1	2	4	1
Kami	15	8	2	3	2	0
Others	20	4	6	2	5	3
Total	85	31	15	9	19	8

Sources: Field Survey, 2014

Table 4.14 shows that 31 respondents have done works in Agricultural sector. Most of Kami and Sarki are engaged in this work. Individuals workers is the dominant work of migrants workers. Nine respondents have taken individuals workers. All of caste engaged in the different work. Most of the Kami engaged in the carpentry work. Brahmin and Chhetri are mainly engaged in security Guard. Ti shows that the main Job is hotel, mechanical, individual's workers, Agricultural sector and Industrial sectors.

4.12 Duration of Foreign Stay

Duration of foreign stay of emigrants' workers depends upon availability to work, Facilities provided by company, salary rate, home urgency and several reasons. Sometime the respondents return back their home due to inferior type of job, low salary. Family affairs such as death of family member's sickness and their own bad health. To find out the duration of foreign stay the respondents were asked to provide their length of stay the results are summarized in the following.

Table 4.15
Duration of Foreign Stay gone from Baglung Municipality

Caste and Ethnic Groups	No. of Respondents	Range in Years		
		Average stay(in years)	Minimum	Maximum
Brahmin/Chhetri	30	3	2	3
Sarki	20	2.5	2	4
Kami	15	2.5	1.5	3.5
Others	20	3.14	2.5	4
Total	85	2.78	8	14.5

Sources: Field Survey, 2014

Table 4.15 shows that average duration of stay in abroad is 2.78 years. The response of all the respondents expect other were stayed more than 3 years. Maximum stay is 5 years and minimum is one and half years. Sarki and others respondents stay maximum 4 years and Brahmin and Chhetri are maximum stay 3 years. It can be concluded that the duration of stay in abroad of the respondents were around 3 years.

4.13 Causes to Return to Work Again

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

Table 4.16
Causes to Return to Work again from Baglung Municipality

		Cause to Return in Foreign Employment		
Caste and Ethnic Groups	No. of Respondents	Employment purpose	Conflict	No plan to Return
Brahmin/Chhetri	30	20	1	4
Sarki	20	17	1	1
Kami	15	10	0	5
Others	20	15	2	3
Total	85	68	4	13

Sources: Field Survey, 2014

Table 4.16 shows that among the respondents, 72 or 84.70 percent plan to return to foreign employment for which the reasons are unemployment and conflict. Among them 80 percent want to return to foreign employment again due to employment opportunity. Another 4.70 percent want to return to foreign employment due to conflict, 15.29 percent respondent don't plan to return again because they had done difficult, danger and dirty work in abroad.

4.14 Income Earned from Abroad

It is often that Nepalese workers get low paying jobs in overseas. So they earned less money than laborers from the countries. But income earned abroad depends on skills of workers, salary payment by company, working country, types of company, duration of stay etc. To find out the income earned by Nepalese labor in abroad the respondents were asked to give their monthly salary earnings. The responses are given in the following tables:

Table.4.17
Income Earned from Abroad in Baglung Municipality

		Income Destination Person Wise(000)				
Caste and Ethnic Groups	No. of Respondents	Gulf	Middle East	Europe	Other	Average
Brahmin/Chhetri	30	316	300	1000	500	529
Sarki	20	220	360	800	520	475
Kami	15	180	250	–	642	357.33
Others	20	300	290	–	530	373.33
Total	85	254	300	900	548	

Source: Field Survey, 2014

Table 4.17 shows that earned of the respondents who gone abroad or whose family gone abroad. It is shows that in Gulf there is least income (254 thousands per year) among other countries and European countries highest earning (Rs 900 thousands per year) In Malaysia they have earned more income than the respondents of other countries. In term of caste wise Brahmin/Chhetri earned more money than other caste people in abroad. They earned 529 thousands in average followed by Brahmin/Chhetri. Kami earns lest in the all around the world, they earn only 353.33 thousands per year. There is huge different between Kami and other group because of other groups gone Europe but Kami group not .excess to go Europe because of money problems. Most of the Kami and Sarki are lower class family.

4.15 System of Transfer Remittance

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

Table.4.18
Channel Used to Transfer Remittance by Foreign Employer

		Methods used (in number)		
Caste and Ethnic Groups	No. of Respondents	Bank	Hundi	Relative or Friend
Brahmin/Chhetri	30	26	1	3
Sarki	20	15	2	3
Kami	15	10	1	4
Others	20	15	0	5
Total	85	66(77.64%)	4(4.70%)	15(17.64%)

Sources: Field Survey, 2014

Table 4.18 shows that 66 out of 85 or 77.64 percent respondents used formal institution like Bank, 4 or 4.70 percent respondents used Hundi. Most of the respondents except Kami society and their money from formal channel because of safety and fast medium of send money all over the world. Most of the Kami friend and relatives. Medium of send money by foreign job holder is formal.

4.16 Utilization of Remittance

The use of remittance depends on the priority placed by the individuals on different uses, the size of the remittance, the time of availability, opportunity for investment and several other factors. Majority of foreign employer workers go abroad because of unemployment at home and poverty in the households. Generally the earnings made

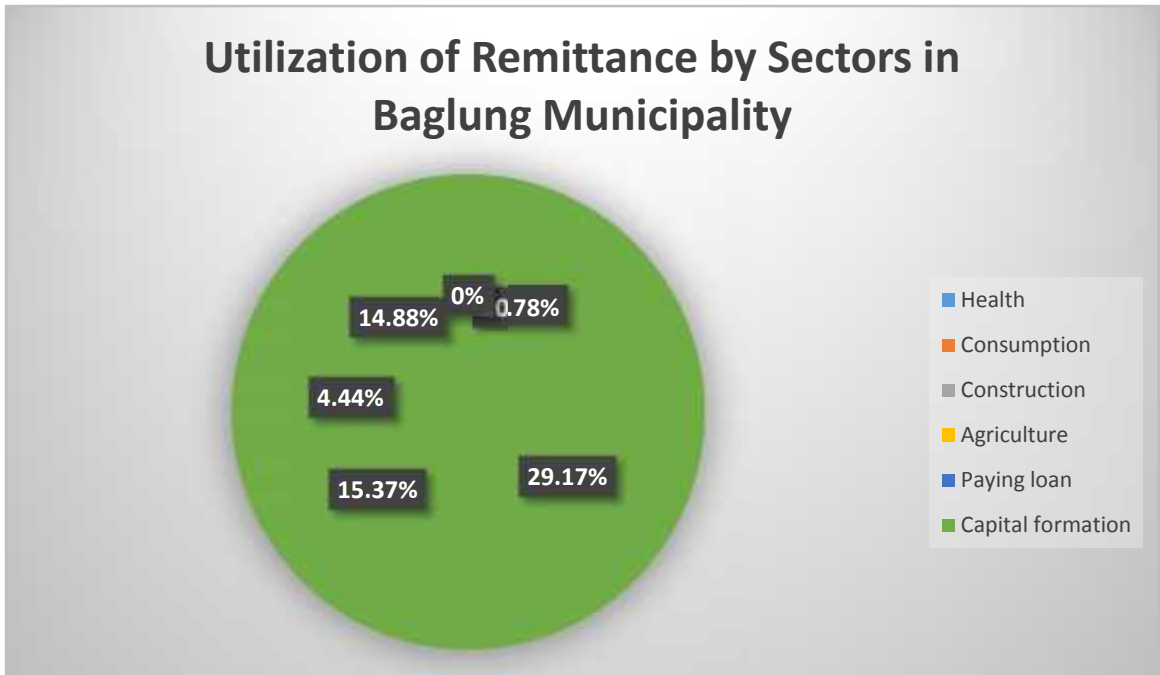
by them are not big. The cost of foreign employment is borne by borrowing. There may be family rituals in waiting keeping all these conditions in mind the respondents were asked to identify the uses they made for the money earned abroad. Each individual spent the earning in more than one uses. To find out the utilization of remittance by the respondents they were asked to list the use of money in different headings. The answers given by respondents are presented in the following table.

Table 4.18
Utilization of Remittance in Baglung Municipality

		Utilized Sectors (in %)							
Caste and Ethnic Groups	No. of Respondents	Educational	Health	Consumption	Agriculture	Paying loan	Capital formation	Construction	Other purpose
Brahmin/Chhetri	30	8.35	2.10	5.50	1.08	3.95	0.72	6.3	2
Sarki	20	2.2	1.50	8.33	0.08	3	1.19	3.4	0.3
Kami	15	1.35	2.03	5.53	0.66	2.3	0.3	2.34	0.49
Others	20	3.44	3.54	5.44	1.96	3.4	1.05	1.03	0.14
Total	85	15.34(3.44%)	9.17(10.78%)	24.8(29.17%)	3.78(4.44%)	12.65(14.88%)	3.25(3.83%)	13.07(15.37%)	2.93(3.44%)

Sources: Field Survey, 2014

Figure: 4.4



This particular section of the study is vital important role in the sense that this research concentrates. The figure and pie-chart shows that the major portion of the remittance is spend on the consumption (29.17%). This result is primarily expected and this supports the Keynesian economic doctrine that poor people have higher marginal propensity to consume. In the same way, remittance has been found to spend on the education (18.04%). In the same way remittance has been found to spend on the payment of paying loan (14.88%) which was previously taken for financing. In the same way, remittance has been found to have been spent on construction (15.37%) like building houses. This table also shows the fact that there is very few amount of the remittance have been used on capital formation. Which is really alarming for the students of the economics in the sense that these people will have no further way of sustaining their lives after certain time and they will be bound to go the foreign country in the days to come. The other sectors have received very little amount of the remittance.

4.17 Reasons of Non-utilization of Remittance into Productive

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

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

Tables. 4.19

Reason of Non-Utilization of Remittance for Productive Purpose by the people of Baglung Municipality

Caste and Ethnic groups	No. of respondents	Lack of sizeable capital	Lack of knowledge	Lack of market
Brahmin/Chhetri	30	10	10	10
Sarki	20	5	8	7
Kami	15	7	7	1
Others	20	9	5	7
Total	85	31	30	25

Sources; Field Survey, 2014

Table 4.19 shows that the remittance has many reasons. For the convenience, these factors are termed as the non-utilization patterns. The non-utilization of the remittance has been classified into four headings and data compiled in accordance to the number of respondents the cause of non-utilization varies from caste to caste. The Brahmin/Chhetri and Kami think that it is the lack of sizeable capital that causes the non-utilization of the remittance. In the same way, Sarki and others think that it is lack of knowledge which is the main reasons of the non-utilization of remittance but still they are investing their fund into the productive sector. Going to the table different causes are said to be responsible for non-utilization of the remittance. There is no uniformity in the opinion of the non-utilization of the remittance.

4.18 Changes in Household Economy Due to Foreign Employment

It is often believed that if somebody received foreign employment his household economy will improve. The change in economic wellbeing improved skilled, social status might be same if the areas where the changes take place. To find out the change

in household due to foreign employment the respondents were asked to give their own judgment. The answer given by them is presented in the following table.

Table. 4 .20

Frequency Distribution of Change in Different Indicators of the Respondents

Changing Condition				
Indicator	Increasing	Decreasing	Remaining same	Total
Economic status	75(88.23%)	2(2.53%)	8(9.4%)	85(100)
Standard of living	79(92%)	4(4.70%)	2(.35%)	85(100)
Social status	50(58%)	10(11.76%)	25(29.4%)	85(100)
Skills	30(35%)	0	55 (64.7%)	85(100)

Sources: Field Survey, 2014

Table 4.20 shows that the remittance has caused so many changes in the households. In the aggregate 88.23 percent of the respondents said that their economic status has gone up in against of 2.53 percent of decreased. In the same way 92 percent of the respondents said that their standard of living gone up in the against of 4 percent. In the same way, 58 percent of the respondents feel that their social attitude has changed. But unfortunately, the skills of the workers are found to have decreased which is asserted by the 64 percent of the respondents.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

Nepal is located in the southern part of Asian continent. It is one of the least developed country among the world, having 25 million people. It has an area about 1,47,181 Sq.km which occupies 0.03 percentage of the world. Nepal is an economically poor country lying between two fast growing countries as India and China. But Nepal is one of the richest countries in the world in terms of natural resources and cultural heritage. The highest peak of the world Mount Everest, wild variations faster and incredible variation of the ecosystem, the greatest mountain range on the earth, thick tropical jungles teeming with wealth of wild life, thundering rivers, forested hills and frozen valleys.

The current state of Nepalese economy is characterized by unutilized natural resources, miserable and backward agriculture, deficit trade, high unemployment rate, mass poverty, illiteracy and so forth. Although agriculture is the main occupation, no scientific methods of agriculture have yet been implemented. The natural resources available here have remained un-utilized due to many reasons.

Human resources is another important economic resources of Nepal. It has increased tremendously in recent years. Unskilled, semi-skilled and skilled people have shown inclination towards foreign employment which has resulted in substantial growth of remittance economy. Since demand for middle level manpower is very high in international labor market and effective demand for domestic employment is extremely low, there is need to modulate education policy of GoN to develop and export middle level manpower by promoting efficiently building. Currently demand for the Nepalese workers is conspicuously high especially in Gulf countries, Malaysia, South Korea and many other countries in the world. Unfortunately Nepal lacks appropriate utilization of human resources to meet domestic as well as global requirements.

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

Major Findings of the research study are as follows:

-) There are various reports on Baglung District on the various topics, the study of the remittances utilization pattern is not yet carried out by any of the researchers. Baglung District is the highest remittances earning district in Nepal. So, this study so of vital significance.
-) The inhabitants of the indigenous people in Baglung district is quite interesting in the sense that there total percentage in this district is 54 percent. So, this study is significant in terms of this as well.
-) Indigenous people are found to have very strong “Demonstration effect” in the sense that their major proportion of the income is found to have spent on the goods and services that can promote their lifestyle. This study will examine whether they are suffered from that tendency or not. What portion of remittance they utilized on capital formation. Defined in this sense this study will examine whether this tendency is right or not?
-) For this some social objectives have been considered. The special objectives of this study are find out the utilization pattern of remittance in different sector mainly on productive or unproductive sector by the people of Baglung municipality. For this purpose primary data collection method is used and the data are collected. While collecting the data, measures were taken in the overall representation of the remittance goers. The collected data has been further categorized in terms of the social caste system as prevails in the Nepalese society. It has been found that as in the general case the utilization of the remittance has been used properly to the greater extent by the Brahmin/Chhetri caste. The main findings of the study are summarized as bellows:

-) Brahmin and Chhetri are mostly belong middle income groups and Sarki are the low income groups in Baglung Municipality.
-) Agriculture as their main occupation, forty three out of eighty five respondents thought that their main occupation are agriculture.
-) Unemployment is the major causes of seeking foreign employment for all the respondents of Baglung Municipality.
-) The study is concluded that the majority of foreign jobs seekers used Manpower Agencies as a medium to find job.
-) Most of the foreign job seekers were untrained, unskilled, so their income is very low than skilled labor of the Baglung Municipality.
-) The main destination of the Baglung Municipality's respondents are Gulf countries, like SaudiArabia, Quarter, and Dubai, Malaysia etc. Brahmin and Chhetri are higher average cost paid for foreign employment.
-) The study concluded that the cost if foreign employment is financed by borrowing, sale of land and family saving. Agriculture, Mechanical, Individual Workers, Security guards and Hotel are the job performance in foreign countries gone from Baglung Municipality.
-) Most of the respondents except Kami society and their money sent from formal channel because of safety and fast medium of send money all over the world.
-) The major portion of the remittance is spent on consumption (29.17%).This supports the Keynesian economic doctrine that poor people have higher marginal propensity to consume. This study has been found to spent education (18.04%), Paying loan (14.88%), and construction (15.37%).
-) The study concluded that there is very few amount of the remittance has been used (3.83%) on capital formation. Which is really alarming for the students of the economics in the sense that these people will have no further ways of sustaining their lives after certain time and they will be bound to go the foreign country in the days to come.

5.2 Conclusions

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

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

5.3 Recommendations

From the entire study, as per the data analysis, the following recommendations are made and they are presented in the category.

Recommendations to Remittance Earning People:

1. In this study it is shows that remittance earning people haven't saved and didn't investment in the productive sector. For their future security they must have balance and productive investment because remittance is not permanent sources of income.
2. People of Baglung: mainly used remittance in consumption, construction, of house and loan repayment i.e. 61 percentage of total earning. And it is unproductive. It is recommended that trend of consumption and construction of house should be reduced.

Recommendations to the Government:

3. Although, the remittance is not the permanent remedy for removing the poverty, it has been found to have uplifted the economic status of the remittance going people. As the remittance itself can't be the stable source of income for the people in general, it recommended that these people are better to be used in the fatherland for development. For this government should develop an especial plan and policies.
4. It has been found that the remittance going persons are unskilled, it is recommended that there should be some institutions that the remittance going persons. The trained persons will have higher degree of confidence and skills which can help them to work with greater degree of efficiency and earn a high volume of money.
5. From the study, it has been found that the major portion of the remittance has been spending on the unproductive sectors like construction of the house which goes unrewarded. So, it is recommended that the government must develop the plan and policies that can invest the remittance in the most productive sector possible so that next move out of country is almost all undesirable.
6. The remittance going persons are financing with the aid of loan with high rate of interest from the village money lenders. It is recommended that the central bank under the guidance of government should development the "Remittance Going Loan Program" to facilitate the remittance goers. This can refrain the remittance going persons from the malicious intention of the village money lenders.

APPENDIX

Utilization of Remittance on Capital Formation

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

1. Background information

Background Information of

Of Interviewer

Person who went abroad for job:

a) Name Title:

a) Name Title:

b) Age:

b) Age:

c) Education:

c) Education:

2. Family back ground:

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

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

a) Lower

b) medium-low

c) medium

d) higher

4. Information towards Foreign Employment

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

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

- a) Unemployment
- b) To decrease family loan
- c) To earn high amount of money
- d) Not appropriate environment to seat in the country due to the country
- e) Internally desire to go to abroad
- f) Any other to be mentioned.....

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

- a)in Rs

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

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

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

- a) Yes b) No

If not

If more time stayed, why?

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

Answer:-

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

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

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

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

Headings

An Average amount annually (In Rs)

- a) House hold consumption
- b) Education
- c) Debt repayment
- d) To purchases land and real state
- e) Investment in Agricultural and livestock's

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

If so, why

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

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

Answer:-

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

- a) In agriculture b) in mechanical
- c) In individual worker d) in security guard
- e) In hotel/ household f) others

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

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

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

16. Did you get salary as the agreement did?

- a) Yes b) No

17. What about opportunity to invest in indigenous country?

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

If not, Why?

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

- a) Yes b) No

If yes, what sorts of organization are there?

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

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

20. To be specific, What about changes seen before you went to abroad and after you returned back from abroad?

- a) In economic condition
b) In daily life spending
c) In social status
d) In skill development
c) Others

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