

CHAPTER I

INTRODUCTION

1.1 General Background

Remittance is established as a major source of economic development of the developing countries. The inflow of international remittance in developing countries (DCs) has increased dramatically since 1990s, increasing from US\$ 30 billion in 1990 to US\$ 431.6 billion in 2010, and has emerged as a most important source of private capital flows for dozens of these countries (WB, 2011). According to the data, remittances to developing countries amounted to US\$ 431.6 billion in 2015, an increase of 0.4 percent over US\$ 430 billion in 2014. The growth pace in 2015 was the slowest since the global financial crisis. (WB, 2015).

International remittance has a vital role in most developing countries on poverty reduction, income distribution, and economic development, especially in rural areas. Migration for foreign employment is an increasing phenomenon in Nepal. Remittances increased by 4 percent to Rs.3713.0 billion in the review period compared to a growth of 34.1 percent growth in the corresponding period of the previous year. Likewise, while grants dropped by 24.7 percent during the review period while that of pension increased marginally by 0.3 percent. During the same period of the previous fiscal year grants had increased steeply by 85.3 percent and pension by 25.6 percent. As a result, the net transfer grew by 1.3 percent to Rs. 420.66 billion in the review period as a growth of 38.5 percent during the same period of previous fiscal year. (Economic Survey: 2014-2015)

Foreign employment for Nepalese people has a long history. Foreign labour migration and remittance have emerged over the last two decades as a prominent feature of the Nepalese economy. It was started before early

nineteenth century when the first Nepalese traveled to Lahore to join army of Sikh Ruler Ranjit Singh. Formally, it was started after Anglo-Nepal friendship treaty of 1816 that recruited 3000 Nepalese soldiers in British Gurkha Regiment. (Dahal, 2004)

Nepal has also experienced a similar trend, which is far larger in magnitude and growth than in other DCs. Remittance in south Asia has been increased by 2 percent in 2015, down from 4.3 percent in 2014, due to a contraction in flows to India, the world's largest remittance recipient, and Sri Lanka, despite a spike in remittance to Nepal in response to the greatest earthquake. The region is expected to attract US\$ 123.3 billion in remittance this year, compared to US\$ 117.9 billion in 2015 (WB, 2015).

Poverty is the major burning problem of both developing as well as underdeveloped countries in this present world, only the difference is its magnitude and type of poverty. It is a worldwide phenomenon and, however it differs in its magnitude from one country to another.

In case of Nepal, which is a small landlocked and agricultural country, suffers from the problem of mass poverty and unemployment. High population growth rate and increasing dependency on the backward agriculture may be attributed for its slow growth rate. Among them mass poverty is the main characteristic.

In this present situation, international remittance has a vital role in poverty reduction of Nepal to lower ranges, especially in rural areas where there are no other opportunities without involving oneself in agricultural sector. But due to the lack of proper government policy to encourage the remittances income, around 80 percent of the remittances income is used in unproductive sectors like house building, purchasing land and other luxurious goods. The people from rural areas are migrated to other countries for work and earn remittance

income, which certainly be helpful to reduce the poverty level of the rural areas of Nepal.

1.2 Statement of problem.

In this twenty first century, the age of globalization remittance has become a cornerstone of development for any developing country. The magnitude may differ but the role of difference to the development cannot be denied. The developing countries in this age cannot even take a foot path ahead switch out external assistance like remittance and the foreign aid. In case of Nepal in this present post war situation the one and only source of economic stabilization and growth rate maintenance is remittance income.

The major factors attributing to large demand labour employment from Nepal are related to higher rate of unemployment, limited employment opportunities, and low wages and salaries structures in the economy, insecurity in the rural areas because of insurgency and so on. (Karki, 2006) Other main reason is the willingness and enthusiasm of Nepalese youth to visit and work in foreign countries.

Palung VDC, being the one of the village of Makawanpur district has also affected by the foreign employment and remittance income. In recent years, many people of Palung has been migrating outside the country for the foreign job. Due to the increment in the remittance income in the study area, the living standard and economic condition of the Palung VDC has been improved. And thus, the poverty rate has been decreasing from few years. In the study area, the remittance income is used mainly on the repayment of the debt, consumption of expensive product, purchasing of land and houses, more expensive education for their children particularly in private schools, etc. But, only small amount of remittance income is using on productive purpose like small business, used modern technology in agricultural sector etc. Most of the people going to foreign countries for job are unskilled, uneducated and untrained. So they are

compelled to do low level of work and they are being exploited there. In this regard this study is designed to address the following research questions, which are related to remittance and its proper economic use:

-) What is the nature and extent of remittances in the study area?
-) How remittance is contributing poverty reduction in the study area?

1.3 Objective of the Study

The main objective of the study is to analyze the contribution of the remittance in rural poverty reduction of the study area. Beside this, the specific objective of this study are as follows:

- to analyze the nature and extent of remittance income in the study area.
- to measure the role of remittances on poverty reduction of the study area.

1.4 Significance of the Study

Since the inception of the eight five year plan, alleviation of poverty has been accorded highest priority. Likewise several short as well as long term programmes have been launched in this related field but results are not so satisfactory. In this required due to so many reasons like unemployment, insurgency weak government and faulty education system etc. large number of young manpower have migrated to foreign countries for work to the other countries. Due to this emigration of stream somehow the people have been able to fulfill their basic needs. Therefore in this present time the remittance income is playing very important role to reduce then poverty in the rural areas of our country Nepal. Especially, in these areas of Nepal where there is no any job an opportunity to earn money to fulfill their basic needs except the agriculture sectors is very low. The people of the rural areas work for all the year but hardly get food even for six months.

But most of the remittance income is use in the unproductive fields like house building, land purchasing of luxuries goods and consumption etc. therefore the remittance income is not playing actual role for the development of the country as well as the reduction of the poverty level of entire country. In other words, in this days the remittance income is using in the advantage of the migrated people and their family only. If the remittance income is invested in the productive sector like industries development activities etc., then only the effect of that remittance income can be felt by other citizens of Nepal.

1.5 Limitations of the Study

The study has following limitations:

- * The present analysis is concentrated in a particular area of Palung VDC, Makawanpur District to determine the impact of remittance income in poverty reduction.
- * Income and consumption of transitory nature are excluded.
- * This study is based on sample size of study area. It may not be helpful to make general conclusions.
- * Only economic variables such as income, and wealth inequalities are analyzed.
- * The value of self-produced goods consumption, rent of the self-occupied households, working charge (labour charge) on their own land are ignored.

1.6 Organization of the Study

This study has been organized in six chapters. The first chapter is introductory chapter, which includes general background, statement of problem, objective of study, significance of study and organization of study. The second chapter review of literature is concerned with theoretical an empirical review. The third chapter explains the research methodology in the present study. The fourth chapter explains the socio-economic contribution of the remittances in study area. Summary conclusion and the recommendation are explained in fifth chapter. Finally, appendix and references follow this chapter.

CHAPTER II

REVIEW OF LITERATURE

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

This chapter tries to detail the conceptual theoretical concept regarding the definition of remittance as well as the term poverty.

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

-) Theoretical Review
-) Review of International Studies
-) Review of Nepalese empirical studies

2.1 Theoretical Review

This chapter tries to details the conceptual theoretical concept regarding the definition of remittance as well as the term poverty.

Foreign employment refers to the phenomenon of the labourers' migration across the borders of countries seeking jobs. Foreign workers temporarily reside in the country in which they work, and often send most of or all wages earned back to their country of origin. Human beings physical movement has been described by one of the earliest migration theorist, Ravenstein (1889, as cited in Shrestha, 2001) as the result of push and pull factors. Push factors are unfavorable situation which force a person to leave whereas pull factors are favorable condition pulling people in. Ravenstein approach towards migration had behavioral perspective, his view towards migration has that of an

individual decision making process, a free choice intended to maximize utility of scarce sources (Shrestha, 2001).

Lewis (1954) in 'Economic Growth with Unlimited Supply of Labour' distinguishes the economy into two parts as subsistence sector and developed sector. In other words, the first is agro-based unemployed or rural area and second is industrial, developed or urban area. The main reason for migration is due to the wage differential. Unlimited supply of labour force prevailing at low wage rate is attracted into developed industrial sector until subsistence sector provides equal wage rate like that of urban sector.

DeWind & Holdaway (2005) defined remittance as a transfer of money by a foreign worker to an individual in his or her home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. Worker's remittances are a significant part of international capital flows, especially with regard to labour-exporting countries.

Moreover, remittances encompasses current transfers by migrants who are employed in other economies and considered residents there. Standard measures on remittances are based on three items in the BOP reports (as incorporated in the IMF Balance of Payments Statistical Yearbooks). These are in the form of : a) workers' remittances (money sent by workers living abroad for greater than one year); b) compensation of employees (gross earnings of foreigners living abroad for less than one year; and c) migrant transfer (net worth of migrants moving from one country to another).

E.G. Ravenstein, (1885) was the first person to attempted forming migration theory. Ravenstein's "Law of migration" is also known as, pull-push factors of migration still predominates as framework of migration analysis. According to him push factors are Land tenure system, on favorable from of Trade, Wide dispersion poverty and income, pressure of rural poverty in general and so on. Pull factors are employment, education and other facilities are opportunities known as bright light of town. On the other hand push factor pushes the

migrants from their place of birth and on the other hand pull factors pull the migration to the place of destination.

Todaro (1954) stated that migration is stimulated primarily by rational economic consideration of relative benefit which is mostly financial. Decision to migrate is influenced by the difference between expected incomes between two places. He adds that probability of getting job in new area is inversely related to employment rate in the new area.

Poverty is the well-known major problem of all over the world. Especially for the countries like Nepal it is the burning issue. Various economists and institutions in the continent of the world had conducted many studies and researches but only few researchers have conducted in the context of Nepal to fulfill the required amount of information about the role of remittance in come to reduce the rural poverty in Nepal. In this sense we can address the rural poverty is the overall poverty. Because most of the people of rural under the poverty line as already described and most of the people in urban areas like Katmandu, Pokhara and other major cities and other popular developed districts.

2.2 Review of International Studies

Quayyum, Javid & Arif (2008) has focused on the importance of remittances inflow and its implication for economic growth and poverty reduction in Pakistan. By using ARDL approach we analyze the impact of remittances inflow on economic growth and poverty in Pakistan for the period 1973-2007. The district wise analysis of poverty suggest that overseas migration contributes to poverty alleviation in the districts of Punjab, Sindh and Balochistan however NWFP is not portraying a clear picture. The empirical evidence shows that remittances effect economic growth positively and significantly. Furthermore the study also finds that remittances have a strong and statistically significant impact on poverty reduction thus suggesting that there are substantial potential benefits associated with international migration

for poor people in developing countries like Pakistan. So the importance of remittance inflows cannot be denied in terms of growth enhancement and poverty reduction that consequently improves the social and economic conditions of the recipient country.

Maelan (2010) has argued that migrants remittances contribute significantly to poverty reduction in developing countries and that their effect is all the more important that they are sent to countries which are more vulnerable. Since migrants remittances represent an important source of income for households living in home countries, these flows may have an effect on poverty in developing countries. Several microeconomic studies have shown that remittances often play an insurance role for migrants' families, but no analysis studied the stabilizing role played by remittances at the macroeconomic level. This specificity could be all the more determinant for developing countries that they are characterized by macroeconomic instability, especially trade instability based on their dependency on basic products. While the negative effect of instability on development is largely recognized, to our knowledge, instability has not been taken into account at the macroeconomic level in the debate on the role played by remittances in development of home countries. Using a panel sample of 65 developing countries over the period 1980- 2005, they first find that remittances have a significant and positive effect on poverty reduction in countries of origin. Furthermore, the effect of macroeconomic instability, and more precisely of trade instability and of climatic instability on poverty in home countries, is all the more attenuated that remittances are important. This result about the stabilizing role of remittances in developing countries confirms the microeconomic theory according to which remittances can play an insurance role for migrants' families.

Anyanwu and Erhijakpor (2012) tried to seek the answer to the question “Do international remittances affect poverty in Africa?” The data set consists of 33 African countries and 75 observations. The main finding of this study was firstly, international remittances have strong statistically significant impact on

reducing poverty in Africa. After incrementing for the possible indignity of international remittances, a 10 percent increase in official international remittances as a percentages of GDP will lead on average to a 2.9 percent decline in the share of people living in poverty. Secondly, per capital GDP strongly reduces all measures of poverty in Africa. Thirdly, income inequality appears to be the strongest factor influencing all three measures of poverty in the continent. Fourthly, both trade openness and inflation tend to reinforce poverty in Africa.

2.3 Review of Nepalese Empirical Studies

Karki (2006) has attempted to identify the impact of foreign employment and remittance in rural community in the study area. Moreover he also tried to identify the past trend of foreign employment and remittance of Nepal, Socio-economic charters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance. His study is based on both the primary as well as secondary data. Primarily data were collected from the publication of CBS, NPC, and WB, etc. for the purpose of comparison of the composition of foreign employment and remittance in his study. He has analyzed the collected data by using simple statistical like percentage and ratio.

Thus, the study has concluded that the main destination of Nepalese worker is Gulf countries and Malaysia. Sixty percent of total are in Gulf countries. The main countries are Saudi-Arabia, Qatar, UAE and Malaysia etc. The remittance is in increased in the year 2003/04 by 36% while base year was 1994/95. The contribution of remittance to GDP in 2003/04 was 11.44 percent and the share of remittance in convertible foreign exchange reserve was accounted by 46.9% in 2003/04. The average cost for foreign employment was Rs.93.25 thousands. It ranges between Rs.45 thousand minimum to Rs150 thousand maximum. Source of financing for foreign employment for 90.25 percent migrant workers was borrowings. The major sector of employment for Nepalese workers was

building construction (41.66 percent) and Industry (26.38 percent). The Nepalese workers average stay duration was 2.66 years. Most of them respondents of that study area want to go again because of the unemployment (70.85 percent) and conflict (36.11 percent). Out of causes maximum respondents of Dalit/ Magar were suffering from the conflict problem. The study summaries that remittance has increase their household economic and social indicators after returning from foreign employment. Around 55 percent respondents said that remittances have changed their economic status and standard of living and around 72 percent said that it has increased their social attitude and around 90 percent respondent's skill. But around 36 percent respondents said that economic status has been same, 44percent have remained same standard of living, and 27 percent said that it remained their social attitude same and 9 percent said that remained same level of skill after returning from the foreign employment. Around 77 percent respondents improve their clothing and 33 percent increased their cash available according to the field resources. But around 15 percent respondents have worsened their education of children, health of family members and cash available and around 36 percent respondents have same level of education of children and health of family members, around 47 to 50 percent have same level of cloth and cash available.

The study has some recommendations for the betterment of the foreign employment sector. These are, policy should be made to solve the conflict situation, create good environment and provided sufficient technology as well as market, give more information to the respondents, technical training institution should be established in rural areas, the required funds should be provided by the government sector for the people who can't afford foreign employment should be declared by the government etc.

NRB (2009) stated that the migration of Nepalese workers started after 1816's peace treaty between Nepal and Britain. Most of the people of that time are migrated to work in the British regiments. This study examines about the

historical perspectives, present condition, the trend and dimension of Remittance, the problem associated with the remittance and its measurements, the use of the gained money as well as the skills, the investment pattern of that remittance and also the employment. It also examines about the Nepalese foreign employment system and its objective, with other questions related with the remittance. This study concludes that apart from India, about 86 percent of the people migrated to gulf countries like, Malaysia, Saudi Arab, Quarter, Dubai, etc. Rest percent are migrated to the other countries of the world. This study examine and about the role of manpower agencies in the field of foreign employment. This study concludes that even through the role of manpower agencies is obtaining work permit, government acceptance letter, tickets etc. is very helpful but most of the manpower agencies of Nepal are looting the people in the name of foreign employment.

This research report found in its conclusion that the main problems of this Foreign employment are lack of proper technical as well as the practical knowledge about the works which he/she had to perform in that countries, lack of required information and the help from the manpower agencies, problem of languages, culture and habitual activities, lack of the safe and valuable financial instructions to send money from abroad, lack of required for the processing and the tickets for the foreign employment apart from those after reaching to the destination countries the Nepalese workers are financing so money problems like not getting that proper work which was promise in Nepal, retirements before the agreement time, not getting the salaries in time, unnecessary reduce in the salary, not getting the minimum wage level also, not getting bonus and other facilities available from the company, extended work time without extra salary or overtime salary etc.

This research report also had some suggestions and recommendations for the improvement of the foreign employment sectors as well as to rise to productivity of the remittance income. Which are like, the government should be clear about the agencies related the foreign employment, the like agency of the government, and other private sectors and non-government organization also should be clear about their foreign employment policy of Nepal. There

should be a good cooperation between ministry of finance, Nepal Rastra Bank (NRB), department of Labour, Central bureau of Statistics (CBS) and Department of Tourism. There should be a strong policy to increase the investment from that remittances income in Nepal. The government should open the labour offices in the countries like Malaysia, Qatar, UAE etc, where more than 5,000 thousands Nepalese people are migrated for work. The present system of brokers in the foreign employment sectors should be replaced. There should be strong observation to the foreign employment sector agencies about whether they are following all the rules and regulations of the government as well as “Foreign Employment Act 1992”, which has fixed the minimum wage is US \$ 125. There should be foreign employment information centers in all the regions of the country to give actual suggestions and recommendations for those who are in foreign employment interested.

Tiwari (2012) has analyzed the role of the remittance in development of the study area. From the study, it was found that among the returnees from foreign employment only 35 percent of the workers are using the gain skill in abroad employment whereas the rest 65 percent of the respondents have not benefited from that gain skill in foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc. The respondents of this VDC were not utilized their remittance caused by conflict and other non-availability of sizable investment funds for investing in productive sector of the economy sector. The respondents of this VDC said that remittances have increases their household economic and social indicators after returning from foreign employment. Around 81.73 percent respondents said that remittance have increased their economic status, 54.8 percent of respondents said that remittance income have increased their standard of living, around 59 percent of the respondents social attitude have increased due to remittance income and around 67.3 percent of the respondents increased their skills.

Shah (2014) has analyzed the role of the remittance in development of the study area. From the study, it was found that the larger amount of remittance

income has been used for household expenses (37.5 percent), loan repayment (29.8 percent), and investment only 16.34 percent and social spending (5.76 percent). Minimum part of remittance has been used into productive sector like as land purchase (20 percent), bank deposit (14 percent) and other small business and investment (10 percent). In this case, the respondents from Chhetri are forward. Among the returnees from foreign employment only 35 percent of the workers are using the gain skill in abroad employment whereas the rest 65 percent of the respondents have not benefited from that gain skill in foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc.

Gyawali (2014) has described the causes of foreign employment and examine the socio-economic impacts of the foreign employment and remittance income in the study area. The study comprises 105 migrants- households representing three wards of the VDC from different caste and ethnic groups.

The study found that the majority of the village people do not have sufficient land, despite being farmer. All the represented households are engaged in subsistence farming. Foreign employment or labour migration has been an important source of income in the village to maintain livelihood of the household. Remittance is basically used for day to day food and other household requirements, pay debt, buy new land and houses. There is no investment in the productive sector. Most of the consequences of remittance are positive and some are negative as well. Improved living standard, increased socio-economic status of both male and female, and consumption pattern show positive consequences. Similarly, increase in divorce rate, conflict and crime, alcoholism are the negative impacts of remittance as well as foreign employment.

Subedi (2017) has studied the impact of the foreign employment and remittances in poverty reduction in the study area. The study found that the major reason to seek foreign employment was unemployment, family debt burden, conflict problems and to earn more money than in their own country. Remittance income has been an important source to reduce poverty and there was positive impact of remittances on GDP. The remittance income also improved the living standard due to the increase in economic condition and expenditure pattern of the study area.

CHAPTER III RESEARCH METHODOLOGY

This chapter provides an overview of the research design, sources of data, selection of study area, sampling procedure and tools and techniques of data collection, analysis and presentation.

3.1 Research Design

This is a case study of Palung VDC. It is a micro level study. This is analytical as well as descriptive type of research design. The main object is to review the socio-economic contribution of remittance in Palung VDC of Makawanpur District. The simple statistical tools are used to describe and analyze the results.

3.2 Nature and Sources of Data

The study entitled “Socio-economic Contribution of Remittance in Makawanpur District” is the case study of Palung VDC of Makawanpur district. Basically, the study is based on the primary data. It also studies for those who are far from those family members. The required data is collected from the field study of the researcher himself as well as some data about remittance is taken from the secondary sources which are both published as well as unpublished. The required data are collected by using the questionnaire method. The collected data are processed according to the need of study.

3.3 Sampling Design

In Palung VDC, there are 1,236 households and total population is 5603. Among them the working age population is only 3,335. The Population aged between 15 years to 60 years is categorized into the working age population. Among the total number of households total of 569 households are migrated to foreign country in 2071/72 BS. From 1236 total households in the study area, 100 households were selected using stratified random sampling method. In order to make the study meaningful as well as advanced in the limited time period a larger sample size was not feasible. The sample is more than 8 percent of total households, which can be considered as the representative of the

universe of study. The strata are the nine wards of the VDC, and the size is the total number of the households in each ward. This survey was conducted from November, 2014 to December 2015. The selection of sample size is given in the following table.

Table 3.1 Sample size of represents' household of Palung VDC

Ward No.	Total number of Households	No. of Emigrant Household	Number of sampled households
1	140	63	12
2	118	42	13
3	72	55	14
4	131	67	12
5	103	39	7
6	154	63	9
7	123	76	18
8	97	57	8
9	298	107	7
Total	1236	569	100

Source: Field Survey, 2015.

Here the selection of sample in each ward are different and not proportional in nature. This is due to the inconvenience to collect the primary data for the researcher in the study area. The inconvenience was occurred in the data collection process due to rugged geographical location in the study area particularly in ward no. 9.

3.4 Data Collection

3.4.1 Primary Data Collection

All the selected 100 households of returnees' respondents were interviewed and relevant information was collected through the medium of questionnaires. The questionnaires included open and close ended questions. Personal interview was taken by researcher and the questionnaires were field. Cross checks, editing and indirect questions were also put some times when the answers were through to be unrealistic and irrelevant. The format of the questionnaire is given in the appendix.

3.4.2 Secondary Data Collection

Except primary data some other data related to the study had been collected from the secondary sources also, which can be official as well as unofficial. The relevant data are compiled from publication of the National Planning Commission Secretariat, Central Bureau of static (CBS). Budget speeches of Government of Nepal, Economic Survey published by Ministry of Finance, Nepal Living Standard Survey by CBS, Economic Reports by NRB, Other Quarterly and annual publications of NRB, different record of department of labour GON and VDC profile other periodical, Journals, books magazines, seminar papers reports of research centers data and information from donor agencies like WB, ADB, IMF, UNDP etc.

3.5 Data Analysis

While analyzing the data, the available data from the various sources was collected, classified and tabulated to meet the needs of the study. Data processing has been done with the help of a mathematical tools and technique. Hence, various method of analysis such as graphical presentation, tabulation are made for the purpose of analysis. Data are studied comparatively to get required results about of that remittance income and the effect of that remittance income in the research area.

CHAPTER IV

SOCIO-ECONOMIC CONTRIBUTION OF REMITTANCE IN STUDY AREA

4.1 Geographical Background

Makwanpur is one of the hilly district of Nepal. It is situated on the south of Kathmandu district. The district is surrounded by Kathmandu and Dhading district in the north, Chitwan district in the west, Lalitpur, Kavre and Sindhuli districts are in the east, and Bara, Parsa, and Rautahat districts in the south. The district encompasses 2426 sq. KM. Topographically, Makwanpur district involves 27°10'-27°40' latitude and 84°41'-85°31' longitudes. The climate of the district ranges from valley plain to Mahabharata range. The total population of this district is 4,20,477 out of which the male population is 2,06,684 (49.15%) and the population of female is 2,13,793 (50.85%). Thus the population density of the district is 176 per square KM. (CBS, 2011)

Out of 43 VDCs of Makwanpur district, Palung VDC lies in the north side of Makwanpur district. It is surrounded by Bajrabarahi VDC in the east, Aagra and Gogane in the west, Tistung VDC in the north and Daman VDC in the south. It is about 67 km far from the district headquarter Hetauda. It is situated at 1230 meter to 3350 meter from sea level. The average temperature of this VDC is 23° C. (VDC Profile, 2015).

4.2 Demographic Status

According to CBS 2011 AD, the total population of this VDC is 5,603. The total households are 1,236. The following table 5.1 gives the ward and sex wise distribution of population of the study area.

Table 4.1 Demographic status of study Area

Ward No.	Total number of Households	Total Population			Total no. of migrant household	Population emigrants		Total Emigrated Population
		Male	Female	Total		Male	Female	
1	140	374	412	786	63	56	7	63
2	118	385	408	793	42	78	9	87
3	72	116	126	242	55	83	12	95
4	131	265	309	574	67	55	8	63
5	103	188	218	406	39	27	-	27
6	154	198	214	412	63	35	5	40
7	123	206	272	478	76	73	6	79
8	97	217	271	488	57	28	3	31
9	298	670	754	1424	107	107	18	125
Total	1236	2619	2983	5603	569	542	68	610

Source: CBS, 2011 & Field Survey, 2015

The above table 4.1 shows that among the total population of 5603, in all the wards of the VDC, the sex ratio is higher i.e. the number of female population is more than the number of male population. According to the CBS census 2011, among the wards the sex ratio is highest in wards number 2 which is 0.94 and lowest is wards number 7 which is 0.76. Taking average of sex ratio is 0.88. Among the 9 wards according to the demographic status wards number 9 is the biggest ward which has 298 households and total population is 1424. Among wards, ward number 3 is the smallest ward with the 72 households and total population 242.

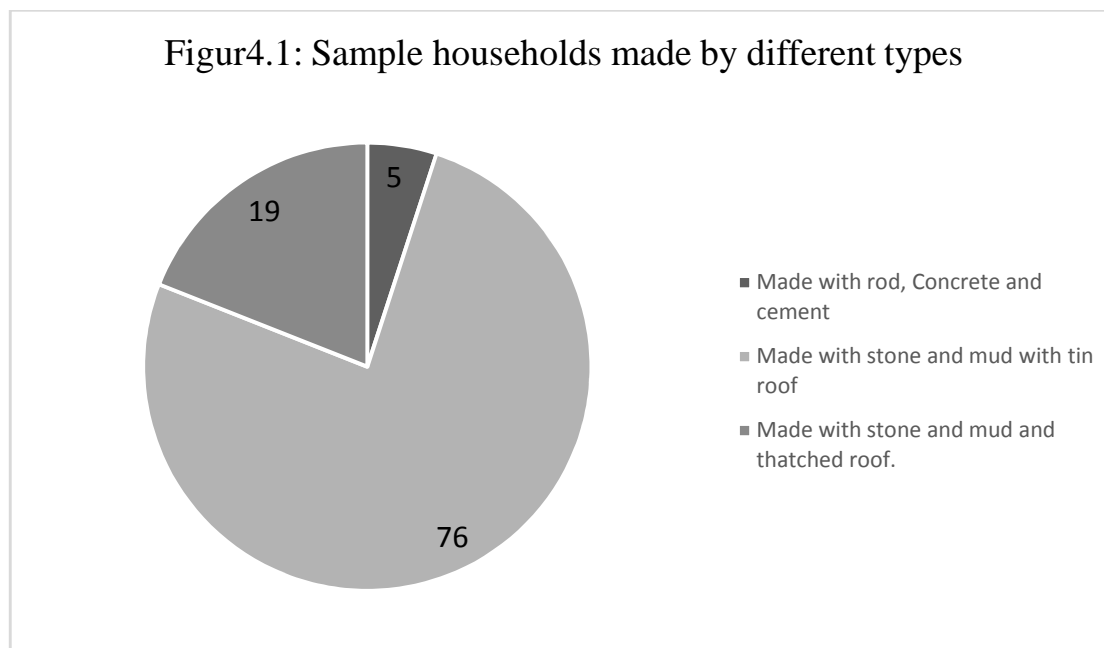
4.3 Household Status

This title gives us the information about the poverty situation of the sample households from the structure and condition of their houses.

Table 4.2 Sample households made by different types

S. No.	Types of houses	Total number
1.	Made with rod, Concrete and cement	5
2.	Made with stone and mud with tin roof	76
3.	Made with stone and mud and thatched roof.	19
Total		100

Source; Field survey, 2015



The above given table 4.2 shows that most of the sample household have made with stone and mud with and slate stone in the roof. These type houses are 76. After these of house there are 19 house made off with stone and mud thatched roof. And remaining 5 houses are made with concrete, rod and cement.

4.4 Education Status

It is surely will not subject of debate that education is the main factor determining the foreign level employment and the earning from that foreign employment i.e. remittance. Besides that, education also helps to reduce the poverty because of educational employment in the home country also. Thus in the study are realizing the above fact that education is the prime factor for reduction of poverty. There are so many educational institutions. There is 2 secondary school 5 lower secondary school, 2 Primary school and 3 private boarding school; one secondary, one lower secondary and one primary schools. The following table 4.3 gives us the information about the educational status of the study area (sample households).

**Table 4.3 Educational status of sample households
(6 years of age and above)**

Educational status	Male		Female		Total Population	Total Percent
	No.	Percentage	No.	Percentage		
Illiterate	55	19.93	65	21.17	120	20.59
Literate	57	20.65	68	22.16	125	21.44
Education up to 12	117	42.39	136	44.30	253	43.39
Above 12	47	17.03	38	12.37	85	14.58
Total	276	100	307	100	583	100

Source: Field survey, 2015

The above table 4.3 shows the educational status of sampled households. The table shows that out of 583 sampled population 120 people are illiterate, 125 people are literate, 253 people are educated up to intermediate level and 85 people are of above intermediate level. The number of female illiterate is more than the number of male illiterate. Most of the male population is educated up to 12 and female also.

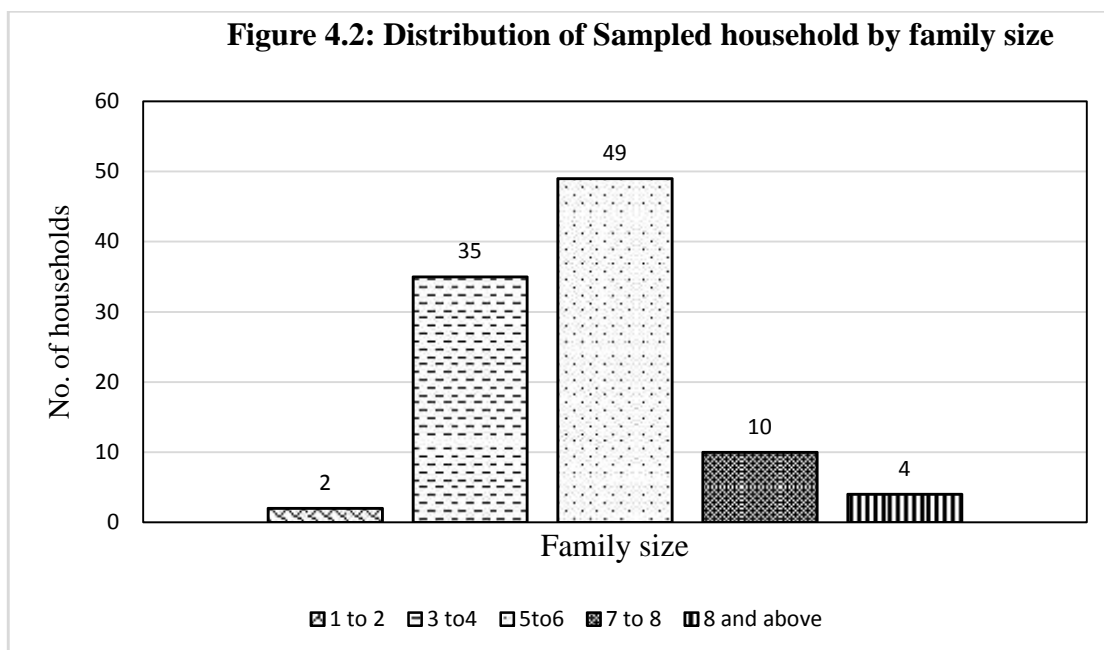
4.5 Family Size

The table presented below shows the number of the family members present in the sampled households.

Table 4.4 Distribution of Sampled household by family size

Family size	No. of households	Cumulative
1-2	2	2
3-4	35	37
5-6	49	86
7-8	10	96
8 and above	4	100
Total	100	

Sources: Field survey, 2015



The above table 4.4 shows that, the highest number of family size is 5-6 member family household, which is 49 percent. In the same way the lowest number of family size is 1-2 number family household which is only 2 percent in the total of 100 households. Nowadays, the young and educated parents have not more than two children because of family planning. But more households have more than two children because of their ignorance, the desire of emphasis on male child rather than the female child and child marriage etc. which is another major factor of poverty in the study area.

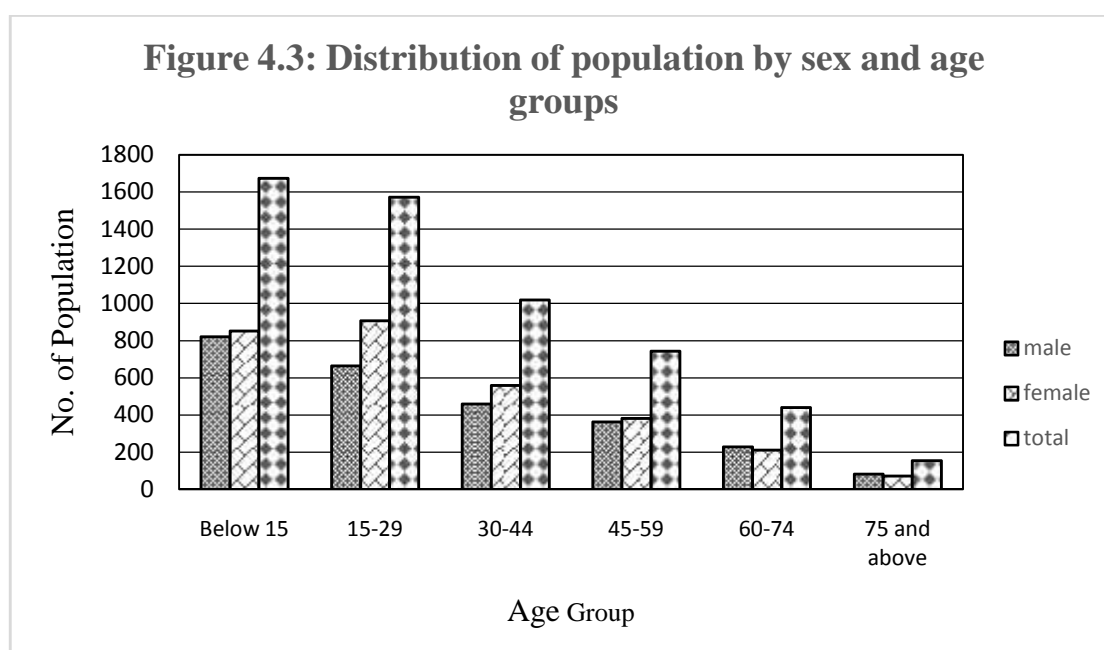
4.6 Age and sex status of the study area

Below table 4.5 shows that out of the total population of this VDC about 29.88 percent population belongs to the age below 15 years which means that dependent population is very high in this VDC. The population of working age (15-59) is 59.53 percent. The population above 60 years is 10.59 percent. If the population between the ages of 15-59 years are regarded as economically active population and below 15 years and above 60 years regarded as economically inactive on dependent population. Based on the above assumption there is very high dependency ratio, which 40.47 percent. This high dependency ratio is also one of the major causes of poverty situation in the study area.

Table 4.5 Distribution of population by sex and age groups

Age Groups	Male population	Female Population	Total	Percent
Below 15	822	852	1674	29.88
15-29	664	908	1572	28.06
30-44	460	559	1019	18.19
45-59	363	381	744	13.28
60-74	228	212	440	7.85
75 and above	82	72	154	2.74
Total	2619	2984	5603	100

Source: CBS, 2011.



4.7 Size of Land Holding

In the study area, most of the peoples' main occupation is agriculture. However, there is extreme inequality in the distribution of land. Most of the poor families don't have enough land. They have only small pieces of land. The following table shows the unequal distribution and holding of land among the sample households.

Table 4.6 Distribution of land among Sample households

Size of land holding (Ropani)	No. of households
Bellow 2	22
2-5	25
5-10	17
10-15	19
15-20	12
Above 20	5
Total	100

Source: Field Survey, 2015

The above given table 4.6 shows that there is unequal distribution of land among the total sample households. Among the 104 households 22 percentage of land holding households below 2 Ropani and 2-5 Ropani are 20 and 25 percentage respectively. Similarly, 5-10 Ropani is 17 percent; 10-15 Ropani are 19 percent, 15-20 Ropani 12 percent and above 20 Ropani is 5 percent respectively. So, the unequal distribution of land is one of the causes of poverty in the study area.

4.8 Occupational Status

The following table 4.7 shows that 78 of sampled population is involved in the agriculture which is exactly equal to the national level. Rests of the sampled households are involved in the other occupation such as Government job, Business, Study etc.

Table 4.7 Distribution on households and population according to major occupation

Main occupation	No of households	Total Population	Economically active population (Age 15-59 Years)
Agriculture	76	394	254
Non-agriculture	24	156	83
Total	100	550	337

Source: Field Survey, 2015

4.9 Ethnic Composition

Table 4.8 Distribution of Total Sampled Population and Household by Cast

S.No.	Ethnic Group	Total Number of Sampled Households	Population Status		
			No. of emigrants	Total	Percentage of emigrants
1.	Brahmin	22	43	203	26.88
2.	Chhetri	37	86	266	53.75
3.	Newar	16	16	64	10
4.	Tamang	18	4	23	2.5
5.	Others	7	11	54	6.88
	Total	100	160	610	100

Source: Field survey, 2015

Table 4.8 shows that, the total population of sampled households of Palung VDC is divided into different cast such as Brahmin, Chhetri, Newar, Tamang and others. From the above table the majority of households are found Brahmin, Chhetri and Janajati which is 93 percent of the total sampled households and other cast (Dalit) is so minimum. They are only about 7 percent.

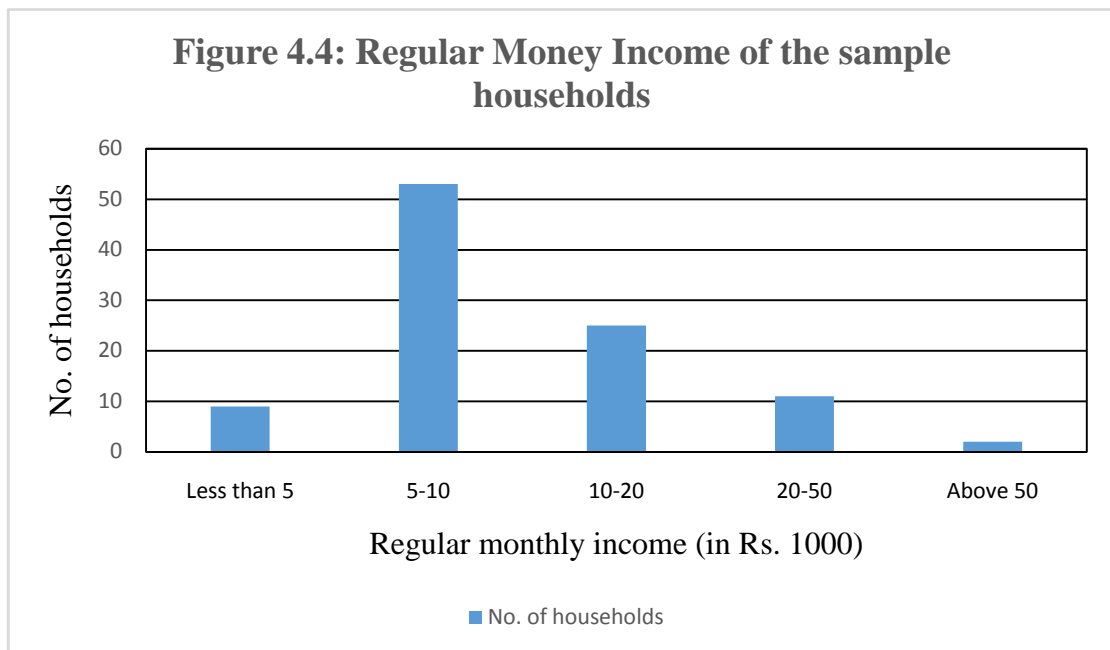
4.10 Extent of Poverty and Unemployment

It is clear to all us that unemployment is the main causes of the poverty in any state and the unemployment plays the major role of migration to the other places form their native born place. In this study also we found that the main cause of the migration of the youth of the study area is due to unemployment in their native country. Most of the workers of the study are migrated to those countries where they don't need any special qualification to migrate like India, Qatar, Malaysia, UAE, and other Gulf countries and also to other south Asian countries. Their migration to the different countries depends upon the economic condition of their family, and also the regular money income of the members of the family. This is shown in the following table.

Table 4.9 Regular Money Income of the sample households

S.N.	Regular monthly income (in Rs.)	No. of households	Percentage
1	Less than 5,000	9	9
2	5,000-10,000	53	53
3	10,000-20,000	25	25
4	20,000-50,000	11	11
5	Above 50,000	2	2
Total Household		100	100

Source: Field survey, 2015



The above table 4.9 presents the fact of the sample households of the study area that about 62 percent of the total sampled household receives less than NRs 10,000 per month. Which means an average of NRs 1650 per month is available to each person of the sample households. This is very below the absolute poverty line. Only 2 percent of the households receive more than 50,000 per month as the regular income. Among the 100 households about 9 percent of the households receive less than NRs 5000 per month, which is very low level of poverty for the existence of family members. The above table is dependent of the production of agriculture products also. Therefore it is the weather and other factor behave against them, the income condition can also be very less than the stated level. Which are already stated in the table 4.7 that the main occupation of about 76 percent of the people of the study area is

agriculture which means about 76 percent people has disguised unemployment and seasonal unemployment. The occupational dependency is also another cause of the foreign employment of the study area. The kind of unemployment and the level of unemployment are shown in the following table.

Table 4.10 Employment status of the sample households

S.N.	Group of population	No. of people	Employed	Unemployed
1	Active population	392	257 (65.56%)	135 (34.44%)
2	In active population	213	0	213
3	Total population	605	257 (42.48%)	348 (57.52%)

Source: Field survey, 2015

The above table 4.10 shows that in the sample households of the study area, only 42.48 percent of active population is employed. It means that about 57.52 percent of all the population of study area is unemployed which is very high. Thus, as a conclusion from the above table 4.10 we can say that as the one hand among the total population 550 about 57.52 percent of the population are fully dependent population and on the other hand among the active population of 337 about only 65.56 percent of the population is employed it means the rate of employment of the study area is low and the rate of dependency ratio in the study area is very high.

4.11 Social Characteristics of Respondent

Social condition such as cast/ethnic composition, size of the family, age, marital status and literacy determine the willingness and clarity of the individual to participate in foreign labour market. In the proceed of field survey, we found the main cast of the study area are Brahmin, Chhetri, Newar, Tamang, Magar, Damai, Pode, Kami, Sarki, etc. for the purpose of the study the sample household in respect of the above described cast were taken. The main social characteristics considered important for these groups were family size, marital status and literacy rate. The information obtained by interviewing the respond is presented in the following table.

Table 4.11 Average family size and literacy percentage of Different Ethnic groups of sample households

Ethnic groups	No. of respondents	Average family size	Percent of literacy
Brahmin	22	5.12	76
Chhetri	37	5.03	61.4
Newar	16	6.91	49.7
Tamang	18	6.23	46.7
Others	7	5.06	51.2
Total	100	5.67	57

Source: Field survey, 2015

The above table 4.11 shows that among workers seeking foreign employment from Palung VDC is mostly dominated by Brahmin and Chhetri. Comparing the age of the migrant of the three casts with other cast, the average age of the migrant of these casts is very high while other cast like Kami, Damai has very low average age of the migrant workers. On another aspect the number of migrants from so called upper casts like Dalit and Magar is quite high compared to another casts migrant. The literacy level of the migrant of Brahmin is 76% where the literacy percentage of Chhetri is 61%. Most of the people of the lower cast Marriages in their childhood, which means that the percent of the marriages cast is very high, which is also another important aspect as a push of foreign employment.

4.12 Sources of income of the sampled households

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

Table 4.12 Sources of income of the sample households

S. No.	Sources of income	Number of households	Percentage
1	Agriculture	45	45
2	Foreign employment	33	33
3	Job	9	9
4	Business	3	3
5	Other	10	10
Total		100	100

Source: Field survey, 2015

The above table 4.12 presents the income sources of the respondents of the sample area. From that table we can find that most of the family depend on the Agriculture, Second largest sources of income is employment, whereas about 33 percent of household's main sources of income is foreign employment.

4.13 Status of Economic Condition

Economic condition is one of the most important factors of emigration. It is expected that people from lower economic condition (the type of people with problem in fulfilling their basic needs) should seek foreign employment. Mainly the lower economic condition families used to go India for foreign employment because of the cost of In this VDC respondents were classified into lower, lower middle, middle and high income group according to their own assessment of their economic condition. In this study, lower income groups are known as earning below Rs. 5000 per month in average, medium lower income groups are known earning Rs. 5 to Rs. 10 thousand per month in average. Similarly, medium income groups are those who earned Rs. 10 to Rs. 20 thousand per month in average. Similarly earning above Rs. 20 thousands in average are known as higher income groups in this study.

The information obtained is presented in the following table.

Table 4.13 Frequency distribution of economic condition of different Ethnic Groups of Respondents from Palung VDC

Cast/Ethnic groups	No. of Respondents	Economic Condition			
		Lower income groups	Medium lower income groups	Medium income groups	Higher income groups
Brahmin	22	3	6	9	4
Chhetri	37	6	12	14	5
Newar	16	4	5	5	2
Tamang	18	5	6	4	3
Others	7	1	2	3	1
Total	100	19	31	35	15

Source: Field survey, 2015

Above table 4.13 presents the summary about the economic condition of the respondents and their family. From the above table we can see that among the sampled households most of the households are Chhetri and Brahmin, where they have quite strong economic background. Three households from total 22 households are from low income group whereas 4 household are from higher income group, 9 households are from medium income groups, and 6 households are from medium low income group of Brahmins. Similarly Chhetri is also economically strong in which only the 6 of the 37 households are in lower income group. Among the sampled households others (Damai, Kami, Sarki, etc.) cast is the poorest cast in which above 50 percent of the sampled are in lower income group.

4.14 Causes seeking to foreign Employment

Even through, the poverty being the main factor of foreign employment, there must be several reasons behind it. It might be economic, social or political. They may be related to the acquired skills and various other reasons. To find out causes of seeking employment the respondents were asked to identify the

prime causes to go for foreign employment. They gave more than one reason as follows.

Table 4.14 Frequency Distribution of Causes of Seeking Foreign Employment from Palung VDC

Cast/Ethnic groups	No. of Respondents	Causes			
		Unemployment	Family Debt	Conflict	Family Debate
Brahmin	22	12	2	1	7
Chhetri	37	16	4	2	15
Newar	16	8	3	-	5
Tamang	18	7	3	4	4
Others	7	3	2	-	2
Total	100	46	14	7	33

Source: Field survey, 2015

Above table 4.14 shows that unemployment is the main cause of foreign employment for all the cast ethnic groups. Among all the sample households about 46 percent had stated unemployment as the main cause of foreign employment. The second main reason of the foreign employment is to earn money. The percentage of respondents stating the major cause is earn money due to family debate burden are quiet similar i.e. 33 percent respondents have immigrated to foreign countries to earn money. Among the total sample house holds 14 percentage of the respondent are emigrated due to the family debt burden. After that 7 percent of the respondents had stated that they are migrated due to the conflict problem of Nepal. It is concluded from our study that unemployment, family debate are the main causes to seek foreign employment.

4.15 Types of Jobs and Duration of Stay in Foreign Employment

Since the skill of Nepalese workers is quite low; most of them get employment in manual job. To find out the types jobs performed the respondents were asked to give the type of work they did while begin employed in foreign country

which is categorized into five types, they are construction, mechanical, agriculture farming, industrial works on hotel/catering.

Duration of foreign stay of emigrants workers depend upon availability of work, facilities provided by company, salary rate, health of workers, visa permit date, home urgency another several reasons. Sometime the respondents return their home before the agreement date due to inferior type of job, low salary, and family affairs such as death of any family members, sickness and their own bad health and also the duration of foreign stay the respondents were asked to provide their length of stay. The results of both the types of job performed and the duration of stay in the foreign employment are summarized in the following table.

**Table 4.15 Types of jobs performed and duration of stay in foreign
Country of respondents from Palung VDC**

Cast / Ethnic groups	No. of respondents	Occupation				Average stay of duration
		Construction	Mechanical	Industry	Hotel/ Catering	
Brahmin	22	6	3	9	4	3
Chhetri	37	10	7	15	5	3.5
Newar	16	6	2	6	2	2.8
Tamang	18	6	2	4	6	2.6
Others	7	3	1	2	1	2.7
Total	100	31	15	36	18	14.6

Source: Field survey, 2015

The above table 4.15 shows that most of the migrated respondent's works in the industry area in which 36 percent work in that occupation. The second most employed areas is construction in which 31 percent respondents are working and third most employed area is hotel/Catering in which 18 percent respondent are working. Other areas of employment for the Nepalese workers are mechanical and also the agriculture farming where 15 percent respondents are

working. According to the duration of stay from the field survey we know that the respondents from Chhetri group have longest duration of stay where they stay on an average of 3.5 years once. After Chhetri, Brahmin spent average of 3 years on foreign employment at a time. The Newar's duration of stay is around 2.8 years. In means the average duration of stay of the respondents from Palung VDC is 2.92.

4.16 Income Earned Abroad

It is often said that Nepalese workers get low paying in overseas. So, they earn less money than labours from other countries. But income earned abroad depends on skill of workers, salary payment by company, rule and regulations of the working country, types of company, duration of stay etc. to find out the income earned by Nepalese labour in abroad the respondents were asked to give their monthly salary earning. The respondents answer is given in the following table.

Table 4.16 Income Earned in abroad for different Ethnic group of respondents

Cast/Ethnic group	No. of Respondents	Average monthly income (in '000)							
		Based on destination		Based on Education		Types of Jobs			
		Gulf	Malaysia	Educated	Uneducated	Mech.	Hotel	Ind.	Agr.
Brahmin	22	13.43	12	20	8	16	15	11	-
Chhetri	37	15.43	12.4	22	10	18	18	13	8.5
Newar	16	12.84	14	17	7.75	21	20	17	9.5
Tamang	18	9.63	9	15	7	-	-	10.5	-
Others	7	10.3	18	18	9	15	14	-	10.5
Total	100	12.32	11.48	18.4	8.35	17.5	16.7	12.87	9.5

Source: Field survey; 2015

Above table 4.16 shows that the respondents who have done the work in gulf countries earned more money than the respondents worked in Malaysia, comparing these two countries the average monthly income of the respondents in Malaysia is Rs 11.48 thousands where the average monthly income in Gulf countries is Rs 12.32 thousands. Comparing the income of the respondents cast wise, we can get, the result that the respondents from Brahmin and Chhetri gets more average monthly income than the others because they understand all the rules and regulations of their workers and their salary before they departure to the destination country. The monthly average income of Gulf country and Malaysia is lowest for the Damai cast because most of the worker from the cast is illiterate. In other aspect of this table we can understand that the average monthly income between skill workers and unskilled workers is very different. The skill workers are getting the average monthly income of around 18.5 thousand whereas the unskilled workers getting around 8.35 thousand rupees monthly average income. The average monthly income varies accordingly two types of job also. Among the four types of jobs are hotel, mechanical, industry and agriculture the workers in mechanical firms get higher monthly salary which is 17 thousand rupees per month in the Gulf countries also. Cost wise variation in that most of the Brahmin and Chhetri are working mechanical farm, hotel, industry and agriculture gets average monthly income of Rs 16.7 thousands, Rs 12.87 thousands, and Rs 9.5 thousands respectively. It means that the workers working in agricultural sector are getting very little money of Rs 9.5 per month.

4.17 Utilization of Remittance and Skills Learned in Foreign Employment

The use of remittance depends on the priority placed by the industries of different use, the size of remittance, the time of availability, opportunity for investment and several types of factors. Majority of migrant workers go abroad because of unemployment at home and poverty in household. Generally, the earning made by them is not big. The cost of foreign employment is bond by borrowing. Therefore the income earned has to be spent on the payment of the

principle and the interest amount. There may be family in waiting. Keeping all this condition in mind the respondents were asked to identify the use they made for the money earned abroad. Each individual spent the earning in more than one uses. To find out the use of remittance by the respondents they were asked to list the use of money in different heads.

Most of the migrants Nepalese workers are unskilled, so the Nepalese migrants' workers have learnt different kinds of skill abroad. When they return back they are expected to utilize those skills back home but they are utilized their skill in home country. It might depend on different conditions. Those conditions may be place availability of work, availability conditions. Those conditions may be place availability of work, availability of industry, quality of skills learnt, lack of technology, financial availability etc. to find out the perceived reasons, the respondents were asked to provide reasons. The answer given by the respondents are presented in the following table

Table 4.17 Use of Remittance and the skills learnt in foreign employment

Caste/ Ethnic groups	No. of Respondents	Utilization of remittance				Use of skills	
		Households Expenses	Loan Payment	Investment (land, share)	Social activities	Yes	No
Brahmin	22	17	8	7	2	15	19
Chhetri	37	25	17	3	1	14	33
Newar	16	8	2	-	-	2	8
Tamang	18	1	1	-	-	2	-
Others	7	4	2	1	1	5	2
Total	100	55	30	11	4	38	62

Source: Field survey, 2015

The above table 4.17 presents the fact that about the utilization of remittance income as well as the utilization of skills learnt in foreign employment. From it, we can conclude that among all the respondents and their household, 55

percent of the respondent uses their income in their household expenses i.e. in food, cloths, health and education of their family, 30 percent of the households use their income in loan payment of their family which can be taken for the same purpose or which can be the family debt before his foreign employment. Only about 11 percent households are using their income from abroad in investment purpose i.e., for buying land, home and shares or establishing industries. Among all the respondents only the 4 percent of the respondents are expending some amount of their income in social activities i.e., in schools, road, water taps etc. It concludes that, the big amount of remittance income earned by the respondents in the study area is spending their remittance income in regular household expense and in payment of loan and their interest.

In another aspect of this table, this present the utilization of skill earned in foreign employment. Among all the respondents only the 38 percent of the respondents reply that the skill learned in foreign employment in their native country. Among all the respondents 62 percent of the respondents reply that the skills learnt in foreign employment is not helpful in their further life after foreign employment in any areas.

4.18 Changes in Household Economy Due to Foreign Employment

It is believed that if somebody receives foreign employment his household economy will improve. The change in economy well-being improvement in living standard, improvement in skill, social status might be some of the area was change take place etc. If the respondents are able to gain more than the income which is needed to run their family and also to pay their loans principle as well as their interest amount then only their economic condition can improve and their property problem can be reduced. To find out the change in household economic condition due to foreign employment, the respondent were asked to give their own judgment about their economic condition before foreign employment and after foreign employment and comparison of this to time periods the answer given by them is presented in the following table.

Table 4.18 Frequency distribution of changes in different indicators of Respondents due to foreign employment

Indicator	Change in Condition			
	Increased	Decreased	Remained same	Total
Economic status	82	14	4	100
Standard of living	55	7	38	100
Social status	60	5	35	100
Skills	67	-	33	100

Source: Field survey, 2015

The above analysis in table 4.18 is based not on the ethnic group but it is based on the total sample size without categorization. It show that 82 percent of the respondents reported that their economic status is increased due to foreign employment. The 4 percent of the respondent’s reply that their economic status is remain same. The 14 percent of the respondents economic status has decreased due to the foreign employment it mean they had increased the sum of family debt for the reason of foreign employment. The decrease in economic status might have been resulted with high cost and low pay in foreign employment or short period of foreign employment. Another 55 percent of the respondents had increased their standard of living, 38 percent of the respondents had reply that their standard of living remained same and 7 percent respondents said that their standard of living is decreased after returning from foreign employment due to increase in debt. In the context of social attitude and rest 33 percent respondent’s social attitude remained same. In another aspect of foreign employment, 67.3 percent of the respondents had learnt some new skills their either it may be useful here or not. The rest 32.69 percent of the respondents reply that they didn’t learnt any new skills while working abroad.

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

And the reason behind the indicators being decreased and remained same are not given by the respondents. It might be due to low income or other more pressing like loan payment, household expenditure, marriage of a family member, etc.

4.19 Impact on Other Indicators

How the foreign employment and remittance impact on certain household indicators? Do they live in better house? Do they send their children to better schools? How the health condition of their family changed? Are their family members better dressed? Are they protected from indebtedness at the time of need? These were very important questions. Positive impact on the dependent on size of income of respondents brought from foreign employment, family size, earlier economic condition of the family, knowledge and education of the respondents, culture of society, etc. To find out the impact of an employment on household indicators the respondents were asked to respond on the changes brought by the foreign employment. The answer provided by the respondents is given in the following table:

Table 4.19 Frequency Distribution of Impact on other Household's indicators of the Respondents

Indicators	Increased	Worsened	Same	Total
Condition of housing	76	4	20	100
Education of children	70	-	30	100
Health of family member	58	16	26	100
Clothing	66	3	31	100
Cash available with them	51	26	23	100

Source: Field survey, 2015

The above table 4.19 shows that 76 percent of the respondents reported to have improved their condition of housing. It shows that anybody who had returned from foreign employment have either made new house or repaired old house to improved their housing condition. 20 percent of the respondents had reported that their housing condition is same before and after foreign employment, but

the static condition was not given. It might be low income or other more pressing like loan, payment, household expenditure, marriage of a family member, etc. similarly 4 percent of respondents housing condition has been worsened after returning from foreign employment.

Among the total households, 70 percent of the household reported that the education of their children have improved due to the income earned by their parent from foreign employment. It might be the result of improvement of economic condition of the individuals who could afford boarding school for their children. But no one among the respondents had reported to worsen the education of their children due to the foreign employment. The rest 30 percent of the respondents had reported that the education status of their children remained same before and after foreign employment. The 58 percent respondents said that the health status of their family had worsened due to the foreign employment where about 16 percent of the respondent replied that health status of their family had worsened due to the foreign employment either of the respondents himself or of his family members. The rest 26 percent of the respondents said that the health condition of the members remained same ever after returning from foreign employment. It might be due to general health condition of the area and health awareness.

More than 66 percent of the respondent said that household members are using better clothing after returning from foreign employment. It might be related to the increasing purchasing power and cloth after returning with the respondent and also with their family member. The 31 percent of the respondents had replied that their clothing status was same before and after returning from foreign employment. And 3 percent of the respondents had replied that their clothing status had been worsened. When the availability of liquid cash to meet various household need was evaluated, about 51 percent of the respondents had increased their cash holding with them, another 23 percent of the respondents cash holding has remained same and the rest 26 percent of the respondents had worsened their cash holding after returning from foreign employment or the

income earned from abroad is just equal to the sum of household expenditure and payment of loans and their interest or it might have been the result of high expenses, low income or the high cost of foreign employment. It indicates that foreign employment has increased the liquidity situation of about 51 percent of the participant of foreign employment. It can be concluded that from the above table that around 65 percent respondents of this VDC have improved that different household indicators due to foreign employment. But around 10 percent have worsened and about 25 percent respondents have same level of household indicators even after returning from foreign employment. In short, people who have returned from foreign employment have received same economic benefit and improved their financial, social economic condition but it cannot be said it has improved their life tremendously.

Thus the remittance income earned from foreign employment is helping the household of the study area in fulfilling their basic needs as well as fulfillment of other social economic aspect of their life. In another aspect of this survey we can say that the remittance earned by the foreign labour have benefited other members of his family than the employed himself. Therefore it is clear that the remittance is playing very positive role to the respondents and their family to reduce their level of poverty in the study area.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary and Conclusions

The main objective of the study is to gauge the contribution of remittances in the socioeconomic condition of study area. Moreover the study also tries to analyze the nature and extend of remittance income in the study area, socio economic characters of foreign employees, source of financing and cost for foreign employment, change brought foreign employment and remittance in household economy and uses of remittance.

To fulfill the above stated objective of the present study, Palung V.D.C of Makawanpur district was selected areas and sample survey was conducted during 2015. The sample size was 104 household were chosen by proportional random sampling method and data collected through Questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance of the national level as well as of local level in the study. Data are analyzed by using simple statistical tools like mean, percentage, and ratio.

According to economic survey the share of remittance to GDP that stood 11.2 percent in FY 2004/05 reached 29.1 percent by FY 2014/15. Remittance income that had registered Rs. 543.3 billion in the FY 2013/14 has been reached to Rs. 617.3 billion in the fiscal year 2014/15 (Economic Survey, 2015).

The average income of the household in this V.D.C is around 10,000 per month and only the 65.56 percent of the total active population and only the 42.48 percent of the total population of the study area are employed. It means that dependency ratio is very high in the study area.

Major reasons to seek foreign employment include unemployment, family debt burden, and conflict problems to earn money in their own country.

The means to get foreign employment of the most of the sample (85 percent) respondents were Manpower Agencies. Other went either through unregistered agents or personal initiative.

Majority of the foreign job seekers (83 percent) didn't have any skill and took unskilled labour jobs in industries. Sources of financing for foreign employment for 54 percent of the migrant workers was loan, 30 percent from family savings and 16 percent from property selling.

Major sector of employment for Nepalese workers were industry (36 percent) and building construction (31 percent). The average stay duration of the respondents was 2.8 years. If we classify them cast wise, it ranges between 2.6 years of minimum (Tamang) and 3.5 years of maximum (Chhetri). The respondents of this VDC want to go again to foreign employment because of the unemployment (79 percent) and conflict (3 percent). Among the total respondents 18 percent of them have no plan to go to abroad again to foreign employment. Above 60 percent respondents used formal channels (banks, registered transfer agencies) to send remittance. In formal channels like Hundi, relative and friends and bringing back by themselves were other channels of remittance transfer.

The larger amount of remittance income has been used for household expenses 55 percent, loan repayment 30 percent, and investment only 11 percent and social spending 4 percent. Among the returnees from foreign employment only 38 percent of the workers are using the gain skill in abroad employment whereas the rest 62 percent of the respondents have not benefited from that gain skill in foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc. The respondents of this VDC were not utilized their remittance caused by conflict and other non-availability of sizable investment funds for investing in productive sector of the economy sector. The respondents of this VDC said that remittances have

increases their household economic and social indicators after returning from foreign employment. Around 82 percent respondents said that remittance have increased their economic status, 55 percent of respondents said that remittance income have increased their standard of living, around 60 percent of the respondents social attitude have increased due to remittance income and around 67 percent of the respondents increased their skills. But around 4 percent respondents said that economic status has been same, 38 percent have remain same standard of living, 35 percent said that their social status have remain same and 33 percent said that remained same level of their skill after returning from the foreign employment.

The respondents of this VDC said that remittance have also done impact on their other indicators. It was said that around 76 percent respondents improved their condition of housing, 70 percent respondents improved their education of children, 58 percent improved their health of their family members, 66 percent improved their clothing situation and 51 percent of the respondents have increased cash available with them. But around 16 percent respondents have worsened health of the family members and 26 percent of respondents have worsened cash available with them. And around 20 percent of the respondents have same level of housing, 30 percent respondents have same level of education of the children, 26 percent respondents have same level of their family members, 31 percent of the respondents have same level of clothing and 23 percent of respondents have same level of cash available with them.

As a summary, it can be concluded that the economic and social condition of all families who have involved in foreign employment have increased. It may be in both aspects i.e. economy as well as social but surely there is positive change in the status of the families of the respondents due to remittance income. Therefore we can say that remittance is playing vital role in reducing the level of poverty in the study area.

5.2 Recommendations

From the present study about the role of reduces rural poverty in Nepal, some recommendations are made as follows:-

1. Nepalese economy has received large amount of remittance but remittances are still being transferred through informal channels. Formal channels should be promoted. At list on formal institution must be established to facilitated transfer remittance in each destination
2. Almost all the workers from the lower income group are migrated to India to work because of lack of money with them where they are earning very little amount of money comparing with the migrated workers to other Gulf countries and Malaysia. Thus, GoN should provide loan to the poor people in the cheap interest rate who want to go to foreign employment.
3. Most of the respondents of this VDC have gone to foreign employment in unskilled condition. So, they cannot earn more income then skilled workers. So, the technical training institutions should be established in rural areas and a person who wants to go to foreign employment, should be given training related to the work has to be done in abroad and also the language of the migrating country before going to foreign employment.
4. Most of the respondents have not utilized their remittance and newly learnt skills at abroad when they come back home because of lack of technology, conflict problem, non-availability sizeable investment funds and lack of market etc. So, the policy should made to solve the conflict situation create good environment and provided sufficient technology as well as market and the GoN should play as the role of facilitator for all the investors and the workers.
5. Surely remittance income is playing very positive role to reduce rural poverty of the study area and also it is improving the social as well as economic indicators of the VDC but this is not satisfactory. Maximum

part of remittance income have been use in unproductive sectors like regular household expenditures, loan payment, house improvement and social spending etc. this don't give any return in the future. Thus, the policy should be made to give more information to the respondents own using their remittance income in to productive sectors like investment in shares, business etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.

6. The concept of economic diplomacy should be implemented from the government of Nepal to increase the demand of Nepalese labour in the foreign labour market.
7. The Bilateral agreement should be done from the ministry level with all the labour importing countries. Agreement done with UAE, Korea and Japan can be the best example of positive impact of agreement.
8. The labour desk should be established in the airports of the major labour migrating countries to help the Nepalese labour in various problems.
9. The concept of labour attaché should be implemented in every embassy. So that, all the problem of migrated labours can be solved from the different desk.
10. Different incentives should be provided by the government level as well as from the private sectors of encouraging the people to remit earned money through the formal channels.

Finally, this case study of role of remittance to reduce rural poverty and the status of foreign job seekers of Palung VDC which is very important current issue of the Nepalese economy. Therefore, this study can be considers and significant, while the study is conducted in small size and may not be sufficient to make general conclusion for the whole nation about the role of remittance income and labour migration. But by this study, I'm confident that it will be certainly beneficial to the people of Palung VDC and side by side for the people of other neighboring VDC of the entire country.

REFERENCES

- Addison (2004). Microeconomic impact of remittance in Ghana. Bank of Ghana
- Anyanwu, J., & Erhijakpor, E. (2012). Do international remittance affect poverty in Africa? Article first published on online 8 March 2010.
- CBS (Central Bureau of Statistics), (2003/04) Nepal living standard survey, Vol. 2, CBS, Kathmandu, Nepal.
- CBS (Central Bureau of Statistics) (2011). Population monograph. CBS, Kathmandu, Nepal.
- Conway, D & Bal Kumar KC, M Shrestha. (1981). Causes and consequences of rural to rural migration in Nepal. A Report submitted to Population and Development Policies, Indiana University.
- Dahal, M. (2004). Nepalese economy: Towards building a strong economic nation-state. New Hira Books Enterprises, Kathmandu.
- DeWind, Josh & Jennifer Holdaway (2005). Internal and international migration in economic development. Available in: <http://www.un.org/esa/population/publications>
- Gautam, D. (2014). Foreign direct investment in Nepal. An Unpublished M.Phil. Thesis submitted to Central Department of Economics, TU, Kirtipur.
- Gyanwali, H. (2005). Rural poverty in Nepal: a case study of Simichaur VDC of Gulmi District, Nepal. Unpublished MA thesis in Economics, CEDECON, TU Kritipur, Kathmandu.
- Gyanwali, M. (2014). The socio-economic impact of remittance: A case study of Banganga VDC of Kapilvastu District. An unpublished MA thesis, Central Department of Economics.
- Kanel, N. R. (2003). Guidelines to format theses and dissertations: A quick reference, New Hira Books Enterprises, Kathmandu, Nepal.
- Karki, B.P. (2006). Foreign employment and remittance economy of Nepal: A case study of Dhuseni VDC, Illam District. Unpublished, MA thesis, Central Department of Economics, TU Kritipur, Kathmandu.
- Karna, S.K. (2004). Remittance economy of Nepal: final report. Submitted to Central Department of Economics, TU.
- Lewis, (1954). Economic growth with unlimited supply of labour: Ministry School Vol 22, No 2 PP 139-191.
- Maelan, Le Goff (2010). How remittances contribute to poverty reduction: a stabilizing effect. Centre Etudes et de Recherches sur le Developement International, CERDI-CNRS University of Auvergne (FRANCE).

- MOF (2015). Economic survey. Kathmandu: Ministry of Finance.
- MOL (1993). Baidesik rojgar ain (Foreign Employment Act) 1985. Nepal ain sangraha, Kathmandu: Ministry of laws GON Parts (Kha) (Nepali version)
- NRB (2005). Foreign employment, remittance economy and Nepal: A research report. Special study section, NRB Kathmandu, Nepal.
- NRB (2011). Foreign employment, remittance economy and Nepal: A research report. Special study section, NRB Kathmandu, Nepal.
- Qayyum, A., Javid, Muhammad and Arif, Umaima (2008). Impact of remittances on economic growth and poverty: evidence from Pakistan. Pakistan Institute of Development Economics, Islamabad.
- Ravenstein, E.G. (1985). The law of migration, journal of royal statistical society, Vol. 48, No.2.
- Shah, A. (2014). Role of remittance in rural development: A case study of Rauteli Bichawa VDC, Kanchanpur District. An unpublished thesis, Central Department of Rural Development, T.U., Kirtipur.
- Shrestha, SR (2009). Foreign remittance; A panacea for Nepalese economy, NRB annual publication Kathmandu, NRB, pp 27-35
- Sigdel, B. (2005). An overview on remittance economy of Nepal, *Nepal Rastra Bank Samachar*. NRB, Kathmandu, Nepal.
- Subedi, S. (2017). Socio-economic contribution of remittances in Nepal, A case study of Dhikurpokhari VDC, Kaski district. An unpublished MA thesis, submitted to central department of economics, T.U, Kritipur.
- Tiwari, S. (2012). Role of remittance in development: A case study of Devdaha VDC, Rupandehi district. An unpublished thesis, department of Sociology/Anthropology, Trichandra Campus, Ghantaghar, T.U., Kathmandu.
- Todaro, M P. (1976). International migration in developing countries: A review of theory, evidence and methodology and research priorities. Geneva: ILO
- WDR (2006). World development report. New York, Washington D.C.
- WB (2015). World Bank report

5. In which country do your family member went to abroad?

- a. Malaysia
- b. Qatar
- c. Saudi Arabia
- d. UAE
- e. South Korea
- f. others

6. How much time they spent there?

- a. One year
- b. Two years
- c. Three years
- d. More than three years.

7. Personal Details of migrant Members?

Age group (years)	20-25	25-30	30-35	35-40	40 and above
Sex					
Male					
Female					
Total					

8. Educational status of the migrant members:

Educational level sex	Illiterate	Literate				
		Under SLC	SLC	+2	Bachelor	Master
Male						
Female						
Total						

9. How many children do you have in your family?

- a. 1
- b. 2
- c. 3
- d. more than three

10. Where the children are receiving their education?

- a. Before Remittance
 - i) Private school
 - ii) govt. school

b. After Remittance

i) Private school

ii) govt. school

11. Condition of health of family members:

	Before Remittance	After Remittance
No. of visit of hospital		
Vaccination to the Children		

12. Do you have own house or rented?

a. Own house

b. Rented

13. What type of house do you have?

	Before Remittance	After Remittance
Concrete		
Tin-roof		
Thatch		
Hut		

14. What is the condition of sanitation?

a) Condition of toilet

Before Remittance	After Remittance

b) Management of Garbage

Before Remittance	After Remittance

15. What is the expenditure pattern?

Expenditure	Before Remittance (Rs.)	After Remittance (Rs.)
Food		
Clothes		
Education		
Others		
Total		

16. What changes have you found before your family member went to abroad and after returned back?

- a) In economic condition
- b) In daily life expenditure
- c) In social status
- d) In skill development
- e) Others (if you feel)

17. Has the decision making power of women in your family increased?

- a. Yes
- b. No

Thank You