

IMPACT OF REMITTANCE IN HOUSEHOLD ECONOMY
(A Case Study of Bheerkot Municipality, Syangja District)

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LETTER OF RECOMMENDATION

This thesis entitled IMPACT OF REMITTANCE IN HOUSEHOLD ECONOMY: A Case Study of Bheerkot Municipality, Syangja District has been prepared by Mr. Yagye Purush Rijal under my guidance and supervision for the partial fulfillment of the requirement for the Master of Arts in Economics.

I hereby, recommend this thesis for its evaluation and approval.

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Date: 04/07/2018

APPROVAL LETTER

This is to certify that this thesis submitted by Mr. Yagye Purush Rijal entitled IMPACT OF REMITTANCE IN HOUSEHOLD ECONOMY: A Case Study of Bheerkot Municipality, Syangja District has been approved by this department in the prescribed format of the Faculty of Humanities and Social Sciences. This thesis is forwarded for the evaluation.

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ACRONYMS

APS	Average Propensity to Save
CBS	Central Bureau of Statistic
ADB	Asian Development Bank
GDP	Gross Domestic Product
IMF	International Monetary Fund
INGO	International Non-Government Organization
LDC	Least Developed Countries
MOF	Ministry of Finance
NGO	Non- Government Organization
NPC	National Planning Commission
HHs	House Holds
RRHH	Remittance Receiving Household
RNRHH	Remittance Non Receiving Household
SLC	School Leaving Certificate
UNDP	United Nations Development Program
USA	United state of America
WB	World Bank
WHO	World Health Organization
WTO	World Trade Organization
UK	United Kingdom
SAP	Social Adjustment Program
NAG	Nepal Aid Group
OECD	The Organization for Economic Co-Operation
FY	Fiscal Year
DFID	Department for International Development
ILO	International Labor Organization
NRB	Nepal Rastra Bank
UN	United Nations
TU	Tribhuvan University

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Remittances are the funds that are transferred to households by workers who are working away from their usual place of residence. A remittance is a sum of money sent as a payment or gift. Most commonly, 'remittance' refers to personal remittance; the sum of money sent from a nonresident household to a resident household (World Bank Data, 2016). The term 'remittance' in this study can be summarized as the money migrants send back to a household when the migrant moved within or across county borders to work. With globalization, migrant movements have increased rapidly and so has the amount of remittances (World Bank, 2016b). It has also in many cases become a polarized political matter, for example in the case of the Qatar World Cup stadium 2022; the exploitation of migrants leading to violations of human rights and a staggering death toll on site. Migration and remittances can benefit the local and national economy; therefore, some countries openly promote migration and overseas employment. Many nations are dependent on remittances, contributing to between 10 and 20 percent of GDP.

The volume of migrants' remittances is increasing year to year. The World Bank (2016a) estimated worldwide remittances as US\$ 601 billion in 2015, out of which the flow to developing countries was 73.4% (US\$ 441 billion). In 2015, the top four recipients of international remittances-India, China, the Philippines and Mexico – accounted for nearly one-third of the total remittance inflow worldwide. Smaller developing countries like Tajikistan, Kyrgyz Republic, Nepal, Moldova, and Tonga have a larger share of international remittance in terms of their gross domestic product (GDP). Nepal with 29 percent of its GDP as remittance lies in the third position in the world and the first position among South Asian countries (WB, 2016a). In Nepal, Migrant workers sent \$6.6 billion to their families in 2015, up 20.9pc year-on-year and Remittances Recent Developments and Outlook, remittance surged 20.9percent to \$6.6 billion in 2015, basically to remittance daily needs and to deal with the effects of the disaster. The growth rate of remittance in 2014 was 3.2 percent. Nepal Rastra Bank (NRB) confirmed the spike in remittance inflows following the massive earthquake that rocked the country in 2015. NRB attributed the increment in remittance to migrant workers sending money to rebuild their damaged houses after

the tremor and remittance basic consumption in the absence of income generating activities.

Nepal, a small agrarian economy in South Asia is one of the least developed economies. Due to the low level of economic growth, political instability and the deficiency of socio-economic infrastructure, most of the people are involved in traditional agriculture. According to the data of CBS 2011, 25.14 percent of the total population lives below poverty line. Nepal had started planned development efforts from 2013 B.S. by formulating and implementing various development plans with major objectives of poverty reduction, improvement of the living standard of the people, equal distribution of income and wealth and maintaining economic stability with high rate of growth, but these efforts have not been success in achieving the planned objectives.

The share of the agriculture in the GDP has fallen significantly from 72 percent in 1975 to less than 40 percent in 1998 and 31 percent in 2011. Production and productivity of the farmland is marginal due to the landholding, rare application of modern technology, lack of knowledge about the modern cash crops and its market and transportation problem. However, in the absence of any off-farm activities, people are compelled to rely on agriculture. Since the return from agriculture is limited and employment opportunities are rare in the rural areas, people have to seek for other sources of income for their livelihood. In the process of finding other sources of income of job, the rural people leave their native village and move somewhere within and outside the nation where they get job and earn income which they can either bring home with themselves or send through some means, such as financial agencies, friends, postal services and others. The money income that the people earn outside their native village and send to their families may be defined as remittance which plays a vital role not only the economic life of the rural people but also in the national income of the country. Euphemistically, Nepalese economy is characterized by “remittance economy.”

In the past, the size of the population was small and needs of the people were limited. The local production was sufficient to maintain their economic life. As the time went by, the size of the population increased but the farm land did not increase in the same proportion. Similarly, as the size of the population increased, farm production failed to meet the increasing demand for food. Peoples needs and interest changed with time. The limited farm income was inadequate to fulfill these needs of the people.

Therefore, rural people were bound to leave their village for gainful job that would generate cash income to support their family. This process had started about fifty years ago in the present study area and is found increasing intensively during the last few years. Now-a-days, this process is directly and indirectly supporting the agriculture economy of the people. It helps them to increase their income and to obtain the services like education, health care etc.

Several non-agriculture activities are conducted in rural areas also due to remittance income which causes to decline in the relative contribution of agriculture to GDP. “The contribution of agriculture sector to the GDP declined from 50 percent in the late 1980s to around 40 percent in the mid-1990s even though about 86 percent of households still cultivate land. Most of the farming has become a part time operation. Their so-called subsistence farming is propped up mainly by remittance”.

Due to political instability, rare employment opportunity within the country a large mass of rural people is leaving their home in search of livelihood. The Nepalese government has also fully supported this trend. It has explored some nations where people can go out formally to work and earn foreign currency.

Formally, the rural economy was supported by limited extent of remittance but now the situation has changed to a great extent. Now a day, it plays a vital role in rural economy. More than 35 percent household income is contributed by non-agriculture income and has helped to make their living standard above the subsistence level although there is the chronic food grain deficit in the rural areas.

Bheerkot Municipality of Syangja district, as a rural area of Nepal is not an exception to such phenomena. Bheerkot is a Municipality in Syangja District of Gandaki Zone of central Nepal. The new Municipality was formed by merging four existing villages Banethok Deurali, Darsing Dahathum, Dhapuk Simal Bhanjyang and Khilung Deurali on 18 September 2015. The office of the Municipality is that of the former Darsing Dahathum village development committee's Bayarghari Bazaar. The total population of these four places is 25, 583.

1.2 Statement of the Problem

Nepalese rural economy seems to be fundamentally supported by the external as well as internal remittances. Due to the lack of alternative sources of the income in their native village, people leave their home and move to other places, such as urban and rural areas within the country and abroad to India, Malaysia, the Gulf nations, South

Korea and others. In these nations, they go as manual workers, soldiers and rarely as the professionals. They send their earning back to their home as "remittance".

People use remittance for various purposes, such as to repay the loan, family expenses, house construction etc. But they spend large portion of remittance on the unproductive sectors. So, there are many issues related to remittance in the rural economy. But only a few studies have been conducted to understand and explore the various dimensions of remittance in the household economy. In such a situation, present study has been conducted to understand and analyze some of the issues of remittance i.e. volume of remittance, role in house hold economy, uses of remittance and problems associated with remittance earning on the basis of comprehensive survey of Bheerkot Municipality, Syangja. The main research questions of this study are as follows:

- i. How is the remittance contributing to the growth of households socio-economic activities, such as earning, spending, saving, investment, education and poverty alleviation?
- ii. What are the problems associated with remittance earning?
- iii. What are the measures for solving these problems?

1.3 Objectives of the Study

The main objective of the study is to understand and analyze the impact of remittance in rural household economy. However, specific objectives are as follows:

- i. To analyze the composition and nature of remittance in the study area.
- ii. To explain the impact of remittance in household economic activities focusing in consumption, saving and debt.
- iii. To identify the problems associated with remittance and suggest measures to solve them.

1.4 Significance of the Study

The role of remittance in rural economy of Nepal is increasing tremendously. It has been emerging as an alternative source to sustain agricultural activity for the increasing number of households. But there are very few empirical studies that provide the evidence and analysis of the changing aspect of rural economy. In such a situation, facts and figures generated by this study would be useful to understand the nature and impact of remittance in rural context. It is also expected that this study

provide some insights for policy formulation related to rural development and foreign employment as well. It may also be useful for the researchers who conduct research in this field.

1.5 Limitations of the Study

Many facts and aspects are involved in rural economy related to remittance. All the issues cannot be included within a single study of this type. This is the case study based on sample survey of Bheerkot Municipality of Syangja district. The following are the major limitations of the study.

- i. Since this study is only concentrated in a particular area of Bheerkot Municipality, Syangja district. So, the research work has given more emphasis on comparing income and expenditure pattern of remittance receiving and non-receiving household and the role of remittance to change their living standard of Bheerkot Municipality only.
- ii. For comparative judgment this study takes both remittance and non-remittance households in the survey.
- iii. This study is not based on time series data. The data relating to a single source 2016 have been collected and used. They don't reflect the actual trend of remittance.

1.6 Organization of the Study

This study is divided into five different chapters. Chapter one deals with introduction, which covers background of the study, statement of the problem, objectives of the study, significance of the study, limitations of the study, and organization of the study. Chapter two contracts with review of literatures, that deals the theoretical concepts as well as empirical findings of remittance in both National and International context. Chapter three explains with research methodology. Chapter four includes presentation and the analysis of the survey result. Finally, the summary, major findings of the study, conclusion and recommendations are presented along with the references and appendix.

CHAPTER- II

REVIEW OF THE LITERATURE

Scientific research must be based on past knowledge. The previous studies cannot be ignored because they provide the foundation to the present study. The theory of remittance and its relation with different variable has not been yet established because it has no perfect relationship with other variables. However, there is no any model but different scholars and academicians have tried to theorize their empirical outcome of remittance. They have suggested that remittance can have both positive and negative impact on socio-economy growth and development of receiving countries.

Many studies have been made directly or indirectly regarding remittance in Nepal. It has been proved to be one of the important development tools for developing country. In this regard many researchers have investigated the importance, use and better utilization of remittances. They have concluded the various ideas about the better utilization of remittance. They have presented various principle, logics, concept and current issue relating to impact of remittance in their own way.

In order to make the study more reliable and comprehensive few available articles, bulletins, reports, survey and book on the relevant studies have been reviewed. This chapter begins with the presentation of different literatures available for remittances. It continues on to talk about the theoretical and empirical literatures which includes review of national and international perspective related to this study.

2.1 International Perspective

There is no general agreement in the literature regarding the impact of remittance on an economy. There is no doubt that remittances influence the broad range of outcome variables in the developing world such as expenditure behavior, savings and investment, poverty, labor supply, agricultural production, income inequality, health, education and economic growth. Huy and Nonneman (2016) studied the relationship between migration, remittance and agricultural output in Vietnam using a Cobb-Douglas production function. The study concluded that the obtained remittances were able to compensate the loss of agricultural output caused by the reduction of labor due to migration. Hence, the inflow of household remittances increased an investment in agriculture increasing agricultural output. Remittances reduce income uncertainty, and

contribute to reducing poverty in the rural area. Finally, the migration of male members reduced the supply of male labour on farm, hence increases female participation on farming, while obtained remittances could be used to lessen the problem of food insecurity.

Chowdhary (2016) studied the developmental impact of remittances on 33 top remittance receiving countries from 1979 to 2011 using a dynamic penal estimation method and concluded that remittances are effective in promoting the economic growth of recipient countries.

The study by Hassan (2016) on the long-run economic growth of Bangladesh found a U-shaped pattern. The study concluded that the effect is negative until the remittances-to-GDP ratio is 8% and positive once the remittances-to-GDP ratio is above 14 %.

The study of Dey (2015) analyzed the effect of transferring income in the form of remittance on the poverty of households in India using propensity matching score method. The study concluded that both international and internal remittances had a significant effect on lowering the depth and severity of poverty in rural households, although international remittances had a stronger effect.

Castaldo and Reilly (2015) concluded that the consumption pattern on Albanian households that received internal remittances was not statistically different from those that did not receive such money. Those receiving international remittances spent a lower share of their expenditure on food and a higher share on consumer durables in comparison to the households that did not receive any remittances. Hence, remittances, if spent on housing, education, and health, had a positive effect on employment and development.

Lim and Simmons (2015) concluded that remittance inflows into the Caribbean countries are mostly spent on consumption rather than investment. Hence, the receipts of remittances do not lead to the capital accumulation for growth-enhancing projects. The study has also pointed there is need for alternative policies to promote productivity and long run economic growth in these countries.

Mwangi and Mwenda (2015) studied the effect of international remittances on economic growth in Kenya using World Bank data from 1993 to 2013. They concluded that international remittance was one of the significant factors for the economic growth.

Jawaid and Raza (2014) investigated the long run effect of remittances on the economic growth of five South Asian countries: Bangladesh, India, Nepal, Sri Lanka, and Pakistan. The study used cross-country data for the period 1970 to 2005 in the model and concluded that inflow of remittances in these countries is less volatile than foreign direct investment (FDI) and there was a significant positive effect of remittances on the economic growth except in Pakistan, where the study found a negative effect.

Hussain and Anjum (2014) examined the effect of workers' remittance on the GDP growth of Pakistan taking data from 1973 to 2011 using a generalized method of moment (GMM). The study showed that the association between remittance and growth of GDP is significant and positive in Pakistan.

Faal (2013) described that remittances are particularly important for sustainable development because the process is based on a continuous mode of self help. In many poor countries, the volume of remittances is several times that of ODA and FDI, accounting for 10-15 percent of the national income of many medium-sized developing nations. It is stated that funds circulate more times in the recipient economy and are made directly to the households of ordinary citizens, thus improving Studies have the multiplier effect and increasing financial and civil empowerment. Confirmed that remittances contribute to the relief of poverty and amelioration of human welfare in poor countries because the inflows are spent on food, shelter, education, health services, community projects and other activities in line with Millennium Development Goals (MDGs).

On the study on Sri Lanka, Sharma (2013) found a significant positive impact of remittance on the main areas such as food consumption, health expenditure, and expenses on basic nonfood goods. The study concluded that it was the poorer households which gained more from international migration and remittances. The study of Mahapatro (2015) also put an optimistic view that there existed a positive effect of remittances on household development. Using nationally representative data they investigated the effect of both national and international remittances on expenditure behavior of households in three Indian states (Uttar Pradesh, Kerala, and Karnataka). Their findings pointed out that households with remittances spent less of remittance money on food and more on health and education. Based on that result they claimed that remittances enhanced the well-being of households.

Unlike the previous studies, De and Ratha (2012) analyzed of the economic impact of international remittances on the families of Sri Lanka and concluded that remittance was not as fungible as other sources of transfer income because the senders closely monitored it. Remittance income helped recipient families to move up the income ladder and children's human capital formation, but it did not help asset accumulation. It also showed that remittance income was not spent on conspicuous consumption by the recipient households.

Guruli (2012) reflected that remittances tend to be more stable than private capital flows, thus diversifying the external financing means of the country. Especially if the country of origin and the host country are economic cycles have relatively low correlation – which is the case in Georgia. We argue that when managed and used properly remittances can be used as sources of growth and development, thus overcoming the negative aspects and turning them into a potential Understanding the effect and importance of remittances and growth opportunity. Exploring ways of forming a more effective policy for managing them is of vital importance.

Skipje (2012) mentioned the remittances have grown rapidly in recent years and remittances have proved a stable source of finance, which can be of relief during difficult economic times. While remittances can benefit households by lifting liquidity constraints, migration of a family member may have also a deleterious impact on the household's well-being. The short-term effect of remittances is usually related to increases in consumption, poverty alleviation and income inequality that result in changes in labor market participation. While long-term effect is more pertinent to socio-economic development and specifically on education performance and health status improvement. Because remittances per se do not lower anyone's income, the impact on poverty is believed to be beneficial, but with limited effect to productive investments. There is empirical evidence showing that remittances are spent mostly on basic subsistence needs, and after those are fulfilled, on housing improvement and eventually land purchase. There are also "social remittances", which may include issues such as ideas, behaviors, identities and social capital that flows from receiving to sending country communities with the flow of remittances with various socio-economic implications to migrant sending societies.

In its report on the Least Developed Countries, UNCTAD (2012) mentioned that there exists a complex and multifaceted relationship between remittances and economic

growth in a country because remittances affect the economy of the recipient country in many overlapping channels. Remittance increases physical and human capital accumulation of the recipient country thus tends to increase economic development. At the same time, it reduces the supply of labour in the market that hurts production. Hence the overall development impact is ambiguous.

Alcaraz (2012) made a comparison between remittance recipients in Mexico from the US before recession crisis of 2008 with never-recipient households to determine the effect of remittance in child labour and school attendance. After controlling for selection problems, they used differences-in-differences to evaluate the effect. They found that negative shock (a reduction) of remittance significantly decreased the school attendance of children and increased child labour in Mexican children.

Sanderatne (2011) explained that the out migrations of Sri Lankans no doubt contribute handsomely to the country's economy. However there are both benefits and adverse impacts of outmigration. The main positive impacts are that the remittances strengthen the balance of payments and contribute to GDP. They have also contributed to the improvement of living conditions and livelihoods. No doubt one of the ways by which poverty has been alleviated has been these remittances. These have enhanced incomes of the poor especially those in rural areas. No doubt the poor have improved their living conditions owing to remittances from migration. Unemployment in the country has been reduced by migration but availability of skilled labor has decreased and labor costs have increased. However there are several problems encountered by the migrants in foreign countries and has led to serious dislocation of family life and caring for children and parents left behind. Therefore national policy towards migration must consider all these facets, both good and bad, in determining policy.

IMF (2011) presented more broad or formal definition of remittances that incorporates "compensation of employees" and "migrants' transfers" to workers' remittances. In the IMF statistics, compensation of employees is accounted for in the income components. Migrant' transfers are included in the capital transfers while workers' remittances form part of the current transfers.

Azam and Khan (2011) analyzed the impacts of workers' remittances on economic growth of Azerbaijan and Armenia's economies. The statistical analysis has been made through simple log linear regression model and the method of least square has

been used. The study concluded that worker remittances are, significant and have positive impacts on economic growth and development. The findings suggested that the relevant authorities of both the countries need to formulate appropriate policies in order to encourage worker remittances and such remittances must be utilized more efficiently.

Muchemwa (2011) initiated to describe how does remittances impact economic growth of recipient countries in Sub-Saharan Africa? He found that, the positive impact of remittances on economic growth in Sub-Saharan Africa happens mainly through the human capital economic channel. When remittances are used for human capital investments in the region, positive and increased economic growth can be realized. There is a possibility that most households receiving remittances in Sub Saharan Africa are utilizing them for education. When enrolment in primary, secondary and tertiary education is increasing, there is a simultaneous rise in the quality of labor force available for in a particular country. Quality labor force implies improved production which bears a positive impact on overall economic growth.

Stephenson (2011) attempted to study different categories of remittance. Out of them, one interesting category is spending effect of remittances income in Jamaica. He found that, remittances positively affect a household's willingness to spend on luxuries such as eating out and visiting a salon, *ceteris paribus*. He also concludes that the share of spending on vices such as tobacco and alcohol were negatively related to reliance on remittances in Jamaica.

Singh (2011) stated that the impact of remittances being tremendous for both the household as well as the economy like India which is characterized by persistence of abject poverty and lack of opportunity for the able one in every aspect of their life. Remittances, as a result of International migration, have emerged as one of the most fruitful panacea to get rid of such economic problems.

Acosta (2011) concluded that the impact of remittance in child schooling was not significant in El Salvador. The study further points out that the impact is different by gender and age of the child. It showed that the receipt of remittances reduces labour activities and increases school attendance of girls. Unlike girls, the boys were not benefitted from remittances as household work activities disrupted their schooling.

Balde (2010) commented that when remittances are saved or productively invested, they can have an indirect positive impact in economy of the recipient countries. In his argument, he observes that remittances alone do not have a direct positive effect in economy but they do have an indirect positive effect that is channeled through the generation of savings and investments.

UN (2010) depicted that efforts to increase the volume of remittances should also be supported by efforts in channeling the remittances to more productive uses for sustainable reduction in poverty. Apart from providing food security to the households, if remittances are used for improving skills and productivity of the recipients they will have more sustainable impact on improvements of standard of living. Families receiving remittances should be allowed to use future remittances as collateral for procuring loans for education, house building or other activities like procuring fertilizers, machinery, etc for farms.

Adams and Cuecuecha (2010a) studied on the economic impact of remittances on poverty and household consumption and investment in Indonesia; found that international remittances had significantly large effect on reducing poverty. Adams (2008a) compared the level, depth, and severity of poverty between remittance receiving and non-receiving households in Ghana using a 2005/6 household survey. The study showed that remittance significantly reduced the level and depth of poverty.

Adams (2009) argued that the skill composition of migrants and the volume of migrants were the main determinants of the remittances. He concluded that the countries that exported a significant share of highly skilled migrants received less per capita remittance than those that exported a large proportion of low-skilled migrants. It was found that in Guatemala both internal and international remittance payments reduce the level, depth and severity of poverty. The poorest 10 percent receive between 50 and 60 percent of total household income from remittances. Those households benefiting from remittances are more likely to spend more on education, housing and health, whilst those with no remittances spend higher proportion of their incomes on food and other consumer durables. Those households receiving international remittances spend 58 percent more on education than non receiving households. Adams and Page (2005) in their study pointed out the migrant remittances significantly reduce the level, depth and severity of poverty in the developing world. Their results suggest that, on average, and after controlling for the

possible indignity of international remittances, a 10 percent increase in per capita international remittances leads to a 3.5 percent decline in the proportion of people living on less than \$ 1.00 per person per day.

Karagoz (2009) made an empirical research on the remittances and economic growth in the case of Turkey, The study showed that remittance flow has statistically meaningful but negative impact on growth. On the other hand, exports and domestic investments positively affect the economic growth, while foreign direct Investment has no meaningful affect. Turkey which met with regular and massive labour migration to abroad after 1960s is still one of the most remittance gain countries In the world.

Duval and Wolff (2009) found that, transfers are negatively correlated with both the sender's and recipient's levels of education. Remittances have a positive impact on indicators like "satisfaction with current situation", adequateness of food consumption, and purchase of durable goods. The study of Acosta et al. (2008) showed that increasing levels of remittances in developing economies could have a major influence on the type of spending. Within GDP, the share of tradable (agriculture and industry) sectors decreased while the proportion of non-tradable (service) sectors increased. Hence, he concluded that the rising levels of remittances in emerging countries led to Dutch-Disease. Similarly, the empirical study of Adams Jr (2008b) using Ghana Living Standards Survey (GLSS 5) (2005/06) showed that households in Ghana treat remittances just like any other source of income. Although remittance has wider effect than recipient households, into the community and whole economy, the following sub-sections overview its impact in some of the key variables. Osili (2007) studied the implication of remittance flows for Nigerian immigrants in Chicago on their families in Nigeria. The study concluded that the impact in the national income distribution depends on various factors such as end use of remittance flows by the families, the size of the migrated population and position of households. Airola (2007) investigated the use of remittance income in Mexico. The data came from a household income and expenditure survey of Mexico from 1984 to 2000. The study concluded that remittance-receiving households spent less of their household budget on food and more on durable goods, healthcare, and housing. Remittance income improved the welfare of households, especially of those that had income below average.

Ratha (2007) stated in that a strong flow of remittances can also improve the receiving country's creditworthiness, lowering their cost of borrowing money in international markets. A research and policy agenda to maximize the development impact of international remittances would include the following four elements: a) monitoring, analysis, and projection; b) retail payment systems; c) financial access of individuals or households; and d) leveraging remittances for capital market access of financial institutions or countries.

Mansuri(2006a) explored the relationship between temporary economic migration, remittance and investment in child schooling in rural Pakistan. She concluded that there was a large positive effect of remittance on human capital accumulation. Remittances tended to decrease the inequality between boys and girls in access to education. Also, female headship caused by the male migration appeared to protect the boys at the cost of girls.

Maimbo (2005) studied labour remittances in four South Asian countries - Bangladesh, India, Pakistan and Sri Lanka. Their findings concluded that every 10% increase in remittance lowered the level of poverty by 0.9 %.

Adams Jr (2005) analyzed the effect of receipt of remittances (both national and international) on the marginal spending behavior of households in Guatemala. The study used data from a comprehensive national household survey conducted in 2000 and found that households receiving remittances spent less at the margin on the consumption of food, consumer goods and durables. Further, it also concluded that marginal expenditure of remittance receiving households on housing and education was more than that of the households without remittances.

Groenwold and Fokkema, (2005) identified the driving force behind remittance behavior only the altruism and self interest are not the absolute motives for migration in Egypt, Morocco and Turkey. The general conclusion of their study is that the family ties and the net earnings potentials of migrants have stronger effect on the How of remittance then the net earnings potentials of the household in the country of origin. One cannot argue exclusively either for altruism or self interest as motives, since for each country the data tell different story and both motives can be identified as driving forces of remittance behaviors. The other finding is, because the receipt of remittances has positive effect on the emigration intentions of household member still living in the country of origin, the receipt of remittances may contribute to new flows of migration particularly in the case of Morocco.

Regmi and Tisdell (2002) concluded that the remittance obtained from the rural to urban migration in Nepal had a little contribution to the rural capital formation and hence, did not contribute significantly to the development of rural areas. Similarly, Barajas et al. claimed that there existed a robust negative correlation between remittance and GDP growth of a country. Hence, remittance did not serve as a source of capital for economic development.

Bricks and Sinclair (1980) illuminated on the course of international labour migration. They defined the main reasons of migration as low employment opportunities in the self country, political imbalances, poor economic and social conditions that compel the job seekers to migrate. But only migration of those people is not the absolute remedy to come act these obstacles.

Similarly the research study made by Stalker in 1980, traced out the major causes of migration is the poor economic condition in the self country. Several population pressures, lack of adaptable employment in abroad. It seems that to eradicate poverty and scarcity international labour migration in abroad could be beneficial to some extent.

2.2 National Perspective

CEDA (Central Department for Development Administration) was the first institution to study about the migration systematically in the context of Nepal. CEDA 1977, conducted a study on migration in Nepal, demonstrate the cause of internal migration as rapid growing population, natural calamities, shortage of food production, social erosion are major cause of migration or these can be defined as 'push factor' and land availability, employment opportunities, security are " pull factors" for migration. Seasonal migration enhanced by lack of cash income and lack of employment opportunities. It is also mentioned that factors are more responsible for out migration rather then pull factors.

Tuladhar, Sapkota & Adhikari (2014) highlighted a mixed conclusion on the effect of migration and remittance on agriculture in Nepal. The result concluded that migration adversely affected agricultural yield and remittance inflows were not contributing to improving output. Most of remittance money was spent on foreign consumer goods increasing imports; hence, there were adverse impacts on the rest of the economy.

Acharya and Leon-Gonzalez (2014) examined the impact of remittance on poverty and inequality in Nepal. Using nationally representative NLSS-II and III

survey data, they used region-wise simulation to estimate the difference of impact. The study showed that remittance had a significant impact on the reduction of all types of poverty in Nepal. The result also pointed out that the impact was greater in regions where there is a higher level of emigration; Although, remittance from other countries except from India increases inequality.

Dahal (2014) analysed the effect of remittance on the economic development of Nepal. He pointed that although remittance enhanced entrepreneurship, it depressed manufacturing. It had a negative association with international exports, although, it had a positive association with financial and human capital accumulation. Hence, the study concluded that there was a combined effect of remittance on economic development.

Tripathi (2013) concluded in that remittance is just a quick fix to our economic woes; it's not a sustainable solution. Dependence on remittance is going to keep us as consumers forever, never really encouraging us to become producers. But that seems to be the very strategy applied by those at the helms of state affairs.

Nepal (2013) studied the determinants of remittance in two Eastern districts Jhapa and Sunsari in Nepal. Her study concluded that the variables age of head, the gender of the head, the number of young and adult members at home, housing structure, ethnicity (Hill Janajati) had a significant impact on the receipt of remittances. All these studies examined the socio-economic factors that affect the propensity of a migrant to remit.

The study of Maharjan (2013) on agricultural production in the Western hills of Nepal concluded that the migration of a family member had resulted in a reduction in family labour input in farms. Although remittance eased the liquidity and capital constraint of households, it had no effect on the material inputs (improved seeds and fertiliser) needed for farming.

Ghimire (2013) pointed out in his report that the positive impact of remittance at the household level. Families receiving remittance are enjoying a comparatively better quality of life now than in the past. One can observe that these families have been slowly overcoming the debt burden, relatively comfortable houses with good toilets are being constructed, children are studying in private schools if they are available nearby, and televisions and mobiles have become common amenities. New market centre are emerging in the periphery; new kinds of small businesses such as public telephone booths and cyber cafes; beauty parlors and cosmetic shops, readymade

garment outlets and stationery stores have increased; employment opportunities in private schools and colleges has expanded and families are shifting from rural areas to cities and new market centre.

Thapa (2013) found that we are exporting cheap labor at the cost of stagnant domestic production. It has been evidently proven that remittance income is consumed but insignificantly invested. Though positive, its contribution to growth is meager. Thus, remittance is necessary but not sufficient for growth in Nepal because it is consumed but not invested. He also concluded that to check high domestic consumption expenditure out of remittance and divert it to production investment, it is urgent to formulate and indorse set of policies which guarantee the mobilization of remittance towards investment. This will boost up economic growth of the nation thereby increasing employment opportunity in the nation itself.

Sapkota (2012) referred remittance to be induced Dutch disease effects and policy laxity to improve investment climate in Nepal. Since it is costly to sterilize the impact of remittances each year, it might be prudent to learn to live with it and gradually channel remittances to productive usages with a goal to boost productivity.

Wagle (2012) examined the socioeconomic implications of foreign remittance in Nepal Using NLSS data of 1996 and 2004. The result indicated that foreign remittance helped to increase household income sizable and to reduce poverty and income inequality marginally. His findings also showed that smaller families from lower socioeconomic backgrounds with less asset-holding were likely to receive less remittance.

KC (2012) emphasized that today; remittance has become an important source of revenue for government through tax and fees. These fees include fees paid by manpower companies, passport fees, value added tax and other non-tax revenues. Similarly, remittance has become an important source of revenue for private sector as well. Various recruitment agencies, agents, medical institute, orientation institute, training institute, advertisement, photograph shop, air-ticketing, local transport, hotels, restaurants etc has been collecting significant amount of revenue – Rs 107 million per day, since the foreign labor migration has become a common phenomenon. On the other hand, through 26 commercial banks, 2 finance companies and 45 money transferring agencies which are endowed with the responsibility of transferring foreign currency in the domestic financial market, vacancies for different senior and junior post are not a new phenomenon in different media. Expansion of

airlines network and training institutes are increasing in proportion with increase labor migration. It is roughly estimated that about 0.34 million jobs are created all over the country by the phenomenon of labor migration – Foreign employment, remittance and its contribution to the economy of Nepal. These employment opportunities are to be understood in term of hotel accommodation, transport, recruitment agencies and money transfer agencies etc.

NRB (2012) revealed that a growing trend of remittances worldwide has drawn attention of both academia and policymakers in recent years. Remittance income is emerging as one of the most significant and reliable sources of external finances for many developing countries. Not only in the macro level, has the contribution of remittances been direct and sizable in migrant-sending households in micro level as well. A significant number of people in developing world are now receiving remittance earnings to finance their expenditures in home consumption, health and in children's education.

Bhatta (2012) concluded that in Nepal, economic liberalization accessed the international labor market at one side and eased the international trade of goods and services on the other side. Thousands of young manpower migrating every year to work abroad is in increasing trend. Such an emigration rose remittance inflow sharply in the recent years. Remittance inflow helps provide hand-to-mouth provision to the poor as well as improve the living standards of them. Hence, it has been observed as a good contributor for the economy. However, it might further deteriorate the trade balance, causing to increase in demand of consumable goods, most of which are imported.

Acharya (2012) analyzed that with more investment in infrastructure and other productive sectors, the economy would generate its own economic return, making the domestic market stronger and entrepreneurship to improve. Such economic return would create more opportunities and incentives for future investment—creating a virtuous cycle. Greater economic return would have negative causality on migration; as opportunities within Nepal would provide incentives for people to stay. Gradually, the economy would emerge out of its remittance dependency. This essentially, would establish Nepalese economy to be self confident and competitive.

IMF (2012) presented the remittances are the main source of Nepal's foreign exchange receipts, equivalent to about $\frac{1}{4}$ of GDP. The GCC countries,

Malaysia and India are the main host countries, although anecdotal evidence suggests that Nepali workers in India receive lower salaries than those in GCC countries and Malaysia. Although remittances are essential to smoothing consumption and supporting Nepal's balance of payments, their impact on potential growth may be less significant. One explanation for the weak link is that the bulk of remittances finance consumption rather than investment and leak out through imports. Although remittances could boost consumption of non-tradable goods, inflationary pressures on these goods tend to rise as a result and jeopardize competitiveness, which are commonly seen in the cases of "Dutch disease".

Banjade (2011) tried to generalize the nature and role of remittance in Nepalese economy. He has find that to make the remittance income more productive in macro level to carry out effective and efficient public policies to channelize remittance in productive projects, the government has to look at what motives Nepalese to send their money at home particularly beyond individual family remittances, and crafts its policies to take advantage from it. Therefore, to keep sustain foreign employments and income government of Nepal must adopted peace and sound policies to getting multiplier effect from it especially on macro variables like as to maintain BOP, investment, saving and expenditure etc. Its role some extent in rural area for poverty reduction through solving hand mouth problem but it is not sufficient, to make more beneficiaries in nationwide proper channelize needed in it. Thus, government must think to that direction in forthcoming days.

Parajuli (2011) conducted the effort to identify the contribution of remittance on poverty reduction based on his study area. According to him, there is no doubt that remittance plays crucial role in Nepalese economy if it utilized in proper and effective way. Hence, the government has to give priority to lunch the program and policy for its proper utilization in different sectors. Capital formation program should be encouraged. State should be create good environment for spending capital and encourage investment in productive sector like agriculture, hydropower plant, tourism sectors, industry etc, for overall economic development of Nepal. It is equally importance from grass root level to national level it has increases the economic condition and the social condition of all remittance holders, there is positive change in the community level to the national level. Therefore we can say that remittance income is playing vital role to reduce the poverty.

Dhungana (2011) stated that Nepal has been experiencing continuous growth in remittance inflow since last few years and as a result its disposable income has continued to rise as well. As per the Nepal Living Standards Survey (2011) 78.9 percent of total remittances are spent in daily consumption whereas 7.1 percent in repaying loans, 4.5 percent in household property, 3.5 percent in education and 2.4 percent in capital formation. The Nepalese economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in savings and investment rates. Consumption oriented remittances have only increased our reliance on imports. Even if a fraction of remittance gets channeled towards productive sectors such as infrastructure development, it can have multiplier effects and push economic growth to a higher level.

Khanal (2011) illustrated that households that receive remittance income also experience the “spoil effect”. It means that easy availability of remittance money sent from abroad creates distortion in the work efficiency and working mentality of the recipient members. A study in Kosovo showed that remittance made the youths reluctant toward seeking higher education and reduced their incentives to work. Similar results have been observed in remittance heavy economies like the Philippines, Egypt and Somalia. Are such spoil effects present in Nepali society? Do we risk losing our youths to poor education and poor skills?

Pant (2010) comprised that remittances are a critical lifeline for Nepal. To meet the challenges emanating from the slow growth of remittances, the country needs to a) improve access to remittances in rural areas, b) link remittances to additional financial services and products, c) develop productive rural investment channels for migrants and community- based organizations, and d) promote awareness-creation and foster an enabling environment for rural remittances. Microfinance is quite appropriate for addressing some of the core financial service needs pertaining to remittances, given the relatively poor socioeconomic background of the majority of remittance receiving households, and the small size of most of their financial transactions. Areas where microfinance institutions can contribute to leveraging the development impact of remittances include money transfer services savings and cash management products and remittance linked lending.

Srivastav (2010) mentioned that no doubt remittance has contributed substantially to maintain the macro stability of developing economy. In recent year, the remittance has been leading in the external sector .since last few years, remittance income is

playing main role for the foreign currency earning and favorable impact on balance of payment. In micro level, the biggest contribution of remittance for Nepal has been reported to be welfare and improvement in the livelihood of remittance receiving household. This indicate that the major parts of remittance income have been utilized for family consumption since Nepal does not have sufficient domestic production, this aspect shows consumption may lead to the trade deficit facing the nation.

Shrestha (2009) discussed that Nepalese migrants used to leave the country for foreign employment with various motives long back ago. The demand for Nepalese labor abroad has relieved the unemployment problem to some extent and the remitted fund has contributed to reduce the poverty level of the country to a larger extent. Among the various uses of remitted fund vary by reducing poverty, creating economic security and enhancing social status within the household and the community. Remittances have been playing pivotal role by relaxing foreign exchange constraint, increasing contribution to GDP and strengthening the balance of payment situation of the country. Various policy measures have been undertaken by the concerned authorities for encouraging remittances through official channels and use of the assets and skills of the returnees for themselves as well as for the economic development of the mutiny. Recent global economic crisis has compelled the concerned authorities to revise policies and programs regarding foreign employment regime of the country.

Upadhaya (2009) attempted to analyze the economic impact of the foreign employment and inward remittance entering inside the country. He stated that with equal volume of remittance entering inside the country through informal channels, it has become a challenge for the Government to bring the remittance entering inside the country to official fold to the extent possible. Although disrupting the informal channels would have an adverse effect on those who rely on hundi networks for their income, formalizing money transfers will benefit the country in the long run through investments and the multiplier effect.

Malla (2009) claimed that remittance from the people migrated from Nepal was an important source of development finance that strengthens the balance of payments of the country, contributes to GDP and more significantly is a tool for the reduction of mass poverty.

Bista (2008) has mentioned that remittance is in simple income of out flowing labor from their foreign job. Monetary policy initiates remittance growth per

annum for BOP surplus, foreign exchange stability and availability, growth of deposits in the commercial bank and maintaining market liquidity but remittance completely depends on skill and number of labor, non discriminatory wage rate as well as foreign exchange rate. It is believed that the remittance income of national and household economy will strengthen the expansion of local and national economic activities.

Pant (2008) argued that bringing recipient households into the formal financial sector is only the first step in using remittances more effectively. Country surveys indicate that, although households typically spend a large proportion of their remittances, their propensity to save can be as high as 40 percent. For policymakers in Nepal, the challenge is to channel these savings into productive uses.

Lokshin (2007) examined the impact of remittance in Nepal on poverty using two rounds of household survey data NLSS-I (1994/95) and NLSS-II (2003/04). They showed that both national and international migration played a major role in poverty reduction. Finally, their study concluded that remittance received from work-related migration was largely responsible for the 20% reduction of the poverty in Nepal between 1995 and 2004.

Bhadra (2007) observed the mixed impacts of the children of migrant mothers in Nepal: positive impacts were seen on the opportunities for education, health care and lifestyle but worsening psychology of their children as their mothers apart for a long time. By being able to earn an income, support the family financially and have the freedom of financial decision-making, traveling to foreign countries with new experiences, seeing new places, and meeting with people from different parts of the world and interacting with them brings the feeling of independence and confidence for the migrants and this effect impart to their immediate family as well.

Regmi (2007) has attempted to identify the role of remittance to reduce rural poverty. He has presented the utilization of remittance to reduce the rural poverty based on his study area. He has found that the remittance are important sources to reduce the rural poverty, get various changes after gaining the remittance income, mentioned the direct impact to the education and at the real estate in the study area.

Gaudel (2006) represented the remittance is need for economic development. He argues that many workers from Nepal going abroad for employment are no doubt young, energetic, laborious and enthusiastic. They do hard work for

earning large remittance income to support their families. However, the downside of remittances reflects the view that remaining young generation for long time outside without family may increase their vulnerability and ultimately they will have a tendency to leave their homeland. Thus, in order to recover the loss of economically active labor force to the domestic economy, they should be encouraged to come back again with skilled knowledge for utilizing their savings and working experience for development to the productive areas in accordance with the priority of the national development plans.

Karna (2004) observed that after the Second World War, employment opportunities in India grew significantly and increasing no. of Nepalese went there to find work, mainly in lower paid and menial jobs. This was widely considered a manifestation of Nepal's lack of development and helped encourage an emerging critique of Rana's failure to promote development in Nepal. After Indian independence (1947) and treaty of friendship (1950) with India, there were few travelling restrictions and no. of special permits required. Work could even be found in the public sector in the Indian army, the police force and civil service. Many Nepalese joined the Indian army and police force on even larger no. sought employment in the private sector. He also argues that, there are diverse migration pattern in Nepal.

1. There is substantial internal migration from rural to urban areas and even within rural areas, driven by poverty, internal conflict and a search for jobs and better earnings.
2. There cross-brooder migration mainly to India
3. Nepalese workers move to the Middle East and Asian countries for temporary employment.
4. There is a flow a skilled emigration to more developed countries. For labor migration is subject to considerable risk and uncertainly and for those with very few resources. It is often more secured to remain at home as lesson from Iraq incident. It is the remittance of Nepalese engaged in dirty, dangerous and demanding occupation that has kept the economy afloat. Only 42 percent remittance enters the Nepal through legal channels.

Regmi and Tisdell (2002) concluded that the remittance obtained from the rural to urban migration in Nepal had a little contribution to the rural capital formation and hence, did not contribute significantly to the development of rural areas.

Although some of the evidence shows a mixed or negative effect, most of the literature studies discussed above find a significant positive impact of remittances on the reduction of poverty alleviation, the growth of the economy, agricultural production, expenditure behavior of households, and human capital formation.

2.3 Research Gap

Remittance income is one of the most sources of foreign capital inflow for the developing country like Nepal. It has positive as well as negative impact in the recipient country but it depends upon the utilization of remittance income. Most of the studies concluded that the productive use of remittance income has alleviated the poverty either directly or indirectly which is crucial phase of development process. But in developing countries only a small percentage of remittances are used for productive investment such as income and employment generating activities. The main beneficiaries of remittance are countries having lower and middle level income. They receive nearly half of the remittance generated in the world and use as an alternative for financing the development project on the grass root level. Hence, remittance is effective tool for reducing poverty and enabling better health care, housing and education. The relationships between health, education, information access, women empowerment and utilization of remittance income will constitute a vital framework for this study. There are diverse opinions within migration literature when it comes to the question of whether remittances are mainly invested or consumed. The conventional approach presents positive effects of remittances only if they are invested properly. If remittances are only used for consumption then their potentiality of positive impact becomes questionable. There are circles however they argue that remittances can still play a positive impact even if they are used for consumption. This study has scrutinized the available literatures and relates it to the study of Bheerkot Municipality of Syangja District which have not had done yet. It is an effort to fill the gaps on how remittances and its impacts are related in the study area.

CHAPTER III

RESEARCH METHODOLOGY

There is vital role of methodology in any type of research process. To collect the reliable data from research area and presentation of collected data one can use various types of research method. Methods are different from one problem to another and can be used specific methods on the basis of study area and nature of subject matter. So, the researcher should choose carefully which methods have to use to solve the problem.

3.1 Conceptual Framework

The source of household income of this study area can be classified into two major sources; local source and remittance source. Local source includes agriculture and related activities (livestock farming) and off-farm activities. The off-farm activities include local services (governmental and non-governmental), local business and others activities i.e. caste based occupation and daily labor wages. The remittance source includes external and internal remittances. External remittance includes the income derived from foreign civil services (excluding India), Indian civil and army service and pension whereas internal remittance includes the income derived from the both types of governmental and non-governmental services, business, pension, and other activities (daily wages) which are done outside the study area.

3.2 Definition of the Terminologies

The following terms and concepts which are used in the text can be defined as follows:

Remittance

- i) The sending of money to someone at a distance, (the American Heritage Dictionary, 2004).
- ii) A payment of money sent to a person on another distance, (Legal Dictionary, 2003).

Remittance especially is an income generating phenomenon which is earned and sent back to their family by those people who are far from their permanent residences to satisfy to their daily requirement, such as in the form of salary, pension and gratuity etc. there are two types of remittances-internal remittance and external remittance.

- i) Internal remittance: In the context of internal remittance, it refers to that money which is earned from inside the country but outside the native village and sent back to their family by those numbers who are not living at home. The source of

internal remittance includes income from governmental service and non-governmental service, pension (native), money earned through business and wage earnings.

ii) External remittance: it refers that money which inflows into the country as well as village from abroad. The sources of external remittance are foreign civil service, Indian civil service and army service and pensions.

Remittance receiving households: The households which get any kind of remittance from outside the village.

Remittance non-receiving households: The households which do not get any kinds of remittance from outside the village.

Labor migrant: It refers to those people who have migrated out from the nation and changed their residence temporarily for economic opportunities.

Civil services: Civil services refer to all type of governmental and non-governmental services that are rendered for money.

Agricultural income: It refers to that income which is derived from agricultural production and its related activities.

Off-farm work: Majority of the people in the village area has small and marginal size of land and the return of the land (food grain production) is also small in quantify which cannot fulfill their hand to mouth problem. Therefore, people of the study area have search alternative source of income. Such types of extra activities are known as off-farm work which helps them to support their household economy.

Local income: Local income refers to that types of income earned inside the village.

Household income: The income of a family derived from agriculture and related activities, off-farm work and remittance (received from various sources).

3.3 Rationale for the Selection of the Study Area

Syangja District, a part of Province No. 4, is one of the seventy- five districts of Nepal. The district, with Syangja bazaar (a small town) as its district headquarters, covers an area of 1,164 km² and had a population of 289,148. It lies in the hilly region at an altitude ranging from about 300 meters along the banks of Kaligandaki river up to a couple of thousands meters above the sea level. It lies at about latitude 28⁰4'60 North and longitude 83⁰ 52' 0 East. The districts now has 5 municipalities (Nagarpalika) Bheerkot, Waling, Putalibazar, Chapakot and Galyang and total of 6 rural municipalities i.e. village Councils (Guanpalika) which are Aandhikhola, Arjun

Chaupari, Biruwa, Fedikhola, Harinas and Kaligandaki. The Bheerkot Municipality is the main targeted study area of this research.

Bheerkot is a Municipality in Syangja District of Gandaki Zone of central Nepal in Western Region. The new Municipality was formed by merging four existing villages Banethok Deurali, Darsing Dahathum, Dhapuk Simal Bhanjyang and Khilung Deurali on 18 September 2015. The office of the Municipality is that of the former Darsing Dahathum village development committee's Bayarghari Bazaar. The total population of these four places is 25, 583. It has 34 km² (13 sq mi) in area and 530/km² (1,400 / sq mi) the density. It lies at about 28⁰2'12" North and longitude 83⁰ 47' 58" east.

This study is based in primary data collected through the household survey of remittance receiving and non-receiving household. In this process, five ward (1, 3, 5, 7 and 9) have been purposively selected to collect necessary information and stratified random sampling method has been applied. Out of the 4420 households, only (210) households have been selected for the study. Similarly, necessary secondary data have also been collected as per the requirement of the study.

The Bheerkot Municipality is a very newly, small and it is backward in the race of its development. But, the trend is seen that many youths are out of their home for foreign employment and they send their earnings back to their home. This Municipality is accessible to the researchers and it is convenient for them to conduct the study at this site to overcome time and resources. So, this area has been selected for the research.

3.4 Research Design

This is the case study and the data obtain from both primary and secondary sources are analyzed by using both descriptive and analytical statistics. It tries to explain the socio-economic status of remittance receiving households and non-receiving households, nature of remittance, uses of remittance and its role in the rural economy.

3.5 Nature and Sources of Data

The nature of the study is descriptive as well as analytical. Both the primary and secondary data are used in this study. Primary data have been collected from the sample households by structural questionnaire, interview and observation through the field visit. Secondary data have been collected from the available sources, such as Municipality office, economic journals, documents of NRB, books and other associated reports.

3.6 Methods of Data Collection

In order to achieve the specified objectives of the study, necessary data and information have been collected by using available tools and appropriate techniques, such as preparing and filling the structural questionnaire, direct personal interview, direct field observation etc. here, both primary and secondary data have been used. Primary data have been collected from the concerned households of the study area through the direct field visit and secondary data from national population census, Municipality records, planning commission reports, Rastra Bank's reports, books and other published and unpublished materials.

3.7 Sampling Procedures

In order to conduct this study, stratified random sampling method is applied. So, Out of the total nine wards of Bheerkot Municipality, first all, five wards, i.e. 1, 3, 5, 7, and 9(odd numbers) were selected purposively. To fulfill the objectives of the study, preliminary survey was conducted to find out the characteristics of households. Data and key information were collected from Municipality records, documents, ward leaders, social workers, Municipality secretary and local teachers.

To make this study meaningful and advance within the given time period and resources, Out of the total 4420 households, only (210) households have been selected for the study. Similarly, necessary secondary data have also been collected as per the requirement of the study. Among the households selected by random sampling method from each group (remittance receiving and non-receiving) in which Out of total 210 sample households, 128 are remittance receiving households (RRHHs) and 82 are remittance non-receiving households (RNRHHs). The sample units were selected proportionally from three major caste groups (upper caste, ethnic and Dalit) that was taken 42 households from each odd wards.

In the process of selecting sample households, the remittance receiving households have been classified into groups: external remittance receiving households and internal remittance receiving households.

3.8 Tools and Methods of Data Analysis

In order to analyze the collected data, sample statistical tools, such as average, standard deviation, combined mean, percentage, and ratios have been computed as per the need of the study. Tabular method has been applied in the characterization of sample households. To test whether there is any significant difference between two households groups regarding remittance receiving and non-receiving, mean difference test (z-test) has been applied using.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

Nepalese people are highly suffering from political instability which is followed by the insurgency since past years. Facing the absence of friendly environment for investment and cordial relation between the management and workers has generally pushed the Nepalese youth to abroad for foreign job. The higher level of unemployment, lack of security situation, boundary less state and excessive publicity of foreign employment opportunity are another pushing factor responsible to increase the number of worker for this profession. This section of the study presents comparative judgment of the various socioeconomic aspects of migrant and non-migrant households. The comparison is initially based on the simple graphical and tabular presentation of the survey data. It provides description about the impact of remittance on economic indicators, utilization of remittance income and expenditure pattern of foreign earnings. It also includes discussion of various results being derived from data analysis.

4.1 Introduction of the Study Area

Bheerkot is a Municipality in Syangja District of Gandaki Zone of central Nepal in Western Region. The new Municipality was formed by merging four existing villages Banethok Deurali, Darsing Dahathum, Dhapuk Simal Bhanjyang and Khilung Deurali on 18 September 2015. The office of the Municipality is that of the former Darsing Dahathum village development committee's Bayarghari Bazaar. The total population of these four places is 25, 583. It has 34 km² (13 sq mi) in area and 530/km² (1,400 / sq mi) the density. It lies at about 28⁰2'12" North and longitude 83⁰ 47' 58" east.

4.2 Socio- economic Characterization of Sample Households

There are many socio-economic characteristics of households in the study area. Majority of the people is in a low educational status with small medium size of land holding, unseen agricultural dependency with small quantity of production, deficiency of food stuff, lack of off-farm job opportunities etc. due to the short supply of food grain from agriculture and lack of off-farm activities within the Municipality, many villagers are compelled to migrate within the country or outside the country to earn remittance income for maintaining their livelihood. However, the socio-economic characteristics of the study area can be discussed in the terms of the following topics.

4.2.1 Caste Structure

People of the various castes are the inhabitants to the study area. The settlement pattern of the people is different from one caste to another to some extent. Generally, Brahmans and Chhetri scattered all over the study area. However, other castes, such as Gurung, Magar, Newar, Sarki, Damai etc are segregated to some specific locations. All the sample households have been categorized on the basis of their caste into three major groups-upper group, ethnic group and Dalit group. In the upper group, Brahman and Chhetri are included. Similarly, in the ethnic group, Gurung, Magar and Newar are included. The Dalit group includes Sarki, Kami and Damai. The caste structure of sample households is shown in table 4.1.

Table 4.1: Caste Structure of Sample HHs

Castes	Total	Percent	Caste group (%)
Brahman	66	31.43	Upper
Chhetri	48	22.85	
Gurung	20	9.52	Ethnic
Magar	25	11.90	
Newar	13	6.19	
Sarki	12	5.71	Dalit
Damai	10	4.76	
Kami	16	7.64	
Total	210	100	100

Source: Field Survey, 2016

Figure 4.1: Major Caste Structure of the Study Area

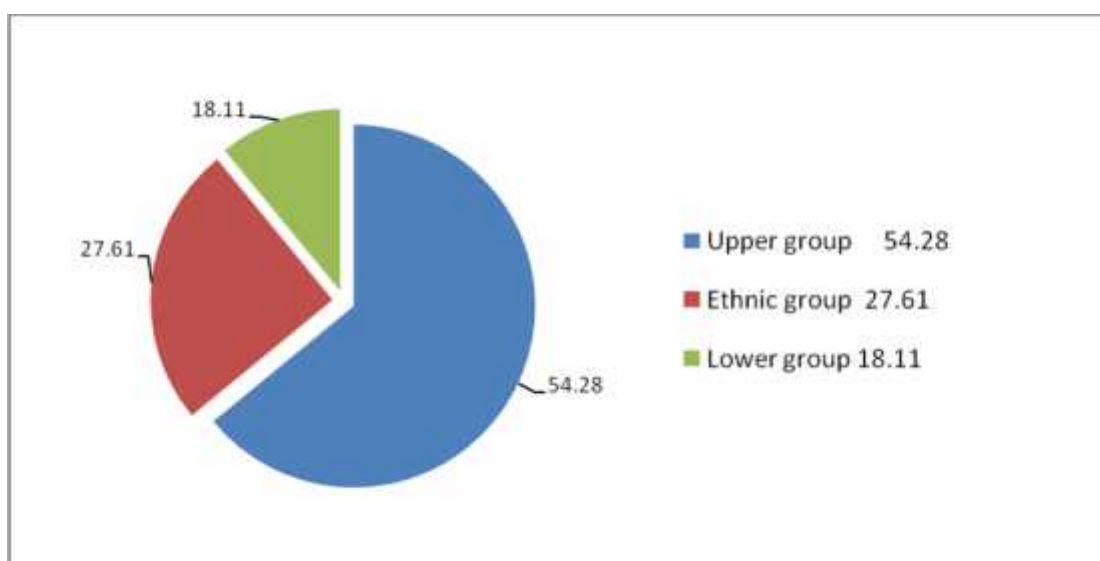


Table 4.1 and figure 4.1 show the caste-wise distribution of the households in the study area. Out of the total 210 sample households, 54.28% belong to upper caste which is the most dominating one. Similarly, the Dalit and ethnic group represents 27.61 and 18.11 percent respectively. The caste structure of the sample households by ward shows that Brahmans live in all the sample wards densely compare to the Dalit and ethnic groups.

4.2.2 Demographic Composition

Table 4.2 reveals the age and sex composition of the study area. Similarly, information given by the same table indicates the family size of the sample households.

Table 4.2: Demographical Composition of Sample HHs

Age structure	Sex composition		Number of population
	Male	Female	
Below 5 years	84	88	172 (11.58)
5-14 years	147	141	288 (19.41)
15-59 years	436	389	825 (55.63)
60 and above	69	129	198 (13.38)
Total	736	747	1483 (100)

Source: Field Survey, 2016

Out of the total population in this study area, the male population is 49.60% and female population is 50.40% of the total population of sample households. The average family size of the study area is 5.83 which are higher than the average family size of Syangja district (5.5) and national level (5.44).

Out of the total sample population, those groups below 15 years and age of 60 and above are known as dependent population because they mostly depend on other active people for their livelihood. The Economically active population (16-59 years) is largest portion of the total population in the study area. People of this age group can earn themselves and support other dependent people.

4.2.3 Educational Status

It is considered that education is the third eye of human beings. Education is a lifelong process through which people can improve their social status and standard of living. Educational status is the indicator of socio-economic development of the society and is also a measure of self-awareness, knowledge and environment. Educational status

of Nepal has progressed in recent decades. According to the census 1991, the literacy rate of Nepal was 39.6 percent. After a decade (in 2001), it increased by 14.14 percent and reached 53.74 percent. However, literacy rate was only 42.5 percent. Again in Census 2011, it reached 65.9 percent. The educational status of this study area can be seen in the sample household population data given below in table 4.3 and figure 4.3.

Table 4.3; Educational Status of Sample HHs

S. N.	Level of education	Number of people	Percent
1.	Illiterate	318(84 male, 234 female)	21.49
2.	Literate	723	48.71
3.	S.L.C passed	248	16.71
4.	Higher education	194(138 male, 56 female)	13.10
Total		1483	100

Source: Field Survey, 2016

Figure: 4.2 Educational status of sample HHs

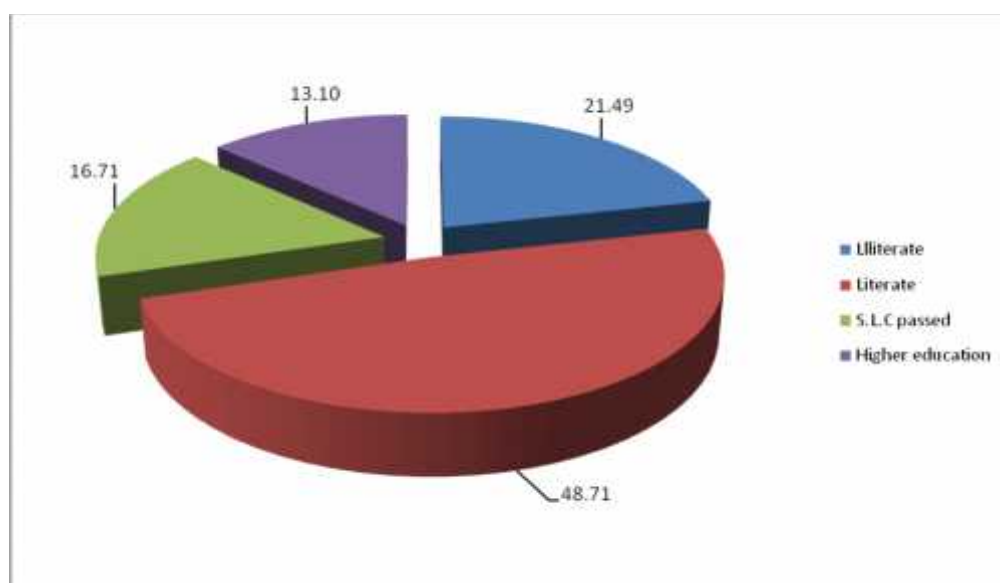


Table 4.3 and figure 4.2 reveal that 21.49 percent of the total sample household population is illiterate. Excluding the age group below 5 years, 48.71 percent of the total sample population is literate, 16.71 percent have passed S.L.C and 13.10 percent have gone for the higher education. Out of the total illiterate people (318), 26.18 percent are male and 73.82 percent are female. Similarly, among total illiterate people, the number of Dalits is more than that of other caste groups. This indicates that the access to education is low for female and Dalits still now. Likewise, out of the total persons 194 getting higher education, 71.13 percent are male and 28.87 percent are female. It shows the very low access of female to higher education. The

calculation states that literacy rate is 78.51 percent. In the study area which is higher than the national level (65.9%). It indicates that the study area is forwarded in education to some extent.

4.2.4 Land Holding Pattern

Due to the lack of other off-farm job opportunities, farming has become a major occupation of the people of this study area and land has been regarded as an important asset in maintaining their livelihoods. On the basis of its nature and use, land is divided into three major types, such as Khet, (year-round irrigated or seasonally irrigated land which is mostly used for paddy cultivation), Bari (dry land-mostly not irrigated and used for millet and maize production) and others (grassland, forest, fruits cultivated land etc). In total, the land used for cultivation purpose by the sample households is 2301 Ropanies, out of which 901 (39.16%) Ropanies come under Khet, 771 (33.51%) Ropanies come under Bari and the rest of the 629 (27.34%) Ropanies come under others. Land as an important property inherited from their parents is the indicator of the economic and social status of a family. Since the study area is basically agrarian, land is the basic asset and also the basic source of livelihood of the people.

Table 4.4 Land Holding of Sample HHs by Caste Group

Caste group	No of sample HHs	Land holding (in Ropanies)				Percent	Mean
		Khet	Bari	Others	Total		
Upper	114	551	410	361	1322	57.45	11.60
Ethnic	58	249	232	178	659	28.64	11.17
Dalit	38	101	129	90	320	13.91	8.42
Total	210	901	771	629	2301	100	10.96

Source: Field Survey – 2016

Figure: 4.3 Caste -wise Land Holding of Sample HHs

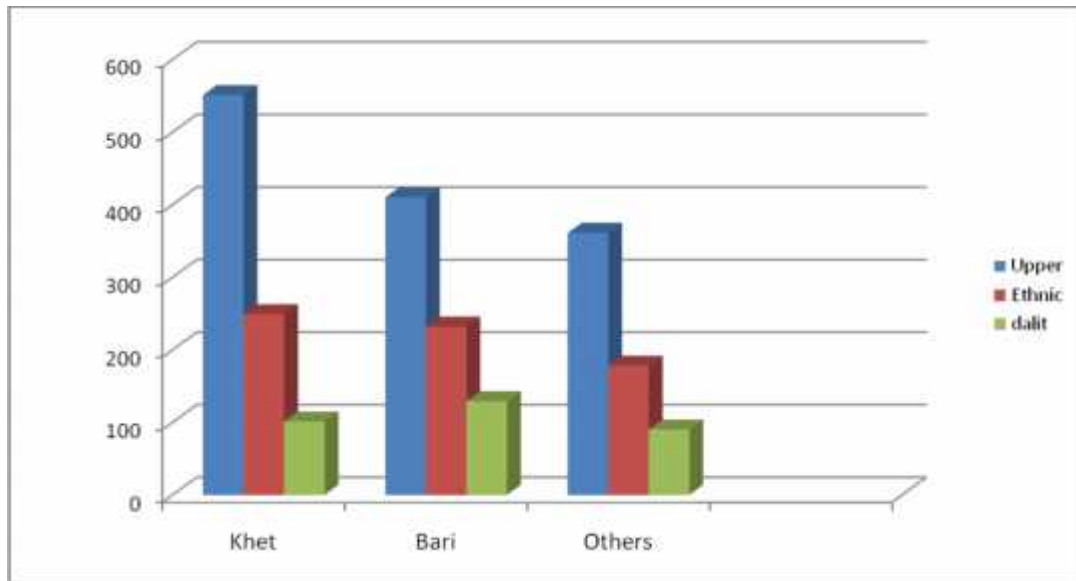


Table 4.4 and figure 4.3 reveal the distribution of land among people. Generally, those who have a socio-economically higher status hold not only a large area of land but also the fertile land. But those who are socio-economically low in status hold a small area with low quality of land. As a result, they cannot produce enough to sustain their life.

As mentioned in table 4.4, the total cultivated land that the households have owned is 2301 ropanies. About 57.45 percent is owned by the upper castes. Ethnic group and the Dalits occupy only 28.64 percent and 13.91 percent of land respectively. The average landholding size for all is estimated to be 10.96 ropanies. However, the average landholding size of the upper caste family is 11.60 ropanies per household but it is 11.17 and 8.42 ropanies per household for ethnic and Dalit respectively. This clearly shows that there is high degree of disparity in landholding in the study area that is, upper the caste, larger the landholding size and lower the caste, smaller the landholding size. It indicates that upper castes have more land and mostly involved in agriculture whereas the Dalit and the ethnic groups occupy smaller amount of land and involve more of off-farm works. Smaller amount of production does not meet the required amount of food materials for the family. Once there is a shortage of food materials, it compels the members of a family to search for a new job opportunity either within or outside the nation.

4.2.5 Size of Land Holding

Farm size is one of the factors which reveal not only the entitlement of the household but also feasibility to adopt modern technology for higher level of production and productivity.

Looking at this fact, the landholding size has been classified into three categories- small size of land (below 5 Ropanies), medium size of land (5-15 Ropanies) and large size of land (above 15 Ropanies). Under these lands size categories, the number of the caste wise households have been mentioned as follows (table 4.5).

Table 4.5 Land Holding Size of Sample HHs by Caste

Categories	Brahmins / chhetri	Ethnic caste group	Dalits	Total
Small	20 (17.54%)	9 (15.52%)	19 (50%)	48 (22.86%)
Medium	54 (43.37%)	34 (58.62%)	16 (42.11%)	104 (49.52%)
Large	40 (35.09%)	15 (25.86%)	3 (7.89%)	58 (27.62%)
Total	114 (100%)	58 (100%)	38 (100%)	210 (100%)

Source: Field Survey, 2016

Note: figure within parenthesis denotes percentage of the total.

Table 4.5 states that upper caste group have more land than other two caste groups. In upper caste group, only 17.54 percent households have small size of land. But 15.52 percent households of ethnic caste group and 50 percent (most of) households of Dalits have small size of land. Similarly, in upper caste group, 47.37 percents households have medium size of land whereas 58.62 percent households of ethnic caste group and only 42.11 percent households of Dalits have medium size of land. Likewise, 35.09 percent households of upper caste group have large size of land whereas 25.86 percent households of ethnic caste group have large size of land and 7.89 percent households of Dalit group have large size of land. This proves that the land holding size is directly and indirectly related to the social and economic condition of the households.

Out of total sample households (210), 22.87 percent households (48) have small size of land, 49.52 percent (104) households have medium size of land and 27.62 percent (58) households have large size of land. Although most of the households are holding medium and large size of land, the production and productivity of land is low due to the lack of proper irrigation system, use of traditional technology, lack of improved

seeds, steep topography and rocky soil, lack of commercialization in agriculture, low involvement of youths in it etc.

4.2.6 Agricultural Production

Agriculture is the major source of livelihood for the rural communities in Nepal. Due to the low existence of other employment generating activities, people and agriculture are inseparable. In this study area, people basically involved in agricultural production and almost all of them are farmers. They cultivate various types of food grains and cash crops. Food grains include paddy, maize, millet, wheat; pulses etc. cash crops include oilseed, potatoes, green vegetable, fruits, tomato etc. The agricultural production of sample households has been shown in table 4.6.

Table 4.6 Annual Agricultural Product of Sample HHs

S.N.	Main crops	Production amount (in Muri)	Market value (in Rs)	Percent
1.	paddy	2330	3495000	52.82
2.	Maize	940	1410000	21.31
3.	Millet	591	709200	10.72
4.	Wheat	366	549000	8.30
5.	Pulses	155	310000	4.69
6.	Others	71.5	143000	2.16
Total		4453.5	6616200	100%

S.N.	Cash crops	Production (in kg.)	Market value	Percent
1.	Oilseed	16180	647200	8.12
2.	Potato	54355	1087100	13.63
3.	Green Veg.	34420	688.400	8.63
4.	Orange	136650	97,33,000	34.27
5.	Tomato	1,06,900	2138000	26.81
6.	Others fruits	34050	681000	8.54
Total		382555	7974700	100%

Source: Field Survey, 2016

Due to the absence of commercialization in agriculture and lack of proper knowledge about cash crops, farmers mostly grow cereal crops in this study area. As the dominant crops, cereal crops account for 45.34 percent of the total agricultural production whereas cash crops account for only 54.66 percent in terms of the monetary value.

Major cereal crops of the study area are paddy, maize, millet and wheat, paddy is the dominant food crops that accounts for 52.82 percent of the total cereal (food grain) production in terms of the monetary value. Similarly, maize is the second important crop that accounts for 21.31 percent, millet is the third important crop that accounts for 10.72 percent and wheat is the fourth important crop that accounts for only 8.30 percent of the total cereal production in terms of the monetary value. Out of all cash crops produced in the study area, citrus fruit is the most important crop that accounts for 34.27 percent in terms of monetary value. Similarly, tomato potato and green vegetables occupy the second (26.81) third (13.63) and fourth (8.63) position respectively, Oilseed and other fruits account for 8.22 and 8.54 percent are respectively are also the important items of the village. The average value of agricultural production is Rs. 69480.476 per household.

4.2.7 Livestock Farming

Livestock is the supplementary part of agriculture. It brings a considerable income to the farmers. People keep livestock for the purpose of milk, meat, manure etc. They sell them in the market which helps them to earn money for buying necessary goods (food, clothes etc). Important domestic animals are buffalo, cow, ox, goat, poultry (birds) etc. There are 479 livestock within the sample households.

Table 4.7 (a) No. of Livestock Farming

Categories	No. of sample HHs	No. of livestock	Mean
Buffalo	162	263 (19.73)	1.62
Cow	72	198 (14.85)	2.75
Ox	59	65 (4.88)	1.10
Goat/Sheep	146	661 (49.59)	4.58
Others (dog, pig etc)	81	146 (10.95)	1.80
Poultry form (hens)	72	17,600	244.44
Total (except poultry farm)	590*	1333	2.25

Source: Field Survey, 2016

* One household may involve in rearing more than two types of livestock.

Note: Figure in parenthesis denotes percentage of the total.

Table 4.7 (b) Status of Animal Products

Production items		production unit	price (per unit)	Income lines
Milk	Buffalo	90.000 (lt)	40	11652700
	Cow	402635	20	
Meat	Goat/Sheep	5045	400	6417200
	Poultry farm	3660	120	
Other (manure, oxen/wage etc.)	-	-	-	650000
total	-	-	-	1,8719900

Villagers have goats and sheep which account for 49.59 percent of the total livestock population. The rest of the animals like pigs, dogs etc. represent 10.95 percent in total which have provided low contribution in generating income 72 household have poultry farm and they have 244.4 per household. The average numbers of animals like buffaloes, cows, oxen, goats/sheep and other are 1.62, 2.75, 1.104.55 and 1.80 per household respectively.

Milk and meat are the main products of livestock farming. All most all households produce milk from buffaloes and cows. The average milk produce is 2345.88 liters per households annually. Similarly 46 households are involved in producing meet from (goats and sheep) and 72 household are in poultry form. They produce 41705 kg meet in total annually. The total income of households earned from livestock farming is accounted for Rs. 18719900 which has contributed in annual income of sample households by 2252 percent. The average income generating form livestock farming is Rs. 89142.38.

4.2.8 Occupational Status

In this study area, people are engaged in various types of occupation. Agriculture is the major occupation but its production is so marginal that the households are not self-sufficient in their farm production. Because of this, people have to find out other off-farm activities. At present, a large number of people are engaged in agriculture; however, some off-farm economic activities have emerged. This fact is displayed by

the data mentioned in table 4.8. In other words, the table depicts occupational structure of the sample households by caste groups.

Table 4.8 Occupational Status

Categories	No. of HHs	upper caste	Ethnic	Dalit	No. of active population	percentage of total
Agriculture	210	255 (57.30)	119 (26.74)	71 (15.96)	445 (100)	53.94
Internal service	59	45 (68.18)	15 (22.73)	6 (9.09)	66 (100)	8.00
External service	96	58 (42.03)	53 (38.41)	27 (19.56)	138 (100)	16.73
Business	43	39 (61.90)	18 (28.57)	6 (9.53)	63 (100)	7.64
Daily wage earning and others	77	43 (38.05)	25 (22.12)	45 (39.83)	113 (100)	13.69
Total	485*	440	230	155	825	100

Source: Field Survey, 2016

*One household may involve more than one occupation

Table 4.8 reveals that agriculture is the main economic activity for the active people (15-59 years) of this study area. Out of total active people (825), 53.94 percent (445) are involved in agriculture and related activities directly and indirectly (because students above 15 years are also included in it as they do not involve in any other economic activities). Among the three caste group, 57.30 percent of the active population of upper caste has been engaged in agriculture. Similarly, 26.74 percent of the ethnic group and only 15.96 percent of the Dalit (active population) has been involved in farm activities. It indicates that there is very low involvement of Dalit in farming activities due to the small size of land holding. However, all sample household are involved in agriculture to some extent.

External service is the second major occupation for the active people of this study area (all types of works are involved within it). As there is rare possibility of getting jobs within the county, it has become a main source of livelihood. Out of total sample

population (active), 16.73 percent are engaged in external service. Among them, 42.03 percent from Upper castes 38.41 percent from ethnic group only 19.56 percent Dalit are involved in different works. It indicates that there is very low access of Dalit in external service due to low investment in developing skills and getting education.

Daily wage earning (and others) is the third major occupational source by which about 15.87 percent households are generating unstable income to minimize their economic burden. Out of total sample (active) population, 13.69 percent are engaged in daily wage earning and other activities in which 38.05 percent are from upper castes, 22.12 percent are from ethnic group and 39.83 are from Dalit. It shows that the access of Dalit in daily wage earning is higher than others due to their low social as well as economic status. Out of total active population, only 8 percent people are engaged in internal service in both governmental and non-governmental sectors. Among them, 68.18 percent people are from upper castes 22.73 percent people are from ethnic group and 9.09 percent from Dalit group in internal service. Similarly, only 7.64 percent of active population is involved in business. Among them, 61.90 percent from upper cast, 28.57 percent from ethnic and 9.53 percent from Dalit group. Due to the low expansion of economic activities only few people are involved in this sector. At last, we can conclude that the upper caste group is a dominating group as it takes part in every occupational work with biggest number.

4.2.9 Food Sufficiency Condition

Food sufficiency condition is known as an indicator of observing the poverty level. The major source of the livelihood is agricultural product. Households which have sufficient amount of food production have no problem of food deficit that means they are no poor. Some may have surplus amount of food production as well. However, there are a number of households that do not have food to feed themselves for the year round. To avoid this problem, they are in search of new sources of income. This fact can be explained on the basis of the information given in table 4.9 and figure 4.6.

Table 4.9 Food Sufficiency Condition

Food sufficiency category	Caste group			Total
	Upper	Ethnic	Dalit	
below 3 months	13 (11.41)	6 (10.36)	17 (44.74)	36 (17.14)
3 to 6 month	32 (28.07)	14 (24.13)	8 (21.05)	54 (25.71)
6 to 9 months	21 (18.42)	12 (20.69)	6 (15.79)	39 (23.33)
9 to 12 months	23 (20.19)	18 (31.02)	4 (10.54)	45 (21.43)
Food saving	25 (21.91)	8 (13.80)	3 (7.88)	36 (17.19)
Total	114 (100)	58 (100)	38 (100)	210 (100)

Source: Field Survey, 2016

Note: Figure in parenthesis denotes percentage of the total.

Although majority of people are involved in agriculture, about half percent households are suffering from food deficit in the present study area. Out of total sample households, 38.62 percent can manage their household food consumption either year round or for more than nine months. About 23.33 percent households can manage their food consumption for 6 to 9 months from their farm products. Similarly, 25.71 and 17.14 percent of the total households can manage their food consumption from 3 to 6 months and below 3 months respectively. On the whole, about 61.38 percent households are below the subsistence level and the remaining 38.62 percent households are self-sufficient (including 9-12 months) in food grain production. The households which are suffering from food deficiency attempt to fulfill their food requirements through income earned by family members from other supplementary sources, such as daily wage earning, credit borrowing, services (internal and external), business etc. The level of food sufficiency of the sample households also has been depicted by figure 4.6.

Table 4.9 shows that the case-wise food sufficiency level is differ from one to another. About 42.10 percent (including 9 to 12 months) households of the upper castes have almost sufficient amount of food stuffs and the rest 57.90 percent households suffer from food deficit. In the ethnic group, about 44.82 percent households have sufficient amount of food production and the rest 55.18 percent have a shortage of food grain because their food can meet their need only below nine months. In the context of Dalits, 18.42 percent households of Dalit have sufficient of

food production and the rest 81.58 percent have a shortage of food grain. It indicates that the economic condition of the lower castes is very worse.

4.2.10 Composition of the Household Income

Nepal has an agrarian economy where agriculture sector is employing over 78.0 percent of the total labor force and generating about 40 percent of the gross domestic product. Although it is the main source of income in Nepal, it cannot sustain the life of its people. Due to the increasing population on limited cultivated land, disguised unemployment is increasing day by day. That's why people are seeking off-farm works as an alternative source of income. There is rare off-farm opportunities in rural area that is why, people are compelled to migrate towards urban areas within the country and abroad to overcome their economic problems through remittance income. In addition to this, some of them hold some jobs within their own locality and some start business as a source of additional income. Contribution of these activities explains the economic condition of the family. Data of table 4.10 and figure 4.6 reveal the individual contribution of these activities in the household economy of the study area. The total annual income of sample households is Rs. 83101800 and the average income of a household is Rs. 395722.85. In total income, the contribution of agriculture, off-farm activities (inside Municipality) and remittance is 40.07, 7.20 and 52.72 percent respectively. In agriculture, 445 active persons of 210 (total) households are involved in both farming and livestock rearing. In total, the contribution of farming is 17.56 and livestock rearing is 22.523 percent. The average agricultural income of a household is Rs. 1586220.85 annually. Off-farm activities conducted within the Municipality (study area) include business, service (governmental and non-governmental) and others. In total income, the share of business, service and others is 2.51, 3.12 and 1.57 percent respectively (only within Municipality). Only 169 persons of 112 households are involved in off-farm activities inside their own Municipality. Similarly, 211 persons of 128 households are involved in earning remittance income (internal and external).

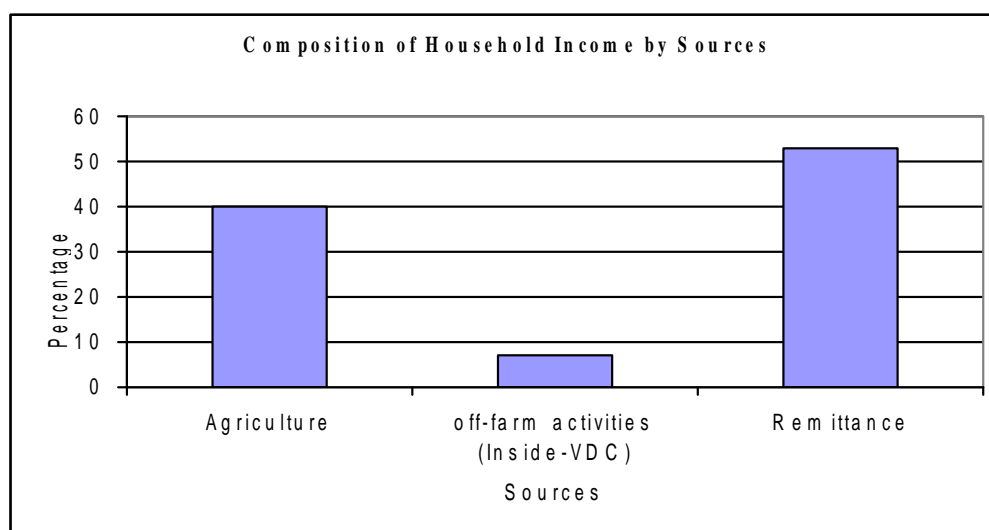
Table 4.10 Sources of Household Income of Sample HHs

S.N.	Sources	No. of involves persons	No. of HHs	Annual Income lines	Percent	Mean
1.	Agriculture	445	210	33310800	40.08	158622.85
	a) Farming			14590900	17.56	
	b) Livestock Rearing			18719900	22.52	
2.	off-farm activities (Inside-Municipality)	169	112	5986000	7.20	53446.42
	a) Business	36	35	2595000	2.51	
	b) Service	41	54	1305000	3.12	
	c) others	92	54	1305000	1.57	
3.	Remittance	211	128	43805000	52.72	342226.56
	a) Internal	58	32	9050000	10.89	
	b) External	153	96	34755000	41.83	
	Total	825		83101800	100%	395722.85

Source: Field Survey, 2016

Note: Others include labor wage, caste base works, interest, etc.

Figure No. 4.4 Sources of Household Income of Sample HHs



In total income, the share of internal remittance is only 10.89 percent whereas the share of external remittance is 41.83 percent. It shows that the role of external remittance is vital and the role of internal remittance is nominal in contributing in total income. The average annual remitted income of households involved in getting remittance income is Rs. 32226.56. On the basis of above description, we can be concluded that remittance is becoming a major source of household income now-a-days.

4.2.11 Expenditure Pattern

In this study area, people spend their income in both food and non-food items. In this study, food expenditure is assumed as a neutral expense because it is compulsory for both rich and poor. It includes all expenses related with food items, such as rice, pulses, vegetables, fruits etc. Non-food expenditure has been categorized into two groups; productive and unproductive expenditure. Productive expenditure includes expenses done on agriculture, education, maintaining expenses, and health care etc. items. Similarly, unproductive expenditure includes expenses done on family needs (clothes, jewelries, cosmetics etc.) construction of house (residential), marriage, festivals, cultural and religious activities and others. All these expenses on various items are shown in table 4.11 and figure 4.5.

Table 4.11 Expenditure Pattern of Sample HHs

S.N.	Expenditure Items	No. of HHs	Total expenditure	Mean
1.	Food	210	16830000(23.41)	80143
2.	Non-food	210	55056000 (76.59)	262000
	a) productive		21495000 (29.90)	102000
	b) Unproductive		33561000 (46.69)	1,60,000
Total			71886000 (100)	342314

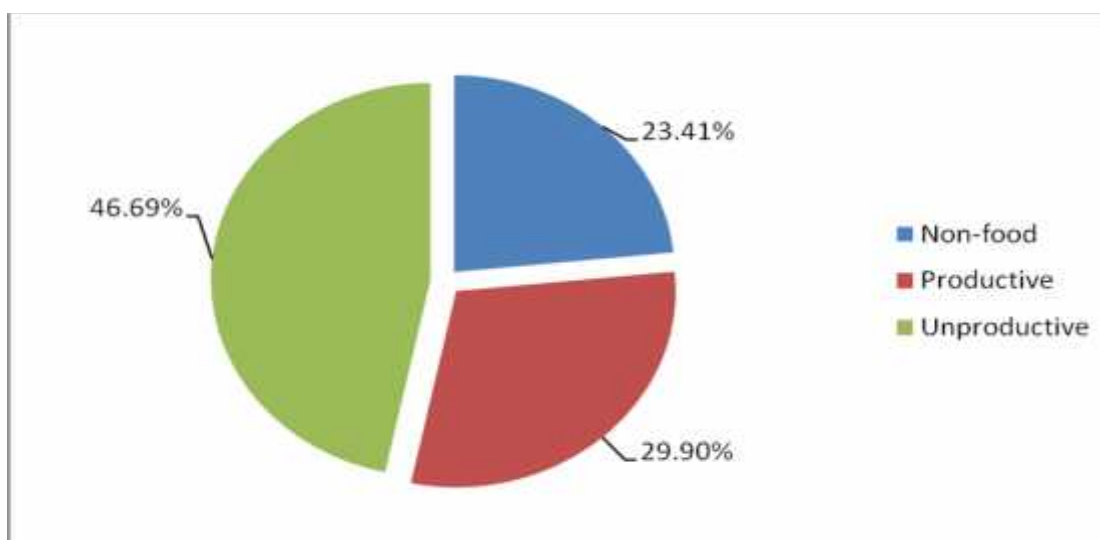
Source: Field Survey, 2016

Note: Figure in parenthesis denotes the percentage of the total.

The sample households spend Rs. 71886000 on these three major items annually. Of this, expenditure on food represents 23.41 percent of the total. Likewise, expenditure on productive and unproductive items is 23.90 and 46.69 percent respectively. The average household expenditure on food items accounts Rs. 80143 whereas the average household expenditure on productive and unproductive items accounts Rs. 102000 and Rs. 160000 respectively. On the whole, a household spends about Rs. 342314 on

these items annually. The general feature of the data depicts that a large amount (46.69) of their income is spent on unproductive sectors which is not rational from economic point of view. It is necessary to increase their expenditure on productive activities to get economic benefits.

Figure 4.5 Expenditure pattern of sample HHs



4.2.12 Source of Loan

In this study area, the economic condition of the villagers is found normal. Most of the people do not have sufficient source of income, that's why, they have to take loan for maintaining the daily life. In this process, they have taken loan from various sources which are shown in table 4.12.

Table 4.12 Source of Loan

Source of loan	No. of Households	Percent
ADB	18	21.18
Money lender	30	35.29
Relatives and other	12	14.12
Multi source*	25	29.41
Total	85	100

Source: Field Survey, 2016

* Loan takes from various sources i.e. bank, money lender, relatives etc.

Table 4.12 shows that among the total sample households about 40.47 percent households have taken loan. Out of total, 21.18 percent households have taken loan only from Agriculture Development Bank (ADBL) and 35.29 percent of loan is taken from local money lenders. Relatives and other sources have supported by 14.12 percent. Some households have taken loan from multiple sources the share of which is

29.41 percent. The column of loan taken form money lenders is larger than that of other sources. The access of people to getting loan from organized sector is meager due to the rare establishment of financial instantiations in rural area, lack of knowledge and long process of getting loan.

4.2.13 Nature of Migration

Migration refers the movement of people form on place to another for their betterment. Before two decades, people migrated from hilly region to Tarai region for the good cultivable land. But now, the trend of migration is changed. People want to migrate from rural and remote areas to urban areas and to abroad to get job opportunities. The destination of a migrant is determined by his/her purpose this village has both internal and external migrants. Internal migration is basically related with services and business. Compared these two activities, internal migration is related less with labor work. But the external (foreign) migration is mostly related with manual work, though their purposes of migration differ from one another. The study shows that the trend of both the internal and external migration in the study area is increasing. The outbreak of the Maoist insurgency from 2052 B.S. has further intensified this trend in Nepal. Such type of situation in Nepal has raised the number of migrants out of the nation.

The increasing volume of out-migration has affected the volume of remittance. Present study area is not an exception to this trend. Table 4.13 shows the trend and nature of migration found in the study area.

Table 4.13 Migration Pattern

Internal migration					External Migration				
Purpose (Internal)	HHs	%	Migrated No.	%	Destination (External)	HHs	%	Migrated No.	%
Service	18	56.25	37	55.22	India	29	30.20	42	27.88
Business	10	31.25	22	32.83	Gulf countries	55	57.30	82	52.88
Others	4	12.50	8	11.95	Others countries	12	12.50	30	19.24
Total	32	100	67	100	Total	96	100	154	100

Source: Field Survey, 2016

Out of total migration from the study area, internal migration accounts for 30.45 percent and the external migration accounts for 69.55 percent. Destinations of the

external migration are mostly Gulf countries 52.88 and India (27.88%). A small portion (19.24) of the total external migrants goes to other nations, e.g. U.K, and Japan. Likewise, people leave their home and work outside within the nation. People of this group generally leave their home for government and non-governmental jobs. They also run business and other economic activities. Of this group, about 56.25 percent involve in services, 31.25 percent run business and the rest 12.5 percent involve in other of activities (as workers, porters, etc.)

4.3 Nature and Composition of Remittance

4.3.1 Nature of Remittance

Remittance from the nation and abroad is an important component of the rural economy that has significant impact on the livelihood strategy of the community. Remittance increases the household income of the family to a considerable amount, especially among the middle and the poor class people. It seems more beneficial for those people who have limited farm land and farm production. It has contributed some-how to maintain subsistence level and to postpone general crisis of the rural area. However, the external as well as internal remittance is not a new phenomenon in the rural economy of Nepal. Due to the lack of off-farm works inside village, people are seeking for a good sustainable income generating work outside the village as well as out of the nation. In this process, most of the people migrate somewhere within the nation or abroad for job and make some earning. Most of the internal migrants are involved in governmental and non-governmental services as they are educated. They have higher social status in comparison to external migrants although they earn nominal remittance income. But most of the external migrants are working as porters, guards, sweepers, builders etc. Their social status is low although they earn more income. Most of them are not trained. Although some of them leave and travel abroad individually, most of them visit foreign countries through some manpower agencies and personal contact with their relatives. Except India, they go to other countries through the man-power companies. Generally, the level of wages is low in India, but in other nations, they receive more for the same type of work. Most of the jobs in which migrants are employed fall under the general category.

Out of the total external migrants (154) 27.88 percent are employed in India. The vast majority of those working in India in the private sector are relatively low paid. On the average, each migrant earns approximately Rs. 100,000 per year. Similarly, in total external migrants, 72.12 percent are employed in foreign countries (excluding India).

The job holders who work specially in Gulf countries are highly paid. The average remittance of a migrant in the Gulf countries is Rs. 189230 per year whereas in Malaysia the average value of remittance is Rs. 172800 per person per year.

On the basis of its nature, in rural area, remittance is derived from different sources; urban and rural areas of Nepal, India and other countries of the world. The data reveal that about 20.65 percent remittance comes from internal source, 13.12 percent from India and the rest 66.23 percent come from other countries (especially from Gulf countries). About 60 percent households of the present study area are found influenced by the remittance income. External remittance is more significant than the internal remittance.

External remittance accounts for 97.35 percent of the total remittance whereas internal remittance is only 20.65 percent in total.

4.3.2 Composition of Remittance

In this study, the various sources of remittance are broadly categorized into two years; internal sources (getting from various parts of Nepal) and external sources (getting from outside the nation). These are obviously recorded as the main contributing sources of remittance in the rural economy.

Table 4.14 Composition of Remittance

S.N.	Categories	Sample HHs	Annual remittance	Mean
1.	Internal Remittance	32	9050000 (20.65)	282812.50
2.	External Remittance	96	3,47,55000 (79.35)	362031.25
Total		128	43805000	342226.56

Source: Field Survey, 2016

Note: Figure in parenthesis denotes the percentage of the total.

Table 4.14 reveals that the external and internal remittance accounts for 79.35 and 20.65 percent respectively. The average inflow of remittance is calculated Rs. 342226.65 per year whereas the annual internal average remittance per household is Rs. 362031.25. On the whole, the sample households receive about Rs. 43805000 annually. The share of remittance in total annual household income is 48.73 percent.

4.3.2.1 Internal Remittance

The money income sent by the job holders from outside the village working within a country (urban and rural areas) is known as the internal remittance. It is an important source of the household income. But, in the present study area, its role is only nominal in sustaining the life of people in comparison to external remittance. It accounts for only 20.65 percent of the total remittance. This source of remittance includes business, civil and military sources etc. The civil services include both governmental and non-governmental services. Native pension is also the source of internal remittance. Other activities outside the village are also known as the sources of internal remittance.

Table 4.15 Annual Internal Remittance of Sample HHs.

Source of Internal Remittance	No. of HHs	Remittance Annual	Mean
Civil services	14	43,10,000 (47.62)	287333.33
Native pension	8	1220000 (13.48)	152500
Business	8	2990000 (33.04)	299000
Other activities	2	530000 (5.86)	132500
Total	32	90,50,000 (100)	

Source: Field Survey, 2016

Note: Figure in parenthesis denotes the percentage of the total.

Table 4.15 shows the internal remittance Rs. 90, 50,000 as a cash inflow to this study area. This amount comes from different sources of the internal remittance. In this sector, civil service contributes more than other sources. The percentage of the remittance occupied by civil service 47.62 the total. Business occupies 33.04 percent and pension and other activities account for 13.48 and 5.86 percent respectively.

4.3.2.2 External Remittance

The money income sent or brought by the holders from outside the nation involving in any type of work is known as external remittance it is the major source of those households whose members have gone abroad. It plays an important role in the household economy of the study area. The total external remittance is dominated by the income generated by the foreign civil services excluding India. It accounts for about 77.70 percent of the total external remittance. Similarly, the remittance that comes from the Indian civil services and pension (India and other) is 19.93 and 10.07

percent respectively. The total annual external remittance of sample household is Rs. 3, 47, 55,000.

Table 4.16 Annual External Remittances by Nature

Sources of External Remittance	No. of HHs	Remittance	%	Mean
Foreign civil service (beside India)	90	27005000	77.70	300055.55
India (Civil and Army)	25	4250500	72.23	170202
Pension (India and other)	20	35, 00, 000	10.07	175000
Total	135*	34755000	100	362031.25

Source: Field Survey, 2016

* One household may involve in more than one source of Remittance.

These total households (96) involved in receiving external remittance get Rs. 362081.25 in average annually. The figure differs in terms of average remittance of the three major categories as mentioned in the table. The average remittance is more than the total average in the context of remittance derived from the foreign civil services. But the average remittance of the Indian civil and military services and pension holders seem less than the total average as Rs. 170020 and 175000 respectively.

4.4 Role of Remittance in Household Economy

The present area, the Bheerkot Municipality is a rural agrarian municipality in Syangja District. Due to the lack of other off-farm income generating activities, nearly 55 percent active population has been involved in agriculture directly and indirectly (students above 13 years are included in it as they do not involve in any off farm activities) and earn their livelihood only at subsistence level. They mostly produce cereal crops like paddy, maize, wheat, millet etc. due to the lack of knowledge about cash crops and their market. They are also involved in animal husbandry but its business purpose is low although majority of farmers have medium and large size of land, it cannot be used successfully to grow crops that fulfill the required amount of food necessary for the family due to steep and low quality of land. There is a lack of the application of modern agricultural techniques to improve the agricultural sector. In

the absence of these things, the return from it is nominal. So, about 43.00 percent households are suffering from food deficit. In order to meet their food deficit, they have searched the alternative sources of income. As a result, remittance has been become the most important source of income.

Although about cent percent households are involved in agriculture, its contribution in total household income is only 42.37 percent. The second major sector of the people's involvement is the remittance earning off-farm activities. This sector contributes about 48.73 percent of the total annual household income. Similarly, the share of off-farm income inside the village is so small that accounts for only 8.90 percent of the total (table 4.10). It obviously shows that the rural economy s mostly influenced by remittance at present and the days to come. However, the role of remittance in household economy can be analyzed as follows:

4.4.1 Land Holding and Remittance

The distribution of land among remittance receiving household and remittance non-receiving households can express the role of remittance in rural household economy. As the high difference between their income levels, there is vast difference in land holding between them. Although the average land holding size 10.16 ropanies in the study area, the average size of land holding of remittance receiving households is higher (11.58 R.) than the remittance non-receiving households (8.75 R.). This reality can be shown in the following table 4.17

Table 4.17 Landholding Size by Classification of Land

Landholding Categories	RRHH			RNRHH		
	No. of HHs	Percent	Mean	No. of HHs	Percent	Mean
Small	29	22.65	4.05	19	23.17	4.25
Medium	61	47.66	10.25	43	52.44	9.06
Large	38	29.69	18.75	20	24.39	22.08
Total	128	100	11.58	82	100	8.75

Source: Field Survey, 2016

Table 4.17 shows the average size of land holding according to its different categories. Land holding size seems heterogeneous between two groups; remittance receiving households (RRHHs) and remittance non-receiving households (RNRHHs). Although the small and large farmers of RNRHH group holds larger land (4.25 R. and

22.08 R.) then the small and large farmers of RRHH group (4.05 R. and 18.75 R) in average the average size of land holding of RRHH group is higher (11.58 R.) than the RNRHH (only 8.75 R.) in total. Similarly, out of total remittance receiving households (128), only 22.65 percent households hold small size of land. 47.66 percent households have medium size of land and 29.69 percent households have large size of land. But, out of total remittance non-receiving households about 23.17 percent households have small size of land, 52.44 percent have medium size and 24.39 percent households have large size of land. From this, we can conclude that there is significant different in size of land holding between RRHHs and RNRHHs due to remittance income.

4.4.2 Food Sufficiency and Remittance

A comparative study of food sufficiency level between RRHHs and RNRHHs shed light on the role of remittance with the help of data given in table 4.18.

Table 4.18 Classification of Sample Household by Food Sufficiency

Food Sufficiency (in Months)	RRHHs	RNRHHs
Below 3	20 (15.65)	16 (19.51)
3-6	31 (26.27)	21 (28.05)
6-9	25 (21.19)	22 (29.27)
9-12	27 (21.09)	14 (14.95)
Food saving	25 (19.53)	9 (10.41)
Total	128 (100)	82 (100)

Source: Field Survey, 2016

Note: Figure in parenthesis denotes the percentage of the total.

Table 4.18 depicts that 19.51 percent of RNRHHs produce the food products that can meet their food consumption hardly for three months. Similarly, among the RRHHs, only 16.95 of HHs are producing the farm products that can meet their food consumption for only three months. Likewise, among the RNRHHs, 28.05 percent HHs meet their food problems by their own farm production for three to six months whereas 26.27 percent RRHHs are able to consume food products only for three to six months. Among the RNRHHs, 29.27 percent households can meet six to nine months of food sufficiency whereas only 21.19 RRHHs fall in it. Besides the food deficiency, in RRHHs 43.99 percent of the sample households are found food sufficient

(including both 9-12 months and food saving) with their own food products whereas only 15.36 percent RNRHHs can get sufficient food products from their own production. It shows that most of the RRHHs are getting food products in sufficient amount but most of the RNRHHs are suffering from food deficiency.

4.4.3 Educational Status and Remittance

Education is known as the indicator of socio-economic development. Without the progress in education, development of a nation cannot be thought. Although it is an important aspect of human life, most of the people of this study area are deprived from getting higher education due to the lack of higher educational and technical institutes, poor economic status, false social values and norms etc. However, remittance is playing an important role in promoting educational status of the people of this area which can be expressed with the help of following table.

Table 4.19 Educational Status by RRNH and RNRHH

S.N.	Level of Education	RRHH (%)	RNRHH (%)
1.	Illiterate	20.70	22.86
2.	General education	48.68	48.75
3.	S.L.C. passed	17.35	15.58
4.	Higher Education	13.27	12.81
5.	Total	100	100

Source: Field Survey, 2016

Table 4.19 reveals that out of total sample population (excluding the age group below 5 years), 63.28 % are related with RRHHs and 36.72% are related with RNRHHs. Among 686 remittances receiving persons, only 20.70 percent are illiterate, 48.68 percent are literate (only reading and writing Nepali language), 17.35 percent are S.L.C. passed and 13.27 percent are getting higher education.

From the above analysis, we can find that remittance non-receiving persons are highly illiterate than remittance receiving persons. Similarly, remittance receiving persons have higher access in getting higher education than remittance non-receiving persons. At last, we can conclude that the educational status of remittance receiving households is higher than remittance non-receiving households due to remittance income.

4.4.4 Income and Remittance

Although agriculture is the common source of livelihood for both RRHHs and RNRHHs, it alone could not meet the requirement of the villagers. Therefore, the villagers have taken other activities as a supplementary source of income, such as local economics activities and remittance. Local economic activities are local services, business and other activities which are related with RRHHs. Likewise, internal and external sources of income and pension are known as remittances which are the additional sources of income for RRHHs as non-agricultural income. The sources of income for the RRHHs are more than for the RNRHHs. We can conclude that remittance receiving households have various sources with high income level than in non-receiving households. This fact is illustrated on table 4.20.

Table 4.20 Income Difference between RRHHs and RNRHHs

Income Source	RRHH		RNRHH		Mean Different	S.E.	Z
	n ₁	Mean (&1)	n ₂	Mean (2)			
Agriculture	128	129242.18	82	204485.36	-75243.18	16728.56	-4.49
Non-agriculture	128	338281.5	82	79158.53	259722.97	94687.24	17.64

Source: Field Survey, 2016

Note: n₁ and n₂ denote the number of RRHHs and RNRHHs respectively.

Table 4.20 reveals the difference in income between RRHHs and RNRHHs. For the RRHH, per household agriculture income is Rs 129242.18 whereas it is Rs. 204485.36 for the RNRHH. Similarly, average non-agricultural income accounts for Rs. 338281.5 for RRHH whereas it is Rs. 79158.53 for RNRHH.

To find the income difference, z-test has been calculated (appendix A.1). From this, it is found that there is significant difference in both agricultural and non-agricultural income between RRHHs and RNRHHs due to remittance as the calculated value of is -4.49 and 17.64 for the agricultural land non-agricultural income respectively, at 0.05 level of significance. It means remittance is a dominating source of the total income in household economy.

We know that higher the income level higher the living standard of people and lower the income level lower the living standard of people. Since the income level of RRHHs is higher than the RNRHHs, we can conclude that the living standard of RRHH is higher than the RNRHH.

4.4.5 Expenditure Pattern and Remittance

Each household spends its incomes in different items for maintaining its livelihood. The expenditure items in which people spend their incomes can be broadly categorized into two heads; food expenditure and non-food expenditure. Although the RRHHs and RNRHHs expense their incomes in food and non-food items, their average expenditure ratio is different which is shown in table 4.21.

Table 4.21 reveals the average household expenditure on different items done by both RRHHs and RNRHHs. The average expenditure of RRHHs on food items accounts for Rs.84882.81 whereas it is Rs. 74743.90 for RNRHHs. Similarly, average expenditure of RRHHs on non-food items accounts for Rs 293914.06 whereas it is Rs 212621.95 for RNRHHs.

In order to find whether there is significant difference in expenditure behavior between RRHHs and RNRHHs or not, mean difference, standard error and test are calculated. From the calculation, it is found that there is no significant difference in food expenditures of RRHHs and RNRHHs as the calculated value of z came to be smaller (0.57) than the table value of z (1.96) at the 0.05 level of significance. It means remittance does not affect the food expenditure. But, it is also found that there is significant difference in non-food expenditures of RRHHs and RNRHHs as the calculated value of z came to be higher (7.31) than the table value of z (1.96) at the 0.05 level of significance. It means remittance has played a vital role in non-food expenditures.

Table 4.21 Differences in Expenditure Pattern of RRHHs and RNRHHs

Expenditure Items	RRHH		RNRHH		Mean Diff.	S.E.	Z
	n ₁	Mean (1)	n ₂	Mean (2)			
Food Expenditure	128	84882.81	82	74743.90	10138.91	17,772.57	0.57
Non-food Expenditure	128	293914.06	82	212621.95	8129.11	11110.30	7.31

Source: Field Survey, 2016

Note: n₁ and n₂ denote the number of RRHHs and RNRHHs respectively.

From the above analysis, we also can conclude that the living standard of RRHH is higher than that of RNRHH, since the RRHH spend more on non-food items due to remittance than the RNRHH.

4.4.6 Saving Pattern and Remittance

Saving is also indicator or prosperity of life which represents standard of living of the household. In this study area, the two groups of households have different levels of saving. The average household saving of RRHHs and RNRHHs is show in the table 4.22.

Table 4.22 Saving Pattern of RRHH and RNRHH

HHs	Total Annual Income	No. of HHs Involved in saving	Annual Saving	Per HH Average Saving	APS
RRHH	5984300	95 (76)	11477000	120810.52	0.19
RNRHH	23258800	30 (24)	1821400	60713.33	0.07
Total	83101800	125 (100)	13298400	106387.2	

Source: Field Survey, 2016

Table 4.22 shows that out of total sample households (210), 125 households do save. Among them, 76 percent households are from RRHH group and only 24 percent households are from RNRHH group. The average amount of saving per RRHH is Rs. 120810.52 and average saving of the RNRHH is Rs. 60713.33 only. Similarly, the ratio of saving to income i.e. average propensity to save (APS) of RRHH is 0.19 whereas it is only 0.07 for the RNRHH. It can thus be concluded that there is significant difference between the saving pattern of the RRHHs and that of RNRHHs of the study area and it is the remittance income that has given rise to the saving difference between the two groups of households.

4.4.7 Poverty and Remittance

The World Bank defines poverty as an unacceptable deprivation in human well being that can comprise both physiological and social deprivation. Physiological deprivation involves the non-fulfillment of basic material or biological needs including inadequate nutrition, health, education and shelter. In other words, a person can be considered as a poor if he or she is unable to secure the goods and services to meet his/her basic needs. The concept of physiological deprivation is, thus, closely related to low income and consumption levels. Social deprivation widens the concept of deprivation to include risk, vulnerability, and lack of autonomy, powerlessness and lock of self

respect. However, in the present study, poverty is analyzed on the basis of money income only.

Nepal is an agrarian society with agriculture as the main source of nation income. The majority of the rural people of Nepal, especially farmers comprises of marginal farmers. The average size household land holding is 0.13 hector. The farmers use family labor and the production is only at subsistence level. It is not possible to mechanize the agricultural activity due to several obstacles such as unreliable monsoon, unskilled labor force. Fragmentation of land and other problems stand as a barrier. Production is inadequate to meet the demand for increasing population. Most of the people are unemployed due to the lack of other off-farm activities. That is why; about 31% people lie in below the poverty line.

According to NPC of Nepal, a person who earns less than US \$ 1 (NC Rs. 80) per day lies below poverty line. This definition of poverty is used in this study to analyze the poverty situation of the study area.

In this area, about 4.76 percent households are below poverty line. Out of the total (82) sample of RNRHHs, 8 (9.75%) households lie below poverty line. But, out of the total (128) RRHHs, 2 (1.56) households are below poverty line. From this, we can conclude that remittance has played a significant role in reducing poverty in the rural economy of Nepal.

4.4.8 Debt of Remittance

When expenditure exceeds income, people have to take loan to maintain their economic as well as social status. Loan is taken as a supplementary source by both groups; RRHH and RNRHH but the volume of loan differs widely between them. However, it helps rural people to solve their social customs, to travel abroad and to maintain their family needs. The relative indebtedness of RRHH and RNRHH is shown in table 4.23

Table 4.23 Relative Indebtedness of RRHH and RNRHH

HHs	No. of Indebted HHs	Total Debt	Per HH Average Debt	Mean diff.
RRHH	33	10,25,894	31087.66	11412.34
RNRHH	52	22,10,000	42500.0	
Total	85	3235894	34062.04	-

Source: Field Survey, 2016

Table 4.23 shows that out of the total sample households, 85 households have taken loan. Among them, 61.17 percent are RNRHHs and only 38.83 percent are RRHHs. The average debt of per RRHH is Rs. 31087.66 whereas significant difference in the average volume of debt between RRHH and RNRHH, the number of RNRHHs who take loan is larger than the number of RRHHs due to low income level. It means there is low burden of debt upon RRHH due to remittance income.

4.5 Problems Associated With Remittance

In the process of field visit, it is found that most of the migrants are making earnings to maintain their livelihood. They have been facing several problems at home and during the process of moving outside the village. The main problems that the migrants have faced are mentioned below.

-) Problem of low Income: Nepalese labor force is taken as the cheapest labor force abroad. As they have low skill, they are enforced to do only manual works, such as carrying loads, guarding houses, sweeping roads etc. So, their salary is low and they send a little amount of money.
-) Problems of Unsuitable Climate: Due to very hot or very cold climate, sometimes they become sick and cannot do work properly due to which their income level is decreased.
-) Vocational Problems: Although the migrants get vacations and holidays but they do not get leave according to their needs due to which they cannot use their income properly in time.
-) Lack of Overtime job for Extra Income: Overtime job is needed to earn more income but some of the migrants does not get overtime work due to which their income is nominal to satisfy their family requirements.
-) Problems of Using the Remitted Money: The remitted money is not productively used by their family members of the migrants that make them disappointed and inactive.
-) Family Disagreement: Sometimes, psychological disappointments are created in mind of migrants by their family disagreement due to which they are compelled to leave the job and return back home.
-) Problems of irregular payment: The migrant get their payments after a fixed time interval, such as weekly, monthly etc. But some migrants do not get their payment

in fixed time due to which they cannot solve the household problems that compels them to leave the job and return back home.

-) Problem of Security: In order to do work properly, there must be the guarantee of job, life and property. But, some migrants have faced the problem of security in working abroad, keeping money with them, living freely etc. due to which they are compelled to leave job and return back home.
-) Problem of Racial Discrimination: Since there is racial discrimination with respect to upper and lower caste regarding the priority and salary, the upper caste migrants are getting higher level job and salary than the lower caste migrants abroad and within the nation also due to which the income level of some migrants is low and they are compelled to leave job.
-) Problem of Cheating by Nepali Manpower Companies: Most of the migrants have to contact with manpower companies to go abroad. But they tell one things and do another things due to which some migrants have become the victim of the fraudulent behaviors of manpower companies.

A list of problem with their respective percentage has been shown in the table given below:

Table 4.24 Problems of Migrants

S.N.	Problems	No. of person	Percent
1.	Low level of income	39	15.91
2.	Unsuitable climate	28	11.42
3.	Vocational problem	26	10.61
4.	Difficulty in work	34	13.87
5.	Lack of overtime job for extra income	19	7.75
6.	Problem of productive use of remitted money	24	9.79
7.	Family disagreement	16	6.53
8.	Irregular payment	22	8.97
9.	Problems of security	12	4.89
10.	Others (racial discrimination, cheated by Nepal manpower companies etc.)	25	10.20

Source: Field Survey, 2016

Note: The percentage is based on multi problems.

Table 4.25 reveals that 15.91 percent migrants have suffered from low level of income, 11.42 percent from unsuitable climate, 10.61 percent from vocational problem and 13.87 percent from difficulty in work. Some of them (8.97) are becoming the victim of irregular payment. About 7.75 percent are not able to get overtime job to generate extra income. People who involved in manual work have realized the insecurity of their jobs before the term of contract expires. Many migrants (15.9) suffer from inferior work and low salaries.

Most of the labor migrants who go through the manpower supply companies, the companies do agreement here and they cannot get the same work as per agreement. Some of them are facing the problem of sending money back home due to the lack of knowledge about the proper channel.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The present study was carried out on the basis of field survey of the Bheerkot Municipality of Syangja district. Although it is an agrarian rural area, the agricultural production is marginal due to many barriers in it. It is not sufficient to sustain people's livelihood. People are migrating from their native village to urban areas within the nation and abroad to earn supporting income their family due to the lack of off-farm activities within this Municipality. In this process, they send their earnings back to their home as remittance which has become a well known phenomenon nowadays. This Municipality is basically supported by the external as well as internal remittance. People used their remitted money for various purposes. In this process, most of the remittance is used in unproductive activities. It means the large portion of remittance is misused.

There are many issues related to remittance in the rural economy, but a few studies have been conducted to understand and explore the various dimensions of remittance in the household economy. In this context, the present study tries to understand and analyze some of the issues of remittance, its role in household economy and use of the remittance in the basis of comprehensive survey of Bheerkot Municipality. Considering this situation, the following objectives have been determined: to assess the socio-economic status, to analyze the nature, role and use of remittance and to identify the problems associated with remittance.

This study is based in primary data collected through the household survey of remittance receiving and non-receiving household. In this process, five ward (1, 3, 5, 7 and 9) have been purposively selected to collect necessary information and stratified random sampling method has been applied. Out of the 4420 households, only (210) households have been selected for the study. Similarly, necessary secondary data have also been collected as per the requirement of the study. Both descriptive and analytical tools have been used to analyze and reach in conclusion. The findings of the study are given below:

Socio-economic Characterization of Sample Households

-) All different castes like Brahman, Chhetri, Gurung, Thapa (Gharti), Sarki, Kami and Damai are categorized in three major caste groups as

upper caste group, ethnic group and Dalit group. Out of the total sample households 54.28 percent household belong to upper caste group, 27.61 percent to ethnic group and only 18.11 percent to Dalit.

-) Out of the total sample population 49.59 percent are male and 50.41 percent are female. Similarly, 11.58 percent people are below five years of age, 19.41 percents are 6 to 15 years of age, group 55.63 percent are 16 to 59 years of age group and 13.38 percent are 44.37 and above years of age group. Among them, 55.63 percent are economically active. The dependency ration is 79.77.
-) Regarding the educational status, the literacy rate of the sample population is 78.51 percent. Out of the total, 21.49 people are illiterate whereas 48.71 percent are only literate and 16.71 percent people have passed SLC exam. The remaining 13.10 percent have got higher education.
-) The average land holding size is 10.96 Ropanies but among the upper caste group, it is 11.60 Ropanies whereas the ethnic and Dalit groups have 11.17 and 8.42 Ropanies respectively. Thus, the last two groups have the land holding below that of the first group.
-) The sample households have produced 4453.5 Muries of cereal crops and 382555kg of cash crops annually and their market value is Rs14590900 which shares by 17.56 percent in total annual income Rs 83101800.
-) The sample households are keeping 1333 livestock except poultry form. Their annual production is 402635 liters of milk and 41705 Kg of meat and their market value is Rs. 18719900 which shares by 22.52 percent in total annual income.
-) Beside agriculture, the active people are also involved in internal and external service, business, daily wage and earning and others. Out of total active population, 53.94 percent are involved in agriculture and its related activities, 8.01 percent are involved in internal services, 16.73 percent are

in external services, only 7.64 percent in business and 13.69 percent are involved in daily wage earning and others activities.

-) The total annual income of the sample households is Rs 83101800 in which the share of the agriculture and its related activities is 40.08 percent. Similarly, the share of off-farm activities (inside the Municipality) is 7.20 whereas the share of the remittance is 52.72 percent.
-) Concerning the expenditure pattern, the sample households spent Rs 71886000 in the year 2016. Out of the total expenditure, they spent 23.41 percent in food items and 76.59 percent in non-food items.
-) Out of the total sample households, 85 households have taken loan from different sources, like ADB, money lenders, relatives and others. The access of the people to get loan from the organized sector is low due to the rare establishment of financial institutions in rural area, lack of knowledge and long process of getting loan.
-) Out of the total sample population, 211 persons are involved in migration. Among, those 67 persons (31.75%) have migrated to other parts of the nation and 154 persons (68.25%) are found migrated abroad.

Nature of Remittance

1. Most of the migrants who basically are working abroad, involve in manual works, like carrying loads, guarding houses, sweeping streets etc. their working environment is generally unhygienic and difficult.
2. Out of the total HHs, 128 households are getting remittance income in which 96 households are external remittance receiving households and only 32 are internal remittance receiving households.

3. The external remittance is more significant than the internal remittance. External remittance accounts for 79.35 percent whereas internal remittance accounts for only 20.65 percent of the total remittance.
4. The average inflow of the remittance is calculated as Rs 342226.56 in the year whereas the annual internal average remittance per households is Rs 282812.50 and annual external average remittance per households is Rs 362031.25. on the whole, the sample households receive about Rs 43805000 annually.

Role of Remittance

1. The average size of land holding of RRHH is 11.58 Ropanies whereas it is 8.75 Ropanies for RNRHH. It shows that there is significant difference between land holding size of RRHH and RNRHH due to remitted income.
2. About 76.83 percent RNRHHs are suffering from food deficit but only 64.41 percent RRHHs are suffering from it due to their higher access to land holding.
3. In total remittance receiving persons, only 20.70 percent are illiterate, 48.68 percent are just literate, 17.35 percent are SLC passed and 13.27 percent have get higher education. Similarly, in total remittance non-receiving persons, 22.86 percent are illiterate, 48.75 percent are just literate, 15.58 percent are SLC passed and only 12.81 percent have get higher education. It shows that remittance receiving persons have closer access to education than the remittance non-receiving persons.
4. There is significant difference in income pattern of RRHH and RNRHH. For the RRHH, per households annual agricultural income is Rs 129242.18 whereas it is Rs 204485.36 for the RNRHH. Similarly the average non-agricultural incomes account for Rs. 338281.5 for the RRHH whereas it is Rs 79158.51 for the RNRHH.
5. The annual average expenditure of RRHH on food item account for Rs 84882.81 whereas it is Rs 72743.90 for RNRHH. Similarly, the average annual expenditure of RRHH on non-food items accounts for Rs 293914.06 whereas it is Rs 212621.95 for RNRHH. From the calculation of Z-test, it is found that there is no significant difference in food expenditure of RRHHs and that of RNRHHs but there is significant

difference in non-food expenditure of the two groups due to remittance income.

6. Out of the total sample households (210), only 125 households do save. Among them, 76 percents are RRHHs and only 24 percent are RNRHHs. The annual average amount of saving per RRHH is Rs 120810.52 whereas it is Rs 60713.33 for RNRHH. Similarly, the ratio of saving the income i.e. average propensity to save (APS) of RRHH is 0.19 whereas it is only 0.07 for RNRHH. Thus, the RRHHs save fairly more than the RNRHHs. Thus, the role of remittance is in saving significant.
7. Among the RRHHs, only 1.56 percent of the households are found to be below the poverty line but among the RNRHHs, about 9.75 percent of households are found to be below the poverty line. It shows that the living standard of RRHHs is higher than that of RNRHHs.
8. Out of the total sample HHs, 85 households have taken loan. Among them, 76.92 percent are RNRHHs and only 23.08 percent are RRHHs. The average dept of RNRHH is Rs 42500 whereas the average debt of RRHH is Rs 31087.66. Although there is no significant difference in the average volume of dept between RRHH and RNRHH, the number of RNRHH who take loan is larger than the number of RRHH due to lower income level of the former.
9. The total sample RRHHs receives Rs 34755000 as remittance annually. Out of total annual remittance income. Most of the annual remittance income has been expending on indirectly productive activities such as daily requirements of family, construction house etc.

5.2 Conclusion

This case study based on the data collected from the field survey of Bheerkot Municipality has found that remittance is the most important sources of income in the rural household's economy. Although the majority of people in the rural area are involved in agricultural, their farm production is meager due to which their requirement has not been fulfilled from their farm income. In such a situation remittance has become an alternative source of income for villagers to sustain their life. People who are socio-economically poor in status with low level of education are willing to go to foreign countries. In addition these, the highly educated people are also compelled to migrate abroad due to the slow expansion of service sector within the nation. Only few people, mostly of upper caste group, have access to internal service and business. The people who are related with ethnic and Dallit groups have higher access to Foreign Service than to the internal service and business.

Although the majority of the people have medium size of land holding, they are suffering from food deficit due to the low productivity of their farm land. Remittances had played a great role solving their hand to mouth problems. It is found that remittance is playing important role in increasing the size of farm land and providing education to the family members of migrants to some extent. However, it plays a great role in increasing not only their household income but also their expenditure. It is found that a large portion of remittance has been used in family maintenances. Remittance can be a sustainable source of household income if it is used Rationally and productively, Remittance also brings some changes in the society. For example, “modernization” to some extent (consumption and expenditure habit)

5.3 Recommendations

1. Exporting the unskilled manpower from the nation is no longer a permanent solution of unemployment. The government should think about their problems seriously and formulate such programs that enable too poor to stay at home and work in such a way that helps them to overcome their economic problems.
2. The households which receive remittance should pay attention to utilize the remittance in a productive way so that they will not have to go outside bearing many economic and social costs in the future.
3. The government also should launch suitable programs that help in the productive use of remittance. The proper situation of investing in agro-

based industries, mini-hydro power plant, cottage and small scale industries etc. should be created in every corner of the nation by the government.

4. The government should establish large scale industries in the rural area of the nation in which people can get employment opportunities and sustain their lives.
5. Formal channels, like bank and financial intuitions should be established in the rural areas also by which the migrants can send their earnings to their family easily and quickly. This process will help them tin proper and timely utilization of remitted money.
6. In order to overcome the problems of the low income, each migrant must be made professionally trained and skilled in any type of job before they go abroad.
7. In order to overcome the problems of security, Nepal government should make formal agreement with the government of concerning countries.
8. To check the cheating behavior of Nepali manpower companies, the government should formulate and implement strict rules and regulations relating to foreign employment.

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APPENDIX
QUESTIONNAIRE

Namaste, my name is **Yagye Purush Rijal** and I am working as part of research to fulfill the requirement of M.A. thesis entitled **IMPACT OF REMITTANCE ON HOUSEHOLD ECONOMY (A Case Study of Bheerkot Municipality, Syangja District)**. We are carrying out a survey of households to assess the socio-economic impact caused by remittances on household economy. We would like to ask a few questions about income, expenditure and other relevant information about your household. Please try and answer every question, but if you are not sure then please give the best answer you can. The information you provide will be strictly confidential. However, I hope that you will be participated this survey since your views are important to us.

Before we start, do you want to ask me anything about the survey?

1. General Information :

a) Name of household head:

b) Age:.....Sex.....Cast.....

c) Education: Occupation:

d) Name of Village:Ward No...

2) What is The Source of Income of Your Family?

- A) Agriculture B) Business C) Government Job
D) Private Job E) Foreign Employment F) Others

3) Household Structure by Age/ sex:

sex/Age	0-14	15-45	46-60	60+
Male				
Female				
Total				

4) How many family members are involved in employment?

- a. One b. two c. three d. no one

5) Ownership of Houses:

- a. Self owned b. Shelter on other house c. rent from others d. without payment

6) Which type of livestock do you keep and how?

Livestock	Number
Buffalo
Goat
Cow
Others(pig, dog)
Poultry farm

7) Demographic and social economic characteristics of foreign employment member.

Name	Sex	Age	Educa tion and training	Country of desti nation	Period of stay (year)	Frequ ency of time	Type of work	Sector of work	Average monthly income earning (Rs000)	Average monthly expen diture (Rs000)	Average annual income received by family (Rs000)	Mode of transfer of remitt ance	Cost of foreign employ ment (monetary cost/ social cost)

8) What are the causes for going to abroad for employment on the basis of primary factor?

- a) Job not found in the country.
 b) To pay family loan.
 c) Conflict problem
 d) Internally desire to go abroad
 e) Due to friends and relatives
 f) Any other to be mentioned.

9) What are the items for pre _departure expenditure?

No.	Topic	Amount
1	Passport expenditure	
2	Medical expenditure	
3	Visa expenditure	
4	AIR PLANE TICKET	
5	Other expenditure	
6	Total	

10) What are the items for pre departure expenditure?

No.	Topic	Amount	Interest amount
1	From own income		
2	Having loan from a. Bank b. Merchant c. relatives d. Public intuitions		
3	friends, parents		
4	Selling various things		
5	Total		

11) Information while in abroad:

- a. Time of stay due to agreement
- b. Actual time of stay.....
- c. Monthly salary due to agreement
- d. Actual salary got.....
- e. Monthly saving.....
- f. What type of job did you do.....
- g. Did you changed the job while in abroad?
- h. Daily work hour due to agreement
- i. Maximum nom. of hours you worked daily.....
- j. Did you get any new skill there?
- k. Can it be helpful here also?
- l. Did you plan to go to abroad again?
- m. Did your family happy?

12) What are the sectors that you invested money earned from foreign country?

1	Expenditure and investment	Amounts
2	In regular house expenditure	
3	For paying loan a. To pay old loan b. To pay recent loan (used for same purpose)	
4	Building home	
5	To buy land/ to made home	
6	In education	
7	In health	
8	In business	
9	in social work service	
10	Saved money	
11	Total	

13) In which way you have sent your earned money?

- (A) Brought money along with you (B) From bank (C) From Hundi
(D) From friends/relatives
(E) From other transfer intuitions...

14) What sorts of problems realized in foreign employment?

- A. low level of income D. lack of extra income
B. Vocational problem E. Irregular payment
C. Unsuitable climate F. Problems of security

15)How and which way is appropriate to go to abroad?

- A.
B.
C.
D.

16)In your opinion what should be done to promote foreign employment?

- A.
B.
C.
D.

17) To be specific, what about the change 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
- E. Other to be mentioned
- F. No changed before and now

18) Why none of your family visited foreign.....

19) What are the positive and negative impacts of foreign employment?

A. Positive.....

B. negative.....