

**THE IMPACTS OF REMITTANCE ON RURAL LIVELIHOOD:  
A Case Study of Sanba VDC, Taplejung District, Nepal**

**A Thesis**

**Submitted to:**

**The Faculty of Humanities and Social Sciences,  
Central Department of Rural Development Tribhuvan University  
in Partial Fulfillment of Requirements for the  
Degree of Master of Arts  
in  
RURAL DEVELOPMENT**

**Submitted By:**

**Nabina Sanba (Limbu)**

**Roll No. 282177/066/067**

**T.U. Registration No. 6-1-201-25-2003**

**Central Department of Rural Development**

**Tribhuvan University**

**Kirtipur, Kathmandu, Nepal**

**April, 2016**

## **RECOMMENDATION LETTER**

This thesis entitled, The Impact of Remittance on Rural Livelihood: A Case Study of Sanba V.D.C., Taplejung District submitted by Nabina Sanba Limbu under my guidance and supervision in partial fulfillment of the requirements for the Degree of Master of Arts in Rural Development. I hereby recommend this thesis for its evaluation and approval.

.....

(Prof. Uma Kant Silwal, Ph.D.)

Supervisor

Date: April 3, 2016

21/12/2072

## **APPROVAL LETTER**

The thesis entitled " The Impact of Remittance on Rural Livelihood: A Case Study of Sanba V.D.C., Taplejung District submitted by Nabina Sanba Limbu in partial fulfillment of the requirements for the Master's Degree (M.A.) in Rural Development has been approved by the evaluation committee.

### **Evaluation Committee**

.....  
Prof. Dr. Prem Sharma  
Head of the Department

.....  
Prof. Dr. Prem Sharma  
External

.....  
Prof. Uma Kant Silwal, Ph.D.  
Supervisor

Date: April 4, 2016

22/12/2072

## ACKNOWLEDGEMENTS

The dissertation entitled ' The Impacts of Remittance on Rural Livelihood' has been prepared for the partial fulfillment for the requirement for the Degree of Master of Arts in Rural Development.

First of all, I would like express my sincere gratitude to my thesis supervisor Prof. Dr. Uma Kant Silwal for her constant guidance and constructive suggestion during the study period. I think, this work would not have been completed without his support. Also, I am thankful to the staffs of Rural Development, Tribhuvan University for inspiring me to write the dissertation because of their invaluable for me to complete the study.

Further, I am highly indebted to the respondents, who provided me their valuable time and efforts during the data collection period. Likewise, I am thankful to my all class mates for their inspiration. In additional, I am highly indebted to Mr. Phanindra Khadka for his vibrant and perfect professional support to make this shape.

I ought to pay deep tribute to my late father Mr. Chandra Mahabir Limbu who was the main source of my knowledge. Also, I am indebted to my mother Ms. Narmaya Limbu and pleased to my sister Radhika Limbu and brother Bisnu Sanba for their moral support during the study period.

April, 2016

Nabina Sanba Limbu

## ABSTRACT

A remittance is a transfer of money by a foreign worker to an individual in his or her home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. Workers' remittances are a significant part of international capital flows, especially with regard to labour-exporting countries. This is fact that remittance has larger benefit to the receiving country in an aggregate level as well as in household level.

The main objective of the study was to analyze the impacts of remittances on rural livelihood, which is primarily based on primary data but secondary data has also been used as per the needs of the study. The primary data was collected from door to door interview survey with the help of a set of questionnaire. The total sampled population was 68 people, which were randomly selected from the abroad migrated households and three event focused group discussion has been conducted to make the study robust and meaningful. Also, research design is followed descriptive as well as analytical.

Nepalese economy is extensively becoming dependent on remittance sent by migrant workers. The overseas migration and remittance has become a tool to poverty alleviation as well as improving living standard of the people. The contribution of the remittance income of Nepali people is increasing drastically. So, the remittance is considered one of main source of income. There is less contribution of other sector except agriculture sector. Hence, foreign labor migration helps to promote national economic growth through remittance income and increasing consumption, saving and investment at local and national level.

It was found that 37% were found totally illiterate and other remaining 63 % people were literate. Similarly, 54% people were dependent on agriculture, 15% people involved on regular service as well as abroad work, 1% engaged on business, 29% went to schools/colleges and 0.33% people involved in social service.

Regarding the level of access to basic socio-economic services of the people of study area, it was found that 80% people have access to educational institution and 20% have no access to in educational institution. Out of 2410, 65% people have access to

hospital and other people have no access on it. 35% people have access to market facility and 65% have no access to market facility. 66% have access to landline telephone, 62% people have access to electricity, 25% people have access to make financial and community institution, 55% people have access to toilet and garbage management and remaining people are far from such facilities. Large population i.e. 90% people have no access to non-formal education and training center. And only 5% people have access to religious place.

Similarly, Out of the total migrated labourers, 53 percent workers have gone to Gulf countries and rest 47 percent workers have gone to Malaysia. Most of the workers i.e. 44% workers worked in construction sector. Similarly, 32.35%, 13.24%, 9% and 1.47% workers worked in manufacturing, services hotel and others sectors respectively. It was also concluded that 45.59% remittance income was spent on daily consumption goods, 22.05% on land/housing and 16.18% on loan repayment and remaining portion on other sectors. All the indicators namely level of income, health status, education, drinking water, food, housing, land size, clothing, livestock, electricity facility etc., were poor before getting remittance. However, after receiving remittance, all of them have been changed significantly.

## ACRONYMS

ADB	:	Asian Development Bank
CBS	:	Central Bureau of Statistic
DDC	:	District Development Committee
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GoN	:	Government of Nepal
HH	:	Household
NGOs	:	Non-Governmental Organizations
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
TU	:	Tribhuban University
UNDP	:	United Nations Development Programme
VDCs	:	Village Development Committees
WB	:	World Bank

# CONTENTS

RECOMMENDATION LETTER	ii
APPROVAL LETTER	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
ACRONYMS	vii
CONTENTS	viii
LIST OF TABLES	x
LIST OF FIGURE	xi
<b>CHAPTER –ONE: INTRODUCTION</b>	<b>1</b>
1.1 Background	1
1.2 Problem Statement	2
1.3 Objectives of the Study	3
1.4 Significance of the Study	4
1.5 Limitations of the Study	5
1.6 Organization of the Study	5
<b>CHAPTER – TWO: LITERATURE REVIEW</b>	<b>6</b>
<b>CHAPTER –THREE: RESEARCH METHODOLOGY</b>	<b>21</b>
3.1 Research Design	21
3.2 Nature of the Data	21
3.3 The Selection of the Study Area	21
3.4 Sample Size and Sampling Procedure	21
3.5 Data Collection Tools and Techniques of Primary Data Collection	22
3.5.1 Questionnaire	22
3.5.2 Interview	22
3.5.3 Focused Group Discussion	22
3.6 Secondary Data Collection	22
3.7 Data Analysis	23
3.7.1 Qualitative Data Analysis	23



<b>CHAPTER- FOUR: INTRODUCTION OF THE STUDY AREA</b>	<b>24</b>
4. Introduction of Taplejung District	24
4.1 Demographic Glimpse of Taplejung District	24
4.2 Drinking Water Situation	26
4.3 Educational Status in Taplejung District	27
4.4 A Brief Introduction of Sanba VDC	27
4.5 Access to Basic Socio-Economic Services in the Study Area	30
<b>CHAPTER- FIVE: THE IMPACTS OF REMITTANCE ON RURAL LIVELIHOOD</b>	<b>32</b>
5.1 Remittance Significance in the Study Area	32
5.1.1 Motivation for Foreign Employment	33
5.1.2 Causes to Go for Abroad Employment	33
5.1.3 Destination Countries for Workers	34
5.1.4 Sectors of work for foreign employment	35
5.1.6 Income from Abroad Works	36
5.1.8 Remittance Inflow from Golf	38
5.1.9 Saving Pattern of Remittance	38
5.1.10 Source of Non Remittance Income	39
5.1.11 Ways to Receive Remittance Income	40
5.1.12 Utilization of Remittance Income on Education Sector	41
5.1.13 Expenditure on Health Sector	42
5.1.13 Overall Expenditure Ratio Analysis of Remittance	43
5.1.14 Comparative analysis of Remittance Beneficiaries	44
5.1.15 Positive and Negative Aspects of Remittance	47
5.1.16 Problems Faced by Remittance recipients	48
5.1.17 Suggestions for Further Boost up of Remittance Income	49
<b>CHAPTER- SIX: SUMMARY, CONCLUSION AND FINDINGS</b>	<b>51</b>
6.1 Summary	51
6.2 Conclusion	52
6.3 Recommendations	54
<b>REFERENCES</b>	<b>56</b>
<b>APPENDICES</b>	

## LIST OF TABLES

Table No. 4. 1	The Age-Wise Population Pattern of Taplejung District	25
Table No. 4. 2	Occupational Distribution of Population in Taplejung District	26
Table No. 4. 3	Condition of Drinking Water	26
Table No. 4. 4	Age Wise Educational Status	27
Table No. 4. 5	Education Status of Sanba by Sex	28
Table No. 4. 6	Occupational Status of Sanba VDC	29
Table No. 4. 7	Land holding Size of the People of the Study Area	30
Table no. 4. 8	Level of Access to Basic Socio-Economic Services	31
Table No. 5. 1	Factors Initiatives for Foreign Employment	33
Table No. 5. 2	Sectoral information of Foreign Workers	36
Table No. 5. 3	Abroad Income Status	36
Table No. 5. 4	Remittance Inflow from Malaysia	37
Table No. 5. 5	Remittance Inflow from Golf	38
Table No. 5. 6	Saving from Remittance Income	39
Table No. 5. 7	Non Remittance Income and its Sources	40
Table No. 5. 8	Channel of Receiving Remittance Income	41
Table No. 5. 9	Schooling Pattern of Remittance Recipients	42
Table No. 5. 10	Spending Pattern of Remittance in Health Services	43
Table No. 5. 11	Areas of Remittance Expenditure	44
Table No 5. 12	Impact Indicators of Remittance Income	45

## **LIST OF FIGURE**

Figure No. 5. 1	Reason to be Migrated for Foreign Employment	34
Figure No. 5. 2	Information of Workers Destination	35
Figure No. 5. 3	Schooling Pattern of Remittance Recipients	50

# CHAPTER –ONE

## INTRODUCTION

### 1.1 Background

Nepal is one of the least developed countries, predominated by agriculture as a major source income and employment, also, about 65 percent of population primarily dependent on agriculture for their livelihood. Beneath agriculture dominance as a major source of income and employment, the current rate of population growth and increase in labor force participation not only creating pressure on agriculture land, but also affecting the household capacity to carry out sustainable and sufficient agriculture production activities. In conjunction with, the performance of agriculture land itself is not satisfactory and sufficient enough to fulfill the consumption need of rural household. Agriculture production is mainly affected by unreliable weather, difficult terrain, insufficient transportation network, limited irrigation facilities, lack of inputs and so on. Consequently, Nepalese rural agriculture household is increasingly dependent on non-farm activities in order to overcome consumption gap due to poor condition of agriculture sector. (Available at [http://en.www.wikipedia.org/effects of migration on food security](http://en.www.wikipedia.org/effects_of_migration_on_food_security)).

International remittance has a vital role in most developing countries on poverty, income distribution, and economic development, especially in rural areas. Migrant remittance flows surpass official development aid receipts in many developing countries. Migration is an increasing phenomenon in Nepal, particularly among young men. One out of every 11 Nepali adults is in foreign employment. Remittance thus has a profound and growing impact on the poverty and resource distribution in the country (Aryal, 2004).

Historically migration is important source of livelihood for Nepalese population to improve living standard. In other words, agriculture is sole bread winner for the rural households; the role of migration is recognized as catalyst to overcome consumption deficiency in the event of low agriculture production, invest in agriculture to improve productivity, pay back debt, safeguard against unanticipated events etc. Also, migration plays significant role in changing the agricultural practices and production in rural economy. It strangulate traditional pattern of agriculture system which was

dominated by male work force to female dominated agriculture system, which result in fall in agriculture production. But the issue of migration has hardly holds any significant acknowledgment from govt. of Nepal in its policy in spite of decade long pattern of migration. Even modest attention came from the researcher, policy makers to analyze the inter-linkage between decade long migration and its impact on rural agriculture sector.

Unlike rural non-farm self employment activities, migration is important over the other option available to a farm household so as to improve livelihood through the secured income in terms of remittance. Though predisposition of migration makes a household member unavailable for farm activities for extended period of time, but remittance send back home can aid to improve family livelihood.

Nepal is experiencing massive out-migration as an important livelihood strategy and has thus become increasingly dependent on remittances as an important source of income. The consequences of high levels of migration for both sending and receiving societies are a major concern. The effect of such remittance earnings in migrant sending households depends on whether the income is used for production or consumption. If used solely for consumption, remittances may promote the cycle of dependency and result in a low quality of life. Therefore, measuring utilization patterns by remittance-receiving households using a standard instrument is key to understanding how migrants' families spend and invest remittance earnings (Available at [http://en.wikipedia.org/ effects of remittance](http://en.wikipedia.org/effects_of_remittance)). Poverty, unemployment, declining natural resources, and more recently the political instability are major reasons why international labour migration is an increasingly important source of income. Migration to the neighboring country India has a longstanding history, while migration to the Gulf and Tiger States, Europe, or USA only commenced about 15 years ago. There is little documentation of the movements of migrant workers and their remittances and national census data has been criticized to understate migration numbers.

## **1.2 Problem Statement**

In Nepal, farming merely provides sufficient means of survival for the rural population, thus most of the rural households are found to be involved in a range of

activities which is not limited to rural non-farm. In order to overcome consumption deficiencies, poor household follows series of principle like expansion of agriculture, diversification into non-agriculture source of income, migrating to other place for employment etc. These activities is helping rural household to minimize production-consumption gap, thereby to encourage continue agricultural activities.

It is said that remittances has represented more than 10 percent of GDP in Nepal in the late 1990s. Moreover, it would be highly beneficial to the country, where there is natural calamities, political conflict, people war, low investment in entrepreneurial activities and economic recession. According to Nepal Rastra Bank sources, the remittance saw an increase by 9.6 per cent to Rs. 164.93 billion compared to 60.3 per cent growth in the corresponding period of the previous fiscal year. But the remittance of the country has been increasing year by year. In spite of the heavy inflow of remittance in Nepal, It is not properly utilized in capital formation, employment creation and income generation. Most of the studies are focused on remittance inflow, remittance and migration and effects on domestic production of the national economy. So, this study will be centralized to address aforesaid issues of the remittance concerning with the impacts of remittance on rural livelihood in the rural area of Nepal. Also, the researcher has tried to seek the answers of the following questions:

- What is source of income of the study area?
- What is the income and expenditure pattern of local people?
- How much amount of remittance are they getting annually?
- Is remittance playing significant role in people's daily life?
- What types of problem faced by them while going and working in foreign employment?
- What should be done further to increase more remittance?

### **1.3 Objectives of the Study**

General objective of this study was to discuss on the various aspect of remittances. And the specific objectives of the study were as follows:

- To assess the situation of remittances in the study area.

- To analyze the utilization pattern of remittances in the study area.
- To identify the problems and explore solutions related to the remittances in the study area.

#### **1.4 Significance of the Study**

Remittances are typically helpful to meet specific needs of the respondents' family members and thus tend to increase their standard of living. In lower class or poor households, they may finance their remittances to fulfill their basic needs, such as in consumption, housing, children education and health care and to pay for loan. In middle class or rich households, they may provide either loan for individuals going abroad or capital for businesses and entrepreneurial activities. From macro-economic point of view, this source may be more stable than capital flows. It is said that remittance has represented more than 22 percent of GDP in Nepal. Moreover, it would be highly beneficial to the country, where there is natural calamities, political conflict, people war, low investment in entrepreneurial activities and economic recession.

Remittances in developing countries have become an important part of economic development. In some countries, they are considered a lifeline for the economy. This source of foreign income has been rapidly growing each year in Nepal so that remittance has been backbone in the Nepalese economy for a long time. These days it has been only such sector which is holding the national economy by supporting on balance of payment and proving sufficient foreign reserve ratio to manage the huge export and import trade gap. So, this study is expected to be helpful for those people or community, who are interested in studying on remittance.

The following goals are taken to prove its significances.

- Informing and suggesting to the state/policy makers about the problems and solutions.
- Helpful for the readers, researchers, GoN, development planners, policy makers, DDCs, VDCs, Municipalities, NGOs/INGOs workers who want to do further study on remittance.

## **1.5 Limitations of the Study**

The limitations of the study are as follows.

- This study covers only Sanba VDCs of Taplejung District. So, it can be representative but may not be generalized in the national level.
- The study only focused on remittance of Malaysia and Golf Countries.
- This study will concern only with the particular problem entitled “The Impacts of Remittance on Rural Livelihood” according to aforesaid objectives.
- The primary data which were collected from a set of questionnaire have been considered 100 percent accurate.
- This study is submitted in the partial fulfillment of the requirement for Master's Degree in Rural Development. Therefore, it is not able to find out the sufficient result in depth.

## **1.6 Organization of the Study**

In this section, first chapter includes introduction, problem statement, objectives of the study, significance of the study, limitation of the study and organization of the study. Second chapter presents literature review. Similarly, third chapter highlights about the research methodology. Chapter four tells on introduction of the study area. Chapter five describes over the impacts of remittances on rural livelihood and chapter six concludes with summary, conclusion and recommendations.



## **CHAPTER – TWO**

### **LITERATURE REVIEW**

Review of related literature is an important part of the study that describes the knowledge, which is accumulated in the past as a result of constant human endeavor. It can never be under taken in isolation of the work that has already been done on the problem, which is directly or indirectly related to study proposed by a researcher in this field. A comprehensive review of related past studies sharpens one's understanding the problem and to build alternative areas and approaches of analysis. For without it, the study becomes hollow and nominal. This is why, the researcher tried to review the available literature related to the effects of remittances on rural livelihood. Here, some literatures considered relevant to this topic are reviewed below.

According to BBC English Dictionary, Harper Collins Publishers, 1994, "Remittance is a sum of money that you send as payment for something". However, to express the layman's meaning (for specific purpose) of remittance is a sum of money that is earned by the home workers in host countries in exchange of their services and remitted to the home country. Nowadays, people are even excited to use the jargon as a substitute word for worker's remittance earning as "Migradollar". Likewise, remittances are "the portion of international migrant worker's earnings sent back from the country of employment to the country of origin".

As World Bank defined that remittance is known as workers compensation, income or money either in cash or cheque or kind send from the international labor market to the home (migrant sending country ), which is monies (duty) transferred from one individual to another. The volume of remittance has increased significantly and became major sources of income for developing countries. Similarly, World Bank report has listed Nepal as one of 20 top remittances recipient countries of the world. According to the report, Nepal's remittance on fiscal year 2004/05 was US \$ 775 Million, which constituted 18 percent of the nation's GDP."(New Business Age) According to NRB, annual statistics reveal that total remittances income during the fiscal year 2004/05 earned over US \$ 922 Million from overseas workers – accounting for 12.4 percent of national GDP. Likewise, the fiscal year 2005/06

touched Rs. 97.54 Billion (US \$ 1.32 Billion) which is contributed on nation's GDP by 17.5 percent.

According to a study conducted by Prof. Seddon, Jagannath Adhikari and Ganesh Gurung entitled "Foreign Labor Migration and the Remittance Economy of Nepal" for DFID (Department for International Development of the British Government) in the year 2005, nearly Rs.69 billion was remitted by the Nepalese working in foreign countries in 1997. Of this, nearly 40 billion came from an estimated one million Nepalese working in India whereas the rest (nearly Rs.29 billion) came from people working in other parts of the world.

Kshetry (2013), wrote an article entitled Remittance: Cost and Benefits. He has shown the social cost and benefit of remittance in Nepal. According to him, Remittances are especially important for low-income countries. A remittance to the sending agent or institution using cash, cheque or money order or debit card using e-commerce and so on . In second step the sending agency instructs its agent in the recipients' country to deliver the remittance. In the third step, the paying agent or union operator makes the payments beneficially. Formal remittances are periodically followed between sending agents and paying agents according to their agreed schedules. However, informal remittance transaction includes a fee charged by the sending agent, who is paid by the sender and a currency conversion fee for delivery operates require the beneficiary to pay a fee to collect remittances. This fee may be charged to account for frequent exchange rate movements. They may earn an indirect fee in the form of interest by investing funds before delivering the amount of beneficiary.

Dhakal (2013) has carried out a study on "Remittance and its Impact on Education. According to him sources of remittance, use of remittance on consumption is increasing positively. Remittance inflow and its current situation in the study area are high as and as in national scenario. Remittance is major sources of foreign currency and contribute positively to recipients national balance of payment on macro level, remittance are vital sources of foreign currency, which helps to stabilize the balance of payment deficit. But in micro level, study shows that remittances are spent primarily on consumption of goods and expenditure on education and services. Such goods usually are imported. If such tendency is being continuously increasing, then it will fuel a trade balance and which make Nepal vulnerable to certain shocks. The

study insists that most obvious effect of remittance is that, it increase the income of recipients would increase consumption. The long term problem of remittance as being sources of income on household economy is not well understood. The study supports the question that is the most of remittance income is being use for consumption, purchase land and education. The study help to conclude that consumption level, purchasing land and investment in education level is being increasing as the remittance income increases. Due to the lack of job opportunity in the country, most of people are migrated for foreign employment. Job not found in country, to decrease family loan, to earn high amount of money are also found as major causes for migration to abroad employment. Though most of studies show unofficial channels are often used by foreign employment to remit their income for household. But the study shows that official channel is being use by such household. The tendency of going abroad is increasing day by day. Thus, if it is not minded in appropriate time, the present tendency of use remittance will certainly bring shocks for national economy. More expenditure on land purchasing, on festival/ceremony should control in such a way that they use only domestic production, education and it can help to preserve foreign currency.

K.C, (2012), has written on Effect of Remittance in the Economy of Nepal. According to him 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. Further, in the context when all the government, private and public sector has acknowledged the contribution of remittance in the economy, it is high time to mainstream the foreign labor migration in government planning process. By reducing the transaction cost associated with the process, diversifying the destination countries and making it a reliable and affordable medium of earning money, government can address the problem appropriately. Also, there has been massive leakage in actual remittance inflow because most of the labor prefers to

send their earning through informal channels – almost 40-50% of total remittance. So, government should plans to encourage the migrants to follow the formal channels to send their earnings. An equal attention should be given to secure the female labor whose share in total remittance is 11%.

Dhungel (2012), wrote an article on Republica daily entitled Nepal's Remitnomics. He explained that the sharp rise in the number of people working abroad in the past two decades has seen with it a major rise in the amount of money coming into Nepal via remittance companies. Nepal's history of migrant employment originates in the early nineteenth century when Nepalese soldiers began working for the British army. In the following decades, hundreds of thousands of Nepalese worked for the British and Indian armies and currently, over 60 thousand Nepalese are working in the Indian Army and other government institutions in India. According to the National Planning Commission (NPC), the number of overseas workers has grown, on average, by 30% in the last few years. There are now an estimated 1.2 million Nepalese working in 40 countries, excluding India. Since the First World War, Nepali youth have continually migrated to foreign countries in search of livelihood. The growth of migration rapidly accelerated in the last two decades after Nepal underwent policy changes conducive to opening up and liberalizing the economy. In the beginning, the thrust of these economic policies was to either privatize or dismantle public enterprises. Policy failures have continued because of the inability of the private sector to operate such enterprises. Actions have been stalled in spite of the negative implications on the economy in the short as well as in the long run. This, in turn, has created chronic unemployment. Employment to potential Nepali workers depends on the need of foreign countries. The outflow of people in search of opportunities in foreign countries has increased over the years. Foreign workers contribute remittances - transfer of funds by workers (remitters) living and working in developed countries, typically to their families in their home countries. Examples include Middle Easterners living in Europe, Latin Americans in the United States, and Koreans and Filipinos in Japan. Although the use of remittances varies from country to country, the recipients of remittances commonly rely on them for meeting living costs, education and investments. A significant number of Nepali youth, over two million, work in different countries of the world, particularly India, East Asia and the Middle East. These youth send remittances to their families. The number of youth who migrate

from Nepal and hence, remittances they send home have increased significantly over the years and it is believed that remittances play a pivotal role in providing livelihood to the majority of people who live in rural areas.

Sapkota (2012), studied on Remittance and Development in Developing Countries, His study mainly focused on discuss the pros and cons of remittances at household and national level in Nepal. It is based on two keys namely Nepal Living Standard Survey III and Nepal Migration Survey. Over the last six years, absolute poverty declined to 13 percent of total population down from 31.5 percent in 2003/04. An incredible 18 percentage point decline in poverty or three percentage point decline each year. Nominal average household income and nominal average per capital income have increased by 153 percent and 175 percent respectively. Furthermore, nominal per capital consumption of the poverty households has increased by 165 percent while that of richest households has increased by 66 percent only. Also, average household Income of the poorest and richest 20 percent households has increased by 297 percent and 133 percent respectively, measured by Gini-coefficient to 0.35 from 0.41 recorded. The average daily wage in agriculture sector has increased by 127 percent between two surveys, but that of non agriculture sector by 98 percent only. His article has found that increasing remittances at the household level have led to high consumption demand, high imports and appreciation of exchange rate, resulting in the erosion of manufacturing sector and its competitiveness in Nepal.

Bhattraï (2011), conducted a study on Foreign Employment and Workers' Remittances in Nepal. According to him foreign employment helps to divert large amount of remittance into national economy. Remittances have positive impact on national economy as well as household economic conduction but this is not satisfactory. Maximum parts of the remittances have been used in household expenses like loan repayment, house maintenance and social spending. Likewise, the study also reveals that bringing more remittance money through formal channels is critical. So the current need is for more effective migration management to reduce the vulnerabilities of migrant workers and safeguard the rights of migrant workers Furthermore, we can conclude that foreign employment and remittances is one important component of national economy. Remittances have opened a new area of

research to the economists and politicians. As its share and volume keep on growing, economic and financial model builders have got strong ground of empirical testing of hypothesis as “Remittance Led Growth”. So, remittance has a greater scope of expansion for a “role play” in the socio- economic development of developing country like Nepal. Nepal has an encouraging picture toward this direction. However, because of the lot of traditional or emerging new reasons, the remittance sector also would go in jeopardy if timely and proper policy measures and strategic actions are not adopted. Temporary inflow of such remittance cannot serve the long-term objectives of a country. For this, all the responsible bodies’ initiations and drives need to be directed to a safe, reliable, diversified and sustainable remittance system.

Malla, (2009), wrote an article on Foreign Employment and Remittance in Nepal. According to him 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.

The importance of non-farm income for rural livelihoods is not new. A study in the mid-1970s (by ARTEP) showed that in the majority of cases, the total net income of rural households was derived from more than one source. In the hills only 0.2 per cent of the households sampled obtained all their income from a single source; in the terai, the percentage of households depending on one income source were 9.8 per cent and most of those were landless. Roughly 25 per cent of household income in both hills and terai came from non-farm sources, notably from wages and salaries, pensions and remittances. In 1980, a study conducted by the National

Planning Commission estimated that 35 per cent of total household income in rural Nepal came from non-farm and off-farm earnings.

Anyanwu and Erhijakpor (2010), sought the answer of question "Do international Remittance affect poverty in Africa?" The data set consists of 33 African countries and 75 observations. The poverty measure of used here are from the world Bank's percale net database which incorporates three major of income poverty. First the poverty incidence (head count poverty), which measure the percentages of population living on less on PPP dollar a day. Second is poverty depth ( poverty gap ) which is the mean distance below the poverty line as a proportion of the poverty line third is poverty severing ( squared poverty gap ) which is the mean of squared distance below the below the poverty line as proportion of the poverty distribution of the poor below the poverty line.

Various researches have been conducted internationally on the issue of international labour migration and remittance economy but in the Nepalese context, it is found that very few researches/studies have been conducted to analyze the economic impact that the inward remittance might have due to the international labour migration. Despite of those lacking, this study tries to identify the features, characteristics, levels and trends of the Nepalese international labour migration on one hand whereas on the other hand it tries to explore the impact that the inward remittance sent by these labours have on the overall economy of the country.

With the increase in the number of workers, the inflow of remittances has also taken an upswing. Moreover, because of the policy steps taken for enhancing the inflow of remittances to the country through the official mechanism the share of remittances coming through the official channel has gone up. The mounting remittances have led to a surplus in the current account, thereby strengthening the overall balance of payments position. Despite of such a large volume of inward remittances soaring inside the country as a result of booming international labour migration from Nepal, there still remains some questions unanswered.

Niraula (2009), completed a study on Structure of Foreign Employment and Remittances in Nepal". She has concluded that Foreign employment helps to divert large amount of remittance into national economy. Remittances have positive impact

on national economy as well as household economic condition but this is not satisfactory. Maximum parts of the remittances have been used in household expenses like loan repayment, house maintenance and social spending. Likewise, the study also reveals that bringing more remittance money through formal channels is critical. So the current need is for more effective migration management to reduce the vulnerabilities of migrant workers and safeguard the rights of migrant workers. Furthermore, she drawn conclusion that foreign employment and remittances is one important component of national economy. Remittances have opened a new area of research to the economists and politicians. As its share and volume keep on growing, economic and financial model builders have got strong ground of empirical testing of hypothesis as "remittance Led Growth". So, remittance has a greater scope of expansion for a "role play" in the socio-economic development of developing country like Nepal. Nepal has an encouraging picture toward this direction. However, because of the lot of traditional or emerging new reasons, the remittance sector also would go in jeopardy if timely and proper policy measures and strategic actions are not adopted. Temporary inflow of such remittance cannot serve the long-term objectives of a country. For this, all the responsible bodies' initiations and drives need to be directed to a safe, reliable, diversified and sustainable remittance system.

Owiafe (2008) analyzed the impact of external remittances on poverty reduction in Ghana. The study employed mainly secondary microeconomic time series data analysis. All data were taken from INF, International financial statistics government, Finance statistics and the World Bank and the state of Ghananian economy. Data were analyzed to add in the descriptively and quantitatively. Charts such as trend graphs and tables were employed to add in the descriptive analysis. This study adopt newly developed auto regressive distributed lag econometric model. Further this study concluded that remittance have indirect impact on economy growth through human capital development and the lack of capital constraints, Its direct impact is nil, where poverty is concern remittances seems to have direct impact on poverty reduction through the direct increase in the economy of the poor, thus smoothening household consumption and eating capital constraints. Similarly, the aim of the paper is to study the impact of remittances on public education spending in recipient countries. We build a simple theoretical framework where government intervention in education is motivated by the presence of credit constraints. On the one hand, an increase in



remittances relaxes liquidity constraints, which implies a shift from public to private spending. On the other hand, remittances may allow households to send children to school rather than to the labor market. This implies an increase in the demand for educational services. In the empirical section we find empirical confirmation of an inverted-U relationship: For small (large) amounts of remittances, an increase in remittances raises (lowers) public education.

Regmi (2008), accomplished a study on the topic of Role of Remittance in Rural Poverty Reduction. His study has clearly mentioned that remittances have increased their household economic and social indicators after returning from foreign employment. Around 69 percent respondents said that remittances have increased their economic status, 57 percent of the respondents said that remittance income have increased their standard of living, around 73 percent of the respondent's social attitude have increased due to remittance income and around 82 percent of the respondents increased their skills. But around 23 percent respondents said that economic status has been same, 40 percent have remained same standard of living, 27 percent said that their social status have remained same and 18 percent said that remained same level of their skill after returning from the foreign employment. Similarly, remittances have also done impact on their other indicators. It was said that around 78 percent respondents improve their condition of housing, 69 percent respondents improve their education of children, 46 percent improve their health of their family members, 74 percent improve their clothing situation and 37 percent of the respondents have increased cash available with them. But around 18 percent respondents have worsened health of their family members and 22 percent of the respondents have worsened cash available with them. And around 22 percent of the respondents have same level of housing, 31 percent respondents have same level of education of children, 32 percent respondents have same level of health of their family members, 26 percent of the respondents have same level of clothing and 41 percent of the respondents have constant cash available with them.

Shreatha (2007), conducted a study entitled Foreign Employment, Remittances and Pattern of Consumption. As he found the conclusion of that was overseas employment has not only helped the country in ever growing unemployment problem, it has also been injecting much needed foreign currency into economy to accomplish foreign

exchange and investment gap thereby helping the country to avoid a major BOP crisis. Therefore, remittances are increasingly identified as a *golden egg* for contribution crucially foreign exchange earning of many developing countries around the world. Remittances are becoming important to the receiving countries at the micro and macro level. They increase both the income of the recipient and the foreign exchange reserve of the recipients' countries. Moreover, remittances can generate positive multiplier effect in output if they are consumed and contributed to economic growth by productively manner. At the micro level, remittances boost up the income level and reduce the poverty of the recipient's. At an individual level, the contribution of remittances is for the welfare and improvement of livelihood of the receiving household, in terms of to fulfill the basic necessities such as food and clothing or better education and health of children. However, the money spent on better education and health for children are believed to have a favorable effort on growth, which tends to help in output production. Rural household tend to consume more domestically produced goods and hence generate larger multiplier effect than urban counterparts. At the macro level, the remittances provide significant sources of foreign currency and contribute to the BOP. The use of remittances for flourishing financial imports, helps to increase national income. Remittance also contribute to the expansion of communication services, courier companies as well as money exchange services, which contribute to the expansion of economic activities and increase employment opportunities.

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

The study has concluded that the main destinations of Nepalese workers are Gulf countries and Malaysia. Sixty percent of total workers are employed in Gulf countries. The main countries are Saudi-Arabia, Qatar, UAE and Malaysia etc. The remittance is increased in the year 2003/04 by 36 percent while base year was 1994/95. The contribution of remittance to GDP in 2003/04 was 11.44 percent and the share of remittance in convertible foreign exchange reserve was accounted by 46.9 percent in 2003/04. The average cost for foreign employment was Rs.93.99 thousand. It ranges between Rs.45 thousand minimum to Rs. 150 thousand maximum. Source of financing for foreign employment for 90.29 percent migrant worker was borrowings. The major sectors of employment for Nepalese workers were building construction (41.66%) and industry (26.38%). The Nepalese worker's average stay duration was 2.99 years. Most of the respondents of that study area want to go again because of the unemployment (70.85%) and conflict (36.11%). Out of the causes maximum respondents of Brahmin/Chhetri were suffering from the conflict problem. The study summarizes that remittances have increased their household economic and social indicators after returning from foreign employment. Around 55 percent respondents said that remittances have changed their economic status and standard of living and around 72 percent said that increased their social attitude and around 90 percent respondent's skills. But around 36 percent respondents said that economic status has been same, 44 percent have remained same standard of living, 27 percent said that remained their social attitude same and 9 percent said that remained same level of skill after returning from the foreign employment. Around 77 percent respondents improve their condition of housing, 55 percent respondents improve their education of children, 44 percent improve their health of family members, 52 percent improve their clothing and 33 percent increased their cash available. But around 15 percent respondents have worsened their education of children, health of family members and cash available and around 36 percent respondents have same level of education of children and health of family members, around 47 to 50 percent have same level of clothing and cash available.

The study has some recommendations for the betterment of the foreign employment sector. These are : the policy should be made to solve the conflict situation, create good environment and provided sufficient technology as well as market, give more information to the respondents, technical training institutions should be established in

rural areas, the required funds should be provided by the govt. sector for the people who can't afford foreign employment, the safe destinations for Nepalese people for foreign employment should be declared by the government etc.

The World Bank (2006), *Global Economic Prospects: Economic implication of remittances and migration* indicate that remittances can lead to economic growth simply by increasing the migrant's household income, regardless of whether this additional income is spent on consumption or savings. For example, Ratha (2003) indicated that if remittances are invested, they contribute to output growth, but they generate positive multiplier effects if consumed. There is evidence that remittances have enabled economic growth through greater rates of investment. Even more certainly, remittances have important multiplier effects, raising income levels in the economy beyond the households of remittance recipients.

Furthermore, significant empirical evidence indicates that remittances lead to positive economic growth, whether through increased consumption, savings or investment. In addition to absolute indicators of growth and macro economic stability (Lucas, 2005), remittances may have distributive effects on poverty and inequality. Of the two factors the effect of remittances on poverty seems much less controversial, because remittances per se do not lower anyone's income. Remittances contribute to household income and thus, in the short run, reduce poverty.

Niraula (2006), carried out a study on 'Economic Implication of Foreign employment and inward Remittance'. He has focused his study on analyzing more specifically the pros and cons of the foreign employment and inward remittances and its economic implications. On the thesis, the researcher has explored main objectives as current state of foreign employment, {nature, mode and volume of inward remittance generated from the foreign employment,} nature and possibilities of investment opportunities for families receiving the remittance and difficulties faced in obtaining these figures and also micro and macro economic implications of the inward remittance and its contribution in our Gross Domestic Products. A study conducted on determining whether the money received as remittances is being utilized in a productive way showed that most of the earnings as ex-Gurkha soldiers and others returning from abroad had been used in buying land, constructing houses and other unproductive social rituals. Even those who were interested to start new ventures did

not find any attractive areas for investment. There is no coherent program to increase the benefits of the remittance economy and reduce the very real social costs of foreign labour migration as part of Nepal's overall development strategy." Whatever be the actual figures of remittance entering into the country every year, it is beyond doubt that there is much room for tapping its potential. For this, the government doesn't need to make additional investment. All it should do is to recognize the contribution of remittance to national economy and devise suitable policies to channelize it for productive use away from the present trends of consumptive use. The increase of the flow of remittances has paved the way for South Asian economies such as Bangladesh, Sri Lanka and Pakistan to keep their BOP situation in a healthy state. The strong inflow of remittances allows foreign exchange reserve to increase and provides the confidence to float a country's currency. If we recall the above mentioned phenomenon, what we found that the remittance money have become a crucial component for Nepalese economy. The GDP has also accounted remittances as one of the major sources of national income of the country. The remittances have contributed much to maintain Nepal's BOP position favorable .Not only this, this sector has become one of the prime sources of foreign currency earning and mitigating ever growing imports bills for Nepal. The expansion of banking and financial sector has been possible due to presence of remittances in Nepal. Meaningful utilization of remittance money paves the way for boosting socio-economic activities towards deprived people and remote areas of the nation. Mere collection of remittances in banks and financial institutions does not bring desired outcome in the economy. Such funds should be channelized in different layers of the economy to meet twin goals: poverty alleviation and sustainable development of Nepal. The GDP of the nation could be magnified in the long run with the better use of remittances. Meaningful utilization of remittance money paves the way for boosting socio-economic activities towards deprived people and remote areas of the nation. Mere collection of remittances in banks and financial institutions does not bring desired outcome in the economy. Such funds should be channelized in different layers of the economy to meet twin goals: poverty alleviation and sustainable development of Nepal. The GDP of the nation could be magnified in the long run with the better use of remittances.

Gaudel (2006), noted down on a journal entitled Remittance Income in Nepal. As he explained that remittance income in developing countries has become a lifeline for

economic development. By remittance we mean sending income in terms of money or goods in home by the migrants or workers who have their earnings outside their home country. Now-a days, this source of foreign income has been growing rapidly in each year in developing countries. Since long time in Nepal, many migrants have been transferring their income through the unofficial channels. Today due to the establishment of different agencies like Western Union, International Money Express (IME) etc. in several district headquarters of the country, the remittance flows has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flows in Nepal due to the emergence of unofficial channels even though it has recorded in balance of payments account. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 percent of the recorded flows in developing countries.

Khanal and Kanel (2005), studied entitled, “Remittance Income and Minimization of Economic Fluctuations” which was sponsored by IPRD, Katmandu, found that during 1996-2004, remittance income increased by more than three and a half folds. Also, among the remittance –receiving households, the share of remittance income went up to 31.9percent from 23.4percent during the same period. The share of remittance income in private consumption and import of goods reached 14.6 and 41.8 percent respectively in 2003. The large inflow also helped to overcome the worsening current account deficit. In view of imports from third countries and private consumption being highly influenced by remittance income, remittance income has contributed considerably to raise revenue, stabilize prices and augment output in the economy. Thus, a detailed empirical analysis evidently proved that remittance income is playing a crucial role in minimizing the vulnerability of the economy and also supporting long-term growth to some extent.

Kshetry (2004) in his article "Emigrating Workers in National Perspectives" identified the causes of Nepalese emigration as limited employment opportunities in government and private sector. Underdevelopment of industries and rudimentary services sector provides limited number of jobs to ever increasing labor force. In the farm sector which conventionally used to absorb almost all the work force failed to do so because of low motivation for farm sector work. The entrepreneurs in this sector

are not enthused to invest more either due to low returns or risk involved in this sector. Such events and lure of making quick money at least from legal means by going overseas for menial work prompted to exit large number of workers from rural Nepal.

Shrestha (n.d.), performed a study entitled Nepal women's remittance and its development nexus. She drawn the conclusion that Government of Nepal has through the new foreign employment Act has recognized the contribution of both women and men through their remittance to Nepal's economy and have formalized its commitment to make this sector regulated, safe and dignified for the workers. It has also recognized women's role in this sector and have included various provisions like the reservation for women in the job demands to making pre-departure information fee of cost. It has also made provisions to open shelter homes in the country of employment, assignment of women labour attaché in these countries of employment. It has provisions to support the children of women migrant workers through day care sectors and scholarship scheme for children of migrant as well as supporting for reintegration scheme for migrants to address the issue of forced and re-migration. However, as in many cases the implementation of these exceptionally well thought provisions are a real bottleneck. The complexity of the sector cannot be addressed in isolation and requires multi-stakeholder approach and engagement. The dimension of foreign employment especially for women migrant workers and the diversities within the countries of employment, type of work engaged in, the migrant status, their ability to earn and maximize the opportunities all have to be analyzed in detail to have clear policies to address these diversities. Similarly, the partnership with the Non government organization, private sector including the banks and other corporate sector and the media is equally required. In a time when the government is also keen on public private partnership, it is time that some initiatives are taken up by the private sector to help the migrant worker, the migrant families and the country as a whole to benefit from this huge phenomenon of international labour migration and to link migration with development in actual sense.

## **CHAPTER –THREE**

### **RESEARCH METHODOLOGY**

In this chapter, following methodologies were adopted to complete the study.

#### **3.1 Research Design**

To complete the study of the impacts of remittance on rural livelihood, the researcher sought the help of descriptive as well as exploratory research design.

#### **3.2 Nature and Sources of the Data**

This research is primarily based on primary data. That is why; researchers herself visited in the selected study area and with the use of questionnaire necessary information and data have been collected. Secondary data were also included which were collected from Ministry of Finance, National Planning Commission, UNDP, CBS, Nepal Rastha Bank, District Development Committees and VDCs.

#### **3.3 The Selection of the Study Area**

Taplejung district is divided into two electoral regions where 48 VDCs and one Municipality lies. Among them, Sanba VDC was selected on the basis of purposive sampling method. Since most of the people of this VDC have gone for abroad jobs.

#### **3.4 Sample Size and Sampling Procedure**

- There are 501 households in the study area. Out of them, 340 households have been receiving remittance from Malaysia and Golf Countries for more than a one year ago. Among them, 20 percent households i.e. 68 households were selected from each group, caste and gender almost to be equally. Those 20 percent sampled households were selected on the basis of simple random sampling without replacement method.
- Three focused group discussion have been conducted comprising three wards at one group and from 15 to 20 people participated in each group discussion where 50 percent participants were from male and 50 percent participants were from female.



### **3.5 Primary Data Collection Techniques and Tools**

To collect the factual information, the researcher prepared a set of questionnaire and it was filled up from door to door visit of sampled population and conducted unstructured interview, participant observation and focused group discussion.

#### **3.5.1 Questionnaire**

Questionnaire is supposed to be a reliable and popular instrument of data/information collection basically for primary data based study. There are two types of questionnaire i.e. structured and unstructured are mostly used while doing field study. Here, the researcher developed a set of unstructured questionnaire for the purpose of household survey by including the series of information such as family size, literacy, health status, land holding size, source of income, expenditure pattern so on and so forth.

#### **3.5.2 Interview Survey**

Interview was taken with the selected 68 sampled population based on the developed unstructured questionnaire. In this process, the researched herself visited door to door of selected sampled households.

#### **3.5.3 Focused Group Discussion**

Before conducting focused group discussion, a set of check list prepared. After that three event focused group discussion was conducted to collect the specific information regarding the impacts of remittance on rural livelihood of local people of the selected study area.

### **3.6 Secondary Data Collection**

In this study, secondary data have also been used as per the need and demand of the information of the study. The researcher collected published and unpublished journals, books, bulletins, article and newspapers as a secondary data from Central Library, Central Bureau of Statistic, Ministry of Foreign Employment, Department of Foreign Employment, Foreign Employment Board, Nepal Rastra Bank, National Planning Commission, Ministry of Finance, District Development Committee, Village Development etc.

### **3.7 Data Analysis**

Data were analyzed on the basis of collected information. Basically, collected data were categorized into different form. Then after, it was analyzed as following ways.

#### **3.7.1 Qualitative Data Analysis**

Qualitative data were analyzed in descriptive way. And the processed results of the data are presented on pie- chart, histogram, graph and so on. Mostly simple table are used for the descriptive analysis of the work.

## **CHAPTER- FOUR**

### **INTRODUCTION OF THE STUDY AREA**

#### **4. Introduction of Taplejung District**

Taplejung is one of the remote mountain districts in eastern part of Nepal. It is situated in Mechi zone. Interns of transportation and basic infrastructural development, it is called mountain remote district in this region. The total area of the district is 30,268 sq. km. It has 50 Village Development Committees (VDC). Phungling is the head quarter of this district.

It is also known as **Limbuwan''Pallo Kirat''**. According to historical fable this region was ruled over by King of Sikkim named **Tapke** and there was a **Jong (Fort)** later it became Taplejung. The ancient race of this district is limbus. World famous peak Mountain Kanchanjungha and part of hill is covered by Lali guransh, Chimal, Dhupi and Salla and South by Khayar and Sal forest and natural beauty.

The total population of this district is 1, 46,947 in which about 67 % of the total population is Adibasis/Janjatis and rests are others.

#### **4.1 Demographic Glimpse of Taplejung District**

The total numbers of population in Taplejung district is 2,96,192. Among them 1,42,123 are male and the female are 1,54,069 and sex ratio is 0.99. The details are given below.

**Table No. 4. 1**  
**The Age-Wise Population Pattern of Taplejung District**

Age	Total	Male	Female
0-4 years	12894	6475	6419
5- 9 years	16408	8091	8317
10-14 years	17498	8676	8822
15-19 years	15762	7690	8072
20-24 years	10530	4426	6104
25-29 years	8298	3355	4943
30-34 years	6871	2945	3926
35-39 years	6442	2795	3647
40-44 years	6540	3027	3513
45-49 years	5815	2783	3052
50-54 years	5440	2792	2648
55-59 years	4046	2027	2019
60-64 years	2726	1818	1908
65-69 years	2393	1171	1222
70-74 years	2017	1057	960
75+ years	2781	1424	1357
Grand Total	127,461	60,552	66,909

*Source: CBS, 2012.*

The above table presents about the demographic scenario in aged wisely. Out of total population, the people whose age between 10-14 year is the highest. Among them, male (8676) are higher than female (8822). The age, between 5-9 years (16408) population holds the second position and 3'd position is held by the age group between 15-19 years'. and above 75 years old (2781) population holds the second last position where as the last position are taken by those group of population whose age is between 70-74 years (2017).

**Table No. 4. 2**  
**Occupational Distribution of Population in Taplejung District**

Year	2011
Teacher/lecturer	5554
Administrator	1393
Selling, service, productive labourer	6975
Agriculture and livestock	54557
Others (hidden)	1265
Total	69744

*Source-. District Profile of Taplejung, 2069.*

The table no. 2 shows the economically active populations of the district. Out of total population 69,744 people seem to be as active population in the 2011. The highly notable aspect is that, most of the populations (48421) are involved in agriculture and fishery and only a few people are involved in the administrative field in the same year.

#### **4.2 Drinking Water Situation**

Drinking water is most important things for human being to maintain the healthy life. No one can do anything if they are not healthy. So, it has a great role to create better life so that it is being a burning issue not only in district level but also nation widely.

**Table No. 4. 3**  
**Condition of Drinking Water**

S.N.	Service	% of total population
1	Better	24.59
2	Good	25.73
3	Worse (Miserable)	34.73
4	Worst (Most miserable)	15.36

*Source: District Profile of Taplejung, 2069*

The table no. 4 dedicates only one quarter people (24.9%) are getting better

drinking water and 34.73 percent people are getting good drinking water facilities whereas more than one third people (34.73%) are in miserable condition. Likewise, 15.36 percent people are still deprived form getting drinking water.

### 4.3 Educational Status in Taplejung District

It is said that education is a stream of development, which makes holistic vision to go ahead. It is also a means of technology transferor from one place to another place without any difficulty. Nowadays, people can't imagine their life beyond education. Therefore, there are no words to express regarding its importance.

**Table No. 4. 4**  
**Age Wise Educational Status**

Aged group	Population	Literate		Illiterate	
		Population	%	Population	%
8-14 years	29302	11721	40	17581	60
15-45 years	72941	51059	70	21882	30
Above 45 years	25218	13869	55	11348	45
Total	127461	76649	60	50812	40

*Source: District Profile of Taplejung, 2069*

The above table states about the educational condition aged wisely. Out of total population (127461) only the 40 percent people are literate and rest of all are illiterate (40%). Among those populations, the age less than 14 years, are literate with 40 percent. On the other hand 57.11 percent people are seen illiterate. In the same group, Among the active population of the age between 15-45 years, 70 percent are literate but 40 percent are illiterate. Similarly, the people who have crossed above 45 years, only 55 percent are literate and 45 percent are illiterate.

### 4.4 A Brief Introduction of Sanba VDC

Out of 48 VDC's of *Taplejung* district, one is *Sanba* VDC, which is situated in eastern part of the same District. This VDC is located at the distance of 18 *Kosh* far from the district head quarter and it is very far from the highway. It is boarder with

*Khejenim* VDC in the east, *Papung* VDCs in the north, *Nalbu* VDCs in the west and *Liwang* VDCs in the south. It is one of the underdeveloped VDC of *Taplejung* district, where large number of population i.e. *Limbu, Rai, Damai, Kamee, Sarki, Newar* live. Most of the people residing in this VDC are Kiranti and they speak their mother languages. Also, they celebrate their own fest and festival timely. But, *Dashain, Tihar* and *Lohosal* are the major festival of the people of this VDC. This VDC is totally remote. A total population of this VDC is 2410. Among them 1095 are male and 1315 are female. Most of the populations of this VDC are engaged in traditional agriculture and only countable figure are in other sector. Most of the household of the VDC are getting electricity facility from the source of micro hydro power and solar energy system. However, there is available a little transportation and communication facility in the VDC. Education and occupation status of *Sanba* VDC is presented separately below.

**Table No. 4. 5**  
**Education Status of Sanba by Sex**

S.N	Level	Male	%	Female	%	Total	%
1.	Illiterate	383	35	500	38	883	37
2.	Literate without schooling	264	15	158	12	322	13
3.	Primary level	219	20	224	17	443	18
4.	Lower Secondary level	197	18	276	21	473	20
5.	Secondary level	121	11	145	11	266	11
6.	Higher and above	11	1	12	1	23	1
	Total	1095	100	1315	100	2410	100

*Source: VDC Profile, 2069*

The above table indicates that the total population of Sanba VDC is 2410. Among them 37% are totally illiterate, 13% are literate without schooling, 18%, 20%, 11%, 1% passed primary, lower secondary, secondary and higher and above level respectively. Similarly, out of total male population 1095 where 35%, 15%, 20%, 18%, 11% and 1% illiterate, literate without schooling, completed primary, lower secondary, secondary, and higher and above level respectively. Likewise, among the total population of female 1315, where 38% are illiterate and 13% literate without

schooling, 18%, 20%, 1% completed primary, lower secondary, secondary and higher and above level respectively.

The people residing in the VDC are adopting different occupation. The involvement of them in different sector is given below.

**Table No. 4. 6**  
**Occupational Status of Sanba VDC**

S.N.	Occupation	Sex				Total	
		Male		Female		Number	%
		Number	%	Number	%		
1.	Agriculture	531	48.49	775	58.93	1306	54
2.	Services/ abroad work	242	22.10	128	9.73	370	15
3.	Business	15	1.36	19	1.44	34	1
4.	Study	302	27.58	390	29.66	692	29
5.	Social Service	5	0.21	3	0.12	8	0.33
	Total	1095	100	1315	100	2410	100

*Source: VDC Profile, 2069*

On the basis of above table, it indicates that the total population of Sanba VDC is 2410. Among the total population 54% depends on agriculture, 15% are on regular service as well as abroad work, 1% depends on business, 29% study and 0.33% people do social service. Similarly, out of total population of male i.e. 1095, where 48.49% depends on agriculture, 22.10% do regular services as well as abroad work, 1.36% are involved in business and 11% are studying regularly. Likewise, among the total population of female 1315, where 58.93% depends on agriculture, 9.73% are engaged in service as well as abroad work, 1.44% depends on business, 29.66% are studying regularly and 0.12% involve in social service.



**Table No. 4. 7**

**Land holding Size of the People of the Study Area**

S.N.	Landholding Size	Number of HH	Percent	Remarks
1	Less than 10 katha	22	32.35	
2	10-20 katha	30	44.11	
3	20-40 katha	10	14.70	
4	More than 40 katha	6	8.82	
	Total	68	100	

*Source: Field Survey, 2015*

The above table depicts that out of total households 44.11 percent people have got land between 10-20 kattha, 32.35 percent households have their land less than ten kattha, 14.70 percent households have got land between 20-40 katha and only 8.82 percent people have got land more than 40 kattha.

**4. 5 Access to Basic Socio-Economic Services in the Study Area**

Access to basic socio-economic services is also one of the major thematic areas to measure the livelihood of the people. The areas of basic socio-economic services are access to educational institution, health post/ hospital, market facility, land line telephone/ cell, electricity, financial and community institution, drinking water, toilet /garbage management, non-formal education and training center, religious place etc. We can easily foretell that the necessity of people on the basis of their access to basic socio-economic services is inevitable. These days, government sector, NGOs/ INGOs and private sector have been investing on socio-economic activities. The prime information of access to basic socio-economic services of people of Sanba VDC is given below.

**Table no. 4. 8****Level of Access to Basic Socio-Economic Services**

S.N.	Area of socio economic services	Yes	%	No	%	Total
1.	Educational Institution	1928	80.0	482	20.0	2410
2.	Health post/ Hospital	1567	65.0	873	35.0	2410
3.	Market Facility	842	35.0	1568	65.0	2410
4.	Land line Telephone/ Cell	1588	66.0	822	34.0	2410
5.	Electricity	1498	62.0	912	38.0	2410
6.	Drinking water	1805	75.0	606	25.0	2410
7.	Financial and community institution	601	25.0	1809	75.0	2410
8.	Toilet /garbage management	1324	55.0	1086	45.0	2410
9.	Non-formal education and training center	241	10.0	2169	90.0	2410
10	Religious place	119	5.0	2291	95.0	2410
11.	Others	-	-	-	-	-

*Source: VDC Profile, 2069*

The data given in the table describes the level of access to basic socio-economic services. According to the data, out of total population 80% have access to educational institution and 20% have no access to in educational institution. Out of 2410, 65% people have access to hospital and other people have no access on it. 35% people have access to market facility and 65% have no access to market facility. 66% have access to landline telephone, 62% people have access to electricity, 25% people have access to make financial and community institution, 55% people have access to toilet and garbage management and remaining people are far from such facilities. Large population i.e. 90% people have no access to non-formal education and training center. And only 5% people have access to religious place. To sum up, large numbers of people have access to educational institution and large numbers of people have no access to on non-formal education and training center.

## **CHAPTER- FIVE**

### **THE IMPACTS OF REMITTANCE ON RURAL LIVELIHOOD**

#### **5.1 Remittance Significance in the Study Area**

Since the First World War, Nepali youth have continually migrated to foreign countries in search of livelihood. The growth of migration rapidly accelerated in the last two decades after Nepal underwent policy changes conducive to opening up and liberalizing the economy. In the beginning, the thrust of these economic policies was to either privatize or dismantle public enterprises. Policy failures have continued because of the inability of the private sector to operate such enterprises. Actions have been stalled in spite of the negative implications on the economy in the short as well as in the long run.

Employment to potential Nepali workers depends on the need of foreign countries. The outflow of people in search of opportunities in foreign countries has increased over the years. Foreign workers contribute remittances - transfer of funds by workers (remitters) living and working in developed countries, typically to their families in their home countries. Examples include Middle Easterners living in Europe, Latin Americans in the United States, and Koreans and Filipinos in Japan. Although the use of remittances varies from country to country, the recipients of remittances commonly rely on them for meeting living costs, education and investments. A significant number of Nepali youth, over two million, work in different countries of the world, particularly India, East Asia and the Middle East. These youth send remittances to their families. The number of youth who migrate from Nepal and hence, remittances they send home have increased significantly over the years and it is believed that remittances play a pivotal role in providing livelihood to the majority of people who live in rural areas.

The burgeoning outflow of Nepali workers for foreign employment is occurring amidst a dismal rate of output growth and job creation in the economy. At least 400,000 youths enter the labour force every year; over 200,000 go overseas for work every year, with remittances increasing in tandem with departures. Foreign employment opportunities have served as a safety valve of sorts to release

un/underemployment pressures. A conservative estimate puts at least 30 percent of the currently economically active population as being underutilized. It is worth noting, however, that while at least 2.1 million Nepalis are working abroad, the country also hosts a substantial number of international migrants, almost half that number.

### 5.1.1 Motivation for Foreign Employment

These days, around 1500 people are going abroad for their livelihood. Someone goes by their own interest and someone goes by other factors. The detail motivating factors going abroad are given below.

**Table No. 5. 1**  
**Factors Initiatives for Foreign Employment**

S.N	Responses	Frequencies	Percentage	Remarks
1.	Own self	35	51.47	
2.	Demonstration effect	24	35.29	
3.	Manpower agents	8	11.76	
4.	By non government office	1	1.47	
5.	Others	0	0	
	Total	68	100	

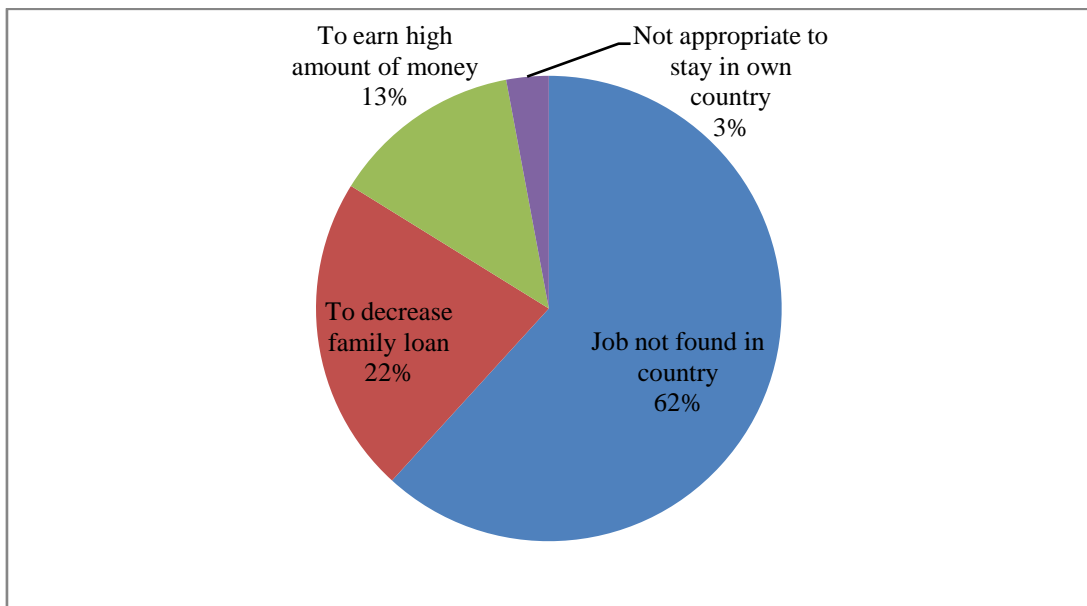
*Source: Field Survey, 2015*

The table shows information about motivating factors for foreign employment. It indicates that 35 (51.47%) households have gone for foreign employment by their own inspiration and 24 (35.29%) households have migrated being influenced by demonstration effect. Similarly, 8 (11.76%) households have been motivated by the manpower agents. And rest one (1.47%) households have been inspired by nongovernmental offices.

### 5.1.2 Causes to Go for Abroad Employment

Nepal has been suffering from massive poverty due to the lack of employment opportunity within the country. So, they are going abroad for employment purpose. The main reasons going abroad for employment are mentioned as follows.

**Figure No. 5. 1**  
**Reason to be Migrated for Foreign Employment**



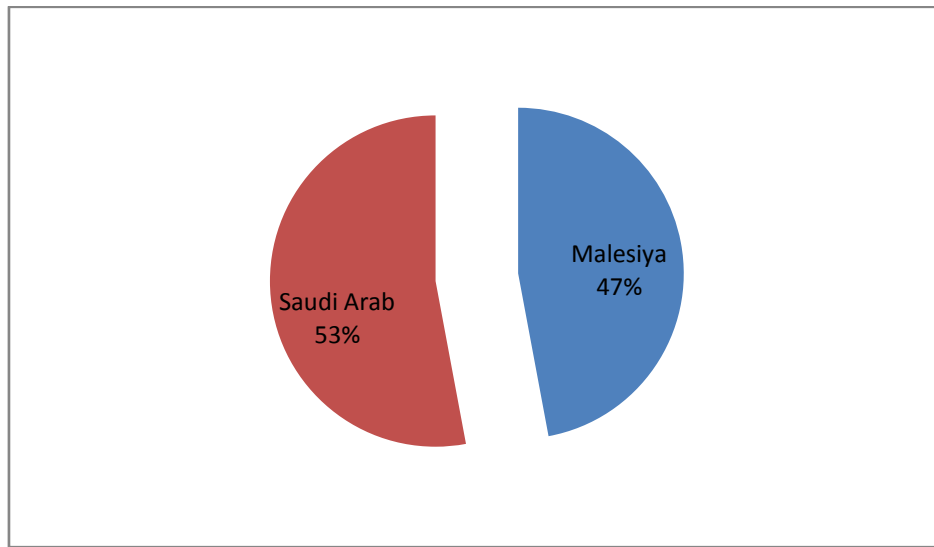
*Source: Field survey, 2015*

The Figure tells us about reasons to be migrated for an employment. Among the total respondents of the study area, 62 % people have said that they went to abroad not getting the jobs in the home country, 22 % people have said to decrease loans, 13% people have replied that for the purpose to earn high amount of money and remaining 3 % people have answered because of not having appropriate environment to stay in own country.

### **5.1.3 Destination Countries for Workers**

Nepali workers are working in various countries in the world. But here is mentioned only the status of Malesiya and Saudi Arab. So, workers from others countries have not chosen as the respondents. Workers destinations of study area are mentioned on figure below.

**Figure No. 5. 2**  
**Information of Workers Destination**



*Source: Field survey, 2015*

The figure reveals that out of the total migrated labourers for foreign employment, 53 percent workers have gone to Saudi Arab and rest 47 percent workers have gone to Malaysia.

#### **5.1.4 Sectors of Work for Foreign Employment**

Migrations from Nepal for abroad employment are diverse. These are categorized into certain headings such as construction, hotel, service, manufacturing etc. The details of the employees who are working abroad for works are given below.

**Table No. 5.2**  
**Sectoral information of Foreign Workers**

S.N.	Working Sector	No.	Percentage	Remarks
1	Construction	30	44	
2	Manufacturing	22	32.35	
3	Services	9	13.24	
4	Hotel	6	9	
5	Others	1	1.47	
	Total	68	100	

*Source: Field Survey, 2015*

The above table indicates that most of the workers have gone to abroad in construction sector, as 44% workers are involved in this sector. Similarly, 32.35%, 13.24%, 9% and 1.47% are concerned in manufacturing, services hotel and others sectors respectively.

### **5.1.6 Income from Abroad Works**

The main motive behind the migration for abroad works is for better income. People would not be migrated if there were no better earnings rather than home country. So, average monthly earnings from abroad works are presented below.

**Table No. 5.3**  
**Abroad Income Status**

S.N.	Income Range	Number	Percentage	Remarks
1	Rs. Less than 15,000	9	13.00	
2	Rs. 15,001 – 30,000	36	53.00	
3	Rs. 30,001 – 45,000	15	22.00	
4	Rs. 45,001 – 60,000	6	9.00	
5	Rs. Above 60,000	2	3.00	
	Total	68	100	

*Source: Field Survey, 2015*

The above table describes that about the monthly income status from abroad workings.

It is clear that 13% people are getting less than fifteen thousand and very few people i.e. only 3% people are receiving more than 60 thousands monthly. Whereas, 53% people are getting from the ranges of 15 thousands to 30 thousands. Similarly, 22% people are earnings 30-45 thousands and 9 % people are receiving 45-60 thousands.

### 5.1.7 Remittance Inflow from Malaysia

These days, it is estimated that around seven lakh Nepalis are working in Malaysia only. Malaysia is supposed to be an attractive destination for Nepali workers since there is higher demand of Nepali workers due to their hard working habit and honesty. Also, there is good climate like Nepal. So, Nepali workers prefer to go there. The income inflow of Malaysia is given below.

**Table No. 5.4**  
**Remittance Inflow from Malaysia**

S.N.	Details	Number	Percentage	Remarks
1	Rs. Less than 10000	1	1.47	
2	Rs. 10000 – 20000	20	29.41	
3	Rs. 20000– 40000	35	51.47	
4	Rs. 40000 – 60000	10	14.71	
5	Rs. Above 60000	2	2.94	
	Total	68	100	

*Source: Field Survey, 2015*

The above table clearly tells us about the income inflow from Malaysia. More than half i.e. 51.47% migrant workers earn in between Rs. 20000– 40000, 29.41% people get Rs. 10000 – 20000 and 14.71% people receive in between the ranges of Rs. 40000 – 60000 monthly. But very few migrant workers i.e. 2.94% and 1.47% make salary more than 60 thousands and less than ten thousands monthly respectively.



### 5.1.8 Remittance Inflow from Golf

Like Malaysia, Golf countries are also another major destination for Nepali workers. Each year outflow of Nepali migrant workers is significantly increasing. Due to the lack of employment opportunity in home land, many Nepali are compelled to go there for bread. But they do not get handsome wages as they work there. Income received by Nepali workers in Golf countries is as follows.

**Table No . 5. 5**  
**Remittance Inflow from Golf**

S.N.	Details	Number	Percentage	Remarks
1	Rs. Less than 10000	2	2.94	
2	Rs. 10000 – 20000	20	29.41	
3	Rs. 20000– 40000	33	48,53	
4	Rs. 40000 – 60000	11	16.18	
5	Rs. Above 60000	2	2.94	
	Total	68	100	

*Source: Field Survey, 2015*

As we see in the above table that the income group of the people of the study area who are working in Golf countries. Like in Malaysia, many migrant workers of Golf countries too, i.e. 48.53%, 29.41%, 16.18% are earning monthly in between the ranges of Rs. 20000– 40000, Rs. 10000 – 20000 and Rs. 40000 – 60000 respectively. And 2.94% workers are able to get less than ten thousands and the same percent are making more than sixty thousands monthly correspondingly. There for, we can say that all migrant workers are earning almost the same remuneration in Malaysia and Golf countries.

### 5.1.9 Saving Pattern of Remittance

The culture of saving is a pre-requisite for financial success of an individual or even a company. Saving is the best known way of getting rich quickly. It is however not a very easy culture to adopt. One can never lack avenues for spending their money. This is where the difficulty comes in when looking to save. It does not mean big earning if it is not saved. But, it gives meaning if it is saved whatever

the earning. So, saving keeps the great importance. There is mentioned the saving pattern of the people of study area.

**Table No. 5.6**  
**Saving from Remittance Income**

S.N.	Saving Amount	Number of HHs	Percentage
1	Rs. Less than 10000	14	20.59
2	Rs. 10000 – 20000	30	44.12
3	Rs. 20000– 40000	15	20.05
4	Rs. 40000 – 60000	8	11.77
5	Rs. Above 60000	1	1.47
	Total	68	100

*Source: Field Survey, 2015*

The table notifies about the saving of remittance income. As we see that 44.12% migrant workers are able to save Rs. 10000 – 20000. Similarly, 20.59%, 20.05%, 11.77% and 1.47% people have been saving less than Rs. ten thousands, Rs. 20000–40000, Rs. 40000 – 60000 and less than sixty thousands per month respectively. That is why, we can say that the saving from abroad works is not so lucrative. However, this sector has been playing a crucial role to improve the local livelihood of the rural people.

#### **5.1.10 Source of Non Remittance Income**

People of the study area are making their income even except remittance which is called non-remittance income. The major income sectors are supposed to be salary/wage, business, crops, fruits, vegetable, livestock etc. These sources of income are also supporting for their livelihood management. Total non-remittance income of the people of study area is given below but it is not made a comparative analysis and does not show the percentage share of contribution between remittance and non remittance income.

**Table No. 5.7**

**Non Remittance Income and its Sources**

S.N.	Sources of Income	Total Annual Income (Amount in Rs.)	Percentage
1	Salary/wage	775000	14.76
2	Business	720000	13.71
3	Crops	2380000	45.32
4	Fruits	60000	1.14
5	Vegetable	131000	2.49
6	Livestock	1020000	19.42
7	Others	1650000	3.14
	Total	52,51000	100

*Source: Field Survey, 2015*

The above table gives inform as to the sources and total rev of non-revenue remittance income. Among the various sources of non-remittance income, crops is assumed to be higher than others sources. Out of total non- remittance income, it is 45.32 percent. Likewise, 19.42%, 14.76%, 13.71%, 3.14%, 2.49% and 1.14% income is received by the people of study area from livestock, salary/wage, business, others, vegetable and fruits respectively.

### **5.1.11 Ways to Receive Remittance Income**

There are available various sources of remittance income to home country such as banking, money transfer agencies, Hundy, friend and relatives, self remittance.

**Table No. 5.8**  
**Channel of Receiving Remittance Income**

S.N.	Channels of Remittance Income	No. of HHs	Percentage
1	Banking	12	17.65
2	Money transfer agencies	52	76.47
3	Hundy	2	2.94
4	Friend and relatives	1	1.47
5	Self	1	1.47
	Total	68	100.00

*Source: Field Survey, 2015*

The above table explains that about channel of remittance income through which family members of migrant workers receive money in Nepal. Analyzing the data of the above table, it can be said that most people about 76.47% people get money from money transfer agencies, 17.65% people find money from banks, 2.94% people obtain money from hundy. And, 1.47% people acquire cash from friends/relatives and the same percent people bring themselves.

#### **5.1.12 Utilization of Remittance Income on Education Sector**

Education is the process of facilitating learning, or the acquisition of knowledge, skills, values, beliefs, and habits. Educational methods include storytelling, discussion, teaching, training, and directed research. Education frequently takes place under the guidance of educators, but learners may also educate themselves. Education can take place in formal or informal settings and any experience that has a formative effect on the way one thinks, feels, or acts may be considered educational. It is commonly and formally divided into stages such as preschool or kindergarten, primary school, secondary school and then college, university or apprenticeship. These days, it is provided at educational institution either be it government or private one. It can easily predict that if you spend higher on education you can make your life style more standard. So, schooling trend of their children of study area is given below.

**Table No. 5. 9**

**Schooling Patterns of Remittance Recipients**

S.N.	Types of School	Number of HHs	Percentage
1	Community	48	71
2	Boarding	20	29
3	Comparatives	0	0
4	Others	0	0
	Total	68	100

*Source: Field Survey, 2015*

The above table specifies regarding the information of schooling pattern of those people who receive remittance income from Malesiya and Golf countries. It is observed that 71% people teach their children at community school and remaining 29% people educate their children at boarding/private school.

**5.1.13 Expenditure on Health Sector**

Generally, the context in which an individual lives is of great importance for both his health status and quality of their life. It is increasingly recognized that health is maintained and improved not only through the advancement and application of health science, but also through the efforts and intelligent lifestyle choices of the individual and society. According to the World Health Organization, the main determinants of health include the social and economic environment, the physical environment, and the person's individual characteristics and behaviors. That is why; good health is very much needed for human beings to do progress in their life. They must pay higher if someone wants to be ever healthy. The expenditure pattern on health of the people of study area is given below.

**Table No. 5. 10**

**Spending Pattern of Remittance in Health Services**

S.N.	Types of Health Service Centre	Number of HHs	Percentage
1	Health post	17	25.00
2	Government Hospital	39	57.35
3	Private Hospital	11	16.18
4	Traditional Healed	1	1.47
	Total	68	100

*Source: Field Survey, 2015*

The above table points out about the spending pattern of remittance income in health sector. The data shows that out of total population 57.35% people go to government hospital, 25% people go to health post, 16.18 percent people go to private hospital and 1.47% people believe on traditional healing. From the data analysis, it can be concluded that still most of people are depending on government hospital rather than private hospital.

**5.1.13 Overall Expenditure Ratio Analysis of Remittance**

As classical economists said that money is demanded for transaction only so that people do not hold it with them. It is spent on various sectors rather than limited one. The spending habits of study are given below.

**Table No. 5. 11**  
**Areas of Remittance Expenditure**

S.N.	Areas of Expenditure	Number of HHs	Percentage
1	Land/House	15	22.05
2	Daily Consumption	31	45.58
3	Loan Repayment	11	16.18
4	Children Education	3	4.41
5	Health Facilities	2	2.94
6	Farming	1	1.47
7	Business/Entrepreneurship	1	1.47
8	Ornaments	1	1.47
9	Recreation/Donation	1	1.47
10	Saving/Bank Balance	2	2.94
	Total	68	100

*Source: Field Survey, 2015*

The above table notifies that a big part of remittance income i.e. 45.59% amount, which is near about to half of income, is spent on daily consumption. Similarly, 22.05% and 16.18% amount of total income is spent on land/house and loan repayment. Likewise, 4.41% of their income is spent for their children's education and 2.94% of income is used for utilization of health facilities. Further, 1.47% of income is paid out on farming, business/entrepreneurship, ornaments and recreation and donation. But, they are able to save only 2.94% of their remittance income, which is very less as compared to others.

#### **5.1.14 Comparative analysis of Remittance Beneficiaries**

There is developed certain indicators to measure the impact of remittance on rural livelihoods. The developed indicators are supposed to be smart, which are very much pertinent to check the validity and reliability of the effects of foreign employment. A comparative analysis has been made after developing the smart indicators. The developed main indicators are annual income, health condition, education status, drinking water situation, recreation, level of food consumption, social ceremony, housing, household goods, size of land, clothing, livestock, poultry, mills/water mill, electrification, valuable goods etc. Based on those indicators, questions were asked to

the respondents to know impact of remittance income whether positive or not. The response given by the selected populations are given on the following comparative table.

**Table No 5. 12**  
**Impact Indicators of Remittance Income**

Before Remittances Received					After Remittances Received			
SN	Indicators	Low	Moderate	High	Indicators	Low	Moderate	High
1	Annual income	55	13	0	Annual income	20	42	6
2	Health Condition	52	12	4	Health Condition	19	40	9
3	Education Status	48	15	5	Education Status	9	44	15
4	Drinking Water	41	24	3	Drinking Water	12	44	12
5	Recreation	49	17	2	Recreation	23	42	3
6	Level of food	37	30	1	Level of food	6	56	6
7	Social ceremony	39	29	0	Social ceremony	4	51	13
8	Housing	43	25	0	Housing	21	40	7
9	Household goods	47	20	1	Household goods	24	36	8
10	Size of land	38	27	3	Size of land	27	28	13
11	Clothing	40	22	6	Clothing	15	45	8
12	Livestock	31	30	7	Livestock	20	34	14
13	Electricity/ Solar	28	40	0	Electricity/ Solar	8	44	16
14	Valuable goods	54	14	0	Valuable goods	26	42	0
Total					Total			

*Source: Field Survey, 2015*

The above table asserts that about the situation of people of the study areas before receiving remittance and after receiving remittance. Out of the total households, before going abroad 55 households had low income and only 13 households had



moderate income. But after going abroad 20 households have low income, 42 households have moderate and 6 households have high income. Similarly, 52, 12 and 4 households mentioned low, moderate and high health condition before abroad working respectively. On the other hand, after going abroad works 19, 40 and 9 households have said low, moderate and high health condition correspondingly. Regarding the education before remittance getting, 48 households said their education status was low, 20 households said their education status was moderate and but no households said about their high education status. But after getting remittance, 9, 44 and 15 households said their education status is low, moderate and high respectively. Likewise before migrating out, 41 households had low, 24 households had moderate and only 3 households had high access to drinking water. But after getting remittance, only 12 households have low, 44 households have moderate and 12 households have high access to drinking water. In case of recreational activities before outside works, 49 households spent low, 17 households spent moderate and only 2 households spent highly. In contrast to it, currently 23 households spend low, 42 households spend moderate and 3 households spend high on recreation. In the same way, 37 households consumed low quality of food, 30 households consumed moderate quality of food and only one household consumed high quality of food when they did not work in Gulf and Malaysia. But now, only 6 37 households consume low quality of food, 56 37 households consume moderate quality of food and 6 37 households consume high. As for saying the social ceremony, 39 households celebrated it on poorly, 29 households celebrated it by moderately but no household celebrated with full of desire because of the low level of income. But now, only 4 households celebrate poorly, 57 households celebrate it moderately and 13 households celebrate with full of aspiration. In housing before working abroad, 43 had a poor, 25 had moderate and no one had good houses. But these days, 21 people have not good house, 40 people have moderately good house and 7 people have the sky scraper. In case of households goods, 47 households had very few, 20 household had medium and only one household had plenty of goods. Currently, 24 households have very few, 36 households have a few and 8 households have plenty of households goods. Furthermore, 38 households had less land, 27 had medium land and only 3 households had sufficient land when they were in home country. Presently, 27 households have less, 28 households have middle level and 13 households have much land. Moreover, 40 households put on rag clothes, 22 households put on medium level

clothes and 6 households put on good quality of clothes. But now, 15 households wear rag, 45 households wear medium and 8 households wear standard clothes due to the remittance income. Before going abroad works, 31 households had very few livestock, 30 households had countable livestock and 7 households had many livestock. But after going abroad, 20 households have few livestock, 34 households have a few livestock and 14 households have many livestock. Regarding the electrification before getting remittance, 28 households were barred from the electricity facility and 40 households had used less than their needs. But after receiving remittance, 26 households are still far from the electricity facility and 42 households are using electricity facility. And, 54 households had less valuable goods and 14 households had a medium quantity. But now, 26 households have less valuable goods and 42 households have more valuable goods. We can say that from the above data all most all indicators were poor before not getting remittance. Whereas receiving remittance, most of the indicators have been changing significantly.

#### **5.1.15 Positive and Negative Aspects of Remittance**

These days foreign employment is supposed to be one of the major economic foundations for Nepal's economy. About 1500 Nepalis leave the country every day in search for better opportunity. The bulk of inflow of remittance in Nepal has been increasing over the years.

Nepal received around USD 2.9 billion remittances in 2009, up from USD 0.8 billion in 2004, an increase of 262 percent in just 5 years. In 2009, the total remittance was four times greater than export earnings, 81 times greater than FDI, eight times greater than the earnings from tourism and nine times greater than grants. So, the role of foreign employment is really crucial to boost up the Nepal's economy upwards. In spite of its great important it has creating some negative results as well, which are mentioned below.

##### **5.1.15.1 Positive Aspects of Remittance**

The positive aspects of foreign employment are as follows.

- Foreign Employment has assisted to increase on GDP.
- It has supported to import new technology, knowledge and skills.

- Helpful to create employment opportunity within country.
- Supportive to increase level of income.
- Increase on quality of education because most of parents are teaching their children in private school.
- Assisted to improve the health condition of people.
- Supported to do entrepreneurship development.
- Assisted accessing to basic socio-economic service centre.
- Helpful to maintain mutual co-operation among each other at community level.
- It has enhanced the happiness of the people.

#### **5.1.15.1 Negative Aspects of Remittance**

The Negative aspects of foreign employment are as follows.

- Decreased on national production and increased on imported goods and services.
- Fixed or low income group are falling into trap due to the inflation.
- Rural areas are going to be barren and urban areas are being over crowded day by day.
- Scarcity of labourers at the local markets.
- Most of the dependent population i.e. children, women and old aged people are living on rural part of country.
- Increased on dependency on foreign employment.
- Rising tension in the family members.
- Increased in social evils such as eloping, card playing, alcohols making/selling etc.
- Destroying social values and norms.
- No proper care of children and elderly people.

#### **5.1.16 Problems Faced by Remittance Recipients**

Nepal is an underdeveloped country in the world. Owing to this we have been facing lots of problems each and every sector. Like other sectors, the sector of foreign employment too is not far from the problems. So, the people of the study area are

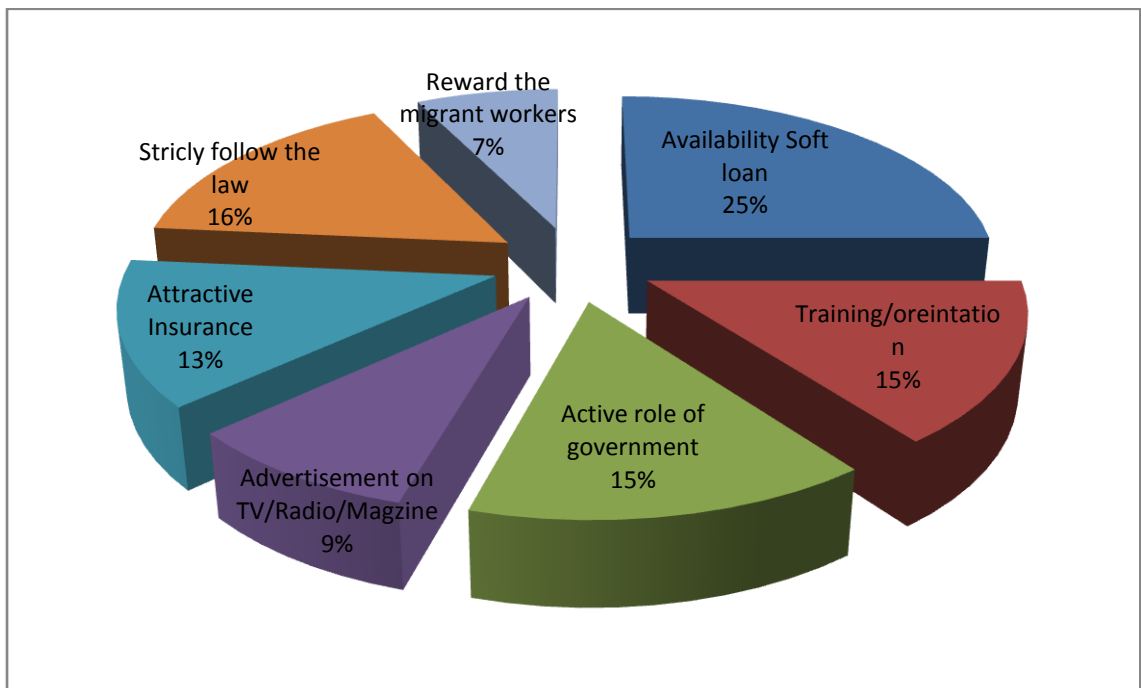
also realizing some problems while they go abroad for works. The major problems faced by the people are mentioned below.

- Workers are compelled to spend long time to receive passport.
- There is difficult to get money to give to the manpower agency. Also, they are compelled to pay high interest even if they get money.
- Agents harass to the workers and their family members while they go to seek proper information/support with them.
- Employers fraud to the workers by not providing works and salary as per the work agreement.
- There is lack of correct information regarding the foreign employment.
- Less government support for foreign employment.
- There is no opportunity of vocational training skills for better abroad Works.
- Employee could not get leave as per the need of them.

#### **5.1.17 Suggestions for Further Boost up of Remittance Income**

Most people are suffering from lots of problem, which are main hurdle for the abroad worker to make higher their remittance income. Migrant workers will really be benefitted if one's pay proper attention to minimize the problem faced by migrant workers. The suggestion forwarded by migrant workers and their family members are given below.

**Figure No. 5.3**  
**Schooling Pattern of Remittance Recipients**



*Source: Field Survey, 2015*

The above figure explains that the highest number of people i.e. 25% advised that be provided loan at low interest rate. Similarly, 16 % suggested be strictly followed the law, 15% people expected the active role of government and the same percent of people sought training and orientation support. Also, 13% people demanded for attractive insurance, 9% people put their idea saying be advertised on TV/ Radio/magazines and 7% people said be rewarded for their contribution.

## **CHAPTER- SIX**

### **SUMMARY, CONCLUSION AND SUGGESTIONS**

#### **6.1 Summary**

The meaning of remittance is transferring money by foreign country to his or her home country is called remittance, which has old history as the history of main kind. Nepal, being a landlocked and agricultural country, has been suffering from unemployment employment problem since the very beginning. Due to the lack of employment opportunities within the country, people started to move abroad for better opportunities of employment, particularly from developing countries to developed countries. It was started before early nineteenth century. Though, the history of remittance in Nepal is not actually recorded. The recorded remittance from India is only countable, which comes form as a salary and pension to Nepalese people. So, the source of remittance to Nepal was that amount which comes from British Army. But actual period or amount of remittance was not recorded properly at that time due to insignificant role or unidentified role of remittance amount to the economy.

Nepalese economy is extensively becoming dependent on remittance sent by migrant workers. The overseas migration and remittance has become a tool to poverty alleviation as well as improving living standard of the people. The contribution of the remittance income of Nepali people is increasing drastically. So, the remittance is considered one of main source of income. There is less contribution of other sector except agriculture sector. Hence, foreign labor migration helps to promote national economic growth through remittance income and increasing consumption, saving and investment at local and national level.

After receiving the remittance income most of indicators, which are developed to measure the impact of remittance on rural livelihood, have found overwhelming changed. Basically, health condition and education status have been changed remarkably due to the change of income pattern of the people of study area. However, the remittance income is not utilized on productive sectors, such as most of their income is spent on daily consumption, land/housing and loan repayment.

## 6.2 Conclusion

From the foregoing analysis, it can be concluded that remittances and grants are claimed as an important sources of increasing foreign exchange earnings in Nepal. Moreover, remittances may be a dependable source of national income for economic development if there is job guarantee for the workers with the wage level equivalent to the residence of the foreign country. Furthermore, the young and energetic generation remaining outside should be attracted to come back again with skilled knowledge and experience and to provide the way for utilizing their remittances in productive sector. Thus, remittance received so far taken by the country is considered as boon, and the government should pay attention to make workers confidence to deal with whatever anomalies arise in working places. Besides, the policy of providing permanent residence in outside for retired workers should be amended to continue the source of increasing remittance flow in Nepal.

The major findings of the study are as follows.

- It was found that total population of the study area is 2410. Among them 1095 are male and 1315 are female. Most of the populations are involved in traditional agriculture and only very few people are in other sector. Similarly, most of the households of the study area have access to electricity facility micro through micro hydro power and solar energy system. However, there is available a little transportation and communication facility as well.
- Out of total population, 37% are found totally illiterate, 13% are found literate without schooling, 18%, 20%, 11%, 1% people have completed primary, lower secondary, secondary and higher and above level respectively.
- Similarly, 54% people depends on agriculture, 15% people are involved on regular service as well as abroad work, 1% depends on business, 29% are studying and 0.33% people are involving on social service.
- Among total households 44.11 percent people have got land between 10-20 kattha, 32.35 percent households have their land less than ten kattha, 14.70 percent households have got land between 20-40 kathha and only 8.82 percent people have got land more than 40 kattha.

- It was seen that more than 60% people have accessed to basic socio-economic services namely health centre, education institution, communication, electricity facility and drinking water.
- In case of motivating factors for foreign employment, it was observed that 51.47% people have gone by their own inspiration, 35.29% people have migrated being influenced by demonstration effect, 11.76% people were motivated by the manpower agents and remaining 1.47% people were inspired by non-governmental offices.
- Among the total respondents of the study area, 62 % people went to abroad not getting any jobs in the home country, 22 % people went for loan payment, 13% people for the purpose of higher learning and remaining 3 % people went for not having suitable environment in own country.
- Out of the total migrated labourers, 53 percent workers have gone to Saudi Arab and rest 47 percent workers have gone to Malaysia.
- Most of the workers i.e. 44% workers engaged in construction sector. Similarly, 32.35%, 13.24%, 9% and 1.47% workers worked in manufacturing, services hotel and others sectors respectively.
- As talking about the remittance income, 13% people are getting less than fifteen thousand and very few people i.e. only 3% people are receiving more than 60 thousands monthly. Whereas, 53% people are getting in ranges of 15 thousands to 30 thousands. Similarly, 22% people are earnings 30-45 thousands and 9 % people are receiving 45-60 thousands.
- Regarding the wages of Malaysia and Golf countries, there was almost equal to both destinations. Almost 50 workers got in between 20-40 thousands and around 30% workers got from 10 to 20 thousands monthly. And, remaining workers received than 10 and more 40 thousands monthly.
- Likewise, 44.12% migrant workers were able to save Rs. 10000–20000. Similarly, 20.59%, 20.05%, 11.77% and 1.47% people have been saving less than Rs. ten thousands, Rs. 20000–40000, Rs. 40000–60000 and less than sixty thousands per month respectively.
- Among the various sources of non-remittance income, crops are assumed to be higher than others sources, such as the percentage share of crops are 45.32. Likewise, 19.42%, 14.76%, 13.71%, 3.14%, 2.49% and 1.14% income is



received from livestock, salary/wage, business, others, vegetable and fruits respectively.

- While talking about the channels of receiving of remittance income that most people i.e. 76.47% people got money from money transfer agencies, 17.65% people received from banks, 2.94% people obtained from hundy. And, 1.47% people sent cash to their friends/relatives and the same percent people brought with themselves.
- About 70 percent people sent their children at community school and 30% people taught at boarding school. In case of health, 57.35% people went to government hospital, 25% people went to health post, 16.18 percent went to private hospital and 1.47% people believe on traditional healing.
- It was also found that people spent 45.59% remittance income on daily consumption goods, 22.05% on land/housing and 16.18% on loan repayment and remaining portion on other sectors.
- All the indicators namely level of income, health status, education, drinking water, food, housing, land size, clothing, livestock, electricity facility etc., were poor before getting remittance. Whereas after receiving remittance, all of them have been changed significantly.
- 25% advised that be provided loan at low interest rate. Similarly, 16 % suggested be strictly followed the law, 15% people expected the active role of government and the same percent of people sought training and orientation support. Also, 13% people demanded for attractive insurance, 9% people suggested for advertising on TV/ Radio/magazines and 7% people expressed their concerns demanding rewards for their contribution.

### **6.3 Suggestions**

From the literature review, analysis of data, findings and conclusion of this study, it was found that the impact of remittance on rural livelihood is satisfactory. So, the following recommendations are prescribed for the further betterment of the remittance income.

- No doubt that remittance income is plying crucial role to boost up the Nepalese the economy as well as poverty alleviation in Nepal. But it is not

regular and reliable source of income, because it can be closed at any time. So, another reliable sector should be identified to get rid of the terror of its uncertainty.

- Currently, most of the remittance around 46% income has been spending on daily consumption goods, about 22% income is spent on land/house purchasing and 16% income has been used for loan repayment which all are considered unproductive sectors. To change such scenario from unproductive sector into productive areas, the government should encourage income recipient people from remittance for saving and facilitate them to invest it on productive and employment creating sectors.
- The government should have to manage loan at low interest without any collateral for those who want to go for foreign employment.
- These days, migrant workers get very little insurance amount if any accident happen so it should be increased significantly.
- Provide sufficient knowledge, who wants to go abroad for works, through different types of training, orientation and skill development related programme.
- The process of the government for document preparation is so lengthy and time consuming so it should be made easier and shorter.
- Provide right information regarding the foreign employment by using various channels such as Radio, TVs, Magazines etc., And strictly follow the rule of law.
- In case of foreign employment too, the role of the government should be active to reduce fraud and control irregularities as to ii foreign employment.
- Timely rewarding the migrant workers is not less important to encourage this sector.

## REFERENCES

- Anyanwa and Erhijakpor, E. (2010) *Do international remittance affect ogery in Africa?* Article first published on online 8 march.
- Aryal, J. P. (2004). *Assessing the impact of remittance income on household welfare and land conservation investment in Mardi Watershed of Nepal: A village general equilibrium model.*
- CBS.( 2011). *Nepal living standards Survey III: Main findings*, August. Kathmandu: Central Bureau of Statistics.
- Dahal, R. K. ( 2009 ). *State and Rural Development in Nepal*. Kathmandu: Dikshant Prakashan.
- Dhakal, B. ( 2013). *Remittance and its Impact on Education: A Case Study of Gola V.D.C. in Bardiya District*, Unpublished M.A. Dissertation T.U., Kirtipur, Kathmandu, Nepal.
- Dhungel, K. R. (2012). *Nepal's remitnomics*, republica, 20 June 2012.
- Gaudel Sharma, Y. (2006). *Remittance income in Nepal: Need for Economic Development*. The Journal of Nepalese Business Studies Vol. III No. 1 Dec. 2006.
- Gurung. G. (2004). *An overview paper on overseas migration in Nepal*. Series 4. Kathmandu: International Labour Office (ILO).
- Government of Nepal (2007). *The Interim constitution of Nepal*, Kathmandu: Government of Nepal.
- Karki, B.P (2006); *Foreign Employment and Remittance Economy of Nepal : A Case Study of Dhuseni VDC, Illam* , Unpublished , M.A. dissertation in Economics, CEDECON TU Kritipur, Kathmandu.
- Khanal D.R. and N. R. Kanel, 2005. *Macroeconomic Policies, Shocks and Poverty Reduction in Nepal: A Simulation –based Quantitative Analysis*. Kathmandu: Institute for Policy Research and Development (IPRD), Kathmandu.
- K.C., S. (2012). *Effects of Remittance in the Econmy of Nepal*. Available at [www.http://en.wikipedia.org](http://en.wikipedia.org).

- Khadka, P.B. (2004). Effects of Ginger Cultivation on Local Livelihood, A Study of Aruthakur VDC, Sindhuli District, Unpublished M.Ed. Dissertation T.U., Kirtipur, Kathmandu, Nepal.
- (2006). Socio- Economic Effects of Small and Cottage Industry, A Case Study of Kamalimai Municipality, Sindhuli District. Unpublished M.A. Dissertation T.U., Kirtipur, Kathmandu, Nepal.
- (2014). The Impacts of Fiscal Decentralization on Economic Development, A Case Study of A case study of Sindhuli District. Unpublished M.Phil. Dissertation T.U., Kirtipur, Kathmandu, Nepal.
- Malla Shrestha, P. (2009). *Foreign Employment and Remittance in Nepal. Economic Journal of Nepal* . Vol. 32, No. 1 January-March 2009, Issue No. 125. Centrla Department Of Economics, T.U. Kirtipur.
- Ministry of Finance (2012). *Economic Survey, Fiscal Year, 2011/2012*, Government of Nepal, Singhdurbar, Kathmandu, Nepal.
- Owiafe, ce. (2008) *The impact of external remittance on poverty reduction in ghona*. A thesis submitted Kwame Nkrumah university department of economics.
- Pant, B. (2008). *Mobilizing Remittances for Productive Use, NRB Working Paper* (Serial No: NRB/WP/4), Nepal Rastra Bank.
- Pun, D. (2014). Role of Remittance in Rural Livelihood, A Study of Muna VDC, Magdi District, Unpublished M.A. Dissertation T.U., Kirtipur, Kathmandu, Nepal.
- Ratha, D. (2003). *Worker's remittances: An important and stable source of external development finance*. Washington, DC: Global Development Finance.
- World Bank. (2006). *Global economic propsects: Economic implications of remittances and migration*. Washington, D.C.: America.
- (2006). *Global economic prospects: Economic implications of remittances and migration*, Washington D.C.: The World Bank.

**Websites' address:**

<http://en.wikipedia.org/concept> of remittance in Nepal.

[http://en.wikipedia.org/effects of migration on food security.](http://en.wikipedia.org/effects%20of%20migration%20on%20food%20security)

[http://en.wikipedia.org/wiki/rational](http://en.wikipedia.org/wiki/rational%20of%20remittance) of remittance.

[http://en.wikipedia.org/wiki/](http://en.wikipedia.org/wiki/importance%20of%20remittance) importance of remittance.

## QUESTIONNAIRE

**Questionnaire is Designed for Research Study on The Impacts of Remittance on  
Rural Livelihood (A Case Study of Sanba VDC; Taplejung)**

## 1) General Information

Name of Respondent .....

Age ..... Sex ..... Caste .....

Occupation..... Religion .....

Ward No .....

Mother Tongue ..... Education.....

Relationship with household head .....

## 2) Details of Family

No.	Name	Age	Sex	Education	Occupation	Marital Status	Remarks
1							
2							
3							
4							
5							
6							
7							

## 3) Do you have own land please?

If yes

a) Less than 10 kathha/Ropani

b) 10-20 kathha/Ropani

c) 20-40 kathha /Ropani

d) More than 40 kathha/Ropani

## 4) Can you afford annually by your own income ?

a) Yes

b) No

## 5) If no how many months?

a) Less than 3 month

b) 3-6 months

c) 6-9 month

d) 9-12 months

6) How do you maintain if you have not enough food ?

- a) Having only one time    b) Having two times half
- c) Earning from wages    d) Taking loan from others    e) Others

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

- a) Job not found in country
- b) To decrease family loan
- c) To earn high amount of money
- d) Not appropriate to stay in own country due to the conflict
- e) Any other to be mentioned.....

8) Information about Foreign country (employer)

- a) Gulf
- b) Malaysia

9) In which sector of work do foreign employees have to work ?

- a. Construction
- b. Hotel
- c. Service
- d. Manufacturing
- e. Other

10) What is the monthly income of your remitter working abroad?

- (a) Rs Up to 15,000    (b) Rs15,001 – 30,000
- (c) Rs 30,001 – 45,000    (d) Rs 45,001 – 60,000
- (e) Rs Above 60,000

11) What is the remittance inflow from Malaysia?

- (a) Less than Rs. 10000    (b) Rs 10000-20000    (c) Rs 20000-40000    (d) More than Rs 40000

12) What is the remittance inflow from Gulf ?

- (a) Less than Rs. 10000    (b) Rs 10000-20000    (c) Rs 20000-40000    (d) More than Rs 40000

13) How much money have you saved (monthly)?

(Rs.....)

14) Do you have any alternative sources of income beside remittance?

i) Yes

ii) No

15) If yes,

S.N.	Heading	Quantity	Amount in Rs.
1	Salary/wage		
2	Business		
3	Crops		
4	Fruits		
5	Vegetable		
6	Livestock		
7	Others		

16) What is the channel of remit income ?

a) Banking

b) Money transfer agencies

c) Hundy

d) Friend and relatives

e) Self remittance

17) Have you sent your children to school ?

If Yes

18) What types of school you teach your children ?

a) Government

b) Boarding

c) Co-operative

d) Others

19) Where does your family member go for treatment if they are sick ?

a) Health post

b) Government Hospital

c) Private Hospital

d) Traditional

Healed

20) Have you purchased any prosperity from the remittance income?

If yes,

a. Vehicle

c. Machine

b. House

d. Land



21) Household's expenditure (Annual Report)

S.N.	Item	Amount(Rs)
1	Food	
2	Clothing/jeweler	
3	Health	
4	Education	
5	Fuel/electricity	
6	Festival/ceremony	
7	Loan	
8	Recreation/Religious works	
9	Others	

22) Does your family's total remittance is enough to meet your expenditure?

Ans : .....

23) Impact indicators of Remittances

Before Remittances Received					After Remittances Received			
SN	Household Income	Low	Moderate	High	Household Income	Low	Moderate	High
1	Health Condition				Health Condition			
2	Education Status				Education Status			
3	Drinking Water				Drinking Water			
4	Recreation				Recreation			
5	Level of food				Level of food			
6	Social ceremony				Social ceremony			
7	Housing				Housing			
8	Household goods				Household goods			
9	Size of land				Size of land			

10	Clothing				Clothing			
11	Main petting animal				Main petting animal			
12	Poultry				Poultry			
13	Ship/Goat				Ship/Goat			
14	Local road				Local road			
15	Mill/Water mill				Mill/Water mill			
16	Electricity/ Solar				Electricity/ Solar			
17	Valuable goods				Valuable goods			
18	Others				Others			
Total					Total			

24) What are the things you have observed after inflow of remittances in the village?

SN	Good aspects of remittances	Bad aspects of remittances
1		
2		
3		
4		
5		

25) Are you satisfied from the remittance Income ?

If not

Why .....

26) What were the problem faced by your family member while going abroad ?

- a)
- b)
- c)

27) What should be done by government to increase remittances much more at the village level ?

- a)
- b)
- c)

28) What is your own view regarding the remittances?

- a)
- b)
- c)