

CHAPTER - ONE

INTRODUCTION

1.1 Background of the Study

Agriculture and foreign employment have become substantial livelihood supports to majority of the rural people and are the major backbones of the Nepalese economy. Both of them are old forms of earning living among the Nepalese. According to Ted Schultz, "agriculture is the oldest production activity of a settled community" (Kunwar, 2006). This statement is well applicable in the context of Nepal as well. But due to the unfavorable physiographic structure, poor infrastructures and technologies, income from agriculture alone has been unable to support Nepalese families to fulfill their basic needs and provide them with employment. As a result, foreign employment has become an important survival strategy to earn supplementary income to agriculture. Traditionally rural people from Nepal used to go to Asam, Meghalaya, Sikkim, Simla, Nainital, Kashmir and other different parts of India. Farmers from mountain and hills work in their farms during the monsoon, celebrate important festivals like Dashain and Tihar, harvest crops after the festivals and the male members used to go to India where they engage into on-farm and off-farm activities for about 6 months and return home with some cash, clothes, utensils and other necessities. This tradition is still in practices mostly in the Western part of Nepal. Since the mid 1980s, Nepalese's access to Middle-East and South Asian countries has increased for employment with better wages and employment opportunities. As a result, a large mass of Nepalese youths have been engaged in the employment opportunities provided in these countries. In this way, from generations past to now, agriculture and foreign employment are complementary components to each other for the livelihood of the Nepalese people.

In addition to agriculture and foreign employment's contribution in livelihood support to the Nepalese people, they are remarkably contributing in the Gross Domestic Product (GDP) of Nepal. Agriculture is the main source of income to nearly four fifth of all the Nepalese households who derive half of their income from agricultural sources consisting of farm income and agricultural wage income(USAID, 2008). This sector contributes about 32 to 35% to the GDP that is earned by about 66% of farm

holding families all over the country (MoF, 2014). On the other hand, 2,358,710 Nepalese are engaged in foreign employment into different countries, which includes the official records only, and are earning remittance whose contribution is about 30 to 35% to the GDP (330.9 billion rupees in the first 10 months of FY 2011/12) (MOF, 2014). The percentage of contribution from agriculture and remittance in GDP is almost equal (about 30 to 35%) in the recent years from largely unequal percent of population engaged separately in these sectors - more than 66% of population in farming and about 8% in foreign employment. The fact makes it obvious that larger number of population engaging in the traditional agriculture is earning less compared to the income from foreign employment. So, the families having agriculture as the sole source of income are poor, particularly the small land holding and landless families are living in the poverty. The condition of the farmers in Hills and Mountains is more pitiable compared to the farmers in the Terai and valleys because the distribution of productive land for agriculture is not even among all the geographical regions due to differences in land type, climate, infrastructures, other agricultural inputs and accessibility to markets. Only the 20% of the total land is cultivable on which 76.3% agriculture holding families depend on with average holding size of 0.8 ha (NLFS, 2008). Mountains, Hills and the Terai occupy 8%, 50% and 42% of the total cultivable land respectively. The agricultural productivity is low, with average cereal crop yield being 2,089 kg per hectare where the world average is 3,096 kg per ha (MOF, 2011).

Apart from the accessible areas of the Terai and surroundings of the cities and towns, agriculture pattern is still quite traditional in the rural areas of Nepal which uses animal and human power for tilling land, plantation, weeding and harvesting. Average land holding families give priority to food grains because food grains are the major basis for subsistence. Together with growing the food grains, they grow vegetables, fruits and rear manageable number of domesticated animals such as goats, pigs, cows, buffaloes and fowls.

Besides giving manure, milk, meat and eggs, domesticated animals are also the sources of cash income in the families for clothes, medicine and education for their children. However, almost all of the incomes from agriculture go for family consumption for most of the families, and yet many families face the problem of food

shortage. Traditional agriculture and traditional livelihood patterns are labor-intensive and menial occupations. They use traditional tools such as plow, spade, shovel, sickle, "Dhiki", "Janto" and "Doko" and human and animal power to operate them. So, it needs strong workforce to sustain living in the rural areas. Above all, living a traditional rural life is also a monotonous process due to the menial hardship, lack of entertainment, lack of social respect and lack of access to basic services. In order to escape from this infinite hardship of physical labor as well as earn supplementary income to make up the loss from agriculture, the able members of Nepalese farmers' households, especially smallholders and landless farmers have been going for foreign employments for generations.

1.2 Statement of the Problem

Today foreign employment has become one of the most popular destinations among all kinds of unemployed youths of the rural and urban areas. The rural youths whose former primary occupation is traditional agriculture are thronging abroad for employment leaving their agricultural works. As a result, foreign employment has become one of the major revenue sources of the country. By the end of the FY 2011/12, official records present that in total 2,358,710 Nepalese have been working as the labor migrants into different countries of the world and remittances Nepal received in the same year accounts Rs 330.9 billion which is more by 30.5% compared to the remittances of the preceding fiscal year (MOF, 2014). The remittances have been proved an effective medium to reduce rural poverty because they have generated a positive effect on the economy through various forms such as savings, investment, growth, consumption and income distribution (Shrestha, 2004). But yet the foreign employment sector is not free from problems. Though Nepal is earning significant amount of remittances, the real growth of economy has not been realized yet (SANEI, 2011). Though the income from remittance has increased by 30.5% in the FY 2011/12, the economic growth rate is limited into 4.5% (MOF, 2014) in the year compared to the 3.5% of the FY 2010/11 and 4.6% of the FY 2009/10. A remittance share of about 30 to 35% to the total GDP should have created enough employment opportunities, but unemployment rate still stands high. The nation seems to encourage a remittance-based economy. But remittance alone cannot sustain economic development in the long run. Over dependency on it in the long run will

eventually lead to economic failure if the flow of remittance is disrupted (Singh, 2006). Furthermore, there appears to be an inversely proportional relationship between employment abroad and industrial/agricultural growth. For instance, industrial production growth rate was only 2.14 percent in 2011/12 (MoF, 2014) whereas from 2002 to 2005, its growth rate was 8.7 percent when remittance inflow was far less. Local production has significantly decreased due to the foreign employment opportunities after the young productive workforce is migrated to foreign employment. Agricultural lands in rural areas have remained fallow. Despite the various inputs by the government and non-government sectors into agriculture, its contribution into GDP has remained from 32 to 36 percent in the last five years. With the decrease in agricultural production at the local level, most of the income from remittances has been spent on purchasing food, other daily consumption goods and unproductive purposes such as purchase of house, social ceremony (wedding, death rites, etc.) paying off the loan and purchase of jewelry. The country's economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing a hopeless plunge in savings and investment rates. Consumption to GDP that stood at 88.3 percent in FY 2000/01 has gone up to 93.3 percent by FY 2010/11 (MOF, 2010/11). Very little money has been invested for productive and job-creating business. After the money earned from one stay in foreign employment has been spent, the youths are forced again and again to go for foreign employment. As a result, rural population is getting dependent on food and other consumption goods from outside markets, mostly from emerging economic power countries like China and India.

Foreign employment has also intensified in-migration. Most of the workers spend their major portion of income on purchasing building land either in the local market centers, or in district headquarters, or the other town in the Terai or the capital. As a result, urbanization is increasing whereas villages are being deserted. Although foreign employment remains a major source of earning foreign currency for the country, in the long-run it could fall in the remittance trap. It is another challenge of engaging the youths in the nation's development by creating employment opportunity within the country itself (MOF, 2010/11).

In addition to these economic problems, foreign employment has also created a number of social and psychological problems. Many villages in the hinterlands of rural Nepal lack young and energetic workforce. They lack manpower to even to carry corpse when a neighbour dies in the village. Absence of able male workers at home has forced elders and females to take the whole responsibilities of farm and home which has increased their workloads. Second, in many cases after sons go abroad, whole social and economic burden go over their wives and aged parents due to which they become victim of depression and anxiety. They suffer from loneliness in the lack of strong supportive male at home. Third, usually disharmony is escalated between in-laws (mother-in-laws and daughter-in-laws) in the absence of son/husband resulting on families' disintegration, and the in-laws are forced to live separately. When young wives/daughter-in-laws stay separately living on income from their husbands abroad, sometimes they involve into illegal sexual activity which breaks up marriages, orphan the children and cause further social shame in the family and life-long negative impact on children.

In the context discussed above, the study will attempt to explore the answers of the following questions from a study of Jamune Village.

Development Committee of Tanahu District:

-) What kind of relationship is there between foreign employment and agriculture?
-) What is the gap in the incomes between these two sectors?
-) What are the major causes of youths' attraction towards foreign employment?
-) Has the labor migration into foreign employment affected the agricultural activities in Nepal?
-) How are remittances being used rural area? How can they be used for sustainable economic growth of the country?
-) What are the economic impacts of remittances in the rural areas? Who gets benefit?

1.3 Objectives of the Study

The main objective of the study will be to explore the effects of foreign employment on agricultural activities of Nepal and the specific objectives will be:

-) To examine the foreign remittance impact on agricultural growth,
-) To compare the incomes between foreign remittance and traditional agriculture practitioners,
-) To assess the positive and negative effects remittances in the rural areas, and
-) To make relevant recommendations about sustainable use of remittances.

1.4 Significance of the Study

Access to opportunities for foreign employment is always fluctuating. For example, recruitment of Nepalese in British Gurkha, Malaya, Brunei and Indian Army are based on the historical negotiation of the Gurkha War (1814-1816). But the recruitment of Nepalese youths in Gurkha soldiers in the past has been reduced in the current years. Reduction in numbers of soldiers has significantly reduced the remittance now. The period since the 1990s witnessed a strong economic performance and labor demand in many countries in the Middle East, East Asia, and West, which coincided with the major political turmoil in Nepal causing enormous increase in immigration and foreign remittance (Wagle, 2009). It has employed thousands of uneducated and semi-educated Nepalese. But the recession, war and government's changing policies in the host countries can cause the heavy cut in the demand of labors from countries like Nepal. Nepal should prepare strategies to cope with the situations when all the youths in foreign employment return home in the lack of job opportunities abroad. The incomes from foreign employment is certainly higher than the incomes from traditional agricultural activities, but the matter is how sustainable they are and how they can contribute in the country's development in the long run. So, it is necessary to find out the gap in the differences of the incomes between them and develop strategies to narrow down the gap so as to create opportunities for employment at home. In this context, the study is significant which attempts to explore the ways to sustainable use of remittances into agricultural and industrial sectors of the country.

1.5 Limitations of the Study

- a. The conclusion about the incomes of traditional agriculture and foreign employment has been drawn from the study of Jamune VDC of Tanahu District. The incomes particularly from agriculture might differ to other agro zones, especially in the Terai. So, the study is unlikely to represent the agricultural incomes from all the agro-zones of Nepal.
- b. Very few literatures are available on the topic chosen for the study- the effects of foreign employment on agricultural activity. Literatures are found either on remittance economy or the agricultural growth. But literatures are not available that compare these two sectors and analyze their effect to each other. So, the study has to focus much on the primary data
- c. Due to time, money and availability of data constraints, this study is based on the trend of labor migration and agricultural activities of only one VDC of Nepal.

1.6 Operational Definitions

1.6.1 Traditional Agriculture

For this study purpose 'traditional agriculture' means the pattern of farming that has passed down from generations. It is the practice of cultivating seasonal food crops such as rice, wheat, maize, millet, and lentils; growing local species of fruits and spices around the house and rearing a manageable number of cattle. In terms of production, it is often subsistence and in technology it uses animal and human power and depends on the mercy of nature. This kind of farming is currently in practice in the study area.

1.6.2 Agricultural Activity

For this study 'Agricultural activity' refers to all the activities that are associated with producing agricultural products and sustaining livelihood from such products. Specifically it signifies:

-) Farming practices such as cropping intensity, cropping seasons, crop types being grown, farming technology, etc.

-) Agricultural investment such as the use of the number of labor, quantity of seeds, manure, tools, etc.,
-) Cropping area coverage in the past and now,
-) Production quantity of cereals, vegetables and cash crops,
-) Rearing domesticated animals, birds and insects (bees, etc) for household consumption as well commercial purpose.

1.6.3 Foreign Employment

'Foreign Employment' refers to any kind of paid-employments out of Nepal that earns remittances for the country.

1.6.4 Foreign Employee

'Foreign Employee' refers to the unskilled, semi-skilled and skilled Nepalese who temporarily migrate abroad for the purpose of earning money and stay there for more than 6 months.

1.6.5 Agricultural Growth

'Agricultural growth' refers to both the negative and positive growth of agricultural products compared to the past years' growth rate.

1.6.6 Economic Activity

'Economic Activity' refers to the on-farm and off-farm activities such as farming, business, service, etc. in which people engage to earn living and earn money.

1.6.7 Agricultural Income

'Agricultural income' refers to the income earned from agriculture that has been calculated by converting agricultural products (e.g. cereals, vegetables, fruits and animal products) of a household produced in the last 12 months into the then local market price.

1.6.8 Remittance Income

'Remittance income' refers to the income both in cash and kind received from the family members of foreign employee during the last 12 months.

1.7 Organization of the Study

The study has been organized according to the standards of the Research Methodology and Thesis Writing in close consultation with the Thesis Supervisor. The first chapter is the introductory chapter which focuses on introducing the topic of study together with its problems and set objectives. The second chapter is presented under the title "Literature Review" in which relevant literature related to agriculture practices and labor migration trends in Nepal and general theories regarding to them are reviewed.

The third chapter includes the research methodology that prepares the overall guidelines of the research work including the research design and methods of data collection and interpretation. The fourth chapter is the data analysis and interpretation that includes the introduction of the study area, migration of agricultural workforce into international labor market and its effect in Nepalese agriculture, comparison of incomes from foreign employment and agricultural activity and expenditure trends of incomes from remittances. The fifth chapter, which is the last chapter, is summary; conclusions and recommendations drawn from the study.

CHAPTER - TWO

LITERATURE REVIEW

One of the characteristics of globalization is the free movement of goods, services and capital across the globe. In the recent years, cross border movement of labors has become special feature of the developing countries. Together with this movement of labors, a number of studies have been carried out by various individuals and organizations on the topic of “remittance” with regard to foreign employment and remittance economy of the developing countries. However, few of these researches have been devoted to practical realities and are mostly based on micro-level studies. Labor migration has become one of the most dynamic phenomena of the last four decades and will be an ever-challenging issue in this era of globalization. In Nepal as well, as a recipient country of remittance, a number reports and news are being published about the effects of remittances in the economy and poverty alleviation. But there are very few studies about the effects of remittances at the micro level and how it is affecting the agriculture, the backbone of the Nepalese economy. In this context, this study is conducted to dig out the ground realities on Nepalese remittance and its direct effect in agricultural growth and its positive and negative effects among the rural people. The various theories, principles, models of labor migration and its relation with the agriculture are examined in this chapter.

2.1 Traditional Agriculture and Labor Migration

Agriculture is the oldest form of economic activity of the organized society. Industrialization began around the 17th century (en.wikipedia.org). Before that agriculture was the sole source of income and trades. During the agricultural period, economic growth was slow. Even today the poorest countries of the world do have agricultural economy that live on income of the traditional agriculture. According to Ted Schultz, the crucial feature of the traditional agriculture is the low rate of return to investment in agricultural factors of the type that farmers have been using for generations. The man who farms as his forefathers did cannot produce much food no matter how rich the land or how hard he works (Kunwar, 2006). Most of the rural communities in Nepal are a folk society of mostly homogeneous people who developed a certain pattern of culture and livelihood system with agriculture. Shifting

cultivation, the first stage of agricultural development was the most widespread agricultural system in South and Southeast Asia until the mid-20th century (Spencer, 1966). Meantime, shifting cultivators deserve improved lifestyle which was not possible from the low return being provided by their practice of cultivation. Such circumstances forced farmers to seek for more productive way of earning which otherwise could have brought a hunger and malnutrition situations. Migration began with the search of better option of production. People migrated internally and externally in search of better grazing grounds for cattle, better land for growing food, better environment, better employment opportunities, etc.

Today most of the people migrate in search of better employment opportunity. Especially in the developing countries like Nepal, most people migrate to foreign land in search of employment so that they can well feed and support their families. In Nepal's modern history, the phenomenon of labor migration dates back to the Rana regime where people migrated predominantly in search of employment (Sambriddhi, 2011).

Economists have developed different models to explain the incidence of labor migration in the context of a dual economy. All these models are based on the assumption that there are two sectors that comprise a developing economy namely the primary sector or traditional agricultural sector and the secondary sector or modern industrial sector. The agricultural sector is characterized by surplus workforce; whereas, the industrial sector acts as the engine of growth for the economy. In the context of labor migration and unemployment, the Lewis model provides an explicit explanation of how the structural change propelled by labor transfer can bring about economic growth in a dual economy (www.economywatch.com). W.A. Lewis (1954) mentions that the prime reason for migration is the wage differences. Unlimited supply of labor force prevailing at low wage rate is attracted into industrial sector.

There are various push factors for migration which include land tenure system, unfavorable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of rural poverty in general (Ravenstein, 1985). The Nepalese agriculture system is one push factor of migration which has very low level of returns in comparison to the labor investment by farmers. The pull factors of

migration are employment, education and other facilities of the towns (Ravenstein, 1985) which the rural find after they migrate abroad.

Migration is stimulated primarily by economic consideration of relative benefit which is mostly financial. Decision to migrate is influenced by the difference between expected income between two places, the odds, probability of getting job in new area is inversely related to unemployment rate in the new area (Todaro, 1976).

Traditional agricultural system is, therefore, one factor of labor migration in Nepal. In most of the rural areas of Nepal, the agriculture systems are quite traditional though it is the principal source of food, income, and employment for the majority, particularly the poorest. It is largely based on low-value cereals and subsistence production, with a mere 13 percent of output traded in markets (MoF, 2010). But this sector is still holding the leading role in the national economy which is providing employment to 65.6% population, contributing 33.55% in the GDP (DoA, 2011). But in the lack of knowledge, skills and technology, farmers are forced not only to survive in the subsistence farming but also suffering from semi and disguised unemployment (MoF, 2014). Despite the fact that Nepal depends predominantly on agriculture for its GDP, the country continues to face acute food shortages. A number of reasons have contributed to this situation, including a population growth that has outmatched the growth in agricultural productivity. Indeed the agricultural productivity is far below the potential level: farming in Nepal has remained subsistence-oriented and use of high-payoff inputs such as fertilizer, improved seeds, and year-round irrigation is low (Tiwary, 2005).

Above 50 percent of the Nepalese farmers are smallholders operating less than 0.5 ha of land. Small farmers operate only 13 percent of total agricultural land while larger farmers constituting only 8% are holding 32 percent of the total agriculture land (CBS, 2010). The government statistics on food balance shows even when Nepal's total production of edible cereal grains exceeded the net requirements and 45 of the 75 districts in Nepal are incapable of producing food to meet minimum requirements (CBS, 2009). The food that marginal farmers produce is sufficient only for 3-8 months, depending on location, type and size of land, and seasonal factors. Locally grown farm crops, livestock, and forest products are the traditional sources of food for most of Nepal. A typical diet for marginal farmers consists mostly of maize, ginger

millet, rice and buckwheat. The diet is monotonous, carbohydrate-rich, and protein-poor (Khatri, 2007).

Approximately 30% of the Nepal's total population is marginal farmers, sharecroppers, and agricultural laborers. Most of these live below the poverty line because they do work in unproductive, low-paying jobs where they cannot earn enough to raise themselves above the poverty threshold. The marginal farmers work unproductive and unirrigated land holdings that are unsustainably small. They usually own only a few head of livestock and obtain only small earnings from other sources (Tiwary, 2005). Agricultural wage workers consistently display the highest incidence of extreme poverty, largely because of the low wages on small farms and seasonal unemployment. Shift of agriculture labor to non-agriculture sector, especially to foreign employment is attributed to poverty reduction (CBS, 2008).

The history of foreign employment is very old in Nepal. The formal Nepalese migration originated after the Anglo Nepali War in 1814 (Kansakar, 1982). But informally Nepalese have been migrating for ages, especially to India, to earn cash to supplement their agricultural products. Now the country is devoid of the labor of prime age because of foreign employment. It has been distinct in the farm sector. Labor is becoming scarce in rural areas because of the able people leaving the rural area either for overseas jobs or for urban work (Karki, 2006).

In a country with 26 million populations growing at the rate of 1.40 percent per annum every year an additional 400,000 individuals enter to the labor market in Nepal (CBS, 2011). Nepal Labor Force Survey (2008) with a sample size of 16,000 households shows that the labor force participation rate is 83.4 percent, rate of employment is 97.9 percent and the economically active population is 83.0 percent. Out of those employed, 16.9 percent are engaged in formal salaried/wage earning activities, while the remaining 83.1 percent are self-employed (MOF 2010). The agriculture is still a major source of the employment in the country. Only two-thirds of the labor force is fully employed and the problem of disguised unemployment is very high.

When a large proportion of the agricultural labor force is underemployed and lack employment opportunities in other sectors in the country, foreign employment has

become one attractive destination. Political instability, armed conflict and poor investment climate work as the catalysts to force the Nepalese to migrate abroad for employment. The major factors attributing to large scale out migration from Nepal are high growth of labor force, high rate of unemployment, limited employment opportunities outside the farm sector, low salary structure in the economy and insecurity in the rural areas because of insurgency (Shrestha, 2004).

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 (Kshetry, 2004). In fact, despite other factors that arise into different periods of time, foreign migration was due to low productivity and insufficient land which are the causes to leave the place of origin and hope to be better off in terms of physical facilities and infrastructure at destination (Kunwar, 1993)

2.2 Contribution of Agriculture and Remittances in the Nepalese Economy

Gradual structural change can be observed in the Nepalese economy. A trend of decreasing contribution of agriculture and industry sectors and increasing that of services sector to GDP is clearly visible. On sectoral basis, contributions of primary, secondary and tertiary sectors to GDP are estimated at 35.68, 14.02 and 50.31 percents respectively (MoF, 2011/12). Such contribution of primary and secondary sectors is less by 1.75 and 0.27 percentage points as compared to the previous fiscal year. One of the major contributors of the tertiary sector is the remittance which is increased by about 30% in FY 2011/12 compared to the previous year. Likewise, classification of GDP into two sectors namely, agriculture and non-agriculture shows contribution of agriculture sector to GDP has decreased while that of non-agriculture has increased a little. Contribution of agriculture, forestry, and fisheries to GDP is estimated at 35.1 percent, while remaining 64.9 percent to be shared by the non-agriculture sector in FY 2011/12. Such shares in FY 2010/11 were 36.9 and 63.1 percent respectively.

Nepal is shifting towards remittance economy from agricultural economy. In the recent years remittances have emerged as one of the prime source of foreign exchange received through foreign employment (Shrestha, 2004). Nepal Rastra Bank (2011) indicates that foreign employment can play vital role in improving rural economy and reducing poverty and unemployment. With appropriate strategies and programs remittances can be used in rural transformation. Due to the remittances, there have been changes in the consumption level of the people in Nepal over the years. At the national level, nominal per capita consumption increased more than five times in the past 15 years (between 1995/96 and 2010/11).

According to the Nepal Living Standard Survey (NLSS, 2010/11), remittances are contributing very little for sustainable economic development of the nation. The two most reported uses of remittances received are: “for daily consumption” and “for repaying loans”. About 79 percent of the total remittances received by the households is used for daily consumption while 7 percent is used for loans repayment. Other uses are – to acquire household property 80 (5 percent) and for education (4 percent). Only a small percentage of the remittances (2 percent) is used for capital formation and the remaining (3 percent) is used for other purposes.

Remittances are important financial resources to the receiving countries at the micro and macro level. They increase both the income of the recipient and the foreign exchange reserve the recipient's countries (Panta, 2005). Mostly remittances are used for basic subsistence needs and for daily needs such as food, clothing and housing. These three components make up a significant portion of the income of the recipients household. At an individual level remittance increases the income and reduces the poverty of the recipient's. Generally in the developing countries only a small percentage of remittances are used for saving and used as productive investment such as income and employment generating activities as buying land or tools, starting a business and other activities. However the money spent on better education of the children and health is believed to have a favorable effect on growth, which tends to help in output production.

It is hypothesized that the foreign employment and remittance there of reduces poverty. The logic behind it is that poor works as the laborer and the remittance goes directly to the poor household. The role of remittances in the economy and poverty

reduction was claimed first by the Nepal Living Standards Survey (2004). It showed that the poverty declined from 42 percent in 1995/96 to 31 percent in 2003/04, and it is estimated to decline to 25 percent in 2011/12 (MoF, 2014) and attributed the decline to the increasing flow of the remittances. During this period, nothing such spectacular happened in the country to attribute this poverty reduction. Investment, employment and economy were not growing during that period due to the armed conflict in the country. From the first living standard survey (1995/96) to the second survey (2003/04) the proportion of the households receiving the remittances increased from 23 percent to nearly 32 percent, and it reached to 56 percent in 2011/12.

As mentioned earlier, remittances can be attributed to the sharp decline in absolute poverty in Nepal, which is one of the positive results. There are also some long-term opportunities brought about by foreign employment. Children of the foreign employment workers are the long term beneficiaries of foreign employment as they are getting quality education paid for by the remittances from their parents. The nation can benefit in the long term out of this trend as skilled and educated manpower is produced for the economy. Another opportunity that lies within is that, most of the migrant workers head abroad with an intention of returning to their home country. So the skills of these returnees could be used to enhance the dexterity and expertise of other Nepalese, which would help foster an environment of skilled laborer in Nepal itself. These returnees are highly likely to become entrepreneurs given the certain amount of saving they would have which they would like to invest and willingness to work for oneself after having worked in strict settings abroad. The capital, skills and technology which migrant workers bring back home are among the most valuable gains from foreign employment. An investment and entrepreneur friendly environment could put these assets to their best use (Samridhi, 2011).

2.3 Effects of Foreign Employment on Agriculture

Foreign employment is increasing, poverty is decreasing and agriculture is getting sluggish in South Asia (SENAI, 2011). In fact, large proportion of the agricultural labor force is underemployed. Literature is not clear how the migration does affect the agricultural production in the country. As most of the labor force that migrates comes from agriculture (though no disaggregated data is available) the migration reduces the labor supply in agriculture. At the initial period when the surplus labor comes out of

the agriculture, the productivity of the remaining labor force increases and the agricultural production does not decrease, thereby increasing the marginal productivity of labor. But, over a period of time the labor migration continuously increases as a result the agriculture sector faces labor shortage thereby decreasing the agricultural production.

Compared to 1995/96, the percentage of agricultural households operating land has decreased in 2010/11 from 83.1 in 1995/96 to 73.9 in 2010/11. The percentage of paddy, wheat, summer maize and millet growers have also decreased in the same period (Economic Survey 2010/11). Percent of households receiving remittance has increased from 23 percent in 1995/96 to about 56 percent in 2010/11 and the share of remittances in household income increased from about 27 percent to about 31 percent during the same period. The total amount of remittance has increased by about five and a half fold from about NRs. 46 billion in 2003/04 to NRs. 259 billion in 2010/11 in nominal terms and there is a similar rate of increase in the per capita remittance as well (CBS, 2011). But the decrease of agricultural households is not the result of foreign employment alone since there is increase in the households involving in manufacturing and service industries.

There can be various factors such as rainfall, flood, the availability of chemical fertilizer and labor that affect the agricultural production of Nepal. So, agriculture growth rate is always fluctuating in Nepal. As the AGDP does not include the intermediate consumption share of which is increasing due to increase in livestock and poultry production, the hypothesis is tested using agricultural gross output as an indicator variable to the agricultural production (SENAI, 2011).

The migration for foreign employment reduces agricultural gross output. More precisely, one laborer migrated reduces agricultural gross output by NRs 18,000. Though this is much smaller amount as compared to the earning from the foreign employment, this result contradicts with the common belief that labor out migration from agriculture increases the productivity of the remaining labor force (SANEI, 2011). The land is facing a problem of labor shortage. However, as is the case of poverty, the agricultural expenditure per labor is not doing a favorable job in the economy. The equation thus estimated explains about 85 percent of the variations in agricultural gross output. Foreign employment and remittance have certainly

decreased the absolute poverty in Nepal. But, the labor migration has also created negative impact on domestic production. The effect of labor migration on domestic production depends on the proportion of the labor migrated and increase in the productivity of the domestic labor (SENAI, 2011).

Citing the case of Myagdi District of Nepal, Gorkhapatra (2014) mentions that villages have become empty and land have remained fallow after youths moved to cities and abroad in search of urban facilities and employment.

Literature is still not clear about the role of foreign employment on domestic production and poverty. The agriculture employs and houses most of the poor. There is a need to boost productivity and reduce the gap in living standards and poverty between agriculture and non-agricultural people. When employment growth in the non-agricultural sector is fast enough to permit a labor shift the process must be hastened by promoting agricultural growth so that the remaining labor force in the sector can achieve a rapid increase in living standards. Without assessing the role of foreign employment in agriculture sector we cannot assess the effects of financial crisis in foreign countries to the poverty in the region most of that are working in agriculture sector.

2.4 Review of Unpublished Theses

Kamal Regmi has carried out a Master's thesis entitled "Role of Remittance in Rural Poverty Reduction, A Case Study of "Khilung Deurali VDC, Syangja" in 2007 for Central Department of Economics with the objective of analyzing the role of remittance in rural poverty reduction of the study area. His specific objectives were: i) To examine general poverty scenario of the study area, ii) To analyze the nature and extent of remittance income in the study area, and iii) To gauge the impact of emigration on poverty reduction of the study area. For the purpose he conducted a micro level study to 100 sampled households of Khaling Deurali VDC of Syngja District. In his findings, he has mentioned that the convertible foreign exchange grew from Rs. 39150.3 million in 1994/95 to Rs. 120,643 million in 2003/04 which is the increment by 16.15 times. But 97 percent of the respondents use their income in the household expenses i.e. in food, cloths, health and the education of their family, 69 percent of the households use their income in loan payment of their family which can

be taken for the same purpose or which can be the family debt before his foreign employment. Only about 26 households are using their income from abroad in investment purpose i.e. for buying land, Home and Shares or establishing industries. It has changed the household economy through economic wellbeing of the families. He found out that though the families have incomes from remittances, 23 percent of the respondents replied that their economic status is same before and after foreign employment and 8 percent of the respondent's economic status has decreased due to the foreign employment. It means they had increased the sum of family debt for the reason of foreign employment. The decrement in economic status might have been resulted with high cost and low pay in foreign employment or short period of foreign employment. But other 57 percent of the respondents had increased their standard of living. The families were not utilizing their remittance caused by conflict and non-availability of sizable investment funds for investing in productive sector of the economic sector.

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

Mr. Regmi's study does not say anything about the remittance's impact in domestic production except that positive changes could be seen in the living standard of the families.

Archana Thapa has also conducted a study entitled "Economic Implications of Foreign Employment and Inward Remittance Business in Nepal" in 2009 for her Master's degree of Business Studies from Lumbini Banijya Campus. The main objective of her study was to analyze the economic impact of the foreign employment and inward remittance entering inside the country. The specific objectives were: i) to study about the economic impact of current state of Foreign Employment and remittance in Nepal, ii) to study about the contribution of remittance in poverty alleviation, and iii) to study the contribution of remittance in other different sectors of

economy. She selected 125 people who came to receive remittance as samples using accidental sampling method.

Ms. Thapa's major findings were that failure to transform our economy from subsistence agriculture sector to industry, service, tourism, trade, etc. is the main reason attributable for the slow growth of employment opportunities in Nepal. Numbers of people going abroad for work has been on an increasing trend, especially after the origination of armed conflict in Nepal. In 2001, worker's remittances represented some 42 percent of total Foreign Direct Investment (FDI) flows. The remittance amount received by Nepal reached up to Rs.65,416 million in 2004/05 which is approximately 13 percent of Nepal's GDP. Its share to total exports, total imports and foreign exchange reserves has stood at 112.33 percent, 49.49 percent and 48.89 percent respectively in 2004/05. The advantage of migrant workers goes beyond the immediate monetary gains. The returning migrants increase social capital through exposure to new technology, ideas, languages and people and produce intangible but important benefits to societies. Remittance money represents the most essential of family values: hard work, thrift, sacrifice and hope for a better future. However, social mobilization and awareness campaigns are necessary requisites for effective use of remittance money which were lacking during the field survey conducted at various places. Remittances, to some degree have been quite successful to support the fundamental building blocks towards sustainable economic development. They have played an important role in current account dynamics by offsetting high trade account deficits and volatility. The development potential of remittances can obviously be improved by increasing the total flow of remittances, lowering the transfer costs and offering more attractive investment alternatives. The effect of remittances on poverty reduction at the national level has been positive. According to the second Nepal Living Standards Survey (NLSS), remittance flows were, to a large extent, responsible for the reduction in poverty from 42 percent in FY 1995/96 to 31 percent in FY 2005/06. To conclude, the country needs to capitalize on the huge reservoir of labor through a consistent policy, especially foreign employment policy. Earnings from foreign employment could change the development status of the country by substantially contributing to poverty alleviation.

CHAPTER -THREE

RESEARCH METHODOLOGY

3.1 Research Design

A research design is the logical and systematic planning and direction of a piece of research (Sharma, 2007). The proposed research is explanatory and analytical in nature and that concentrates both in qualitative and quantitative phenomena. It aims at establishing relationships between variables like agriculture and remittance income. So, mostly quantitative method of the study has been used. It has used numbers and statistical methods and based on numerical measurements in whatever area it is needed.

3.2 Nature and Source of Data

The study used both primary and secondary data sources. Primary data were collected directly through field survey by developing appropriate schedules. Secondary data were gathered from published and unpublished written documents, books, theses and archives. Schedules were developed ensuring that both the qualitative and quantitative data could be collected.

3.3 Selection of the Study Area

Official record of 2066 BS published by Foreign Employment Promotion Board (FEPB) shows that 11,830 youths from Tanahu District are in foreign employment. It is estimated that more than this number of the population are out of Nepal unofficially. Tanahu is in 35th rank from the top out of 75 districts of Nepal for sending its labors in foreign employment. It is the mountainous district where agriculture was the sole source of livelihood for over 85 percent of its population. But now over 20% of the total active population from agriculture based families has migrated abroad in search of employment. In this context, it is important to study what kind of impact has occurred in the agricultural production in the district.

A case study of Jamune VDC from Tanahu District has been carried out as the sample for the study. The reason for choosing Jamune VDC is that first it is one of the VDCs

in the district which sends highest number of people to foreign employment. Second, the researcher is familiar with this VDC that supports to conduct the research with in-depth study at low cost. Third, the VDC does not have any alternative source of income except the agriculture and remittances. It is important to find out what happens to the economy at the micro level in case the income from remittances is disrupt.

3.4 Population and Sample Design

The universe for this study is Jamune VDC of Tanahu District. Total 1,109 households (HHs) and 6,814 population was in the universe. For this study purpose, purposive sampling, from non-probability sampling method, was used. From the total households of 9 wards, 945 people were in foreign employment. Out of the total people in foreign employment, 13% sample was taken for the study. With aforesaid sample, due consideration was paid to choose households based on ethnicity, geography, landholding and the number of members in foreign employment and representation was ensured proportionately.

Besides, two farming households from each ward (total 18 households from 9 wards) whose members not involving in foreign employment and having no other alternative sources of income except the agriculture were taken as the sample in order to find out the difference in agricultural activity of those agricultural families with that of foreign employees' households. In this way, the total sample size including foreign employees' families and agricultural families was 15 percent of the total population of the people engaged in foreign employment.

Table 3.1: Sample Selection Method

Wards	Total HHs	Total Population	Agricultural families Sample	Foreign Employee population	FE's Sample 13%	Total Sample 15%
1	141	828	2	82	11	13
2	132	834	2	88	12	14
3	139	852	2	136	18	20
4	116	703	2	118	16	18
5	99	651	2	94	13	15
6	119	673	2	117	16	18
7	77	549	2	83	12	14
8	197	1196	2	142	19	21
9	89	528	2	85	12	14
Total	1109	6814	2	945	129	147

Data Source: Jamune VDC Profile, 2009

3.5 Techniques and Tools of Data Collection

3.5.1 Primary Data Collection

The population for the study was the number of household (HH) whose family member have migrated for employment in foreign countries. And 144 Households were survey on February 2015. Questionnaire was taken as the tool for data collection which contained open and close questions related to the information required for the study. The structured questionnaire was developed on the basis of review of past literatures and according to the objectives of the study as well. For collecting the primary data, the respondents were interviewed and the questionnaire was failed by the researcher himself. The respondents were either the members who have gone for foreign employment and returned home either permanently or on leave, or the households heads, in the absence of foreign employed member who has been employed for at least one year.

3.5.2 Secondary Data Collection

Apart from the primary sources of data collection, secondary data were collected from different published and unpublished sources such as Nepal Economic Survey, Government of Nepal, Nepal Living Standard Survey, Government of Nepal, Statistical information on Nepalese agriculture from publications of Ministry of Agriculture and Cooperatives, Statistical Pocket Book, Central Bureau of Statistics, Records of foreign employment, Department of Foreign Employment, Relevant articles from books, journals, archives and newspapers, unpublished theses, etc.

3.6 Data Analysis

The collected data from the primary and the secondary sources were edited, coded, categorized, and analyzed to draw empirically based conclusions. They were tabulated in the Microsoft Excel, imported to and processed through Statistical Package for the Social Sciences (SPSS). Some data were processed only in Microsoft Excel programs and some qualitative data were processed manually. Both the words and number had been used to present the findings of the study qualitatively and quantitatively. Various statistical tools such as percentage, numbers, ratios, tables, graphs and charts had been used as per needs. Unitary methods and Karl Pearson's Correlation Coefficient methods were used to threshold setting of agricultural labors and establish relationship between foreign employment and agriculture. The findings had been drawn after the deep analysis and interpretation of the data and the explanatory method.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction of the Study Area

Tanahu District, a part of Gandaki zone, is one of the seventy five district of Nepal, a land locked county of South Asia . The district, with Byas Municipality Damauli as is district Headquarter, covers an area of 1546 km² and has a population of 268613. Tanahu is surrounded by Kaski, Gorkha, Lamjunh, Syangja, Nawalparasi and Chitwan districts. It has 41VDCs and 3 municipalities. This district is also known as Birth place of legendry poet Bhanu Bhakta Acharya. Like Nepal, Tanahu is also diverse in religion, culture,ethnicity, alititude, temperature etc. Hinduism is the major religion and also Buddhism, muslim, Christian are also in exsistance. Brahmin, Cheetri, Magar,Gurung, Dalit are the main ethnic group and endangered species Kusunda also living in Tanahu. This District is rich for fruit cultivation like Orange other plants like rice wheat, millet, corn etc.

In the studied VDC, total 945 people are currently working into different countries as the foreign employees which is the 23.94 percent of the total economically active population, and 13.86 percent of the total population of the VDC. Calculating the figures from the household level, members from 783 households are involved in foreign employment which is the 70.6 percent households of the total households. The detail of the households and population working as the foreign employees has been presented in the table below:

Table 4.1: Description of Foreign Employees of Jamune VDC

Wards	Total HHs	Total Pop.	Eco. Active Pop.	Emp. abroad	HH in Foreign Emp
1	141	828	489	82	68
2	132	834	475	88	74
3	139	852	469	136	109
4	116	703	429	118	98
5	99	651	361	94	85
6	119	673	378	117	102
7	77	549	323	83	69
8	197	1196	715	142	112
9	89	528	308	85	66
Total	1109	6814	3947	945	783

Source: Household Survey, 2014

Analyzing the data of the employees according to the ethnicity, Chhetri has the highest number of employees which is 45.29 percent of the total employees followed by Janajati 41.26 percent, Dalit 11.42 percent, and Brahmin 2.01 percent. The proportion of sex participation in the foreign employment shows that of the total employees, 98.41 percent is male and 1.58 percent is female.

The details of share in caste wise and gender wise involvement in foreign employment has been presented in the table below:

Table 4.2: Caste Wise Share of Population Engaging in Foreign Employment.

Wards	Caste Wise Population in Foreign Employment						Total
	Chhetri	Brahmin	Janajati	Dalit	Male	Female	
1	56	1	24	1	80	2	82
2	26	0	58	4	85	3	88
3	7	0	99	30	131	5	136
4	92	3	21	2	118	0	118
5	24	0	28	42	90	4	94
6	43	0	68	6	117	0	117
7	58	1	18	6	71	0	83
8	62	14	53	13	141	1	142
9	60	0	21	4	85	0	85
Total	428	19	390	108	930	15	945

Source: Household Survey, 2014.

On the basis of the age, the foreign employees are found the youths of 21 to 44 years old. Their working periods are different according to the type of jobs they are having, nature of works and the countries of destination. Normally they stay abroad from 2 to 15 years. The average period they work is 5.2 years. They work for 2 to 3 years in one stay, return home for some 2 to 6 months and again go back to join the work. After completing one stay abroad, more than 80 percent workers are found repeating their job among whom about 54.6 percent go the same countries and join the same jobs whereas the other 43.6 percent change the countries of destination and jobs.

Those who change the country and the job start the process from the beginning consulting the manpower companies in Kathmandu.

Regarding the academic qualifications, 100 percent employees are literate, 38 percent have passed School Leaving Certificate level education, 10 percent are +2 level and 1.6 percent are bachelor's level graduates. In terms of land ownership,

4 percent foreign employees' families are landless (except the possession of land for their house), 38 percent families own 1 to 10 ropani, 42 percent have 11 to 30 ropani, and the remaining 16 percent have above 30 ropani of land for farming. There is

diversity among foreign job seekers in terms of ethnicity, age, education, geography and other social backgrounds. The similarity among them is that all the youths (100 percent) belong to the agricultural families having no alternative sources of income except the subsistence agriculture.

The major destination countries of foreign employees are Malaysia, Qatar, Saudi Arabia and United Arab Emirates. Malaysia employs the highest, 31.86 percent, number of Nepalese workers followed by Qatar 26.37 and Saudi Arabia 21.97 percent. But the countries like Korea, Bahrain, Lebanon, South Africa, Maldives and Kubeit have the least presence.

Table 4.3: Major Destination Countries of Foreign Employees

SN	Destination Countries	Percent	Remarks
1	Malaysia	31.86	
2	Qatar	26.37	
3	Saudi Arabia	21.97	
4	United Arab Emirates	10.98	
5	Korea	2.19	
6	Bahrain	2.19	
7	Lebanon	1	
8	South Africa	1	
9	Maldives	1	
10	Kubeit	1	

Source: Household Survey, 2014

Figure 1: Countries of Destination of Foreign Employees



Source: Field Survey, 2014

Almost all the workers have been working as the unskilled or semi-skilled laborers in construction companies, supermarkets, ship, security guards, driving heavy vehicles, poultry farms and so forth. Their incomes also vary as per the nature of works and countries of works. The highest incomes are earned from Korea and the lowest from Malaysia. The lowest net remittance per worker the VDC receives is NPR 120,000 per annum and the highest is 860,000. Likewise the household incomes range from NPR 120,000 to 1,250,000 depending on the number of employees per household and the county of employment.

The number of per household employees abroad is also different. From about 10 percent households 4 people are engaged in the foreign employment, 7 percent have 3 persons, 26 percent have sent 2 persons, and the remaining 57 percent families are one-member employee families.

4.2 Effects of Foreign Employment on Agricultural Growth

For the study purpose, the effects of foreign employment on agricultural growth has been studied in terms of foreign employment's effects on the status of agricultural labor supply, effects on cultivation area and cropping intensity, and effects on the production and consumption. In this context, this study attempts to measure the degree of the effect that the foreign employment has caused in the domestic production. The effects of foreign employment on agricultural activities have been presented below separately.

4.2.1 Effect on Agricultural Labor Supply

Land and labor are the major factors of production of agricultural households of the study area. They are the major assets of the rural families. Almost all the families have received the land at free of cost from their fathers and they are still using the same land. But the labor has been taken on by foreign employment sector resulting negative growth in agricultural production. Threshold setting for agricultural labor supply varies from different agro zones because of diverse nature of land, irrigation facility and transportation access. For example, flat and irrigated lands require less number of labors compared to slope and unirrigated land to cultivate and produce the same quantity of crops. In other words, the degree of input is different to produce the same output.

Taking a 14-ropani plot of cultivated land as a sample that lie between these two types (flat-irrigated and slope -unirrigated), and considering 8 hours per day working time, the survey was conducted to find out labor requirement for agricultural activity. Plowing, digging, seedling, planting, weeding, harvesting and watering and manuring were taken as the major activities for agricultural job.

The result of the survey is that it takes 150 days for a person to complete a cycle of rice cultivation in 14 ropani of land. The time is also considered for raising a certain number of domesticated animals together with farming because all agricultural households have animals which serve the supplementary roles to the farmers because animals provide them manure to their crops, power to till land, and supplementary diets such as milk, ghee, yoghurt and "Mohi" to their food.

From this figure, conclusion has been drawn that per unit (a ropani) of paddy land needs about 11 workers for one crop in Hills or 11 days for one worker are needed for a ropani of land. Normally two-crop farming is prevailing in the study area. So, 22 workers or 22 days are required for a ropani of rice field (Khet) to cultivate two crops a year.

The status of land possession and the labor availability in the studied 129 foreign employees' households is as follows:

Table 4.4: Land and Labor Supply of the Foreign Employees' Households

SN	Description	Number/Area
1	Total rice field	1041 ropani
2	Total maize and lentils (Bari)field	1935 ropani
3	Total cattle (goat, cows, buffalo)	2226
4	Total population	1116
5	Number of active population	723
6	Population in foreign employment	219
7	Active population at home	504

Source: Household Survey, 2014

According to the table, the total cultivable land including rice field and maize and lentil field is 2976 ropani and the total active population is 723. Out of 723 active population, 219 are foreign employees, and population at home are 504. By using simple unitary method, the calculation shows that 180 labors are enough to cultivate 2976 ropani land that the foreign employees' families own. The calculation shows that still 324 labors are surplus. When all the 504 available labors are used, they can plant and harvest two crops in 2976 ropani, the land can employ them only for 126 days. The conclusion of the calculation is that that there is still labor surplus in the studied households. It means foreign employment has not affected on agricultural labor supply.

Though the labor at home still looks surplus to cultivate the land they own on mathematical basis, it has some unavoidable constraints. First, the season for major agricultural activities such as plantation, weeding and harvesting starts from April and

ends in November - 8 months in a year. The peak months requiring the highest number of labor are June, July and August. Labor can't be reserved. The families have to plant crops in all the 2976 ropani of land within these 3 months.

The available 504 labors are insufficient to cultivate all the land by about 30 percent. The families had the practices of hiring wage labors in the past in period of high demands of labors. But respondents complain that currently wage labors are hard to find because such past wage labors have also become the foreign employees. Therefore, practically foreign employment has affected the agricultural labor supply.

Second, among the 504 active working age people at home, about 70 percent are women. Most of them are mothers of young children. So, feeding children and taking care of the elders are their work of priority. They cannot involve in the agricultural activities for 8 hours a day in the way it is calculated in the study.

Third, the studied families have to spend more time at unproductive but inevitable activities than at productive activities. All the families have traditional houses and cooking systems. So, they have to spend a lot of time and energy in cleaning and maintaining houses, bringing water, cooking and cleaning, feeding children and elders, grazing and feeding animals, grinding and husking food grains, participating the social functions, collection of firewood and fodder, etc. These are never-ending and inevitable activities and continue for every day, every month and every season. Therefore, mathematical formula to calculate the number of laborers and area of land to cultivate prove wrong.

Fourth, after people are aware about taking education, many youths have joined the higher education institutes in towns who are unable to support families at their agricultural works. So, in the lack of active age population, children and elders are contributing to many of the agricultural activities such as grazing cattle, collecting fodder, working in the field and other household activities.

To sum up, foreign employment has brought negative effect in agricultural labor supply. The available labor force is insufficient for the agricultural activities.

4.2.2 Effect on Land Use

Another obvious effect of foreign employment can be seen on agricultural land use. As stated above, the studied 129 foreign employees' families own 2976 ropani of land. All the land is not of equal importance in terms of its productivity. About 5 percent marginal land was already fallow even before the trend of foreign job seeking began that was being used as the grassland and private forests. But after the able-bodied youths began to join the foreign employment, the area of cropping land has decreased and the fallow land has increased. The study shows that total 24.47 percent of previously cultivated land has gone fallow due to the foreign employment. The change in land use pattern after foreign employment has been presented in the table below:

Table 4.5: Status of Land Utilization

SN	Description	Area
1	Land left fallow	24.47%
2	Land given to rent (Adhiya)	11%
3	Land purchase from remittances	162 ropani

Source: Household Survey, 2014

The area of land remained fallow depends upon the number of people left home in search of foreign employment. About 35 percent of land is fallow of the families that sent 4 members abroad whereas only 5.65 is fallow of single member-foreign employee's family. In average 24.47 percent land has gone fallow that was previously cultivated. The study shows that the utilization of land depends upon the availability of agricultural workforce at home. At the lack of the agricultural workforce, leaving the land fallow is one option and giving land in lease is another one. But respondents say that it is hard to find the peasants will to take land in lease. From the studied households, 11 percent of the total land has been given in lease which is popularly known as "Adhiya", splitting the production fifty -fifty between the owners and working family.

The families that took the agricultural land in lease were those who had either a lot of workforce or limited land or landless. But after these families begin to earn remittances

from foreign employment, they give up the rental land. Of the total studied households, 16 percent households have given up the rental land in the last 5 years. Instead they have purchased their own lands with the incomes from remittances. It is found that 28 families have purchased 162 ropani rice fields from the remittance income.

However, the fallow land is not completely useless though farmers are not using it to grow grains. About half of it has been converted into pasture land. Some farmers have planted "Amliso" for fodder to their animals, some have planted commercially useful plants such as "Rudrakshya", "Uttis" and other fodder trees. It has made easier for them to collect fodder and firewood and saved their time which they can use to other rewarding activities.

4.2.3 Effect on Cropping Intensity

The "cropping intensity" refers to how much yield can be obtained from a certain amount of land in a year. Depending upon the type of land, irrigation facility and number of labor at home, maximum 3 crops known as the summer crops (Barshe Bali) and winter crops (Hiude Bali) are grown in the studied area. The cycle of plantation is:

March to May - rice ("TouliDhan") and/or maize

June to Mid August - rice ("SaliDhan")

December to March - vegetables, potatoes, etc.

December to April - wheat and maize

In the dry land, farmers grow 2 crops of maize. In the second crop, they grow millet, legumes or other crops as the intercropping system. But not all the lands are suitable for 3 crops. In the studied area, before foreign labor market was opened for the Nepalese youths, the 16 percent land, especially "Khet", of the total cultivated land was used to yield 3 crops, 54 percent for 2 crops and the remaining 30 percent for one crop a year. But foreign employment has also affected the cropping intensity in the studied area. The change in the cropping intensity at the interval of 10 years has been presented in the table below.

Table 4.6: The Status of Cropping Intensity of the total cultivated land.

SN	Description	Land Coverage about 10 Yrs ago	Land Coverage Now
1	Land used for 3 crops	16%	3.6%
2	Land used for 2 crops	54%	42.8%
3	Land used for 1 crop	30%	33.6%

Source: Household Survey, 2014.

The table shows that 3 crops cultivation has decreased by 12.4 percent, 2 crops cultivation decreased by 11.2 and 1 crop increased by 3.6 percent. It has certainly affected the production of food grains.

In the lack of labor, farmers have reduced the intensity of food crops and cash crops that are labor-intensive. For example, sugarcane is one of the important cash crops of the studied area which is pretty much labor-intensive. About 38percent farmers have reduced the size of the sugarcane farming. They have converted the sugarcane farm either in the grazing land or planted fruit trees like mangoes, litchi and pineapple because fruits take less labor than sugarcane or other food crops. The families reply that it is due to the lack of productive labor at home and shortage of wage labor that they have reduced the cropping intensity of crops.

4.2.4 Effect on Agricultural Production

Land, labor and technology are the major factors of agricultural production. As stated above, agricultural labor has decreased by about 30 percent, previously cultivated land area has decreased by about 24 percent and the cropping intensity has decreased by about 20 percent in Jamune VDC. Here land and labor are independent variables and their change can naturally affect the agricultural production, the dependent variable. This kind of transformation of agricultural labors into non-agriculture sector and land remaining fallow has certainly affected the agricultural production of the VDC.

The effect of foreign employment on agricultural production has been presented in the table below with the data that represent the production of 14 years to now:

Table 4.7: Comparison of Agricultural Production before and after the Foreign Employment

SN	Description	Before Foreign Employment	After Foreign Employment	Increase /Decrease
1	Production of rice	167.76 Mt	142.55 Mt.	(25.21) Mt.
2	Production of maize	242.24 Mt.	204.33 Mt.	(37.91) Mt.
3	Production of legumes	22.52 Mt.	16.52	(6 Mt)
4	Production of Sugarcane	16.38 Mt	9 Mt	(7.38 Mt)
5	Production of Cash Crops (Cardamom, Amliso, Rudraksha, fruits)	2 Mt.	14.94 Mt	12.94 Mt.

Source: Household Survey, 2014

Rice production has decreased by 15 percent, maize has decreased by 15.65 percent, legumes by 26.64 percent and sugarcane by 45.05 percent. In average the agricultural production has decreased by 25.38 percent. In food crops alone, the average decrease is about 19 percent. But the production of cash crops such as cardamom, Amliso, Rudraksha and fruits has increased significantly. The major reason behind the heavy increase in the production of cardamom, Amliso, Rudraksha and fruits is the utilization of the fallow land to grow these cash crops.

Technology and technical know-how is another factor of production. With the decrease in land use and number of labor, production of food grain has decreased. But farmers have shifted their focus from growing food grain to growing cash crops by using modern technologies of growing mangoes, oranges, lemon and vegetables. Therefore, there is growth in cash crop production. The production of cash crops is gradually replacing the loss from decrease in food grain production. But it still takes time for cash crops to reach in commercial production level.

4.2.5 Effect on Livestock Production

Livestock is the second major income source of Jamune VDC after the agriculture. It has close connection with the agricultural families because it is from animals that they get manure for their farming, power to till the land, nutrition in their food from milk,

meat and eggs taken from animal. Besides, the families make cash incomes by selling live animals and other animal products. They sell goats and chickens at Damauli and Dumre Bazaar. The demand of meat at the local villages is also high. The VDC does not have good market for milk due to accessibility problem. But ghee and eggs are sold in Damauli Bazaar. Buffaloes and cows are reared for milk, oxen to till the land, goats for meat and fowls for eggs and meat.

The share of livestock is about 70 percent in the total annual cash earnings in the studied households. Agriculture has only 30 percent contribution in cash earnings. But the number of cattle being domesticated has also been decreased after the family member's involvement in foreign employment which is presented in the table below:

Table 4.8: Status of Livestock Rearing before and after the Foreign Employment

SN	Type of Animals	Before Foreign Employment	After Foreign Employment	Increase/ Decrease
1	Cows/Oxen	516	296	(220)
2	Buffaloes	387	298	(89)
3	Goats	1632	1085	(547)

Source: Household Survey, 2014

The table shows that there is apparent decrease in the number of animals that the studied families were rearing. The number of cows/oxen has decreased by 42.63 percent, buffaloes by 22.99 percent and goats by 33.51 percent. In average the number of domesticated animals has decreased by 33.04 percent.

Animals need incessant care. They should be fed at the right time. Fodder collection, sheds cleaning, grazing and timely health check up are important works needed for animals. So, animal husbandry is a labor intensive job. On the one hand, foreign employment has decreased the number of labor in the villages, and on the other hand, since people have good income and their level of awareness has increased towards education, almost 100 percent of the studied families are sending their children to school. As a result, the number of animals has decreased significantly in the VDC.

The study found out that though the number of animals has decreased by 33.04 percent, the percent of animal's production (income from ghee, milk, meat, eggs) is

decreased only by 18.78 percent. It is because farmers began to rear improved breeds of buffaloes, goats and cows which give better return compared to the animals of local breeds being reared in the past.

4.2.6 Effect of Foreign Employment on Agricultural Activities: Correlation

Analysis

Correlation analysis of foreign employment and agricultural production, especially food grains, has been carried out in which labor is the independent variable (X) and agricultural production is dependent variable (Y). The agricultural production at zero labor migration has been taken as the 100 percent production. Taking the data within the period of 14 years (labor migration began from 14 years ago in the studied area) from the households that sent more than 2 members for foreign employment, effects on agricultural production has been calculated. With the migration of 25 labors, the production has decreased by 2 percent, with the migration of 99 labors, the production has decreased by 8 percent, and finally with the migration of 219 labors from 129 families, the production has decreased by about 26 percent. So the correlation shows that as the number of migrant labors increase, the production decreases. With the migration of the 30 percent of the total active age labors, the production has decreased by about 25 percent.

The result of the calculation of correlation coefficient of these two variables expresses the degree of relationship between labor migration and agricultural production. The result of correlation coefficient is -0.98 which is according to the interpretation of correlation coefficient method, very high negative relationship between these two variables. Therefore, it can be concluded that there is very high negative relationship between foreign employment and agricultural activities in Nepal.

In conclusion, the study found out that the foreign employment has affected the agricultural growth in three ways:

First, it has taken on the agricultural labor of the energetic and productive age. The labor at home are women and physically unqualified for foreign employment. Second, the most hindering factor for agricultural growth is that people have not felt pressure to work in agriculture sector to earn cash and goods. Instead, they use remittance money to purchase them from markets. Third, it has created a kind of de-motivation

among youths at home to work in the field because they see others making good incomes from foreign employment.

4.3 Comparison of Incomes between Foreign Employment and Agricultural Activities

The data published from government sources show that both the agriculture and the foreign employment sectors are the major sources of income that have been contributing in micro and macro levels of economy of Nepal. The income trends of the last 10 years show that the contribution of remittances in total GDP is increasing in a significant ratio whereas the contribution of agriculture sector is still in a turtle's pace. Incomes in billions Rs of agriculture and remittances of the last 10 years presented in the table below shows the trends as stated above:

Table 4.9: Income Comparison between Agriculture and Foreign Employment.

SN	Sectors	Fiscal Years/Incomes (In billion Rs)									
		2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
1	Agriculture	165.8	173.7	179.8	185.4	187.2	198.1	204	208.1	217.4	228.1
2	Remittance	54.2	58.6	65.5	97.7	100	142.68	209.70	231.73	259.53	330.9

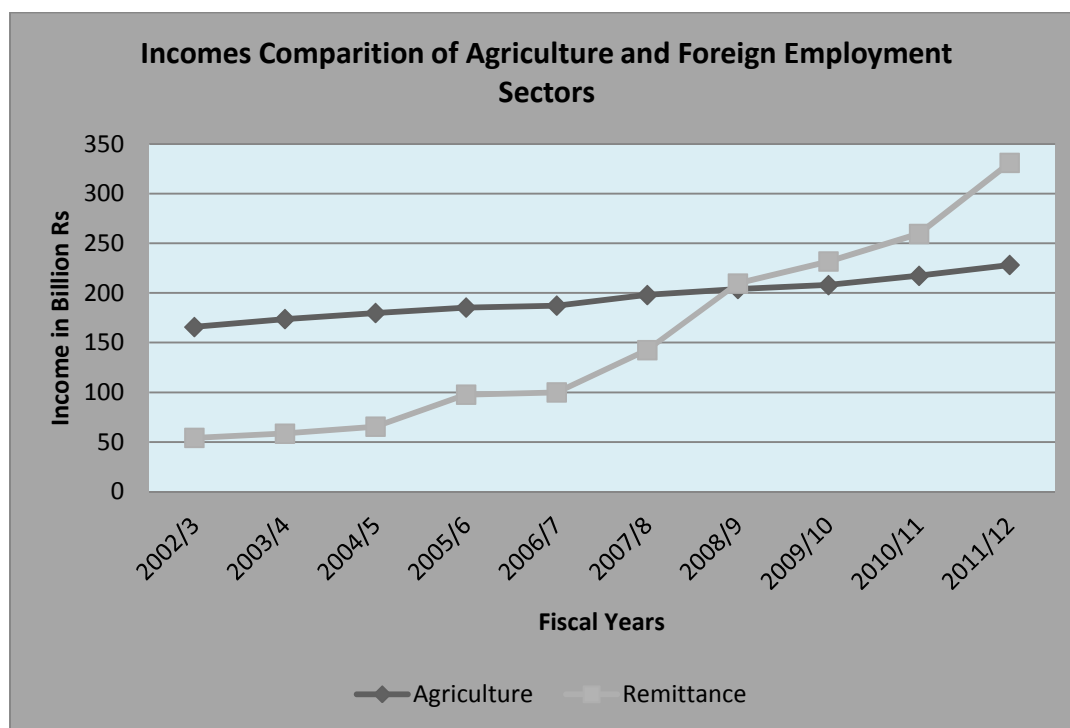
Data Source: Economic Survey, 2011/12

Significant differences in the rate of growth in income in these two sectors can be seen in the table presented above. The average annual growth rate of agriculture ranges from about 2 to 5% whereas that of remittance is from about 2 to 50%. In FY 2002/03, the income from agriculture is higher by about 3 times than the income from remittance. From fiscal 2008/09, remittance has exceeded the agricultural income. In FY 2011/12, the remittance income is higher by about 44 percent than the income of agriculture.

The increase in the income of the agricultural sector from FY 2002/3 to 2011/12 is by about 38 percent, whereas the increase of remittance of the same period is of over 500 percent.

Presentation of the table above in comparative chart is as follows:

Figure 2: Incomes comparison between agriculture and foreign employment



The income difference between the agriculture sector and foreign employment are the basic determinant of inter-sectoral migration. The income in foreign employment is higher than the agriculture sector, and so labor is moving out of agriculture.

The comparison of incomes from foreign employment and agriculture sector has been analyze descriptively on the basis of a) annual gross production and per capita income, and b) investment Vs production.

4.3.1 Annual Gross Income and Per Capita Income

The gross production has been calculated in terms of a household's total income from agricultural activity and income foreign employment within a year. The average gross income of the agriculture sector has been calculated by converting the agriculture products into cash at the current market rate of the studied area. Food grains, fruits, vegetables, other cash crops and animal products are counted as the agriculture products. The gross income from foreign employment has been calculated from the total income received from a household as the remittance. Likewise, the per capita income has been calculated by dividing the total income with the total number of persons involved in earning. Annual gross income and per capita income from agriculture and foreign employment of Jamune VDC has been presented below:

Table 4.10: Income Comparison from Agriculture and Foreign Employment of the year 2011/12

Description	Income from Agriculture (Rs)	Income from Foreign Employment (Rs)
Average annual gross income	250,000	372,000
Average No. of people involved	3.9	1.69
Average per capita income	64,102	220,118

Source: Household Survey, 2014

Per household annual gross income from agriculture sector ranges from NPR 90,000 to 500,000 in the VDC. The difference depends on the number of labors at home, the type and size of land, and accessibility to the market. For example, the people around Damauli Bazaar and Dumre have higher agricultural income than the people of other dryer Wards. In average, the gross annual production from agriculture is NPR 250,000 in the VDC.

On the other hand, per family annual gross income from foreign employment ranges from NPR 120,000 to 840,000. The income differs depending on the number of employees from one household and the country they are employed in. The highest incomes are made from Korea and the lowest from Malaysia. The average family income from foreign employment is NPR 372,000 per year.

While comparing the incomes, it is found that the average income from foreign employment is higher by 48 percent than the income from agriculture.

Of the total laborers of the studied 129 households, about 70 percent are engaged in agriculture sector and 30 are in foreign employment sector (out of total 723 active population, 504 are engaged in agriculture and 219 in foreign employment). Average number of people involved in agriculture per family is 3.9 whereas in foreign employment is 1.69. The calculation made about incomes from these two sectors on the basis of the labor involved to produce further widens the gap in the incomes between these two sectors. More than double labors of foreign employment are engaged in the agricultural activities that earns only the 40 percent of the total income

whereas less than half number of labors involved in foreign employment earn about 60 percent of the total income of both sectors.

Conversion of these gross incomes into the per capita incomes more clearly shows the degree of inequality in incomes between these two sectors. The average per capita income from agricultural activities is only NPR 64,102 whereas from remittance is NPR 220,118. The average per capita income from foreign employment is higher by about 3.5times than the income from agricultural activities. All the facts prove that there is low level of labor productivity in the agriculture sector of the study VDC.

4.3.2 Income Comparison on the Basis of Investment and Production

This comparison includes the factors of production for both agricultural activity and foreign employment. Major categories of factors of production for agricultural production considered here are land, labor and capital. To a large extent, farmers in the study area have inherited the land from their fathers with free of cost. So, the cost of land is not included as the factor of production. Labor has been calculated with the prevailing rate of wage at the local area which is 250 rupees per day for agricultural activities. Labor, seed, fertilizer and pesticides are the major investments for agriculture among which labor occupies about 95 percent share of the total investments.

Based upon the number of cattle reared by the family, area of the agricultural land and the number of laborers at home, the days of engaging in agricultural activities ranges from 120 days to 365 days a year, and the calculation has been done accordingly.

Regarding the foreign employment, cash and labor are the two major investments. Cash is invested at the initial period to prepare documents, passport, and pay for the manpower companies. After receiving visa and joining the employer's company in the country of destination, labor is the sole investment. Normally employees work for 8 hours a day, and about 62 percent of them have got overtime work. The result of the comparison is presented in the table below:

Table 4.11: Income Comparison on the basis of Investment and Production: 2011

Description	Agriculture	Foreign Employment
Average gross production	250,000	372,000 (Net)
Average investment	483,000	140,000
Profit/loss	-233,000	232,000
Input-Output ratio	1:0.51	1:2.65

Source: Household Survey, 2014

The table shows that the average gross production of agriculture per household/year is NPR 250,000 whereas from foreign employment is NPR 372,000. Further huge gap is seen when the income is calculated in terms of investment. Average investment in agricultural activities is NPR 483,000 to gain the production equal to NPR 250,000, whereas the average investment for foreign employment is NPR 140,000 that produces NPR 372,000. The investment in agriculture is higher by about 4 times than the investment in foreign employment. Therefore, the average net profit of foreign employment is NPR 232,000 whereas the job of agriculture goes in loss by NPR 233,000. In addition to it, the agriculture sector needs the yearly investment in the same ratio whereas the cash investment in foreign employment sector needs in the first year only, afterwards only the labor investment is continued. The loss in the agriculture sector is the main reason of why the youths want to leave it and go abroad for employment.

The investment-production ratio of agricultural activities and foreign employment is 1:0.51 and 1:2.65 respectively.

4.4 Growth Status of Agricultural Holdings

In the course of the study, 18 pure agricultural households were also studied who had no other source of income except the agriculture in order to find out their growth. It is found out that the growth rate of such households is also not that encouraging. Average number of active population of such households is 4.61 who own agricultural land from 3 to 60 ropani. About 70 percent farmers have been farming the same area of land over the last five years, 7 percent have decreased their farm area, and 23 percent have purchased the additional farm land. The growth rate in food grain

production is almost same over the last five years. A fluctuation of about 6 percent can be seen in food grain production. Like the foreign employee's families, agricultural families do not purchase food from outside market. They grow enough food on their own. Instead 46 percent of them sell rice and maize to their neighbors. In short, the increase of food grain is not that significant, but decrease is not like that of the foreign employees' families.

Among the pure agricultural families, great change can be seen in the cultivation of cash crops, vegetables and fruits. Sugarcane, coffee, ginger, chilli, garlic, Rudraksha, cardamom, oranges, mangoes, litci, pineapple, lemon, etc are major cash crops. Vegetable farming is being commercialized by these holdings. They are using appropriate rural technology for vegetable farming such as water sprinklers, water harvest tanks, and growing off-season vegetable farming. Changes in pure agriculture holdings have been presented in the table below:

Table 4.12: Status of Non-food Crops of Agricultural Holdings.

SN	Crops Types	Years					
		2007	2008	2009	2010	2011	2014
1.	Vegetables - coverage (ropani)	32.9	34	40	54.6	82	82
2.	Fruits(Number of trees)	312	368	509	680	782	920
3.	Cardamom - approx. area (ropani)	50	92	105	105	332	332
4.	Spices - approx. area (ropani)	15	24	24	30	30	36
5.	Sugarcane - approx. area (ropani)	74	78	84	86	90	90

Source: Household Survey, 2014.

In fact, road access has encouraged agricultural holdings to expand their farm size of cash crops, vegetables and fruits. The Prithibi Highway intersects the VDC, though it is not blacktopped yet, which links the VDC with Damauli and Dumre, two major bazaar areas of the district. The road has increased the economic potential of such crops. The increase in incomes of agricultural families from such farming is by more than 100 percent in the last 6 years. But living along the same road corridor, the

foreign employees' families are purchasing fruits, vegetables and grains from local and outside markets.

The income from livestock in the period is also increased by about 26 percent of the agricultural families. Though they have decreased the number of cattle and fowls, they are rearing improved breeds of goats, cows and pigs. District Livestock Service Office (DLSO) and VDC are also supporting to improve the breeds of animals. Now Jamune VDC has become one major supplier of goats to the District Headquarter Damauli and another market.

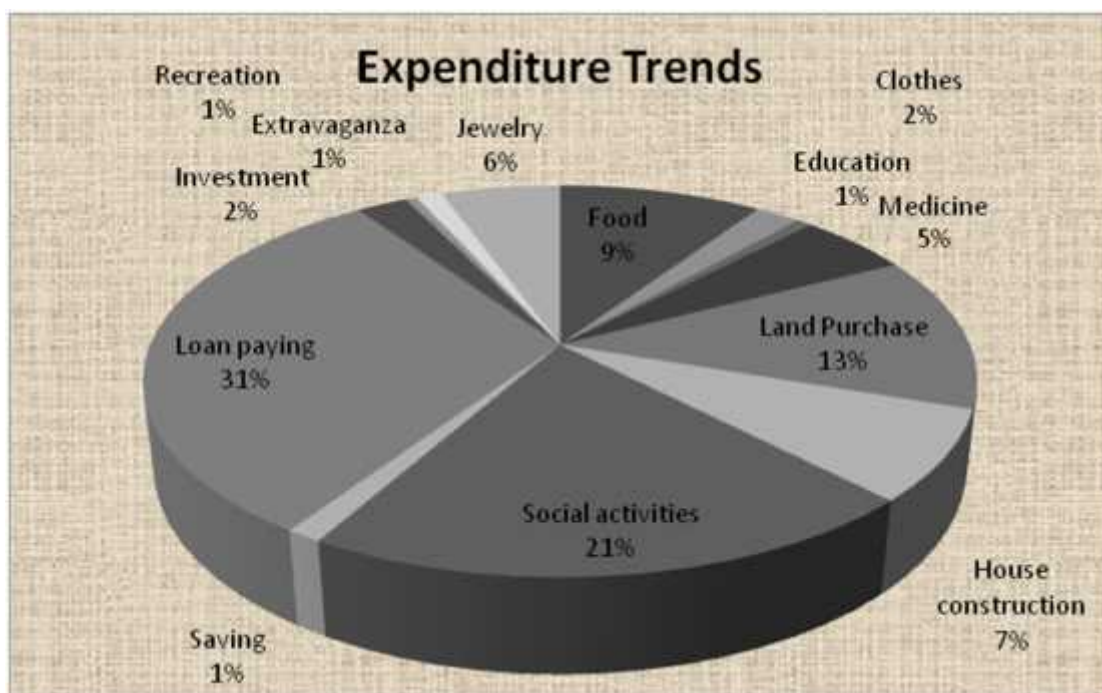
4.5 Positive and Negative Effects of Foreign Employment

The obvious positive effect of the foreign employment is that it has given gainful employment to thousands of Nepalese youths. In addition to it, it has many other positive and negative effects over the employees themselves and to their families. But it is relevant to observe the expenditure trends of remittance income which gives insights about the way remittance is affecting the studied community.

4.5.1 Expenditure Trends of Remittances

The income from remittances is higher than the income from agricultural activities. But it is not being used in a sustainable way. The picture of existing trends of using remittance can give a useful guideline to explore the ways of sustainable use of remittances in future. How the remittance incomes are being used in Jamune VDC has been presented in the diagram below:

Figure 3: Expenditure Trends of Remittances



Source : Field Survey, 2014

The expenditure trends show that almost all the incomes from remittances are spent on non-productive sectors. About 70 percent of the employees of the study area borrow money up to NPR 150,000 to go abroad from local money lenders at the interest rate of 24 to 40 percent per annum. Besides the loan taken for going abroad, 36 percent families already had loans borrowed from local money lenders for different purposes such as marriage, death rites, medical treatment, education and purchasing land. So they sent their sons abroad to earn and pay the loan. For such families, paying loan was the sole aim of foreign employment. That is the reason that foreign employees' are spending 31 percent of the total income in paying loan. The workers spend more than one year's earnings to pay the loan.

The second highest amount (21 percent) of the income from foreign employment has been used in the social activities, especially in wedding. In order to show how rich and prestigious they are, people are spending too much in celebrations, clothes and jewelry in the marriage. It was found out that one marriage cost at least NPR 150,000 cash excluding the grains, vegetables and goats/pigs that were used from their own farm's production.

Land acquisition is the third attraction of the people. Of the total income, 13 percent is spent on purchasing land. It is the building land rather than the agricultural land which is purchased in rural market centers, or in district headquarters or in the Terai.

The fourth major sector of expenditure is food purchase. Three reasons are found in purchasing food. First, the area is already a food-deficit one. They purchase food to supply this deficiency. Second, when they have cash incomes, they have become able to afford the additional food items in their kitchen such as meat, vegetables and fruits. Third since they have good income, they do not want to work to grow food because purchasing is easier than growing.

Finally, the share of expenditure on education, medicine, clothes and recreation is not that big, the matter of concern at the family level is that the share of saving and investment is nominal which is only 1 and 2 percent respectively.

The crucial part, saving and its mobilization, for economic development is too weak. Therefore, the poverty reduction in the rural areas due to foreign employment is extremely fragile because any disturbances in this income source will take these people back to the previous situation of unemployment and poverty. So, the greatest challenge for using remittances in sustainable economic development at the local level is the inability of remittance receiving families to accumulate (save) the money earned from remittances and mobilize them into productive sectors.

At the macro level of economics, the existing trend of expenditure of remittance receiving families does not affect much. But at the micro level, it is situation that does not let the families come out of poverty in a sustainable way. The question whether the existing income is insufficient for saving/investment or people lack knowledge about saving/ investment is crucial. About 78 percent respondents reply that in the lack of the knowledge of financial planning and investment, people are spending too much in social activities and purchasing building land. From this answer, it is obvious that capital is not the sole cause of the poor entrepreneurial environment in the rural area. The first and the prime cause of it is the rural people lack knowledge what enterprises are economically viable there. People are unable to find out the productive sectors. Even if they are able to find out such sectors, the areas lack infrastructures and viable markets.

The respondents present an interesting contradictory fact. On the one hand, they say they lack workforce to run enterprises, and on the other hand, hundreds of youths are moving abroad seeking employment. It means that there are workers and potentiality for enterprises, but it lacks technology and infrastructures to mobilize them.

4.5.2 Positive Effects of Foreign employment

The positive effects of foreign employment observed in the course of this study are:

-) The respondents reply that after people have good incomes from foreign employment, they are contributing cash participation with the local government to carry out rural infrastructure development projects such as road, community building, drinking water supply and school building construction.
-) Foreign employment has provided people with money and time to send their children to school. Formerly children were also used as the agriculture labors since families needed more labors to cultivate a large area of unyielding land. Now after they have alternative sources of income, more than 50 percent families have reduced the farm size that has freed children for education. About 10 percent families are sending their children to private English schools, and 43 percent have sent for higher education.
-) Families have become aware about nutrition in their food and have diversified the food items such as vegetables, fruits, milk and meat they serve in their kitchen though they purchase such items. About clothes, they are able to afford the good clothes according to the season. Many have built new houses that are good and hygienic, and many have added rooms and furnished them to meet their needs. Almost 62 percent households have installed dish home television for entertainment, almost every member has a mobile phone set in their hand and purchased other electrical items they need.
-) Tremendous positive effect can be seen in the health sector. On the one hand, nutritious food and the knowledge of sanitation has helped them to save themselves from many common diseases, and on the other hand, they are able to afford the curative health services from local health posts, District Hospital and as per need take services from the hospitals of Chitwan, Pokhara and Kathmandu.

-) Respondents say that foreign employment has helped in birth spacing and bearing limited number of children in a natural way. Once a couple stay together, husband goes abroad for 2 to 6 years. When he comes back home, he stays with his wife and children for about 6 months and again goes for about the same period.
-) The studied families also feel that they have better social prestige now after they have good income. Local money lenders believe them to grant credits, local institutions respect and recognize them and they claim their self-confidence has heightened.
-) About 25 percent former cultivable land has gone fallow, but families have grown forests, fodder trees, fruit trees in the fallow land and some have converted it into the pastures. It has helped to protect the environment and eased to collect fodder and firewood.
-) Foreign employees' wives and mothers opine that women's access to property has increased since they are responsible to use the money sent by their husbands and sons to use at home. Of the total land purchased from remittance income, 38 percent land has been registered in either wives' or mothers' name.

In conclusion, foreign employment has significantly contributed to reduce the rural poverty with people's increased access to health and education services, better food, clothes and housing facilities and so on.

4.5.3 Negative Effects of Foreign Employment

The respondents reply the following as the negative effects of foreign employment which can be viewed in terms of psychological, cultural and physical aspects of societies.

-) Old generation accuse that foreign employment has degenerated cultural values and beliefs. Returnees from foreign employment have discarded many of the religious rites and rituals; they lack knowledge of religious performances and social behaviors. Elders see the cultural degeneration in marriage (esp. love marriage, inter-caste marriage) and drinking habits of youths.

-) In the absence of husbands (who are in foreign employment), some young daughter-in-laws are involved in illegal sexual activities and broke the family traditions. In the study area, 14 in-laws were already eloped with their boyfriends and orphaned their children, 2 women are in prison after they murdered their new born children by illegal sex and about a dozen cases have been settled by VDC and police.
-) Elders respond that old age people are suffering from anxiety and depression due to the separation with their sons. They feel lonely and are burdened with the family (feeding the family members) and social responsibility. The absentees' wives also feels overburdened with the responsibility of raising children, educating them and taking care of the old. Women have developed a fit of anger in the absence of their husbands.
-) Villages have become the empty of young people. This gives the sense of insecurity and loneliness to the old, children and women. They say villages are not the places of worth-living.
-) Returnees from foreign employment hesitate to continue their former agricultural works because they are not accustomed to it for a long time. Instead they roam into villages, use money freely, and become alcoholic and gambler. The drinking habit has increased domestic violence. More than 55 percent respondents told that the returnees beat their wives and children at home and tortured the elders.
-) Lands have gone fallow, domestic income has decreased, families boast about their income from remittances, are not afraid of taking loans, spending too much in food, clothes and communication.
-) People have become too lazy to work because they get money from their sons and daughters working abroad.
-) Respondents say that prices of daily consumptions are rocketing due to the over cash in the hands of people and low production.

CHAPTER - FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

- Tanahu is the mountainous district where agriculture was the sole source of livelihood for over 85 percent of its population. The study VDC, Jamune, has 1,109 households and 6,814 population. Among them 93 percent population depends on agriculture, 4.14 percent in business, 1.56 percent in services and 1.05 are wage laborers. The dependency ratio of the population is 0.73:1. Total 945 people are currently working into different countries as the foreign employees which is the 23.94 percent of the total economically active population, and 13.86 percent of the total population, and 70.6 percent of the total households.
- On the basis of the age, the foreign employees are people of 21 to 44 years old who normally they stay abroad from 2 years to 20 years. The average period they work is 6 years. More than 80 percent workers are found repeating their stay of work period among whom about half of them go to the same countries to join the same companies and other half change the countries of destination.
- Regarding the academic qualifications, 100 percent employees are literate, 66 percent have passed School Leaving Certificate level education, 10 percent are +2 level and 1.6 percent are bachelor's level graduates.
- The major destination countries of foreign employees are Malaysia, Qatar and Saudi Arabia which has employed 31.86 percent, 26.37 and 21.97 percent Nepalese workers respectively. Countries like UAE, Korea, Bahrain, Lebanon, South Africa, Maldives and Kubeit have the least presence of Nepalese workers. The highest incomes are earned from Korea and the lowest from Malaysia.
- Major reasons to seek foreign employment include unemployment, family debt burden, conflict problems and to earn more money than which they are earning in their own country.
- In terms of the ownership of land, the studied families belong to the landless family to the owners of 90 'ropani' of land. About 2.5 percent families are

landless, 22 percent have below 10 ropani of land, 48 percent have 10 to 30 ropani and 27.5 have above 30 ropani.

- In terms of cropping intensity, 10 years ago families grow 3 crops in 16 percent land, 2 crops in 54 percent and 1 crop in 30 percent land. But after they send their members in foreign employment, the pattern of cropping intensity has changed. Now they are growing 3 crops in 3.6 percent of land, 2 crops in 42.8 percent and 1 crop in 33.6 percent of land.
- The studied 129 foreign employees' households own 2976 ropani of land. They have 504 labors at home to cultivate 2 crops in a year. They can plant and harvest 2 crops in about 127 days of the year. The labor at home still looks in surplus. But in fact, they lack energetic and productive labor at sufficient number at the time of peak seasons of farming. People at home are women, elders, children are physically weak who have to spend more time on unproductive activities rather in agricultural works.
- In average 24.47 percent of previously cultivated land from 129 households has gone fallow after their able members went abroad. On the other hand, it is found that 28 families have purchased 162 ropani rice field from the remittance income.
- In average, the agricultural production has decreased by 25.38 percent, and animal numbers decreased by 33.04 percent. But the production of cash crops such as cardamom, Amliso and Rudraksha has increased.
- There is very high negative relationship between foreign employment and agricultural production because as the number of agricultural labor migration has increased, the agricultural production has decreased.
- The average annual growth rate of agriculture ranges from about 2 to 5% whereas that of remittance is from about 2 to 50%. The increase in the income of the agricultural sector from FY 2002/3 to 2011/12 is by about 38 percent, whereas the increase of remittance of the same period is of over 500 percent.
- Per household annual gross income from agriculture sector ranges from NPR 90,000 to 500,000 in the VDC with its average annual production is NPR 250,000. On the other hand, per family annual gross income from foreign employment ranges from NPR 120,000 to 840,000 with its average NPR 372,000 per year. The average income from foreign employment is higher by 48 percent than the income from agriculture.

- The average number of labors of the studied households involved in agricultural activities is 3.9 and in foreign employment is 1.69. Almost double labors of foreign employment are engaged in the agricultural activities that earns only the 40 percent of the total income whereas the half number of labors involved in foreign employment earn about 60 percent of the total income of both sectors.
- The average per capita income from agricultural activities is NPR 45,225 (about 24 percent) whereas from remittance is NPR 144,000 (about 76 percent). The average per capita income from foreign employment is higher by about 52 percent than the income from agricultural activities.
- The average gross production of agriculture per household/year is NPR 250,000 whereas from foreign employment is NPR 372,000. The income from foreign employment is higher by about 48 percent than the income from agriculture. Average investment in agricultural activities is NPR 483,000 to gain the production equal to NPR 250,000, whereas the average investment for foreign employment is NPR 140,000 that produces NPR 372,000.
- The income differences between the agriculture sector and foreign employment are the basic determinant of inter-sectoral migration. It is the cause that labors are moving out of agriculture.
- The expenditure trends show that most of the incomes from remittances are spent on non-productive sectors. Foreign employees' families are spending 31 percent of the total income in paying loan, 21 percent in the social activities, 13 percent is spent on purchasing land, 9 percent on purchasing food, and the share of expenditure on education, medicine, clothes and recreation is not that big. The share of saving and investment is nominal which is only 1 and 2 percent respectively.
- The investment-production ratio of foreign employment and agricultural activities is 1:0.51 and 1:2.65 respectively.
- It is found out that the purely agricultural households have 4.61 active population at home who own agricultural land from 3 to 60 ropani. About 70 percent farmers have been farming the same area of land over the last five years, 7 percent have decreased their farm area, and 23 percent have purchased the additional farm land. The growth rate in food grain production is roughly 4 percent over the last five years, but the cultivation of cash crops such as

sugarcane, spices (especially ginger, chilli and garlic), Rudraksha, and cardamom has increased by more than 100 percent in the period 2006 to 2011.

- There are positive changes in economic and social indicators due to foreign employment such as people have good incomes, they send their children to schools, they have become aware about nutrition in their food, and they are able to afford the good clothes according to the season. Many have built new houses that are good and hygienic, 72 percent households have installed dish home television for entertainment, almost every member has a mobile phone set in their hand.
- As the negative effects of foreign employment, it has degenerated cultural values and beliefs, promoted illegal sexual activities and broke the family traditions, intensified anxiety and depression of the old age people. The workload of elders and women has increased and villages have become void of young people. Returnees from foreign employment hesitate to continue their former agricultural works, spend money freely on alcohol and gambling and beat their wives and children at home and tortured the elders.
- Foreign employment has made the most obvious effect on agriculture in two ways. First, it has attracted and pulled away the agricultural labors by providing them comparatively better income, and the second it has remitted money home to the families of those laborers due to which they felt less pressure to work in the farm because they have income from remittances to purchase food and other necessary items.
- About 78 percent respondents reply that in the lack of the knowledge of financial planning and investment, people are spending too much in social activities and purchasing building land. The rural people lack knowledge what enterprises are economically available there.

5.2 Conclusion

It can be concluded that, all the 9 wards of Jamuni VDCs the economic and social condition of all the families who have involved in foreign employment have increased. Surely there is positive change in the status of the families of the respondents due to remittance income. Therefore, we can say that remittance income is playing very vital role in reducing the poverty level of the study area. But the

question who is benefitted more from remittance is worth paying attention. From foreign employment, employees' families are benefitted because they can fulfill their immediate needs. But the local money lenders, financial institutions and businessmen are benefitted far more than the remittance recipient families. The 31 percent of the total remittance income is spent on paying loan means that the largest portion of the income goes in the hand of local money lenders. The money spent on social activities and food goes in the hand of the businessmen when the recipients' families purchase them from the local market. At the same time it has brought negative impact in agricultural growth that can bring negative impact in the social structure as well in the long run.

However, remittance is not the sustainable source of income because economic recession, war and change in policies of the host countries in any point of time can affect this source. Sudden blockade in its access can bring severe economic and employment problem in the country. Therefore, it is wise to save and invest remittance income in the productive sectors in a sustainable way when it becomes too late. It will be a tough moment for Nepalese economy and work for when 2.3 millions remittance earners return home and 330 billion rupees income from remittances stops coming in. Both agriculture and foreign employment are crucial sectors that are supporting the Nepalese economy. They should have harmonious relationship to maintain the economy in balance. But the way the foreign employment causing negative effect on agriculture sector is likely to build fragile economic foundation of Nepal.

Finally, the case study is very important that attempts to identify the effects of foreign employment on agricultural activities in Nepal. The study represents the case of one VDC of Nepal. So, certainly the case of this VDC can't be hundred percent compatible to the cases of the whole nation. But I am sure it can be beneficial to the people and policy makers of Tanahu District and Jamune VDC of Nepal.

5.3 Recommendations

From the present study about the about the effects of foreign employment on agricultural activities, some recommendations are made as follow:

- Since the largest portion of foreign employees' income goes into paying loans, Government of Nepal should make policy to provide those interested employees with soft loan facilities. Nepal Rastra Bank (NRB) has imposed the private and government banks to provide 3.5 percent (of the total loan) to the deprived sectors. Foreign job seekers also belong to this sector, but the banks seek collateral to issue loans. So, NRB should issue policy for the compliance of all kinds of banks to accept the collateral from rural areas or grant them loans at the promissory notes or without any collateral.
- Rural areas of Nepal lack skilled human resource. In the lack of skilled human resource, people are unable to utilize the available resources. District Development Committee and VDC should allocate budget annually for a certain number of students to waive fees or provide scholarships to the rural students to study technical subjects based on agriculture, livestock and other on-farm and off-farm based enterprises.
- Most of the respondents have not utilized their newly learnt skills from foreign employment when they come back home because of lack of technology, conflict problems, non availability of sizable investment funds and lack of market. So, the policy should made to create good environment to run enterprises and provided sufficient technology as well as market and the GON should play as the role of facilitator for all the investors and the workers.
- Besides paying off the debts, maximum part of the remittance income have been used in unproductive sectors like regular household expenses, house improvement and social spending etc. which doesn't give any return in the future. Social mobilization program can be very useful to teach people to be frugal and reduce the cost of social activities. Non-Government Organizations (NGOs) can be useful agents to run such social mobilization programs. So, VDC should hire NGOs and conduct social mobilization programs in the rural areas.

- For the sustainable use of remittances, it is necessary to develop people's ability to identify the economic potential in their areas, enhance their capacity to make economic plan and implement the business enterprises. For this purpose as well, people need social mobilization to educate them to enhance their skill to make their economic plan, develop saving habits on banks or cooperatives, invest on rural enterprises, and diversify the agriculture sectors. NGOs should be mobilized to facilitate people to save money and invest in productive sectors.
- Agriculture infrastructures such as irrigation, agriculture road and market accessibility are important to create entrepreneurial environment in the rural areas. So, the local government such as DDC and VDC should put the above mentioned agricultural infrastructures projects into priority and invest for their construction.
- In order to take high benefit from agriculture, it should be commercialized and diversified with high value crops. So, such crops should be identified and commercialized.
- Farming is taken as the low-respect occupation. So, farmers do have low level of self-respect. In an attempt to gain high respect, they tend to leave this occupation, and in the lack of other opportunity, they choose the foreign employment. Media and social activists can play an important role to heighten the social respect of farmers.

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ANNEXES

Annex-I



Political Map of Nepal and Tanahu District

Political Map of Tanahu District

Tanahu District



ANNEX-II

Schedule

1. General Information

Name of respondent: Ethnicity:
 Address: Tole:, Ward:, VDC: District.....Age:, Gender:
 ...: Main Occupation:Type: Returnee from Foreign Employment ,
 Foreign Employee's family member, Farming family

2. Family Background:

a. Number of family members: ...; No. of working age members:; Male
 Female: No. of members in foreign employment.....; Male:; Female:
, age: ... ; Year of departure: Qualification:Country of
 employment:Period of stay abroad: ...; Type of job engaged in:

3. Trends of using land - in the past (before engaging in foreign employment) and present (after engaging in foreign employment).

Before (.....Year)				After (.....Year)			
Land Type	Area (R)	Cropping Intensity	Mode	Land Type	Area (R)	Cropping Intensity	Mode
Khet							
Bari							
Shrub land							
Other type							

R= Ropani; Intensity = No. of crops a year; Mode = (Self, rental contract, fallow

4. Production and income from agriculture - in the past (before engaging in foreign employment) and present (after engaging in foreign employment).

Before (..... Year)				After (..... Year)			
Type	Qty kg/Nos	S/D	Value Rs	Qty kg/Nos	S/D	Value Rs	
Rice							
Maize							
Vegetables							
Fruits/cash crops							
Buffaloes							
Cows							
Goats							
Fowls							

S/D= surplus or deficit. Value = current market value

5. Incomes from foreign Employment:

a. What is your family's annual income from foreign employment? NPR

b. How much revenue has your family received since (any family member /members) was employed abroad? NPR

6. What is the investment cost to go abroad?

SN	Particulars	Cost NPR
1	Passport	
2	Other document preparation	
3	Manpower company fees	
4	Other (specify)	
	Total	

7. What is the yearly tentative investment cost for the existing agricultural production?

SN	Particulars	Qty/Nos	Current rate	Cost NPR
1	Labor			
2	Seeds			
3	Fertilizer			
4	Others (specify)			

8. What are the causes of leaving agricultural works and going abroad?

No job at home..., Lack of productive land ..., Land doesn't yield much ..., Enough labor at home to do agricultural works ..., Conflict ..., I saw others going ..., Others

10. Use of remittance money (Average annual expenditure)

a. Where do you spend the incomes from foreign employment? (Yearly)

SN	Particulars	Amount NPR
1	Food	
2	Clothes	
3	Education	
4	Medicine	
5	Purchasing land	
6	House construction	
7	Social function	
8	Saving	
9	Paying off debts	
10	Investments	
11	Entertainment	
12	Feasting with friends	
13	Jewelry	

b. What were the sources of meeting these expenses before you have incomes for foreign employment?

c. Was the habit of expenditure different before and after the member's employment abroad? If yes, in what sectors and by how much?

12. Have you invested any money on productive sectors? If yes, what are they and how are you mobilizing them? If not, why?
13. What can be the potential sectors to invest so that you can have regular sources of incomes?
14. Except in incomes, what are the positive aspects of foreign employment?
15. What are its negative aspects?

Schedule for Agriculture Holdings

1. What can be the causes of holding agricultural works and not going abroad? Because it is i) profitable ... ii) easy to do ... iii) equal incomes as of foreign employment ... iv) no money to go abroad ... v) Others (specify) ...
2. Agricultural trends of the last five years.

Description	Year I	Year II	Year III	Year IV	Year V
Land cultivated (Area/Ropani)					
Cereal production (Kg)					
Fruits production (Kg)					
Cash crop production (Kg)					
Cattle rearing (No)					

Ward Level Information about employees abroad

Wards	Population in Foreign Employment					Total
	Chhetri	Brahmin	Janajati	Dalit	Male	
1						
2						
3						
4						
5						
6						
7						
8						
9						
Total						

Lastly, Thanks for providing your precious time and information on related schedule.