

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Nepal, recognized by most of us as “naturally god gifted country” so it is rich for nature although it also recognized by most of us as “one of the poorest country” has so many reasons to be called so. Its per capita income is \$742 (MOF, Economic Survey of FY 2014/15) which is very low with comparison with other countries of the world, it has poor industrial base. Agriculture production is lagging behind population growth, with 1.35 percent growth rate of the population (CBS, 2012). Because of this reasons, young generation are attracted towards the foreign employment, which has benefited them by raising their living standard.

Migration is the most known concept since the origin of mankind. In ancient period geographical location, security, lack of food and availability elsewhere, threats, epidemics were some of key determinants of migration. Nowadays, causes of migration are categorized as pull factors and push factors like unemployment, low wage rate, geographical difficulties, and scarcity of food. They can motivate the people to shift to another place where these requirements are available. Due to the invention of steam engine and industrial growth, western countries accelerated the economic development. The low rate of population growth and economic prosperity in these countries required the labor force which was met by the supply from the underdeveloped countries. It was possible due to development of transportation and the process has continued in the present time also. Migration of laborers to the developed countries gave an opportunity to break away from unemployment and poverty, which brought positive changes in the economy of underdeveloped countries.

Nepal is one of the least developed countries in the world. It is mainly agro based economy where about 66 percent population depends upon traditional agriculture, where growth rate of agriculture is 1.85 percent and growth rate of industry is 2.6 percent (MOF, Economic Survey of FY 2014/15). Similarly, 23.8 percent population survives below poverty line. Nepalese economy has been suffering from the low level of equilibrium trap surrounded by poverty. The economy is still facing the problem of political instability and country is in underway of economic development. Therefore

in the recent year thousands of Nepalese people are migrating abroad and remittance is becoming strong pillar for their livelihood. Nepalese labor force entering into the labor market is increasing. The problems of unemployment, underemployment and disguised unemployment have become widespread. Still 66 percent people are engaged in the agricultural sector. In comparison to the past, dependency ratio on agriculture is decreasing whereas insufficient growth of industries and service sector couldn't generate the sufficient employment opportunities for growing population. Due to traditional agriculture, low level of agro production causes low productivity so it tends to low payment of human resources. So the foreign employment has played the significant role in the Nepalese economy and it has been providing space to the growing labor forces.

With the flow of time and innovations in easy air travel, communication and improve productivity, migration was not necessarily a 'permanent relocation'. By working in a factory thousands of miles away now a "migrant worker" can send money back to his/her family in the remote hills of the country and also return for a reunion during holidays. Foreign migration and employment become major sources of national income for many developing countries (Pandey, 2005).

In the Nepalese context working abroad started from 19th century. It has nearly 200 years Nepalese began seeking work outside the country. Nepalese better Gorkhali were good Lahures and the then King of Nepal received royalties of their services. Hundreds of thousands Nepalese are spread over the world for employment, to serve master and there is the sources of incoming money. This tradition has continued to the present day in the British and then after 1947, in the India army as well. Till 1971, the earning of British Gurkhas were the highest sources of foreign currency for Nepal (Dhital, 2008)

Nowadays Nepalese are going abroad not only as the armed force but are also spread all over the world for employment (work). Although Nepalese has opened 109 countries for Nepalese workers there is an estimated half a million to 7,000,000 mostly unskilled and semi-skilled Nepalese working in the Arabian Gulf. Although they have now started going in the large number of other regions as well, the Gulf region has more Nepalese workers than anywhere else in the world. Amount the number of Nepalese workers in foreign countries 24 percent in India. 16.3 percent in

Saudi Arabia, 6.88 percent in Qatar, South Korea and U.K. 5.6 percent in UAE and 1.5 percent in Japan, Malaysia, Germany and United States (Dhital, 2008)

Historical migration of human population begins with the movement of *Homo erectus* out of Africa across Eurasia about a million year ago. *Hom sapiens* appear to have occupied all of Africa about 150,000 years ago, and had spread across Australia. Asia and Europe by 40,000 years ago most of the pacific Island were colonized later population movement notably include the Neolithic Revolution. Indo European expansion and the early medieval Great migration including Turkic expansion (Trital, 2008).

Population Census of 2012 shows that 1.9 million Nepalese are abroad but the Economic Survey of FY 2014/15 shows 3.6 millions are abroad. Using the Indian airports to go abroad is also popular so the calculation of migrant workers is difficult and it is many times larger than the estimated. According to Oxford dictionary of English, "Remittance is the sum of money which is sent from one place (person) to another". In Nepal, the term remittance is defined as the amount of money or article which is sent by labor migrant to their families or relatives. Remittance contributes the major parts of GDP whose amounts were NRs 371 billion within first eight months of economic year 2014/15. About 60 percent households are getting remittance. The population below the poverty line decreased from 41 percent to 31 percent and then 25 percent and lastly 23.8 percent within a decade is the impact of remittance. In the previous decades, tourism, exports of handicrafts and garments were the major sources of foreign currency. In FY 2014/15, tourism contributed only 2.2 percent of GDP at the same time remittance contributed 27.7 percent of GDP. Nepal is the top tenth remittance earner in the world. It is transferred into remittance based economy from agro based economy.

Remittance has many aspects; it enriches the foreign exchange reserves of a country and it raises the total economic activity through a particular individual. It also has the role to compensate the import of our country since trade deficit is our regular character. Similarly due to the foreign employment, non skilled and semi skilled manpower have sharpened their skills which may lead to the way of economic development. In the other hand Nepalese economy is passing through the critical phase of low-level equilibrium trap circumscribed by poverty and stagnation; in this

situation remittance can rescue the economy from low level equilibrium trap which could provide a new lease of life to ailing Nepalese economy. The flows of cash in the form of remittance and pension from the foreign countries have enabled the economy to survive even during the downswing in the other sectors of the economy. Remittance has also helped to bring moderate improvements in the lifestyle of the remittance receiving households. Similarly contribution of remittance in BOP is remarkable and on other hand the economic activities within the country are also increasing. Except the traditional sources of remittance from India and Britain, rest of the world is also contributing to enlarge its volume. Government's policies are also made to promote it. Thus the remittance has become a necessary part of our economy and its analysis is a burning issue for Nepalese economy.

1.2 Statement of the Problem

Rapidly increasing population, very slow industrialization process and frequent strikes due to political instability have been narrowing down employment opportunities in Nepal. Unemployment is one of the most challenging problems of our country. So, the number of Nepalese people wanted to go abroad. Because of this situation there is inflow of remittance income in the country which has helped to boost the country's overall balance of payment (BOP). In this sense it is said that Nepalese economy is based on the remittance business. It is the second source, after the agriculture, which pays the vital role in GDP. Remittance can contribute for the economic development if it is mostly mobilized in productive fields.

People migrate from one place to another to achieve betterment of life standard. The critical situation such as energy crisis, political instabilities, insecurity of investment, low level of investment and other related determinants are the major obstacle to gear up the Nepalese economy. Thus, its capacity of creation of employment is low which is not sufficient for increasing manpower so foreign employment is being forceful interest of Nepalese youth.

Many Nepalese nationals travel to foreign employment without technical and vocational training so; they are less paid in comparison to other nationals. Presence of Nepalese nationals even in restricted countries also proves that they are compelled to take danger, difficulty and dirty work in foreign country. Technical schools and vocational institutes are being established within country but these institutions are in

infancy. Recent years they have been one important avenue of support for family members remaining at home. It seems migrant workers is an effective tool for poverty reduction. It is found that in the study area, the remittance and returner are changing the socio-economic status. Many houses are being abandoned and due to lack of number of students in local area, government schools are shutting down, which is substituted by private schools. Economic strength leads to further seek of facility. So remittance receptors are using their remittance to purchase land and to build house in urban area some of them are migrating to major town and some of them in local towns. Most of them are going to urban area to enjoy good education and other facilities.

Remittance has changed in consumption and social behavior. Consumption of luxurious goods and expensive parties are also being organized in social and cultural ceremonies. Organizations of family structure are being changed where nuclear families are forming at the cost of joint family in village too. Due to nuclear family and being far from one another post martial relation is increasing which tend to family violence, divorce and crimes are rising.

Remittance has many dimensions. The remittance is a good source to foreign currency of our country Nepal which has the positive impact but it is also destroying our socio-cultural organization. It has played a role of catalyst for migration. It affects the regional population distribution and natural resources are underutilized. Urban areas are facing the problem of population growth that causes economic and social problems. The remittance inflow in the market causes liquidity of currency which causes inflation. Because of luxurious life and high consumption expenditure pattern increase in import, thereby reducing foreign currency as earned in the form of remittance. It tends to make the remittance receivers lazy so, the production process is hampered and thus remittance is hindering the growth of Nepalese economy.

The use of remittance depends on the priority placed by the individuals of different families. Foreign employment and remittance do not have positive impact only rather negative impact of the foreign employment and remittance is equally challenging. Poor family had increased their living standard, economic status as well as aspect of the household in the study area through foreign employment.

The study area as well as most of the areas of the Nepal is losing their youth day by day, in last year till 2071 Aashad, 580 youth were migrants as the name of abroad migration for short time as well long time in study area, which bring the serious problem in the study area to utilize the local resources and implementation of development program. Nowadays huge amount of remittance is sent from abroad by the migrant people. The current contribution of Remittance on GDP is 22.4 percent. On an average in national level around 70% of the remittance amount used on consumption and remaining 30% only utilized for capital formation and productive sector. We found that during the study period study area also follow this pattern. This study will try to analyze the role of foreign employment and going abroad is effective or not in the sense of economic condition of the people in study area. The specific issues associated with the role of foreign employment and use of remittance is as follows:

- (i) How the remittance income is used by household in the study area?
- (ii) How the remittance affects the economic status of households of study area?

1.3 Objectives of the Study

The main objective of this study is to assess the role of foreign employment in economic status of rural households in the study area. The specific objectives as follows:

- (i) To examine the utilization pattern of remittance in the study area.
- (ii) To compare the economic status of migrant household before and after receipt of remittance.

1.4 Significance and the scope of the Study

At present, remittance has become an integral part of urban and rural household for livelihood, strategies in many parts of our country. So the remittance money is a crucial part and reliable sources of livelihood in much rural part of the country and for children education, nutrition and to fulfill other requirements. It permits household to increase their consumption of more goods and services. At a community level remittance create multiplier effect in the domestic economy, producing employment

opportunities and spurring new economic infrastructure and services especially in remote rural areas where state resources have not effective.

Presence of Nepalese employees in legally opened 109 countries and in other restricted countries can also be found. The current contribution of Remittance on GDP is 27.7 percent. The amount of remittance received in the economic year 2061/62 increased from NRs 65.5 billion to NRs. 589.5 billion in FY 2071/72. Within this decade remittance inflow is increased by 900% (Economic Survey, 2014/15). According to CBS 2011 out of total remittance 82 percent goes to the consumption and only for 2 percent for capital formation (Rio +20 synopsis, 2012). Similarly, the percent of household receiving remittance in the FY 1995/96 increased from 23.4 percent to 55.8 percent in 2013/14. So the remittance by foreign labor migrants has become the backbone of Nepalese economy. Foreign employment has reduced the state of poverty and employment to a certain extent. The life style of the households who succeeded in going for foreign employment has changed. But they have not been able to utilize and invest the whole remittance in the productive sector. Therefore, investment and utilization of the remittance has emerged as a major problem in the field of foreign employment. And the government has also encouraged the private institute to run skill development programs to address increased demand for Nepalese workers in foreign countries as well as to make them capable.

Due to the poor national economy and lack of employment opportunities within country, foreign employment is the forceful interest. Many young people think that they will earn a lot of money in foreign nation and make their future better but it's not so easy to fulfill their dreams. Lots of problems in foreign employment are increasing due to lack of technical knowledge, absence of knowledge about foreign rules, orientation classes and vocational training; many workers are facing the problems. So the government should take proper measures and at least show its concern over such issues to minimize the problem. All migrant workers don't stay there life long they will be back here. They need job, social security and other facilities so, government should make a plan to use remittance in a productive sector. Government shouldn't forget that foreign employment is not the solution of national unemployment and poverty. Nepalese are paying less in comparison to the worker from other nation. So the diplomatic policy related with economy should be revised and it's very essential

to provide the orientation and technical skill to the laborers before they leave for the labor market abroad.

As remittance is one of the major sources of foreign exchange earnings. The significance of the study is theoretical as well as applied. This study differs from the previous study in number of aspects:

-) It inclusively studies the impact of remittance in different group of people especially in Bhimdunga VDC, related to their economic condition.
-) Inflow of remittance and its utilization pattern.
-) This study tries to analyze household condition and condition of economic activities as whole before and after received remittance.

This study will be helpful to know about the inflow of remittance in the Nepalese economy and its utilization and impact in the study area, such as researcher, students, governments and planners and for those who want to know about it as well as who want to undertake further study in this theme.

1.5 Limitation of the Study

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

- (i) This study covers only Bhimdunga VDC of Kathmandu District. It may not be helpful to make general conclusions. Since it is the case study of Bhimdunga VDC of Kathmandu District, the conclusions may or may not applicable everywhere, so findings of the study cannot be generalized for other area.
- (ii) This study mainly focused on the remittance received by the people of age group 18-45 years. Considering that these age group are energetic, dynamic, able to do risky task and frequent traveler for foreign job. We also know the active population to the people of this age group.

- (iii) Most of the analysis is based on primary data so any distortion of the reality form this study may be due to biasness of the respondents.
- (iv) Due to the lack of the information, time and money this study is only limited to 60 households samples.

1.6 Organization of the Study

This study has been organized into five chapters:

The first chapter “introduction” deals with statement of the problem, objectives of the study, significance and limitation of the study. About remittance has been reviewed in the second chapter, which is presented under the chapter “review of literature”. The third chapter is research methodology of the study. The fourth chapter deals with data presentation and analysis. This chapter includes overview of foreign employment and utilization of remittance in Bhimdunga VDC., comparison of economics status of households before and after remittance received. The fifth chapter deals with summary, conclusion and recommendations.

CHAPTER-II

LITERATURE REVIEW

The present research aims to analyze the inflow of remittance and its utilization as well as its impact on the economy which is entering the country. This chapter reviews the literatures which are concerned in these connections. Therefore, in this chapter the conceptual framework given by different authors and intellectuals of this area, books, journals, research work and previous theses related to labour migration and inward remittances are reviewed and an attempt has been made to present them properly.

For the review study, the researcher uses different books and journals, reviews and abstracts, indexes, reports, and dissertations or research studies published by various institutions, encyclopedias etc. It is divided into two headings:

2.1 Theoretical Concept

Migration in search of employment and livelihood opportunities as well as permanent settlement is not a new phenomenon for Nepal. There has been constant mobility of people across the national border since the unification of Nepal as a country in 1768 AD. Much of these early migrations were the result of push factors like excessive tax burden, exploitative agrarian relation and political instability. The various studies show that Nepal had experienced job migration since 1816 with the drawing of Nepal's borders in 1816 through the Sugauli Treaty with British India, the Gorkhali hero Bal Bhadra Kunwar left Nepal to join the army of the Punjabi Sikh King Ranjit Singh. Moreover, the Treaty of 1816 that allowed raising these regiments of Gurkhas has contributed to a large number of migrations from Nepal to India. Although, the British India Company had already started recruiting Gorkhali warriors in 1815 from their Nepali prisoners of war, while major recruitment started following the 1857 Sepoy Mutiny.

Moreover, Nepalese armies had fought very bravely in favor of British India and being honest in nature made the East India Company decide to recruit for the British army and then established 10 Regiments so far, especially from Gurung, Rai, Limbu,

Magar and other Janajati youths of hilly district. As a result, their income level dramatically changed and financial position had become strong relatively to the others people from the same community. Then, the demonstration effect took place gradually.

The Anglo-Nepal convention held on 15th May, 1815 created alternative Nepalese labor market in India. The emigration to India accelerated because of disequilibrium in labor growth, lack of employment opportunities growth and miserable day to day life of Nepalese hill area. Without any doubt this raised remittance in Nepal and also raised standard of living beyond substantial level. The use of remittance was mainly materialized on family maintenance, land purchase, cultivation, and house construction. The remaining part of it was deposited in bank and was used to buy residential land out of village.

According to historian K Mojumdar only 3838 Nepali soldiers returned home upon being discharged after World War I. Due to very strict laws and no economic development occurring in Nepal under the autocratic Rana regime, a significant number of Nepali workers proceeded to migrate to India with the establishment of the tea estates in north eastern India, a considerable number of Nepali workers immigrated and established communities of their own in the region. He further writes, "Nepali migration to India is a topic of significant importance to both nations, yet has been largely ignored. The open border and lack of passport requirements makes the task of keeping tabs on Nepali workers in India or Indian workers in Nepal extremely difficult" (Singh, 2006:74). "For many areas in Nepal, particularly in the Mid-hill Zone, labor migration is a livelihood strategy with a long standing history and is thus deeply engraved in the culture. Migration is a common solution to the problem of earning a living in an area with scarce employment opportunities and limited land resource. Migration in Nepal is a highly gendered process. Migrants are predominantly male. Women have the main responsibility for housekeeping and child rearing and are involved in agricultural work. Men are the main cash income earners and migrate in search of work. However, the number of women migrating on their own is increasing in Nepal" (Sancharika Samuha & UNIFEM, 2003).

The first population census in Nepal was conducted in 1911. The result of the census from 1911 to 1942 was not published for public use. The census schedules of the 1911

census indicated no records on migration data. Migration data was collected for the very first time in the census of 1920 and 1930, and had recorded only male emigrants on the basis of employment outside the country in the form of (a) army service (b) other services like security guard, general labor, driver etc. Later, the population census of 1952/54 had been launched in scientific manner to attempt study about migration. However, the studies had not completed. Micro level study was not done at that period. The study referred migration for those who had stayed outside from the original place having more than six months. That study was limited and bounded in some village and district, which could not represent as a whole nation.

Migration is affected by two factors: pull factors and push factors. The pull factors are attractions such as the advantage of particular place such as employment opportunities, economic possibilities, education facilities, health facilities, entertainment facilities, cultural tradition and political stability. Similarly the push factors are disadvantage of the place of origin such as inadequate facilities, low wage, poverty, unemployment, population pressure, insufficient land, and shortage of food grains, education and health problem (Bhatta, R.C. 2006).

Kshetry (2004) identified the causes of Nepalese migrant as limited employment opportunities in government and private sector. Underdeveloped industries and rudimentary services sectors provide limited of jobs to ever increasing labor force.

International migration is the movement of people across international boundaries which has enormous economic, social and cultural implications in both origin and destination countries (IMF, 2005). About 180 million people (3 Percent of the world population) are living in countries in which they were not born (UN, 2002). And this trend is increasing rapidly in these years. International labour migration is an intricate issue, emanating from a combination of push and pull factors including poverty, unemployment, demand of labour, political conflicts, improved communication and transport among others. It has been one of the most dynamic phenomena of the last four decades and will be an ever challenging issue in this era of globalization (Panta 2006).

Furthermore, researches in the 80s has mainly focused on causes of migration and showed the main cause to be social economic in nature rather than demographic (New

Era, 1981), on the other hand, Conway (1981) showed association of migration with agricultural income, per hector of cultivated land, educated male population at the age 15-29, urbanization and industrialization. Gurung (1989), showed increasing population pressure, limited resources, and aggravation of economy of mountain after Indo-Nepal boundary alignment, eradication of malaria, government's concentration to develop terai region to be the factors affecting migration. In the 90s also researches showed socio-economic phenomena of migration. Kunwar (1993), concludes that low productivity and insufficient land were the causes to leave the place of origin and hope to be better off in terms of physical facilities and infrastructure at the destination.

Moreover, after the democratic movement in 1990, it has become easier to obtain travel document and passport. The increasing flow of information and the liberalization in travel led to surge in the migration of Nepali citizens for employment. Again, because of the political conflict since 1995, the trend of foreign employment has dramatically increased. This situation has compelled Nepalese youth to look for alternative abroad. This conflict has resulted in increased flow of migrants from the mid west and far west to India (Gurung and Adhikari, 2004).

The most cited data on international migration in Nepal originates from the latest nationwide census in 2001 (HMG et al., 2002), where 762'181 persons have been registered being abroad. Estimations of migration figures suggest that real numbers are several times higher than official statistics show. Seddon et al. (2001) estimate that there are approximately 1.3 million Nepalese emigrants are working in India. In India Nepalese immigrant associations estimate the number of Nepalese as up to 3 million (Thieme, 2006). Following these estimations, the number of Nepalese in India would be about two to five times higher than official statistics show. For migration to Gulf States, official sources such as the national census speak of 110,000 migrants (HMG et al., 2002) in 2001, and the Ministry of Labour and Transport registered only slightly less than 104,000 migrants (Graner and Gurung, 2003; Subedi, 2003). Estimates, however, suggest that between 200,000 and 400,000 persons are working in Gulf countries (Graner and Gurung, 2003: 299). Considering the estimations for India and the Gulf States, the percentage of the total population absent from Nepal would be between 6.5 and 14.7 %, compared to the officially recorded 3.3%.

Nepal Living Standard Survey (NLSS-2010/11) has defined remittance as a transfer income received by a household within last 12 months. All incomes transferred from a single source (individual/household) are counted as one remittance. Incidence as well as the size of remittance has increased over the years. Share of remittance in the household income has increased in the last 15 years. Share of remittance from India has decreased while that from other countries has considerably increased. There is a large shift in the share of remittance by source over the years. According to the survey the following table is presented as a comparison of remittances between the years 1995/96, the year 2003/04 and 2010/11.

Table 2.1 Summary Statistics of Remittances

Description	Nepal Living Standard Survey		
	1995/96 AD	2003/04 AD	2010/11 AD
<i>Percent of all households receiving remittances</i>	23.4	31.9	55.8
<i>Nominal average amount of remittance per recipient household (NRs.)</i>	15,160	34,698	80,436
<i>Share of total amount of remittances received by household</i>			
<i>from within Nepal</i>	44.7	23.5	19.6
<i>From India</i>	32.9	23.2	11.3
<i>From other countries</i>	22.4	53.3	69.1
<i>Share of remittances in total household income among recipients</i>	26.6	35.4	30.9
<i>Per capita remittance amount for all Nepal (nominal NRs.)</i>	625	2,100	9,245
<i>Nominal total amount of remittance received (Million NRs.)</i>	12,957.8	46,365.5	259,088.5

(Source: NLSS, 2010/11 Vol.2)

The table 2.1 shows, the proportion of households receiving remittance has increased from 23.4 percent to 55.8 percent in the time of 15 years i.e. 1995/96 to 2010/11.

Similarly Nominal average amount of remittance per recipient household has also been increased more than five times in nominal terms in the same period. Other significant changes are in the share of these remittances by sources: within Nepal has been decreased from 44.7 percent to 19.6 percent. Similarly remittance from India has been also decreased from 32.9 percent to 11.3 percent. At the same time period remittance from other countries has been increased more than tripled from 22.4 percent to 69.1 percent. It means tendency of Indian job has been replaced by Gulf countries. Overall, total amount of remittance received has increased from about NRs 13 billion to more than NRs 259 billion within this 15 years. It means Nepalese economy has been converted from agro based economy to remittance based economy. In nominal terms, while per capita remittance for the entire country has more than fourteen times in nominal terms between two rounds of NLSS.

There are several studies for causes to emigration, its eco-consequences either they are in the form of book articles. That means study about the matter by finding the books, articles, newspaper, and thesis report etc. They are published in the past. This chapter helps to take adequate feedback to boarder the information base and inputs to the study. Since there are not so much adequate study materials related with this topic published in Nepal.

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

2.1.1 Remittance

Remittances fall under the group of items classified as transfers in the balance of payments (BOP). In the fifth edition of the balance of payments manual (BPM), transfers are defined as offsetting entries for real sources or financial items provided, without a *quid pro quo*, by one economy to another. Putting it in another way, whenever an economy does not receive or provide recompense in the form of real resources or financial items for goods, services or financial items supplied to or received from another economy, it becomes a transfer for the purposes of BOP accounting. Two kinds of transfer are identified in the BPM: current transfers and capital transfers. While current transfers are recorded in the current account, capital transfers are recorded in the capital account. Current transfers are categorized on the

basis of the sector of the compiling economy into two main groups: general government and other sectors. General government transfers encompass current transfers, in cash or in kind, between governments and international organizations. Current transfers between other private sectors of the economy and non-residents consist of those occurring between individuals, between nongovernmental institutions or organizations (or between the two groups) or between nonresident government institutions and individuals or non-governmental institutions.

Moreover, the category of workers' remittances encompasses current transfers by migrants who are employed in other economies and considered residents there. Standard measures on remittances are based on three items in the BOP reports (as incorporated in the IMF Balance of Payments Statistical Yearbooks). These are in the form of : a) workers' remittances (money sent by workers living abroad for greater than one year); b) compensation of employees (gross earnings of foreigners living abroad for less than one year; and c) migrant transfer (net worth of migrants moving from one country to another (DeWind & Holdaway, 2005).

2.1.2 Remittance in Nepalese Perspectives

Remittance means the transferring money from one place to another. Generally remittance refers to that portion of migrant's earning sent from the migration destination to the place of origin. Even though they can also be sent in kind, the term the "Remittances" is normally imitated to donate monetary and other cash transfers transmitted by migrant workers to their families and communities (NRB, 2011). In this way, remittance is the amount transferred by workers abroad to support their families, back home. In the actual sense, present day Nepalese economy is characterized by "Remittance Economy". It starts from the beginning of world war in which Nepalese fought not for the protection of their homeland but in course of fulfilling duty in which they engaged. At the time of British rule in India, those days when "Nawabs" of Lucknow were watching helplessly the loot of their huge wealth by the Nepali Soldiers the possessions thus receive went to the treasury of the rules but the salary of the soldiers received formed the part to support their families. Remittance business is created by the foreign employment that has the long experiences in Nepal. For the foreign employment Nepalese people are engaged

before some centuries. The Nepalese were able to the name “Brave Soldier” during the world war. Nepalese people are earned a name and fame for the fighting the victory in the war so that they are called as “Bir Gorkhali”. The Nepali migrants are called “Lahure” because they employed and earned money in Lahore which is in Pakistan now. Some of the Nepalese earned money in Malaysia so they are called “Malayako Lahure”. According to study conducted by prof. Seddon, Jagannath Adhikari and Ganesh Brahmine entitled “Foreign Labor Migration and the Remittance Economy of Nepal” DFID (Department for International Development of the British Government) in the year 2005, nearly Rs. 69 billion was remittance by the Nepalese working in foreign countries in 1997. Of this, nearly 40 billion came from an estimated one million Nepalese working in India whereas the rest “Nearly Rs 29 billion) come from people working in other parts of the world.

According to NRB, the recorded value of money sent back from abroad more than doubled, from 1974/75 (Rs 90.7 million) to 1980/81(Rs 216.8 million). Over the next decade, the official value of foreign remittances increased three fold, to reach Rs.676.8 million by 1989/90. By the middle of the 1990’s the value of officially recorded remittance from abroad accounted for between a quarter and a third (<https://www.nepalnews.com.np/ntimes.issue/169/economy>)

From the past 14 years up to now, about 1.4 million people are migrated to other countries in the search of employment. Even though, the number of people migrated directly with the permission of government is one million but estimation of the same number of people is migrated from individual level and from the medium of other tired countries. According to the data provided by the Labor and employment promotion department up to the data the total of 9 lakh 63 thousands 7 hundreds and 8 people are migrated for work. According to the same data about 370061 people are migrated to Malaysia, about 264191 people to Qatar, about 186728 to Saudi Arabia, 106097 people are to UAE, 6378 people to south Korea, summing up all of 9 lakh 33 thousand people are migrated to this countries for work. Rests of the people are migrated to the other countries. The above data is from 2050B.S. to 2065B.S. Even though before 2050B.S. Also Nepalese people were migrated to the other countries but the actual data of that period is not available to the government. Similarly, the data of the people migrated for their further studies but getting employment there and

sending money and migrated with their own effort is not available with the government.

According to the president of Nepal Foreign Employment Association, Tilak Ranabhat, the total of about 9,78,125 people from Nepal migrated to the other countries for the search of the employment by both either through the formal or informal mediums (2008/09). According to the Foreign Employment Department Mohan Krishna Sapkota, Nepalese people are migrated to other countries because they can get the desired work there and also they can earn more money than in the native country. According to the government data maximum of 165,000 people are migrated in the year 2062/63. The number people going to the foreign employment are not decreasing after the restoration of peace in Nepal also. In the period of one month (Jestha 2065/66) thousand people are migrated to the foreign employment. Generally same-skilled people are migrating to the gulf countries like Qatar, Malaysia, UAE, etc. and the literate and skilled labors are migrating to the countries like South Korea, Israel, Cyprus, Hong Kong etc. The government opened 107 countries for the foreign employment of Nepalese labors but labor-contact was signed with Qatar, UAE, and Korea etc. E.G. Ravenstein, (1885) was the first person to attempted forming migration theory. Ravenstein "Law of migration" is also known as, pull-push factors of migration still predominates as framework of migration analysis. According to him push factors are Land tenure system, on favorable from of Trade, Wide dispersion poverty and income, pressure of rural poverty in general and so on. Pull factors are employment, education and other facilities are opportunities known as bright light of town. On the other hand push factor pushes the migrants from their place of birth and on the other hand pull factors pull the migration to the place of destination.

Todaro (1976) stated that migration is stimulated primarily by rational economic consideration of relative benefit which is mostly financial. Decision to migrate is influenced by the different between expected incomes between two places, the ODDS; probability of getting job in new area is inversely related to employment rare in the new area.

According to the Nepal Living Standard Survey (NLSS, 1996) 23 percent of all households surveyed received remittances. In the rural areas the proportion of household receiving remittances was 24 percent. Similarly, 38 percent of all

remittances came from India, (33 percent from other rural areas with in Nepal and 25 percent from urban areas with in Nepal). Remittances from the other countries other than India accounted from nearly 3 percent of all remittances. In the rural areas, 40 percent come from India, 3 percent from other countries and around 58 percent else where in Nepal. Besides traditional sources like salaries and pensions of Gorkha's soldiers servicing in British and India army, thousand of Nepalese, some of them engaged 3“D” jobs (That is Dangerous, Dirty & Difficult) are sending billions of rupees back home. This has emerged as vibrant sectors of the country's economy (www.nepalnews.com.np/ntimes.issue169/economy).

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

For this propose first of all we have to define the world poverty. The world poverty is defined by so many economists.

The first attempt to define and quantify the level of poverty of Nepal were made by National Planning Commotion (NPC) in 1976/77 through a survey on Employment income distribution and consumption patterns, the minimum subsistence level of poverty line. An income Rs. 2 per capita per day 1976/77 price was taken as the minimum subsistence level. This out of level was based on the expenditure required to buy food, giving average daily intake 2144 calories (NLSS 2003/04) and value of the lowest actual daily consumption of other basic necessities. This criterion at that time has given poverty estimated 40.3 percent (Meeting the challenges 1992). This emphasizes the existence of several poverty in south Asia block. It has used various social indicators to analyze and compare the level of poverty in SAARC countries the major social indicators use for analysis are population, population education enrollment, income level, employment status, expenditure level etc.

Special the research report of NRB (2009) conducted by the study section of NRB entitled “Foreign employment Remittance Economy and Nepal” states that the migration of Nepalese workers started after 1816’s peace treaty between Nepal and Britain. Most of the people of that time are migrated to work in the British regiments. This study examines about the historical perspectives, present condition, the trend and dimension of Remittance, the problem associated with the remittance and its measurements, the use of the gained money as well as the skills, the investment pattern of that remittance and also the employment. It also examines about the Nepalese foreign employment system and its objective, with other questions related with the remittance. This study concludes that apart from India, about 86 percent of the people migrated to gulf countries like, Malaysia, Saudi Arab, Quarter, Dubai, etc. Rest percent are migrated to the other countries of the world. This study examine and about the role of manpower agencies in the field of foreign employment. This study concludes that even through the role of manpower agencies is obtaining work permit, government acceptance letter, tickets etc is very helpful but most of the manpower agencies of Nepal are looting the people in the name of foreign employment.

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

According to the analysis of data obtained from this research the main conclusions about the remittance income and its trend are as follows:

- a) Most of migrated people are from the agriculture and livestock sector (71.3 percent) where they cannot get the required amount of money and food from their protection form their existence.

- b) About 26.7 percent of the people are earning less than rupees 50 thousands per year, about 28.8 percent people are getting from rupees 50 thousands to rupees 1 lakhs about 12.5 percent people are getting from rupees 1 lakhs to rupees 15 lakhs and about 31.9 percent people are getting more than rupees 15 lakhs from abroad migration.
- c) Among the migrated people most are migrated to India (24 percent), Saudi Arabia (16.3 percent), Qatar (6.88 percent), UAE (5.6 percent) and only 1 percent to 5 percent are migrated to the other developed countries like Japan, Germany, Korea and America. Most of the migrated people are in the age of between 26 year to 40 year (60 percent), 24 percent are above age 41 years and 16 percent below 25 years. This clearly shows that, most of the migrated people are young.
- d) About 80 percent of the migrated people are using their money for purchasing of house and land, for household expanses, for buying ornaments and other luxurious goods, education of their child etc. Which use unproductive sectors.
- e) Most of the migrated people are getting the salary Rs 10,000 to Rs 50,000 and some of them are getting more then Rs. 50,000. The study shows that about 49.9 percent are getting up to Rs 10,000, about 20.6 percent people are getting from 10,000 to 25,000 about 31.8 percent of the migrated people are getting up to Rs 50,000 about 16.2 percent people are getting more than Rs 50,000.
- f) While comparing the states of income of work of the migrated people to India with other countries it is clearly seen that, most of the people migrated to India are absolute poor, they are in the problem of fulfilling their basic need, and they are uneducated and unskilled labor whose salary is relatively very low. Whereas the people migrated to the other countries are very much educated and their salary is relatively very high comparing to those people. In other words, the people can't pay expenses other countries going to India for works.

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

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

2.1.3 Linkages of Remittances

1. Remittance and Economic Development

The official recorded remittances are much lower than the actual remittances that take place through official and unofficial channels. Remittances through informal channels could add at least 50 percent to the globally recorded flows (World Bank, 2006, 85). Despite this underreporting, many studies have highlighted the important nexus between the international migration, remittances and development. This chapter summarizes the existing studies, which examine this nexus, especially in the context of developing countries. Overall, literature provides sufficient evidence to support the hypothesis that remittances are beneficial to the recipient countries and can significantly affect poverty and development. However, most of the studies are survey-based and very few empirical studies exist which are able to quantify the impact of remittances on poverty levels in the developing countries.

Several studies have pointed out that, the more inflow of remittances, the healthier the recipient country will be. In times of economic distress, remittances may actually be countercyclical to the extent that migrants are motivated by altruism and send more money home. The stability of these inflows also opens up an opportunity for developing countries to borrow at lower cost in international capital markets by securitizing future flows of remittances (International Monetary Fund (IMF), 2007).

As remittance receipts are widely dispersed, they may not cause the real exchange rate to appreciate.

Pant (2008) argues that, whether remittances are utilized for consumption or purchasing houses, or other investments, they produce positive impact on the economy by stimulating demand for other goods and services. Migrants provide different forms of capital that have developmental impact on their countries of origin. These impacts may be in the form of financial, social, cultural, political and/or economic impacts. The impact can be examined at both micro level, like in case of households, and macro level like impact on GDP growth, poverty and development.

2. Link between Remittance, Consumption and Investment

Many studies examine the relationship between remittances and investments in the home countries. For developing countries remittances are large relative to other financial flows. They find that, in last 10-year period, remittance flows have become as large as foreign direct investment (FDI) flows to developing countries, amounting on an average of about one third of export earnings, more than twice the private capital flows, almost 10 times official capital flows, and more than 12 times official transfers. In light of this, developing countries should capitalize this huge amount of remittance inflows and use it for investment to promote development and inclusive growth. Empirical evidence in this regard shows that the inflow of remittances by the migrant workers and professionals from a developing country helps in increasing the investment activities in the recipient country. Nearly 30 percent of remittances are used for the purpose of investment and construction of house in Ghana. If the primary income earner remains at home and continues to maintain the household, earnings from migration are more easily diverted to savings and investment. By using 1988 survey of 1,526 Egyptian migrants, McCormick and Wahba (2001), attempt to find the probability of a migrant becoming an entrepreneur/employer/self employed person or a business owner upon his/her return from working abroad. Even though the results are different for literate and illiterate migrants, the general conclusion derived was that two factors – namely, time spent working abroad and total amount of money saved abroad – have positive and significant effect on the likelihood of migrants becoming entrepreneurs on their return to the home country.

Adams (2005) examines the impact of remittances on the spending behavior of households for consumption and investments, in both rural and urban Guatemala. The study takes the data from a 2000 survey of 7,276 households and compares the marginal budget share of remittance receiving and non-remittance receiving household on six consumption and investment goods. The findings show that the households receiving international remittances spend more at the margin on investment goods, especially, on housing and education, and spend less, at the margin, on food items. Similarly, Yang (2004) analyses how the exchange rate shocks during 1997 due to the Asian Financial Crisis affected the expenditure pattern of 1,646 Filipino households receiving international remittances. Of the several findings in this paper, one of its findings shows that favourable exchange rate shocks (i.e. more remittances income as a result of favourable exchange rate shocks) increases the investment of remittances receiving household in entrepreneurial activities specifically in transportation, communication and manufacturing enterprises.

3. Link between Remittances, Poverty and Welfare

The flow of remittances remains more or less stable irrespective of the economic condition of the recipient country.¹⁰ Remittances are expected to reduce poverty as they may be directly received by the poor. The impact of remittances on the reduction of poverty can be understood from both the micro and macro perspectives. However, to capture this impact, there is no formal framework. But it is evident and it is reasonable to assume that the amount of transfer done by the migrants to the family members back home do have some overall impact in reducing the poverty. Using survey of long-term legal immigrants find that majority of the international migrants (69.7 per cent) send their money in order to meet “the essential needs of the family”. Very few studies explicitly address the link between remittances and poverty. Adams and Page (2005) used household surveys of 71 developing countries to examine the impact of international migration on poverty. Controlling for the level of income, income inequality, and geographical region, they find that international remittances have a strong statistically significant negative impact on poverty. A 10 per cent increase in the share of remittances in a country’s GDP, lead to a reduction of 1.6 per cent of people living in poverty. Campos and Palomo (2002) find that, in 2000, remittances helped reduce the national poverty rate by 4.2 per cent in El Salvador as well as reduced the Gini coefficient from 0.55 to 0.53.

2.2 Review of International Empirical Studies

Vikram (2005) examined the different channels through which remittances can affect economic activity. The study does not clearly support the short term stabilizing effect on consumption, however the longer term economic effect of such flows seems to be ambiguous. Catrinescu *et al* (2006) explored that remittances exert a weakly positive impact on long term macroeconomic growth. Furthermore the study also supports the idea that development impact of remittances enhances in the presence of sound macroeconomic policies and institution.

Fayissa and Nsiah (2008) argued that remittances enhance economic growth in countries where financial systems are not very strong by providing an alternative way to finance investment and help to overcome liquidity constraints. Iqbal and Sattar (2005) shows that real GDP growth is positively correlated to workers' remittances during 1972-73 to 2002-03 and workers' remittances emerged to be the third important source of capital for economic growth in Pakistan.

Quayyum, Javid & Arif (2008) has carried out a study on "*Impact of Remittances on Economic Growth and Poverty: Evidences from Pakistan.*" The study focused on the importance of remittances inflow and its implication for economic growth and poverty reduction in Pakistan. By using ARDL approach we analyze the impact of remittances inflow on economic growth and poverty in Pakistan for the period 1973-2007. The district wise analysis of poverty suggest that overseas migration contributes to poverty alleviation in the districts of Punjab, Sindh and Balochistan however NWFP is not portraying a clear picture. The empirical evidence shows that remittances effect economic growth positively and significantly. Furthermore the study also finds that remittances have a strong and statistically significant impact on poverty reduction thus suggesting that there are substantial potential benefits associated with international migration for poor people in developing countries like Pakistan. So the importance of remittance inflows cannot be denied in terms of growth enhancement and poverty reduction that consequently improves the social and economic conditions of the recipient country.

Maelan (2010) has argued that migrants remittances contribute significantly to poverty reduction in developing countries and that their effect is all the more

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

2.3 Review of Nepalese Empirical Studies

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

Thus, the study has concluded that the main destination of Nepalese worker is Gulf countries and Malaysia. Sixty percent of total are in Gulf countries. The main

countries are Saudi-Arabia, Qatar, UAE and Malaysia etc. The remittance is increased in the year 2003/04 by 36% while base year was 1994/95. The contribution of remittance to GDP in 2003/04 was 11.44 percent and the share of remittance in convertible foreign exchange reserve was accounted by 46.9% in 2003/04. The average cost for foreign employment was Rs.93.25 thousands. It ranges between Rs.45 thousand minimum to Rs150 thousand maximum. Source of financing for foreign employment for 90.25 percent migrant workers was borrowings. The major sector of employment for Nepalese workers was building construction (41.66 percent) and Industry (26.38 percent). The Nepalese workers average stay duration was 2.66 years. Most of them respondents of that study area want to go again because of the unemployment (70.85 percent) and conflict (36.11 percent). Out of causes maximum respondents of Dalit/ Magar were suffering from the conflict problem. The study summaries that remittance has increase their household economic and social indicators after returning from foreign employment. Around 55 percent respondents said that remittances have changed their economic status and standard of living and around 72 percent said that it has increased their social attitude and around 90 percent respondent's skill. But around 36 percent respondents said that economic status has been same, 44percent have remained same standard of living, and 27 percent said that it remained their social attitude same and 9 percent said that remained same level of skill after returning from the foreign employment. Around 77 percent respondents improve their clothing and 33 percent increased their cash available according to the field resources. But around 15 percent respondents have worsened their education of children, health of family members and cash available and around 36 percent respondents have same level of education of children and health of family members, around 47 to 50 percent have same level of cloth and cash available.

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

Tiwari (2012) has carried out a study. The main objective of the study is to analyze the role of the remittance in Development of the study area. Beside this, the specific objectives of this study were to analyze the nature and role of remittance in the Nepalese economy, to examine general poverty scenario of the study area and to analyze the nature and extent of remittance income in the study area.

From the study, it was found that among the returnees from foreign employment only 35 percent of the workers are using the gain skill in abroad employment where as the rest 65 percent of the respondents have not benefited from that gain skill in foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc. The respondents of this VDC were not utilized their remittance caused by conflict and other non-availability of sizable investment funds for investing in productive sector of the economy sector. The respondents of this VDC said that remittances have increases their household economic and social indicators after returning from foreign employment. Around 81.73 percent respondents said that remittance have increased their economic status, 54.8 percent of respondents said that remittance income have increased their standard of living, around 59 percent of the respondents social attitude have increased due to remittance income and around 67.3 percent of the respondents increased their skills. But around 4 percent respondents said that economic status has been same, 39 percent have remain same standard of living, 35 percent said that their social status have remain same and 33 percent said that remained same level of their skill after returning from the foreign employment.

Shah (2014) has carried out a study. The main objective of the study is to analyze the role of the remittance in Development of the study area. Beside this, the specific objective of this study were to analyze the nature and role of remittance in the Nepalese economy, to examine general poverty scenario of the study area, to analyze the nature and extent of remittance income in the study area and to measure the role of remittance on poverty reduction of the study area.

From the study, it was found that the larger amount of remittance income has been used for household expenses (37.5 percent), loan repayment (29.8 percent), investment only 16.34 percent and social spending (5.76 percent). Minimum part of remittance has been used into productive sector like as land purchase (20 percent),

bank deposit (14 percent) and other small business and investment (10 percent). In this case, the respondents from Chhetri are forward. Among the returnees from foreign employment only 35 percent of the workers are using the gain skill in abroad employment where as the rest 65 percent of the respondents have not benefited from that gain skill in foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc.

Gyawali (2014) has conducted a study on *"The Socio-Economic Impact of Remittance: A Case Study of Banganga VDC of Kapilvastu District."* The main objective of this study is to describe the causes of foreign employment and examine the socio-economic impacts of the foreign employment and remittance income in the study area. The study comprises 105 migrants- households representing three wards of the VDC from different caste and ethnic groups.

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

Trends in Foreign Employment: There was little information on the number of Nepali migrant workers and their contribution to the national economy until a survey was undertaken in 1997. According to the results of the survey, the number of migrant workers at that time was estimated at 100,000 working in 25 countries except India and sending home Rs. 29 billion in remittance. Today, this number exceeds 200,000 in annual departures to more than 105 countries. The only country banned for Nepali migrant workers is Iraq where militants murdered 12 Nepali migrant workers looking for jobs. India is not included in the official figures for a number of reasons, the most significant of which is the open border that requires neither passport nor visa for the Nepali and Indian nationals. Since there is no system of registration, the flow of migrant workers in between Nepal and India is at best guess estimate (Brahmin, 2009).

The impact will be severe if the present trend continues as remittance contributes significantly to the household income. According to the Second Nepal Labor Force Survey, every household received remittance income of Rs 65,755 in 2008. This reality is reflected in the data that show that the incidence of poverty has declined from 42% in 1995-96 to 31% in 2003-04, a decline of almost 11 percentage points.¹⁵ This decline is largely attributed to foreign employment and remittance income, which makes nearly 20% of the GDP. Other factors responsible for the decline in poverty rate are, in addition to remittance, fast growing urbanization, increase in average wage in the agriculture sector, and increase in the number of economically active population.

During 1995-96, percentage of urban population below poverty line was 21.6% which fell relatively sharply to 9.6% by 2003-04, as shown in the figure 7 below. The population below poverty line in rural areas decreased to 34.4% from 43.3%. In addition, poverty gap in Nepal is estimated to be 7.6% and squared poverty gap as 2.7% (Ministry of Finance, 2009).

A study in 2002 by the Nepal Rastra Bank on the impact of remittance was undertaken in 10 districts across the country with a total of 160 households. The study found that the remittance income went invested mainly on household purposes purchase of land, purchase and maintenance of new houses, paying off loans, deposit cash in bank and finally invest for business purposes. Some returnee migrants have also invested their savings in business ventures. For example, some hotels and industries in operation in Pokhara valley has been possible as a result of the remittance income.

As a result of this study, the central bank began formulating and implementing policies focused on remittance. Since 29 March 2009, it has been issuing licenses to private sector organizations for remittance transfer business. It was agreed that the private firms will be allowed to charge 15 paisa per US dollar thus transmitted. It was also provided that the commercial banks would provide a loan of up to Rs. 100,000 to the prospective migrant workers (Sharma and Brahmin 24 Sep 2009).

Foreign labor employment in Nepal started after the Nepalese army headed by Kajeer Amar Singh Thapa was defeated by the British East India Army in 1814. The convention (May, 1815) between Kajeer Amar Singh Thapa and Major General Ochterlony of East India Company came to consensus that Nepalese deserved to join the British, East India Company (Sanwal; 1965). Because of that provision the

Nepalese emigration process was initiated for military purposes to outside the country, but as invisible emigration to India as initiate in mind 1800s. Peasantry in eastern hilly parts of India and for eastern hilly parts of India was encouraged by promoting tea plantation and settlement in the forested area (Dixit; 1997). During this period Nepalese migration to India and Nepal in 1950 promoted free movements between two countries and the previous agreements were further consolidated.

It was after the establishment of democratic system in Nepal in 1990 that Nepal integrated herself to the world and then diversities dimension of emigration occurred. Enactment of foreign labor employment act 1985 realized the importance of emigration through unofficial channel and recognizes the future of foreign labor employment. Search of employment outside the country was entrusted to manpower agencies.

The country's balance of payments (BoP) surplus stands at Rs 11.78 billion in the first eight months of the current fiscal year. The BoP has declined due to widening trade deficit, fall in remittance and foreign direct investment. During the same period last year, the country had reported BoP surplus of Rs 81.09 billion.

The country's trade deficit has increased by 25.5% whereas remittance growth rate has declined by 19.6% percent this year. Nepali migrant workers sent home Rs 266.08 billion during the review period. The remittance growth rate had increased by 34.7% during the same period last year.

According to Nepal Rastra Bank (NRB), the imports of merchandise and services have increased significantly compared to last year. The country's trade deficit has increased by 25.% to Rs 309.5 billion. Exports have declined by 14.1% this year (Economic Report; 2013, NRB).

The remittance income has been growing over the years, as shown in the table 2 below. Increased from Rs. 4,722 million in 2002-03 to Rs. 18,301 million in 2009-10. This figure includes remittances sent through formal banking channels only. There is no data on the remittance by gender. A study in 2007 noted that the contribution of women to total remittance inflow amounts to more than 10%. This calculation is mainly based on the assumption that women make nearly 10% of the migrant workers, their contribution to remittance income least their share in the total number of migrant workers. The same study found that high propensity of saving among women and their greater participation compared to men in migration high income

countries like Hong Kong, Japan, United States and United Kingdom meant relatively higher contribution to remittance (Nepal Institute of Development Studies, 2007).

According to Ministry of Finance record the upsurge in remittances has led to a surplus in the current account, thereby strengthening the overall balance of payments (BoP) position. The share of remittances in total current receipts, for instance, soared from 33.6% in 2002/03 to 50.8% in 2008/09 as shown below. contribution to the GDP has also been substantial. The overall BoP posted a significant Rs. 37.7 billion in 2009-10 compared to a lower surplus of Rs. 29.7 billion in 2008-09. current account also recorded a massive surplus of Rs. 41.4 billion compared to a surplus Rs.23.7 billion in 2008-09. This was largely attributed to the rise in net transfers by 36.5%. Under transfers, workers' remittances increased by 47.0% in 2009-10 compared to a growth 42.5% in the previous year. In mid-July 2010, the gross foreign exchange reserves stood Rs.280.0 billion, an increase of 31.7% compared to the level as at mid-July 2009. On the US dollar, gross foreign exchange reserves went up by 15.6% to US\$ 3.59 billion in mid- 2010. The current level of reserves is adequate for financing merchandise imports of 11.8 months, and merchandise and service imports of 9.7 months.

Nepal is third among the countries receiving the highest proportion of remittance in terms of gross domestic product (GDP) with the country receiving remittance worth 25 percent of GDP in 2012, according to a report made public by the World Bank (WB). African country Lesotho had also received remittance of 25 percent of GDP in 2012. Nepal was fifth in the list in 2011.

Nepal received remittance worth 23.1 percent of GDP in the fiscal year 2068/69 and 22.1 percent in 2069/70, according to the economic survey. The country had received Rs 359.60 billion of remittance in 2068/69 when GDP was Rs 1.53 trillion while the figure was Rs 434.58 billion in 2069/70 when the estimated GDP was Rs 1.71 trillion. Tajikistan topped the list in 2012 at 48 percent followed by Czech Republic at 31 percent while Moldova is fourth at 24 percent. WB estimated the remittance inflow of developing countries to grow by 6.3 percent and reach US\$ 414 billion in 2013. China and India received around one-third of the remittance income of developing countries in 2012, according to WB (<http://www.karobardaily.com/news/2013/10/nepal-third-in-receiving-remittance-in-terms-of-gdp>).

As summary it is clearly shown that national GDP growth rate is directly related to the various factors like total saving of the economy and total investment of the

economy. On the other hand, saving is determined of the investment, without investment, which the economy can't get higher GDP growth rate. The investment of the country like Nepal is directly dependent on the remittance invested into the economy. Therefore we can say that the remittance is the major factor of development of country like Nepal.

There is gap between saving and investment, thus utilization of remittance in investment is a great need of today e.g. Development process et.

In the world economy, remittance plays vital role and in the developing countries it has its own value. To go further the economy of their countries has been gradually changing into remittance economy.

Many researches and studies have been conducted about migration and remittance inside and outside the country. Some of the related studies have been observed and they are discussed as follows:

2.4 Concepts of Migration

Migration is one of the dominant demographic variables along with fertility and mortality. This affects not only the population size but also its structure and characteristics. Because of the complexity, migration is not easy to define. A generally accepted definition is that migration is the movement of population involving the change of place of abode or place of usual residence and the crossing of a defined boundary. To Ghos, migration means change of place of living for almost a long stable period. Migration has been defined by the population census of Nepal 2001 as "a change of residence for 6 months or more either within the country or outside the country." According to the UN report "migration is a form of geographical mobility of population between one geographical unit to another". (Shrestha, B. 2007)

"Most of the time, people migrate abroad in search for the emigrant and their families offered by foreign countries compared with the economic opportunities low wages, meager career prospect for highly educated people, significant country risk for national investors in the home countries are all factors that propel people to emigrate abroad. In addition, there are no-economic reasons to emigrate such as war, ethnic discrimination, political persecution at home, etc" (Solimano).

Revenstein (1985) was the first person to attempt forming migration theory. Revenstein's laws of migration is also known as 'push-pull' factors of migration, still predominates as framework of migration analysis push factors are land tenure system, unfavourable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income, pressure of rural poverty in general and so on. Pull factors are employment, education and other facilities are opportunities known as 'bright light' of the towns. On the one hand, push factors push the migrants from their place of 'origin' and on the other hand, pull factors pull the migrants to the place of 'destination'.

Todaro (1976), states that "migration is stimulated primarily by rational economic consideration of relative benefit, which is mostly financial earning. Decision to migrate is influenced by the expected incomes between two places." He adds that, "probability of getting job in new area inversely related to unemployment rate in the new area."

Similarly, the **United Nations** multilingual and Demographic Dictionary also defines migrating as – "a form of geographical mobility or spatial mobility between one geographical unit and another, generally involving change in residence from the place of origin or place of departure to the place of destination or place of arrival (UN, 1973:173).

Thompson (1955) feels that the desire to improve economic status is the main motive for migration and the desire to secure freedom from political oppression, the desire of religious freedom, personal maladjustment to family and community as the other motives for migration. In much international migration, poor peasants and the workers with the little or no land tend to predominate.

"It is the process of shifting people from one place to another, history of migration is as old as civilization. The nomadic tribes of the Stone Age used to migrate in search of food and safety, informing age, people migrated in search of suitable land for cultivation and migration continued in various form in every period of history. In the modern time, people migrate in search of better living opportunities (Giree, 2001).

2.5 Uses of Remittance

Remittance can generate a beneficial impact on the economy through various channels such as saving, investment, growth, consumption and income distribution. Also remittance have relaxed the foreign exchange constraints of the country and strengthened its BOP position. Bringing more remittance money through formal channel is critical, as there is no actual flow of currency through informal channels. Yet, the largest share is sent through informal channels rather than the national banking system. Improvement should be made in facilitating official channels and encouragements could be made, possibly in the form of national bonuses (NRB, 2008)

Regmi K. (2007) had studied entitled Role of Remittance in poverty level of Khilung Deurali VDC of Syangja District. He had noted down his finding as the larger amount of remittance income has been used for household expenses (97 percent), loan repayment (69 percent), investment only of 26 percent and social spending (23 percent). Minimum part of remittances has been used into productive sector like as land purchase (20%), bank deposited (14%) and other small business and investment (10%). In this case, the respondents from Bhramin and Kshetri are forward. Similarly he wrote the causes of not utilized in productive sector of remittance is conflict and non- availability of sizable investment funds for investing productive sector. Lastly he had noted down the respondents of this VDC said that remittances have increased their household economic and social indicators after returning from foreign employment. Around 69 percent respondents said that remittances have increased their economic status, 57 percent of the respondents said that remittance income have increased their standard of living, around 73 percent of the respondent's social attitude have increased due to remittance income and around 82 percent of the respondents increased their skills. But around 23 percent respondents said that economic status has been same, 40 percent have remained same standard of living, 27 percent said that their social status have remained same and 18 percent said that remained same level of their skill after returning from the foreign employment.

Karki (2006), studied on foreign employment and remittance economy of Nepal: A case study of Dhuseni VDC, Ilam with the objectives of describing past trends of foreign employment and remittance in Nepal to identify the sources of financing and the cost of foreign employment. He took 72 workers as the sample by random

sampling method. His findings were: the main destinations of Nepalese workers are Gulf countries and Malaysia. Sixty percent of total workers are employed in Gulf countries. By country-wise Saudi Arab, Qatar, UAE and Malaysia are main destinations of the Nepalese workers. In 2004/05 the workers have gone 13366 in Saudi Arab, 42394 in Qatar, 12626 in UAE and 66291 in Malaysia. Another finding was remittances received by Nepal in 2003/04 were around Rs.57 billion, which was 19 times of that 1994/95. The growth rate is around 36 percent. The next finding was the contribution of remittance to GDP, saving and investment in 2003/04 were 11.44 percent, 93.61 percent and 42.86 percent respectively. Share of remittance in convertible foreign exchange reserve was accounted by 46.9 percent in 2003/04. Similarly he has described the socio-economic characters of migrant workers of age group of 30-40 year, 70.82 percent married, 88.88 percent literate, 55.55 percent coming from lower income group and 88.88 percent coming from agriculture occupation. According to him he had explained them as major reasons to seek foreign employment include unemployment, conflict family debt burden and earn money.

Shrestha (2008), views that remittance contributes substantially to maintain macroeconomic stability. It is the one of the six pillars of the economy, the others being investment, trade, agriculture water resources and tourism. At the household level, it helps to smoothen consumption and investment in human in human and physical capital. Remittance also generate benefits to the community if it spends on locally produced goods and services and helps in poverty reduction since the money is utilized for rural development. In the case of Nepal, the penetration of the remittances in to the remote village has helped in the poverty alleviation.

From the above findings, international labor migration is of great importance for receiving the high degree of remittance. The Nepalese immigrants sent a considerable remittance back their home which play vital role for their overall development. In case of Nepal, one of the major exports is labor and 56 percent households now depend on at least one member's earning from abroad so Nepal became a top ten remittance receiver country in the world. Generally, Nepalese labor force is comparatively low skilled, in terms of education and or vocational training. Thus, a higher qualification could be beneficial at foreign as well as national labor market. The discrimination policies against women employment, particularly in Gulf region

needs to be changed, and allowing women to join the labor force but at the same time guarding their safety from exploitative conditions and harassment.

2.7 Summary of literature Review

In Nepalese context only earning of remittance is shown, poverty reduction is elaborated, increment of literacy and life expectancy, per capita income, international standard of population have been counted. These all above indicators are directly or indirectly linked up with foreign employment. On the other hand, foreign employment caused the rapid inflation, unplanned urbanization which leads to many problems. Foreign employment also causes trade deficit of the nation because remittance increased the purchasing power of Nepalese not the production, increment on purchasing power only causes the high import which leads to trade deficit.

Many survey and research shows that 82 percent of remittance goes to consumption, only 2 percent goes to capital formation. It means that remittance is only used for consumption so it has no long term value. It only increases the consumption habits of population not the national production.

By the above conclusion, many surveys have been conducted about the foreign employment and remittance in Nepal. It is found causes to join foreign employment, uses of remittance in household economy, poverty reduction, consumption pattern and etc have been studied many times but not searched linkage to the internal migration pattern. In this research I have tried my best to search the linkage of remittance and internal migration because it is the time to study uses of remittance not only the contribution on GDP, its long term impact should be analyzed. New vision and work plan should be drafted by government to use the remittance in national economy. Its socio- economic impact should be studied. Proper uses of remittance could change the national economy. By using remittance, national production could be increased despite import and import must be replaced by export. So the remittance would be gift rather than ruin in Nepalese Economy.

The Nepal Labour Force Survey (NLFS) carried out by the Central Bureau of Statistics (CBS) from January to December 2008, aim to analyze the data of different

sector. For this purpose using the stage stratified sampling and as a whole country divided in to six strata was distributed equally in rural and urban. At the first stage 800 words were taken by primary sampling units (SSU) in the second stage among their words 1,600 were taken by using secondary sampling units (SSU) has shown the proportion of household receiving a remittance (from either an absentee or from another person) was 30 percent of all enumerated household. The average amount received over all households in the last 12 months was Rs. 19,721. Further the survey shows that most remittance income were received from outside of Nepal (including India, Malaysia, Saudi Arabia, Quarter etc.) with 82.9 percent of all remittance income (absentees and other combined) coming from outside. The share of remittance received from abroad in the highest from Quarter (21.3%) and 19.2 percent, 14.9 percent, 13.4 percent, 2.2 percent, 2.2 percent and 29 percent respectively from Malaysia, Saudi Arabia, India, united Kingdom and other countries. The survey collected data on the District form which the remittance was sent but this is insufficient to distinguish remittance from urban and form rural area (CBS, 2008).

Dhital (2015) tried to assess remittance current position and it role in the economy on this area to dig out the ground realities using the primary as well as secondary data in his study. Finally her study concluded that remittance generate a positive multiples effects in output if they are consumed and contribute to economic growth if they are invested productively.

Movement of people from one place to another place is the outcome of human psychology and behavior. Any universal and uniform law cannot define human but, many studies relating to migration have tried to find out some pattern and order in migration decision of an individual. If a person goes to another country and sends back the money which s/he earns is defined as remittance. In the context of Nepal, the government of Nepal has received millions of dollars as a remittance per year, and even today played a vital role in the Nepalese economy. But, whether the family is using the remittance properly or not should be analyzed, which is an important aspect in the study of remittance in Nepal.

Remittance has opened the area of eh research to the economist and policymakers. As its share and volume keep on going, economic and financial model have got strong ground of empirical testing of hypothesis as “Remittance led Growth.” So, remittance

has grater scope of expansion for a “Role Play” in the positive impact on socio-economic development of developing countries. Nepal has as encouraging picture towards this direction. However, because of the lot of traditional and emerging new reasons, the remittance sectors also wold go in jeopardy if timely and proper policy measures and strategic actions were not adopted. Temporary inflow of such remittance cannot serve the long-term objectives of the country. For this initiations and derives need to be directed to a safe, reliable diversified and sustainable remittance.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Research Design

This study is a case study of Bhimdunga VDC. It is a micro level study of foreign employment is confined within the selected area. All 9 wards are taken in to consideration. This is the explorative as well as descriptive type of research design. The information and type of data collected for the study is cross-sectional. The main objective is to find the causes to examine the utilization pattern of remittance in the study area compare the economic status of migrant household before and after receipt of remittance, therefore the required data to meet the objectives of this study, are taken from the primary as well as secondary sources. The simple statistical tools are used to describe and analyze the results.

3.2 Nature and Sources of Data

This study was based on primary sources of information as well as secondary data in order to meet stated objectives of the study. Interview method was the main tool to gather primary information with the help of questionnaire and some data were derived from secondary sources which are both published as well as unpublished i.e. Newspaper, Magazine, journals and others.

3.2.1 Primary Data

Primary data have been collected by using questionnaire method with the abroad migrant household.

3.2.2 Secondary Data

Beside the primary data, secondary data also have been collected to fulfill the research objective. So the sources of secondary data are official and unofficial sources, National Planning Commission Secretariat, Central Bureau of Statistic (CBS), budget speech of government of Nepal on different fiscal years, Economic Survey published by Ministry of Finance, Nepal Living Standard Survey by CBS, Economic Reports by NRB, Other Quarterly and annual publications of NRB, different record of

department of labor GON and VDC profile other periodical, Journals, books magazines, seminar papers reports of research centers data and information from donor agencies like WB, ADB, IMF, UNDP etc.

3.3 Rational for the Selection of Study area

Bhimdhunga Village Development Committee is a famous village of Kathmandu District in terms of various aspects. Bhimdhunga Village Development Committee consists of 9 wards and the population of Bhimdhungana Village Development Committee is 5,592 and occupied the area of 0.85 square kilometer (CBS, 2011). The interview was taken from nine wards of Bhimdhunga Village Development Committee i.e. ward no. 1 to 9, focusing more on the three wards covering Ramkot. There is no study conducted in Bhimdhunga Village Development Committee ward no. 1 to 9 regarding the utilization pattern of remittance. Thus, this study attempts to explore the factors that determine impact of remittances in rural area especially Bhimdhunga Village Development Committee of Kathmandu district. I was live in this VDS for 4 year from 2010 to 2014. So, I have selected this Bhimdhunga Village Development Committee for the study area.

3.4 Sample Selection Procedure

It has been not possible to take details survey of whole migrant household due to the limitation of time and other sources So the sample of all 9 wards of the VDC are considered, where 969 total households and the total population are 5,592 according to the survey of VDC 2069 (VDC profile, 2069). Among them, 280 households member were migrant for foreign employment. But in this study only 60 households have been taken among the migrant households from each ward of the study by using probability proportion to size technique through the single stage random sampling method selecting at least 6 household from each ward. The respondent of sample from each ward is as follows in the table 3.1. Six households were selected from each ward as sample except wards no. 7 and 9. Whereas nine respondents were selected from each ward of 7 and 9 where higher numbers of households have gone foreign country for employment than other wards.

Table 3.1: Sample Selection Procedure

Ward no.	1	2	3	4	5	6	7	8	9	Total
Total No. of HHs	101	73	80	127	138	97	95	132	126	969
No. of total population	622	453	416	750	832	536	606	689	688	5,592
No. of HHs for foreign employment	25	25	16	35	30	25	40	38	46	280
Sampled HHs	6	6	6	6	6	6	9	6	9	60

3.5 Data Collection Techniques and Tools

In order to obtain necessary and reliable data for this study researcher has used data collection technique such field survey, observation, interview etc. and tools such questionnaire, checklist and some case study.

3.5.1 Survey-Interview

The direct personal interviews with remittance receiver or sender's family members were taken for the study by the field survey. 60 households were surveyed. An interview with structured-schedule was applied to collect data for meeting the purpose of the study. In this study, structured questionnaire had been used for the collection of data and information of remittance receivers' socio-economic status. In general the questions were design based on socio-economic condition. It helped researcher to verify data directly.

3.5.2 Key Informants Interview

By the structured interview it is not possible to collect all the information about the respondents. Therefore, establishing a co-operative and mutual friendly relation with the informants data of internal feeling and emotions were acquired by an informal interview with selected persons. 10 people of Bhimdhunga VDC such as local political leaders, social workers, ex-ward chairman and ward members were interviewed.

3.5.3 Observation

Observation method has been used to collect the observable information such as living standard, structure of house and household activities. The data collection

through observation had been used to support the structured data in relevant place in the text. Human nature is basically hesitating to explore their weakness so it helped to collect this information.

3.6 Data Processing

After the competing field work all the information filled up questionnaire then which presented in the master sheet, that identified the respondents number and the variable related. Some variable will be described after editing and cross checking.

3.7 Tools for Data Analysis

Simple quantitative tools have been used to analyze the collected information and data to fulfill the requirement of the study. The following steps have been used to analyze the data:

- i. Collected data has been processed by tabulating data.
- ii. Cartographic techniques have been used to describe the table in the study.
- iii. Some statistical tools like percentage; average; ratio has been used to analyze data.

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

In this chapter the data, which are collected during the field survey, are showed in different tables and diagram, mainly primary data are used in this study and there are analyzed in this chapter. Basic-economic information of migrants and their households are presented in this chapter.

4.1 An Overview of Foreign Migrants

4.1.1 Age Composition of Migrants

In this section, age description of migrant workers has been analyzed which helps to know how many people have been gone to foreign country these age group form study area.

Table 4.1: Age Composition of Migrants

Age group	No. of respondents	Percent
18-25	18	30
25-32	30	50
32-40	7	12
>40	5	8
Total	60	100

Source: Field Survey 2016

Out of total migrants only 60 households were the sampled households; o tot 60 migrant workers 30 percent are in the age of 18 to 25 years. Migrants within the age of 25 to 32 are 50 percent. Above 40 years migrants have been gone only 8 percent and 12 percent with of 32 to 40 years. This trend shows that, most of the economically active people have gone to the foreign country, because of the main responsibilities of the family. Considering that age group 18-45 years are energetic, dynamic, able to do risky task and frequent traveler for foreign job. We also called the active population for the people of this age group.

4.1.2 Education Status of Migrant Workers

In the table 4.2 education status of migrant has been shown which illustrates the educational background of the migrant workers.

4.2: Educational Status of Foreign Migrant Workers

Education Background	No. of respondents	Percent
Under S.L.C.	20	33
S.L.C. passed	24	40
Intermediate passed	12	20
Bachelor or above	4	7
Total	60	100

Source: Field Survey 2016

The table 4.2 shows the educational status of migrant workers. About 33 percent of them are under SLC. 40 percent of them have SLC passed, 20 percent of them have got intermediate level passed. Only 7 percent have got bachelor or above level. These data clarifies those more than 50 percent migrants workers have below or equal SLC level qualification which explain the poor educational standard of the migrants. Educated migrants are skilled labours and they can get higher salary for their better performance. Whereas lower educated migrants are semi-skilled or unskilled labour and they get lower salary than skilled labour. Higher the literacy level of migrants, higher will be collection of remittance and vice-versa.

4.1.3. Gender Description of foreign Migrants Workers

In this section gender description of migrants' workers has been tabulated and the table 4.3 helps to know how many people are male and female workers are gone for foreign employment.

Table 4.3: Gender Description of Foreign Employment

Gender	No. of respondents	Percent
Male	59	98.3
Female	1	1.7
Total	60	100

Source: Field Survey 2016

Table 4.3 shows the gender description of migrants, out of the total migrants 98.3 percent of them are male and 1.7 percent of them are female. It means only one female have gone for foreign employment. This trends shows that most of the migrant workers are male because of main responsibilities of family and also shows that there is male dominated society.

4.1.4. Marital Status of Foreign Migrant Workers

Marital status of foreign workers has been included in the table 4.4. The data on the table shows the marital status of foreign migrants.

4.4: Marital status of foreign migrants

Status	No. of respondents	Percent
Married	40	66.7
Unmarried	20	33.3
Total	60	100

Source: Field Survey 2016

Most of the migrant workers in the study area i.e. 66.7 percent of them are married and 33.3 percent are unmarried. These data clearly shows that, family pressure is the main cause to go foreign country because of being married. The married people have main responsibility for caring their family. They have to look after family economically.

In the study area, the number of female migrants is very few in number. So, does not essential to show each table individually, if so the table shows only overall data of migrants.

4.1.5. Major Destination of Foreign Migrant Workers

In this section, major destination of foreign worker has been included which helps to know that how many people have gone to foreign country from the study area.

4.5: Major Destination of Foreign Migrant Workers

Country	No. of respondents	Percent
Qatar	20	33.3
Malaysia	15	25.0
Dubai	5	8.3
Saudi	10	16.7
Oman	1	1.6
Libya	2	3.3
Kuwait	2	3.3
Iraq	1	1.6
UK	2	3.3
Bahrain	2	3.3
Total	60	100

Source: Field Survey 2016

From the table 4.5 it clears that 33.3 percent workers are working in Qatar, 25 percent are working in Malaysia, 16.7 percent of them in Saudi Arabia and 8.3 percent of them in Dubai. Libya, Kuwait, UK and Bahrain have taken the equal share of 3.3 percent and also Iraq and Oman taken the equal percent of 1.6. It showed that the Gulf countries are most favored destination for foreign employment from the study area. Among of all, the highest percent have been taken by the Qatar and Malaysia followed by Qatar in second, the mere portion of the total has been taken by out of Gulf countries. It is found that only 2 i.e. 3.33 percent of migrants went UK as student visa initially and ultimately they are working there.

It is clear that, most of eh workers have gone in Gulf country due to unskilled and low literacy status of migrants. So the main destination countries are Gulf country for the foreign employment form the study area. Comparison with the national scenario from the previous chapter, it seems that Malaysia has been taken the higher share a percent for foreign employment, form the view of over all nations, but form the study area Qatar has been taken the higher percent of migrants than among other countries.

4.2 Contribution of Remittance in Livelihood

4.2.1 Causes of Foreign Employment

There must be several reasons of seeking foreign employment. The reason might be economical, social and political. They may be related to the acquired skill and other reasons. To find out the causes seeking employment the respondents were asked to identify the prime causes to go for foreign employment they gave more than one reasons which are shown by the following table.

Table 4.6: Frequency Distribution of Causes of Seeking Foreign Employment

Employment Country	No. of respondents	Causes				
		Unemployment	Family debt burden	Conflict	Relatives	Earn money
Qatar	20	7	5	1	1	6
Malaysia	15	3	4	2	-	1
Saudi Arabia	10	4	-	-	1	5
Dubai	5	2	1	1	-	1
Other	10	1	5	2	-	2
Total	60	17	15	6	2	20
Percentage	100	28.3	25	10	3.4	33.3

Source: Field Survey 2016

(Here, other includes Kuwait, Iraq, Oman, UK, Bahrain, Libya etc)

Table 4.6 shows causes of seeking foreign employment. Earning enough money are the main causes of foreign employment. Many respondents showed that there is lack of employment opportunities within the country. So, 28.3 percent went for foreign country due to unemployment, 33.3 percent have gone in order to earn money, 25 percent have gone due to family debt burden, 10 percent of them have gone because of conflict and only 3.4 percent has gone due to their relatives' advice. It is concluded that unemployment, family debt burden and earning money are the main causes of seeking foreign employment.

4.2.2 Source of Financing

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

Table 4.7: Frequency Distribution of Source of Financing of Cost of Foreign Employment for Different Country

Employment country	No. of Respondents	Sources						Sale of land	Family Saving
		Bank	Cooperative	Relative	Merchant	Friend	Other		
Qatar	20	1	-	12	1	2	2	-	2
Malaysia	15	2	1	5	1	3	1	1	1
Saudi Arabia	5	-	-	3	-	1	-	-	1
Dubai	10	1	1	4	1	1	-	1	-
Other	10	3	3	3	1	-	-	1	-
Total	60	7	5	27	4	7	-	3	4
Percentage	100	11.7	8.3	45	6.7	11.7	5	5	6.7

Source: Field survey 2016

Table 4.7 shows that, 7 or 11.7 percent of the respondents took bank loan to pay for the cost of foreign employment. Out of 60 respondents 5 percent sold the land and 6.7 percent used their internal family saving in order to pay cost of foreign employment.

Similarly out of total, 45 percent or 27 respondents have taken the loan from their relatives. 11.7 percent have taken loan from friends and 8.3 percent from cooperative and 6.7 percent from merchant. So the large number of respondents have used loan for financing cost of foreign employment and some migrants sold land and small number of migrants have used their family saving. It is strongly felt that government should establish a proper mechanism to finance the foreign employment with minimum interest rate.

4.2.3 Different Kinds of Job According to Education

Education is essential to get a good job in the job market. So education also determines the job people get in the foreign country. Uneducated people have to work as a laborer and they get less remuneration. But the educated people can get high paying job and better salary. So, it is evident that remuneration varies from educated people to uneducated people in great extent.

Table 4.8: Frequency Distribution of Migrated Persons Education and Field of Work

Field of work/education level	Under S.L.C.	S.L.C.	Intermediate	Bachelor or above	Total
Security	4(20.0)	3(12.5)	1(8.3)	1(25)	9(15.0)
Construction	2(10.0)	5(20.8)	2(16.3)	-	9(15.0)
Hotel	4 (20.0)	3(12.5)	1(8.3)	-	8(13.3)
Driving	3(15.0)	4(16.6)	3(25)	-	10(16.6)
Salesman	2(10.0)	4(16.6)	2(16.3)	2(50)	10(16.6)
Manufacturing	3(15.0)	2(8.3)	2(16.3)	-	7(11.6)
Other	2(10.0)	3(12.5)	1(8.3)	1(25)	7(11.6)
Total	20	24	12	4	60
Percentage	33.3	40.0	20.0	6.7	100

Source: Field survey 2016

Note: Figure in parenthesis of row, and column indicate percentage

According to table 4.8, among the 60 respondents, 20 respondents have achieved the education of under S.L.C. level. 24 respondents have achieved S.L.C.; 12 have achieved intermediate and 4 respondents achieved Bachelor or above.

Higher the education level more diversified .the workers in different field of work and gradually choosing more skilled work and lesser the education more narrow field of work and workers gather in semiskilled category of work. .From the above table;

under SLC level education workers can get security type of work and SLC of above SLC education workers can get diversified category of work like construction; hotel, salesman, :manufacturing etc. It is strongly felt that proper screening of the workers should be done as per their education and proper trainings/skill should be provided before going for foreign employment.

4.2.4 Average Earning in Different Country

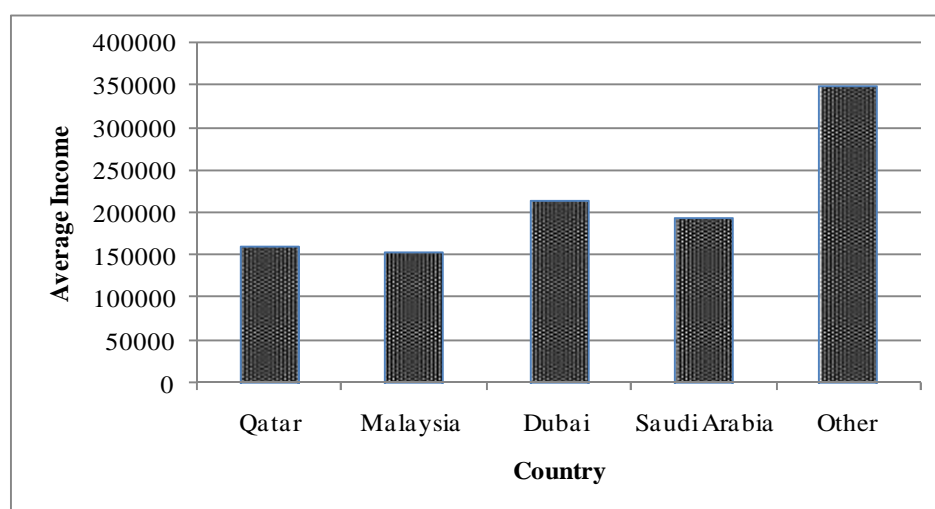
Generally people of our country go for foreign employment with the purpose of learning better money. But most of the migrants are unskilled in nature. That is the main reason to earn low amount of money. The situation of average .earning of the migrated person from the different country is given in table 4.9.

Table 4.9: Country and average Earning

Country	No. of Respondents	Average Earning (in Rs.)
Qatar	20	160000
Malaysia	15	155000
Dubai	10	215000
Saudi Arabia	5	195000
Other	10	350000
Total	60	2370000

Source: Field study 2016

Figure 4.1: Average Earning in Different Country



The table 4.9 and figure 4.1 displays the average earning of the migrants people and the country where they had gone last year. According to the table out of 60

respondents 10 respondents went other countries like UK, Kuwait. Libya, Macau, Oman etc. The: people went to other belongs to higher class educated people. They went there for academic purpose and earning money. The average earning of those respondents was NRs 350,000 last year. Similarly out of 60 respondents 33.3 percent had gone Qatar and their average earn amount is NRs 160,000 in last year. Average, income in Malaysia was NRs 155,000. In comparison to the income of the respondents who had gone other countries, the average income of the respondents 'who had gone Malaysia and other Gulf countries was low. It is due to the semi-skilled and unskilled type of the respondents.

To sum up, it becomes evident from the data that the respondents who had gone other countries were from higher class and they were skilled. So they become successful to earn much money as compared to the rest of the respondents.

4.2.5 Medium Used to Obtain Foreign Employment

Peoples who want to go for foreign employment need to know the job, salary, the nature of contract and the cost of getting employment opportunity. Generally government registered manpower agencies (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them individual contract also play important role. The quality of job and the cost is related to the medium used by the individual. The cheating by agent and the torture are also related with the medium used. The medium used was considered to be important and the respondents were asked to identify it. The answers given by respondents are given in the following table.

Table 4.10: Frequency distribution of medium used to go for Foreign Employment by Respondents

Employment Country	No. of Respondents	Medium			
		By MPA	By individual	By local Agents/MPA broker	Relatives
Qatar	20	15	2	1	2
Malaysia	15	10	1	2	2
Dubai	10	6	2	-	2
Saudi Arabia	5	2	1	2	-
Other	10	3	3	1	3
Total	60	36	9	6	9
Percentage	100	60	15	10	15

Source: Field Survey 2016

Table 4.10 shows that among the respondents, 36 persons have gone to seek foreign: employment .through registered manpower agencies, 9 respondents managed through: their own contact, 6 respondents used local agent and respondents with the help of their relatives. It is concluded that the majority of foreign job seekers uses the MPAs as a medium to find the jobs. Some used' their friends and relatives as medium and very few choose local agents. Foreign migrants should follow the proper legal medium to go for foreign employment, so that it will be easy to get/access legal rescue when at risk. Also government should strictly discourage/control for adopting illegal medium for foreign employment and closely monitored the medium used for foreign employment.

4.2.6 Expenditure for Foreign Employment

A sizeable amount of money needs to be invested as a cost of foreign employment. The cost started from obtaining a passport, medical, checkup, manpower agency, commission visa fees, air fare, cost of internal travels and hotel charge in Kathmandu at the time of processing for foreign employment. To find out the cost paid by the respondents they were asked to quote expenses in different group is given by the following table.

Table 4.11: Average cost paid and Range of costs for Foreign Employment in Study

(Cost in Rs '000')

Employment Country	No. of Respondents	Average Cost	Ranges of Cost	
			Minimum	Maximum
Qatar	20	90	30	110
Malaysia	15	92	40	120
Dubai	10	150	50	150
Saudi Arabia	5	95	35	140
Other	10	210	1470	450
Total	60			

Source: Field Survey 2016

Table 4.11 shows the maximum cost that is paid by the migrants who go for foreign employment. Other than Gulf countries like UK, Kuwait etc., the number of migrants is less than the workers who go to the Gulf countries to earn money but the cost paid is seemed higher than Gulf countries. And for the gulf countries the cost of foreign employment is found less amount.

4.2.7 Status of Skilled 'of Migrants Workers

Skill is one of the most important factors which helps to find the proper job and increases the purchasing power of labor. Anybody who is trained can earn more money and get better job than unskilled labour. Most of the Nepalese seeking foreign employment are said to be untrained. They do not have adequate skills due to which employment in menial work and are paid low. The assessment of individual towards their own status of skill development the sources of training were asked in the interview, the responses received are presented, in following table.

Table 4.12: Frequency Distribution of Skill Status of Migrants Workers

Employment Country	No. of Respondents	Unskilled Respondents	Skill Developed Through		
			Institute	Friends/Relatives	Other
Qatar	20	15	1	2	2
Malaysia	15	8	1	1	1
Saudi Arabia	5	4	1	2	2
Dubai	10	4	3	2	1
Other	10	3	4	2	1
Total	60	34	10	9	7
Percent	100	56.7	16.7	15	11.6

Source: Field Survey 2016

Table 4.12 shows that 56.7 percent of job seeker considered themselves as unskilled before going foreign employment. The remaining 43.3 percent had some skills related to driving, electricity wiring, carpentry etc. Some had simple training in hotel management. Out of 26 individual 10 were trained in training institute, 9 individual developed skill through their friends and relatives and 7 were from others (by self, by own family, with the help of experience). It shows that most of the foreign seekers were untrained and unskilled labour.

4.3 Contribution of Remittance in Economic Status

4.3.1 Use of Remittance on Unproductive Sector

The use of remittance depends on the priority placed by the individuals on different uses like size of remittance, the time availability, opportunities for investment .and several other factors. Majority of migrants workers go abroad because of unemployment at home and poverty in the households. Generally the earnings made by them are not big. The cost of foreign employment is borne by borrowings. There

may be family rituals in waiting. Keeping all these conditions in mind, the respondents were asked to identify the uses they made for the money earned abroad. Generally the small amount of money spend on recurring expenditure like clothing, loan payment, cultural expenses, consumption expenses, durable consumer goods and which have huge investment but have no immediate return like real estate are knownas unproductive investment. To find out the uses of remittance by the respondents they were asked to .list the use of money' in different heads. The answers given by respondents are presented in the following table.

Table 4.13: Average Annual Expenditure on Unproductive Sectors

Sector	Average Annual Expenditure (in NRs)	Percent
Clothing	5500	3.0
Loan Payment	10200	6.0
Real Estate	110000	71.0
Cultural Expenses	5200	3.0
Durable Consumer Goods	21000	14.0
Food Consumption	5000	3.0
Total	156900	100

Source: Field Survey 2016

In the table 4.13 averaged annual expenditure on unproductive sector after remittance income has been shown. According to this table, the sampled respondents were spending on an average NRs 5,500 for the purpose of clothing which is 3.0 percent of total amount, 6.0 percent used to pay the loan. 71.0 percent of the total amount spent for the purpose of real estate: The huge amount of remittance used in this sector. 14.0percent used to buy consumer durable goods. Similarly, from the above table we can see that, for unproductive sector, respondents used the remittance for the cultural expenses is 3.0 percent and only 3.0 percent of remittance used for the food consumption:

The average annual expenditure on unproductive sector, about 56900 NRs might be due to the 'Demonstration Effect'. In the foreign country remittance earners have seen the extravagant life style, expensive cultural ceremonies and uses of luxuries goods etc.So they spent their income on unproductive sectors.

4.3.2 Uses of Remittance in Productive Sectors

Nepalese migrant's workers have earned some part of money and they were returned to home. But they have not used their total income into productive sectors, due to

use of their total income into productive sectors, several causes such as lack of knowledge, lack of market, lack of sufficient capital, non availability of opportunities for investment etc. Generally the huge amount of money spend on capital expenditure like education, agriculture, business and bank deposit which have huge investment and have return are known as productive investment.

Table 4.14: Average annual Investment on Productive Sector

Sectors	Average Annual Expenditure (in Nrs)	Percent
Education	20000	14.0
Agriculture	5000	3.0
Business	100000	68.0
Bank Deposit	23000	15.0
Total	148000	100

Source: Field Survey 2016

Table 4.14 shows that average annual investment on productive sector after remittances have been shown. According to this, the sampled respondents were spending on an average NRs 20000 for the purpose of education which is 14.0 percent of total expenditure on productive sectors. The sampled respondents were spending on average NRs 5000 for the purpose of the agriculture tools which are 3.0 percent of the total expenditure on being productive sector. Similarly bank deposit 15.0 percent and for the purpose of business uses of remittance income seems hug amount among other which is 68.0 percent of the total productive expenditure, due to. This most of the migrant households when they received remittance they start to do small business like hotel, cosmetic shop etc. So it covered the larger percent which is found by the field survey of the study area.

From above table it can be concluded that the average annual investment on a productive sector is lower than the average annual expenditure on unproductive sector. It is due to knowledge and also lack of proper policy of government for the utilization of remittance.

4.3.3 Utilization Pattern by Marital Status of Migrants

The uses of remittances are also depended on the marital status of migrants. So, according to the sampled respondents asking question about it and to find out the utilization pattern of their households the data are given by the following table.

Table 4.15: Utilization Pattern of Remittance By Marital Status Of Migrants

Use of remittance in productive sectors	Marital Status		% of married	% of unmarried	Use of Remittance in unproductive sectors	Status of Migrants		% of married	% of unmarried
	Married	Unmarried				Married	Unmarried		
Education	19	3	47.5	15	Clothing	4	1	10	20
Agriculture	6	2	15	10	Loan Repayment	4	1	10	5
Business	5	5	12.5	25	Real Estate	5	2	12.5	5
Bank Deposit	9	5	22.5	25	Cultural Expenses	8	7	20	10
Others	1	7	2.5	35	Durable Consumer Goods	4	2	10	35
					Good Consumption	14	3	35	10
					Other	1	20	2.5	15
Total	40	20	100	100	Total	40		100	100

Source: Field Survey 2016

Figure 4.2: Utilization Pattern of Remittance on Productive Sector by Marital Status of Migrants

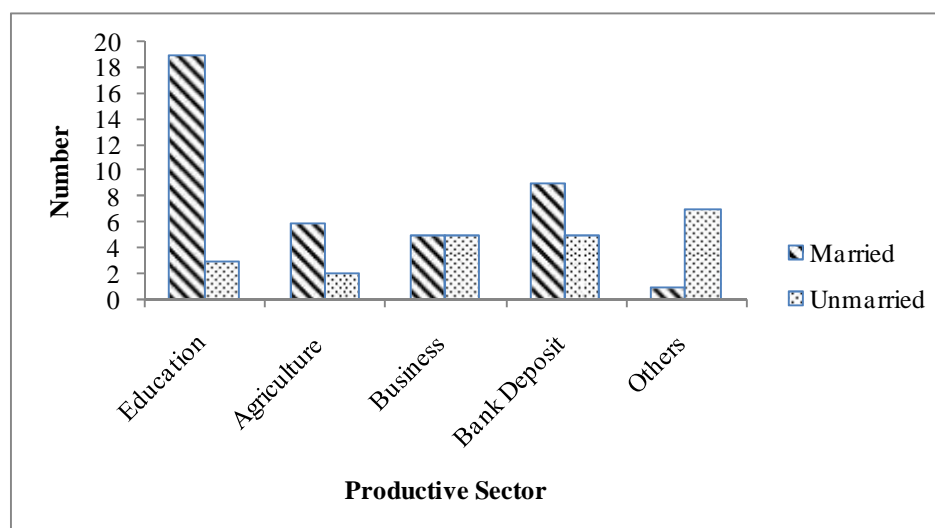
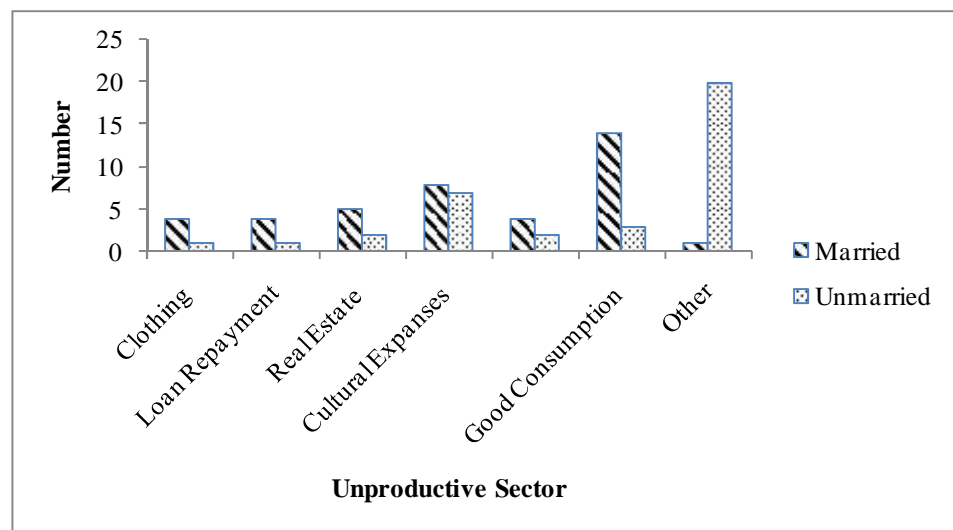


Table 4.15 shows the expenditure pattern of married and unmarried workers households in productive sector as well as unproductive sectors. Among the married

workers households 47.5 percent of them make expenditure on productive sectors in education. Similarly, among, the unmarried workers households especially more expenditure on unproductive sectors like durable consumer goods by 35 percent and married workers households also used their remittance on food consumption by 35 percent. In productive sectors bank deposit kept by married households with 9 percent and unmarried household by 5 percent. On the other side in unproductive sector 20 percent of unmarried workers households make expenditure on clothing and 10percent married workers household expenditure on clothing. Likewise, uses of remittance on productive agricultural sector of married households have higher than that unmarried households and in unproductive sector more expenditure of unmarried workers remittance unknown sectors denoted by other with 1 percent.

Figure 4.3: Utilization Pattern of Remittance on Unproductive Sector by Marital Status of Migrants



In conclusion, from the above table the married workers households use their remittance in productive sector more than unmarried workers' households.

4.3.4 Utilization Pattern of Remittance by Educational Status of Migrants

The utilization of remittance according to the educational status of migrant's workers households depend upon the education status of migrants. Because, if the migrants worker is well educated he knows about the utilization pattern of remittance and if the migrant is not well educated he does not know about the utilization pattern of

remittance in productive sectors, so their households used the remittance in unproductive sectors. To know the fact about it question are asked with the respondents. According to their answer the data are shown in the following table.

The table 4.16 shows that the households use the remittance in different sectors (productive and unproductive) according, to migrant's workers educational status. To see the table among, migrants workers, under the SLC educational 'level household expenses on more unproductive sectors like clothing, consumer durable 'goods and other unknown sectors. This may be due to the lack of proper knowledge about uses of remittance. In education status of SLC also shows that more than half percent of remittance used in productive sectors such as real estate (75%) cultural expenses(50%) etc. And to see the productive sector uses in agriculture sector and bank deposit sector seems to equal percent as 37.5.

Table 4.16: Utilization Pattern of Remittance by Educational Status of Migrants

Use Sector of Remittance	Under SLC	SLC	Intermediate	Bachelor or Above	Total
Education	1(12.5)	2(25)	3(37.5)	2(25)	8
Agriculture	2(28.5)	3(37.5)	2(28.5)	-	7
Business	-	3(37.5)	1(20)	1(12.5)	5
Bank Deposit	1(12.5)	2(37.5)	3(37.5)	1(12.5)	8
Clothing	3(60)	2(40)	-	-	5
Loan Repayment	2(40)	2(40)	1(20)	-	5
Real Estate	1(25)	3(75)	-	-	4
Cultural Exp.	2(50)	2(50)	-	-	4
Durable Consumer Goods	4(66.6)	2(33.3)	-	-	6
Food Consumption	2(33.3)	2(33.33)	2(33.3)	-	6
Other	2(100)	-	-	-	2
Total in Productive	4	11	9	4	27
Total in Unproductive	16	13	3	-	33
Grand Total	20	24	12	4	60

Source: Field Survey 2016

Note: Figure in Parenthesis of row and column indicates percent.

The education level of intermediate migrants households use their remittance quite more in productive sector like education and bank deposit 37.5 percent. 28.5 percent

in agriculture sector. Similarly the education level of bachelor of migrants workers households, all these remittance uses in productive sector like education, business and bank deposit. This might be due to the, educated migrants' workers proper guidance their households means as to using their remittance in productive sectors.

In conclusion from above table if the migrant workers are well educated they recommend to their households to use the remittance in productive sectors but if the migrant workers are not well educated they unknown about the use of remittance, so their households uses their remittance in unproductive sectors.

4.3.5 Utilization of Remittance by Skill Status of Migrants

The following table shows the utilization pattern of remittance according to the skill of migrants, workers. Skilled labors are those labors who have taken special type of training from recognized organizations.

Table 4.17: Utilization of Remittance by Skill Status of Migrants

Uses of Remittance in Productive Sector	Skills Status		% use by		Use in unproductive Sector	Skill Status		% use by	
	Skilled	Unskilled	Skilled	Unskilled		Skilled	Unskilled	Skilled	Unskilled
Education	7	6	26.9	17.6	Clothing	4	5	15.4	14.7
Agriculture	4	9	15.4	26.47	Loan Repayment	2	3	7.7	8.8
Business	2	6	7.7	17.6	Real Estate	6	7	23.1	20.6
Bank Deposit	12	8	46.2	23.5	Cultural Expenses	5	8	19.2	23.5
Others	1	5	3.8	14.7	Durable Consumer Goods	2	4	7.7	11.7
					Good Consumption	6	5	19.2	14.7
					Other	1	2	3.8	5.8
Total	26	34	100	100	Total	26	34	100	100

Source: Field Survey 2016

Table 4.17 shows the remittance uses by households according to the skill of migrants workers in productive sector as well as non-productive sector. Among the skilled workers households 26.9 percent of them used their remittance in productive (education) sectors, whereas unskilled uses only 17.6 percent in this sector. Similarly if the migrants have been gone abroad with skilled, he might be earned more than unskilled migrants. So the skilled migrant's households received more remittance and

used in productive sector such as bank deposit, agriculture, education etc. On the other if the migrants have gone without any skilled, less opportunities to get good job as well as lesser salary, due to this the unskilled migrants households use their remittance in unproductive sector like real state, durable consumer goods cultural expenses etc. So he know about the proper uses of remittance, but who have been gone without skilled he might be also not well educated and he is unknown about the Uses of remittance, so his households use the remittance in unproductive sector.

The above table concluded that the unskilled migrant's household uses their remittance in unproductive sector more .than productive sector, whereas the skilled migrant's households use their remittance in productive sector more than unproductive sector.

4.3.6 Reason of Non-Utilization of Remittance into Productive Sector

Nepalese migrants workers have earned some part of money in abroad and they were sent their earn amount or return in home. But they have not yet used their income in to productive sectors. Why they haven't used their income in to productive sector? They may have been several reasons. These reasons might be insecurity, lack of knowledge, lack of market, lack of sufficient capital. non-availability of opportunities for investment etc. To find out the reasons of non-utilization of remittance in to productive sector the respondents of this VDC were asked and their answers are given in the' following table:

Table 4.18: Causes of Non-Utilization of Remittance in to Productive sector

Cause/Reasons	No. of Respondents	% of Respondents
Conflict	9	15
Lack of sizeable capital	16	26.6
Lack of Market	10	16.7
Lack of Knowledge	15	25
Other	10	16.7
Total	60	100

Source: Field Survey 2016 ,

The table 4.18 shows that the remittance has been affected by many factors. For the convenience; these factors are termed as the non-utilization of the remittance has been classified into five heading and the data are compiled in accordance to the number of respondents. The causes of non-utilization vary from different households. Among the total respondents 26.6 percent says that the causes is lack of sizeable capital is not

used the remittance in productive sector, equal percent 16.7 of them have reported that due to the lack of market and other causes, 25 percent has lack of knowledge, 15 percent were conflict they used the remittance in unproductive sectors. Here other causes are might be lack of proper knowledge and education.

4.4 To Compare the Economic Status of Migrant Workers before and After Receiving Remittance

In this chapter, we can compare the economic status of migrant household before and after received remittance as well as what the impact of remittance is after received it. So for this, asked the question with respondents about it and according to their answer' the data have been analyzed with different topic as follows.

4.4.1 Total Land Holding Before and After Remittance Income

The landholding exercise before and after remittance income is shown in the table 4.19

Table 4.19: Total Land Holding Before and After Received Remittance

Before Remittance Income			After Remittance Income		
Land holding size	No. of respondents	Percentage	Land holding size	No. of Respondents	Percentage
Landless	1	1.7	Landless	-	-
Up to 5	5	8.3	Up to 5	2	3.3
5-20	10	16.6	5-20	13	21.7
20-40	25	42.4	20-40	22	36.7
40+	19	31.6	40+	23	38.3
	60	100		60	100

Source: field survey-2016

*Ropani (1 hector-19. 657178 Ropani)

Table 4.19 shows the figure of land holding size before and after the remittance income. It is observed that the landless household decreased zero after remittance income. It is found that people in rural area prefer having own land than to do other business activities.. It is also found the household who have already owned land also buy new land from their remittance income. This figure symbolized the characteristics of rural practices of Nepalese economy that people say land is the property cannot be stolen." It is proved that people do not prefer to take risk by investing in other sector as the households with high ropani land buy extra land from their remittance.

4.4.2 Changes in Household Economy my due to Foreign Employment

It is believed that if somebody received remittance in households, his/her economy improved. The change in economic wellbeing and improvement in living standard will improve the social status of household where the change takes place. To find out the change in household due to• remittance or foreign employment the respondents were asked to give their own adjustment. The answer given by them is presented in the table 4.20

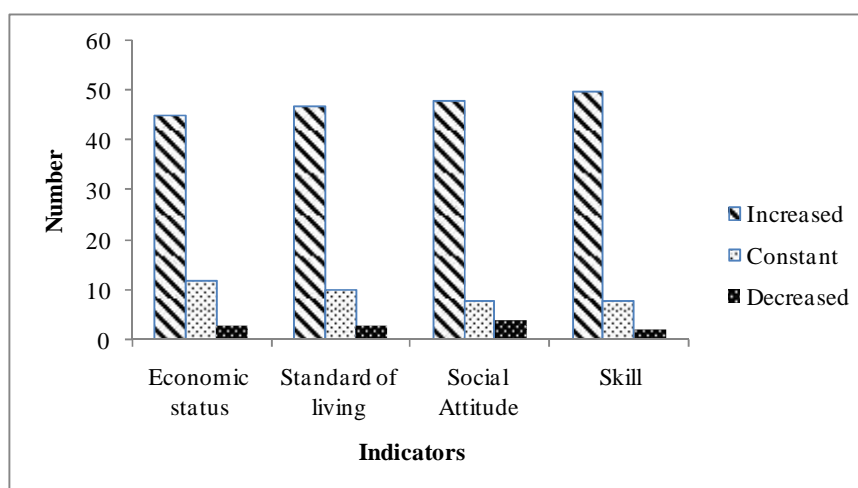
Table 4.20: Frequency Distribution of Changed in Different Indicators of the Respondents

Indicators	Change in Condition			Total
	Increased	Constant	Decreased	
Economic status	45(75)	12(20)	3(5)	60
Standard of living	47(78.3)	10(16.7)	3(5)	60
Social Attitude	48(80)	8(13.3)	4(6.7)	60
Skill	50(83.3)	8(13.3)	2(3.3)	60

Source: Field Survey 2016

Note: Figure in parenthesis of row and column indicate percent

Figure 4.4: Chanae in Economic Status due to Foreign Employment



Above analysis is based on the total sample without separation. It Shows that 75 percent respondents reported that their economic status has increased after received the remittance, other 20 percent respondents said that their economic status remain same, 5 percent said that their economic status decreased. Decreases in economics might have been resulted with high cost, low pay or short employment. 78.3 percent

respondents have increased the living standard after foreign employment or received remittance, 16.7 percent remain their standard of living same, only about 5 percent said decreased their living standard. 80 percent respondents felt that social attitude towards them have changed and were looked upward because of their earning. But 13.3 percent respondents said that they had some skill because performed same work abroad as they have done in Nepal.

It can be concluded that most of the respondents felt that there was a positive change in their household economic and social indicators after going foreign employment.

4.4.3 Effect on Other Indicators

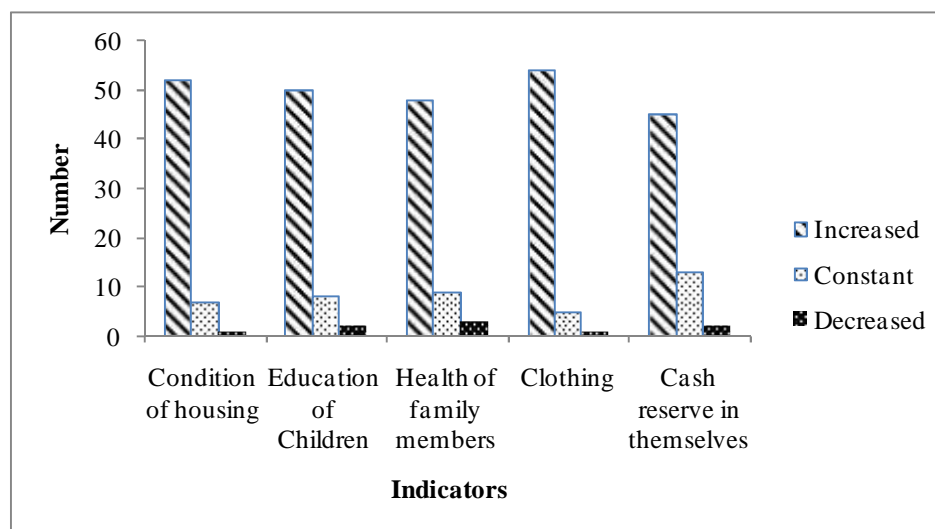
How the foreign employment and remittance impacted on certain household indicators? Do they live in better house? Do they send their children, to better school? How the health has changed? Is their family batterer dressed? Are they protected from rural indebtedness at the time of need? These were very pertinent questions positive impact on them depended on size of income of respondents brought from foreign employment, family size, economic condition of family, before foreign employment knowledge of respondents, culture of society etc. To find out the impact for an employment on household indicators the respondents were asked to respond on changed brought by foreign employment. The answers provided are given in the following table.

Table 4.21: Frequency Distribution of Impact on Other Household Indicators of the Respondents

Indicators	Change in Condition		
	Increased	Constant	Decrease
Condition of housing	52(86.6)	7(11.7)	1(1.7)
Education of Children	50(63.3)	8(13.3)	2(3)
Health of family members	48(80)	9(15)	3(5)
Clothing	54(90)	5(8.3)	1(1.7)
Cash reserve in themselves	45(75)	13(21.7)	2(3.30)

*Source: Field Survey.2016. *The figures in parenthesis of row and column indicate percent.*

Figure 4.5: Impact on Other Indicators of Households



Source: Based on table 4.21

Table 4.21 shows that 86.6 percent respondents have improved the condition of housing. It shows that anybody who came from foreign employment either have made new house or repair old house. Around 12 percent respondents reported that the house condition remained same. The reason might be low income or other more pressing priorities. More than half of the respondents reported that the education of the children have been improved after foreign employment. It might be the result of improvement of the economic condition of individual who could afford boarding school for their children. But around the 3.3 percent of the respondents reported that the educational conditions of their children become worsted. It might be due to the absence of parents of guide the children at home.

Around 13.3 percent respondents reported that the level of education of their children remained same. 48 respondents reported that the health condition of their family members have improved after foreign employment. It might be result of again income and affordability of medical services. Around 5 percent respondents reported worsened health condition of their family members. It might be due to over wok or burden in the family cores. About 15 percent respondents said that the health condition of their family members remaining the same ever after returning the foreign employment; it might be due to general health condition of the area and health,

awareness. More than half of the respondents said that household members are using better clothing after received the remittance. When the availability of liquid cash to meet their need. About one six of the respondents said that they were worse off. Remaining one half said that they are in usual situation. It indicates that foreign employment has increased the liquidity situation of the participation of the foreign employment. The lower level of liquidity might have been the result of high expenses, low income of the high cost of foreign employment. It was not analyzed in detailed in this study.

It can be concluded that around 80 percent respondents of this VDC have improve different household's economic indicators due to foreign employment. In short, people who have reformed economic indicators due to foreign employment have received some economic benefit and improved their financial, social and economic condition abut it cannot be said it has improved their life tremendously. It might be indicators that remittances brought by the foreign bound labour have benefitted other than the employee himself.

4.4.4 Effective on Physical Assets due to Remittance

The migrants' household seems to more impact on the sector of physical assets by the comparison of the condition of physical between before and after received remittance. Here mainly concern with the effect on agricultural tools, T.V., Telephone, computer etc. So asked to the sampled respondents about it answer have been found which has been helped to know, what the impact is or to comparison the status of physical assets before and after received remittance income; which is shown by the following table.

Table 4.22: Comparison on Physical Assets of Households Before and After Remittance Received

Physical Assets	Before Households	After households	Amount	
			Before	After
Agricultural Tools	35	45	50000	12000
Vehicles	2	6	1000000	150000
T.V. Radio	15	45	6000	150000
Telephone	10	50	5000	10000
Refrigerator	-	-	-	250000
Computer	-	2	-	35000
Landholding	10	20	500000	1000000

Source: Field survey 2016

Above table shows that, out of total sampled respondents 35 respondents have agricultural tools before they received remittance but after when they received the remittance which is increased to 45 people using it and paid 12000 NRs of received remittance. Similarly increase seen in the number of vehicles uses households (here vehicles indicate mainly motorbike, taxi etc.). It is clear that more than half of the sampled respondents buy the T.V., Radio, Telephone after received the remittance, Only 2 respondents have been given the answer to buy the computer after remittance income. The huge amount of remittance is used for the purpose of buying these types of things. There is also increase in the land holding respondents after received remittance, mainly they buy the land in urban sector or quite developed area, like near the bazaar, near the main road etc.

4.4.5 Effect on Saving and Investment due to Foreign Employment

The income which is received from remittance or by other activities of households, some portion is used for investment and remaining part of it is being saved. If the households situation with low income level there will be no any possibility for tomorore saved and investment extend for it , that all used for Consumption expenditure. According to the sampled respondents answer of asking question about it, what was the effect on saving and investment. Any income which is by remittance or by other activities of households, some portion of it used for expenditure, some before and after the remittance income shows by the following table.

Table 4.23: Comparison of Saving and Investment in Different Sector due to Receive the Remittance

Saving/Investment Sectors	Before	After	Amount	
			Before	After
1. Business Sectors				
i. Wax Factory	-	-	-	-
ii. Mill	3	7	200000	500000
iii. Fancy Shop	7	30	100000	300000
iv. Hotel	10	25	50000	2000000
v. Fishery	-	1	-	50000
vi. Poultry	-	3	-	
vii. Other	3	10	200000	500000
2. Deposit/Bank Balance				
i. Bank	10	20	300000	500000
ii. Cooperative	15	30	50000	100000
3. Investment in Capital Market				
i. Shares	-	3	-	50000
ii. Bonds	-	-	-	-

Source: Field Survey 2016

Above table shows the effect on saving and investment due to remittance. In the business sector more than half respondents increased the trend after received the remittance, before the remittance income the respondents who have done business and they spent for it about 550000 NRs in different sectors of business. But when they received the remittance after this amount increases near about 1800000 NRs. Here other indicate that the small whole sells and stationary shops. Other aspect of saving or deposit in bank. It seems to be that very few person or about 25 respondents were deposit in bank or save in cooperative which are activated in rural area, about NRs 350000 before the household received remittance, due to this in rural area their, income is low, so they could not able to more saved, it might be their all income used for consumption. But after received the remittance their income level quite high and able to some portion of income is being saved. So about 50 respondents able to save their income around 600000 in bank deposit or in cooperative after remittance income. In rural area there is no any possibility of capital market percent, if so after remittance only 3 respondents were invested in share in orbans' bank about 500'00 NRs but before remittance it had been not.

In conclusion we can say that from' the above comparisons the trend of investment and saving have been increases after received remittance, increases the respondents as well as their amount. For the save of their income even in low range the cooperative played the vital role, which is activated in rural area. And also more respondents started to do business after received the remittance income.

4.4.6 Comparisons of Consumption Pattern before and After Received Remittance

Consumption is the essential part of human beings like food consumption. Either low income or high income group they have to consumed, but in different ways is deepens up on their income level. To know this pattern, taking the interview with sampled respondents about effect of income on consumption? According to the respondents consumption have been done with the .help of following table.

Table 4.24: Consumption Pattern of Remittance of Households before and after Received the Remittance

Consumption Pattern	Before (days in week)	After (days in week)	Amount	
			Before	After
Food	7	7	1000	1500
Fruit	2	5	500	1000
Meat	1	3	500	1000

Source: Field Survey 2016

The table shows the consumption pattern of the households before and after received the remittance. Normally the food consumption seems all days in a week but paid the amount for it is low, which is only NRs 1000 before remittance income in a week. But after received the remittance income it increases 500 NRs or 1500 NRs have been found to be paid for the food consumption by the sampled respondents. In a week only 3 days consume Fruit and paid for it 500 NRs before the remittance income but after received remittance these days increases up to 5 in a week. And the respondents said that only one day consumed meat and paid only 500 NRs before the remittance income due to this lack of money to paid for meat with them when they received their income level become high and the meat consumption pattern also increases up to 3 days in a week as-well as increases the paid amount for it.

It is clear that from the comparisons of above we can say that the income level have been effect on consumption pattern directly.

4.4.7 Loan/ Debt Condition Before and After Received the Remittance Income

If the household income level is not sufficient to sustain the activities of households at that condition the people have to take the loan which is also depends upon the income of households. To find out the reality of it what have been effective on loan condition before remittance income and after remittance income of the households' activities, the answer by them have been shown in the following table.

Table 4.25: Comparison of Loan/ Debt Condition of Households Before and After Remittance

Loan/Debt Condition	Amount	
	Before	After
For HHs expenditure	10000	
For Education of Children	4000	
For Food	3000	
For Other	2000	

Source: Field Survey 2016

Above table shows that for the purpose of households' expenditure the sampled respondents (but not all) reported that they have been taken loan about 10000 NRs before received remittance. Similarly NRs 4000, 3000 and 2000 for the purpose of education of children, food and for other activities (other means cultural expenses, health etc.) of the households respectively, causes of taken loan for it before, remittance their income might be low. But they said that after received the remittance income it was not needed to take the loan to fulfill these requirement of household's regular activities.

4.4.8 Distribution of Negative Impact of Labour Migrants

All things have two aspects, viz. negative and positive. In this section, negative impact of labour migration has been described this section by asking the question with respondents. The response is given in following table 4.26.

Table 4.26: Distribution of Negative Impact of Labour Migration

Description	No. of Respondents	Percent
Migrating Skilled Manpower	30	50.0
Feeling insecurity	3	5.0
Homesick Problem	5	8.3
Deficiency of Local development activity	13	21.7
Death of Migrants	2	3.3
Other	7	11.7
Total	60	100

Source: Field Survey 2016

Table 4.26 shows that the fifty percent of total sampled responded have viewed that migrating, skilled manpower, from which local resources has not been utilized properly and the potentiality of the development process of local level remain constant and decreased, which directly impact negative on developing process of the economy of the home country. 21.7 percent have viewed that there is deficiency of local development activity. Among., sampled respondents 8.3 percent migrant were suffer from homesick problem, 5 percent felt insecurity, 11.7 percent have given the answer other like suffer from various types of diseases and 3.3 percent viewed that people were died in foreign country who have gone with the aim to earn more money. These are the bad aspect of foreign migration.

From above table it is concluded that the remittances have not always positive impacton economy, it has some 'negative impact on economy or households. If we

cannot use properly the remittance and lack of aware of migrant persons, there will be dangerous for foreign employment.

4.4.9 Suggestion for Properly Utilization of Remittance by the Respondents

Some questions were asked during the field survey about suggestion for properly utilization of remittance and their view about it, which is given in the following table.

Table 4.27 shows that 18.33 percent of the respondents have viewed that the government should provide vocational training for investment in small and medium scale industry 25 percent respondents have answered that the government should encourage the people to use the 'remittance in productive sectors or other benefited field. 26.67 percent of them have viewed that the government should create investment opportunities through adequate construction of physical infrastructures like hydroelectricity, road etc.

Table 4.27: Suggestion for Properly Utilization of Remittance

Suggestion about	No. of Respondents	Percent
Government should bring security policy for investment like rebate of tax for certain period and providing incentives for export oriented industry.	18	30.0
Government should encourage the people to use the remittance in productive sectors	15	25.0
Government should provide vocational training for investment in small and medium scale industry	11	18.33
Should create investment opportunities through adequate construction of physical infrastructure	16	26.67
Total	60	100

Source: Field Survey 2016

Similarly 30.0 percent have answered that government should bring secure policy for investment like rebate of tax for certain period for establishing industry in remote area and providing incentives for export oriented industry. This implies that the proper utilization of remittance has not been yet done due to lack of appropriate policy and environment.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of major findings

The main objectives of this study is to identify the socio economic characters of foreign employees, source of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance. The specific objectives are a) to examine the utilization pattern of remittance in the study area and b) to compare the economic status of migrant household before and after receipt of remittance.

To fulfill these objectives of the study, Bhimdhunga VDC in Kathmandu district is selected as study area. The 60 households were chosen by single stage 'random sampling method and the data were collected through the questionnaire method.

The main destination of Nepalese workers are gulf countries in which Qatar have been taken on the higher percent of it. Only 6 percent of the respondents had gone into other Europe or other development countries. The major reasons to seek foreign employment include unemployment, family debt burden and to earn money. The means to get foreign employment more than 50% of sampled respondents were MPAs. Other went either through the unregistered agents of personal initiative.

The main source of financing for foreign employment for 80 percent migrants workers was borrowing, 6.7 percent uses their family saving and 5 percent manage the cost by sales of their land.

Major sector of employment for Nepalese workers were security, building construction, hotel as well as manufacturing sector. The average earning of the migrants workers is quite less in Gulf countries than other countries like European countries. In other country, average income of all groups near about 350,000 per year but in Gulf countries it is around 160,000 per year. For the process of foreign employment more than half percent people spend 70 to 130 thousands.

The major portion of the remittance is used in unproductive sectors like consumption, real estate, paying loan and social spending. But some portion of the remittance issued

unproductive sector like education, business, agricultural sector etc. The respondents of this VDC were not utilized their remittance in proper sectors because of the non-security and no availability of sizeable investment funds for investing in productive sector of the economy.

The respondents of this VDC said that remittance have increased their household economy and social indicators after received remittance. Around 75 percent respondents said that remittances have increased their economic status. Around 78 percent said that remittance has increased their standard of living. Whereas around 12 percent said that the economic status and living standard remaining the same after received remittance. And 8 percent of them said their social attitude and skill remaining the same level even after received the remittance.

The study showed that, most of the economically active people have gone to the foreign country, because of the main responsibilities of the family. Considering that age group 18-45 years are energetic, dynamic, able to do risky task and frequent traveler for foreign job. Educated migrants are skilled labours and they can get higher salary for their better performance. Whereas lower educated migrants are semiskilled or unskilled labour and they get lower salary than skilled labour. Higher the literacy level of migrants, higher will be collection of remittance and vice-versa.

The study showed that the landless household decreased zero after remittance income. It is found that people in rural area prefer having own land than to do other business activities. It is also 'found the household who have already owned land also buy new land from their remittance income. This figure symbolized the characteristics of rural practices of Nepalese economy that people say "land is the property cannot be stolen." It is proved that people do not prefer to take risk by investing in other sector as the households with high ropani land buy extra land from their remittance.

5.2 Conclusion

Remittances have emerged as one of the premier sources of foreign exchange in Nepal. Recent year remittance is taken as important revenue to support for family members remaining at home country. It is concluded that migrant workers play effective 'role for .poverty reduction. Though foreign employment is boon to the economy, the facilities are inadequate to back of the changing trend of migration.

It is clear that, most of the workers have gone in Gulf country due to unskilled and low literacy status of migrants. So the main destination countries are Gulf country for the foreign employment from the study area.

It concluded that most of the foreign seekers were untrained and unskilled labour. The average annual expenditure, on unproductive sector is increasing day by day due to the 'Demonstration Effect'. In the foreign country remittance earners have seen the extravagant life style, expensive cultural ceremonies and uses of luxuries goods etc. So they spent their income on unproductive sectors.

From study it can be concluded that the average annual investment on a productive sector is lower than the average annual expenditure on unproductive sector. It is due to knowledge and lack of proper government policy for the utilization of remittance. It is concluded that if the migrant workers are well educated, they recommend their households to use the remittance in productive sectors but if the migrant workers are not well educated. They are unknown about the use of remittance. So, most of the uneducated households use their remittance in unproductive sectors.

The study concluded that the unskilled migrant's households use their remittance in unproductive sector more than productive sector, whereas the skilled migrant's households use their remittance in productive sector more than unproductive sector. It can be concluded that most of the respondents felt that there is positive change in their household economic and social indicators after going foreign employment.

5.3 Recommendations

Based on the findings & conclusions from the present study the recommendations are made as follows:

- (i) Most of the migrants of this VDC have gone to foreign employment in unskilled condition. So, they cannot earn more income than skilled workers. So the technical training institution should be established in rural areas and person who wants to go to the foreign employment, should be given training related to the work and also the language of migrating country before going to foreign employment.

- (ii) From the study it is found that large number of respondents have used loan for financing cost of foreign employment and some migrants sold land and small number of migrants have used their family saving. It is strongly felt that government should establish a proper mechanism to finance the foreign employment with minimum interest rate.
- (iii) Higher the education level more diversified the workers in different field of work and gradually choosing more skilled work and lesser the education more narrow field of work and workers gather in semiskilled category of work. From the above table, under SLC level education workers can get security type of Work and SLC or above SLC education workers can get diversified category of work like construction, hotel, salesman manufacturing etc. It is strongly felt that proper screening, of the workers should be done as per their education and proper training/skill should be provided before going for foreign employment.
- (iv) From the study it is found that 36 persons have gone to seek foreign employment through registered manpower agencies, 9 respondents managed through their own contact, 6 respondents used local agent and respondents with the help of their relatives. It is concluded that the majority of foreign job seekers uses the MPAs as a medium to find the jobs. Some used their friends and relatives as medium and very few choose local agents. Foreign migrants should follow the proper legal medium to go for foreign employment, so that it will be easy to get/access legal rescue when at risk. Also government should strictly discourage/control for adopting illegal medium for foreign employment and closely monitored the medium used for foreign employment.
- (v) Most of the respondents have not utilized their remittance and newly learnt skills at abroad, while returning at homeland, because of lack of technology, non availability of sizeable investment funds and lack of market etc. So, the policy should make to create good environment and provided sufficient technology as well as market.

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	b. Relatives	
4	From selling various things/properties	
5	Others	
Total		

11. What is the expected length of time to repay loan?

..... year months

12. What is the monthly salary, remittance inflow and channel of remitting money?

Monthly salary in NRS	Remittance inflow per year	Channel of remittance money

13. Did you/she/he get over time opportunities?

a. Yes () b. No ()

14. If yes how many hours per week and remuneration amount of over time?

..... hours..... Rs

15. How much money can you/she/he save per month?

..... Money

16. Areas of uses remittances per year/amount

a. in productive sectors

Area per year	Amount in NRS
Business	
Agriculture	
Investment	
Total	

b. In unproductive Sector

Area per year	Amount in NRs
Clothing	
Loan Payment	
Real estate	
Cultural expenses/festival expenses	
Durables consumers Goods	
Food consumption/Children's schooling	
Interest payment	
Bank deposit	
Total	

17 If you didn't invest remittance income in productive sector what are the reasons behind it?

- a. Lack of business environment
- b. Conflict
- c. Lack of market
- d. Lack of sufficient capital
- e. No idea about business/investment at all
- f. Others

18. Where have you preference to invest?

.....

19. What is you annual income?

Before going to foreign employment	After going for foreign employment

20. What is your annual saving pattern?

Total income	Consumption	Saving

21. What is the effectiveness of remittance in economic status?

a.

Consumption pattern	Before (days in week)	After (days in week)	Amount	
Food			Before	After
Fruit				
Meat				

b.

Education expenditure	Before	After	Amount	
			Before	After
Private				

c.

Clothing	Amount	
	Before	After

d.

Living Standard	Before	After	Amount	
			Before	After

e.

Physical Assets	Before	After	Amount	
			Before	After
a. Agriculture/tools				
b. Vehicles				
c. T.V/Radio				
d. Telephone				
e. Refrigerator				
f. Landholding				

22. Which area you prefer to invest for your saving?

Saving/investment	Before	After	Amount	
			Before	After
Business investment				
a. Wax factory				
b. Mill				
c. Fancy shop				
d. Hotel				
e. Fishery				
f. Poultry				
g. Others				
Deposit/Bank balance				
a. Bank				
b. Cooperative				
Investment in Capital market				
a. Shares				
b. Bonds				

23. What is the level of loan pattern before and after investment received?

Loa/Debt condition	Amount	
	Before	After

24. What is your relationship with neighbors?

- a. Good () b. Bad c. Normal ()

25. What is the your social status after receiving remittance?

- a. Increased () b. Decreased () c. Normal ()

26. What should do government for properly utilized of remittance income?

.....

27. In your opinion what is to be done to promote employment in own country?

.....