

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Remittance is the main source of income in Nepal. It has play an important role in development and economy of Nepal .Due to the less economy, employment opportunities are less. Therefore every day the people are migrating towards the foreign country for better education. Due to the poverty people are going to the foreign country. Unskilled and semiskilled people have shown great inclination towards foreign employment. For the different Gulf countries the demand for Nepalese worker is increasing such as Malaysia, Saudi, Qatar, UAE, South Korea, and other eastern countries. Nepal Government is not able to provide a sufficient salary and employment better facilities for workers so the Nepalese people are fascinated towards foreign employment.

Daily hundreds of Nepal youth have been leaving their motherland for foreign employment .Although there is not used properly as shown by recent research. many Nepalese youth who are in foreign countries sent their income to their family and relatives and that income come in the form remittance. Role of remittance in entrepreneurship is most important factors of Nepalese people. Nepal is to based on agriculture . Most of the rural youth are in Gulf countries. In other hand skilled and efficient manpower is being utilized in the other developed countries like USA, Australia, Canada, UK, Germany, France and Japan etc.

Many youth of Sarangdanda VDC has gone to different Gulf countries and other develop countries. They invest their income in different entrepreneurship such as health sector, Education, agriculture production, social sector, cooperatives, IME etc. This study focus that the youth (which are in abroad) had spent their income towards different sector like poultry farming, fish farming, animal farm(i.e. cow farm ,goat farm etc)vegetable production, local business.

Panchthar District a part of Mechi Zone is one of the seventy-five districts of Nepal a landlocked country Asia. The District, with Panchthar as its district headquarters. The district covers 1,241km sq (479sq m). The 2011 census counted 191,817 population. Panchthar majority population is that of Kirantis (Limbu, Rais) and other ethnic groups and hill castes.

Sarangdanda is a village development committee in panchthar District in the Mechi Zone of eastern Nepal .The time of the 2011 Nepal census it had a population of 5,560, male population 2,555, female population 3,010 and total household 12,99 (CBS 2011). Entrepreneurship in Nepal Being one of the least developed countries, more than 24.7 percent of population fall below the poverty line, and the annual per capita income is not more than U.S. \$600 (ICIMOD, 2012). The pace of industrialization in Nepal has remained very slow. The industrial sector contributes around 8 percent to GDP and provides employment to about 2 percent of economically active population. Nepal has been experiencing unemployment and acute under-unemployment problem. As a result, unemployment and poverty is prevalent, forcing the young Nepalese to look overseas for employment. Empirical evidence in many countries has shown that the development of industrial enterprises can directly contribute to job creation, the use of local resources, and import substitution, thus increasing the gross national product. Therefore, to accelerate the pace of industrial development, the government of Nepal has given high priority to the promotion of SMEs.

Therefore, entrepreneurs have important role to play in the process of industrialization. They could assist in generating employment opportunities, raising income and breaking the vicious circle of poverty. If we look at history, we can see a historical decline of self employment in Nepal. Across different stage of development, a shift from agriculture to manufacturing and economies of scale in production by larger enterprises in many sectors offered better opportunities. Additionally, rising real wages increases the opportunity cost of self-employment relative to the return, inducing marginal entrepreneurs to become employees. Also, due to globalization and opportunities available in developed nations,

the trend to migration and brain drain has increased. In these circumstances, fewer individuals are willing to run the risk associated with becoming an entrepreneur.

Nepal is receiving billions of rupees sent by Nepalese workers from different parts of the world. It could be many times higher even with the existing number of Nepalese workers abroad if Nepal can strategically and systematically manage the foreign employment process and remittance transfer. The Nepalese migrant workers face a host of hurdles at the home country and their destinations (NRB, 2001, 2007, Bhattarai, 2005, MoLT/UNIFEM, 2003, Ghimire, 1996, Gurung, 2002 and Pant, 2006). The major problems are poor working conditions, lower wage level and rising cost of living in the destination countries, fraud recruitment and lack of social protection. Another principal challenge is migrating through illegal channels, thereby losing the legal status in the labor importing countries.

Role of remittance and entrepreneurship development is the key determinants of the livelihood of the poor community. Remittance are comparatively advantageous than other factors. Entrepreneurship development improve the lifestyle of the rural people due to rational uses of these remittance. There are many entrepreneurship but not properly identified and properly used. The villagers use the remittance to their every aspects of life.

1.2 Statement of the Problem

In Sarangdanda VDC no one researcher has not yet research about the remittance and entrepreneurship development their impact on people's livelihood so this proposal were assess contribution of entrepreneurship on peoples livelihood. Is remittance use properly people has open entrepreneurship so that the income were high the Sarangdanda VDC has get employment opportunities. Remittance is not properly utilize so that the people of Sarangdanda VDC are migrating towards other part of countries.

Sarangdanda VDC offers multitude of opportunities in entrepreneurship. The local cardamom, Tea, ginger, kibi, milks production and other agro- products are popular in the

market. The popularity of “Sarangdanda” can be transformed into quality products through value-adding, industrialization, financial assistance, infrastructure development. This requires entrepreneurship development.

In view of fulfilling the objectives of the present study, this research answers the following questions.

- i. What is the status of remittance flow in the study area?
- ii. How to utilize remittance in entrepreneurship?
- iii. What are the problems and challenges of remittance for entrepreneurship development?

1.3 Objective of the Study

The general objective of the study is to analyze the role of remittance in entrepreneurship development in Sarangdanda VDC of Panchthar District.

The specific objectives of the study are:

- i. To examine the status of remittance flow in the study area
- ii. To analyze the status of utilization of remittance in entrepreneurship development
- iii. To explore the problems of remittance use for entrepreneurship development

1.4 Significance of the Study

The study focuses on the important topic of the current situation; therefore, the study deserves some significance of its own kind in this field. Remittance and entrepreneurship has become a major source of external finance, providing a convenient angle from which to approach the complex labor migration agenda, in these areas of Nepal where there is no job opportunity except agriculture to earn money for fulfillment of their needs.

This study gives the general overview of the remittance and entrepreneurship in Sarangdanda VDC. Further it fills up the gap of knowledge about the role of remittance and entrepreneurship development on rural households of Sarangdanda VDC of Panchthar District; it is a case study of the VDC.

This type of the study is the first attempt ever made in Sarangdanda VDC of Panchthar District. This study was useful for researchers, students, and for those who want to have further in detail. This study may be helpful to government planners, policy makers, social workers and others

1.5 Limitation of the Study

This study concerned with the particular problem entitled with “The Role of remittance in entrepreneurship development” according to the objective of the study. This study is based on sample size of study area. It may not be helpful to the general conclusion. The limitation of time is another limit of this study; it was completed within very few days. Limited resources were used to conduct this study such as financial and human resources.

The present study were based on and limited to the peoples of Sarangdanda VDC. And the study was very specific like that of case studies.

1.6 Organization of the Study

In order to analyze the thesis effectively, it was divided into five chapters. The first chapter was introductory chapters. This chapter incorporates background of the study, statement of the problems, objectives of the study, signification of the study, limitation of the study, organization of the study.

Literature review covers the second chapter .This chapter includes both theoretical review and empirical review of literature. The chapter three is the research methodology, research design, nature of source of data, selection the study area, data collection techniques and tools, collection of primary data, a household survey, key informant interview and direct observation along with collection of secondary data. The fourth chapter is the overall analysis and interpretation of the study. The chapter five is the major finding and conclusion and recommendation

CHAPTER II

LITRETURE REVIEW

Literature review gives many information and knowledge about the concerned study filed which were very fruitful guidance to the new research to make the study systematic, scientific, objectives oriented so it is the backbone of the study.

2.1 Remittance

Investopedia (2016), a remittance is the funds an expatriate sends to their country of origin via wire, mail, or online transfer. These peer to peer transfers of funds across borders are economically significant for many countries that receive them.

Wikipedia (2011), **remittance** is a transfer of money by a foreign worker to an individual in his or her home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. Workers' remittances are a significant part of international capital flows, especially with regard to labor-exporting countries. In 2014, \$436 billion went to developing countries, setting a new record. Overall global remittances also totaled \$583 billion. Some countries, such as India and China, receive tens of billions of US dollars in remittances each year from their expatriates. In 2014, India received an estimated \$70 billion and China an estimated \$64 billion.

Ratha, (2005), Remittances are transfers in the form of goods or money that migrants send back home to their families. Studies have shown that people at the low income, poverty, or unemployed level often migrate to different countries to work and send their earnings back home. Many people in the developing countries depend upon the remittances received from their families abroad. Every year, millions of people from India, Bangladesh, and Nepal migrate to the Middle East, Japan, and Korea; and people from Central and South America migrate to the United States.

Ghimire and Bhattraï (2011) argue entrepreneurship is the process of creating new ventures. This involves creativity and innovation. It provides option for self-employment to an individual. It creates employment opportunity for others. Its brings together resources. It is the process of identifying opportunities.

Holt David (2007), “Entrepreneurship is a process of innovation that reallocates resources to new opportunities through unusual combination resources and the skills of risk taking”.

IMF (2009: 272), remittances denote “household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies. Remittances include cash and noncash items that flow through formal channels, such as via electronic wire, or through informal channels, such as money or goods carried across borders. They largely consist of funds and noncash times sent or given by individuals who have migrated to a new economy and become residents there, and the net compensation of border, seasonal, or other short-term workers who are employed in an economy in which they are not resident.”

Standard measures on remittances are based on three items in the balance of payments (BoP) as incorporated in the IMF’s Balance of Payments Statistical Yearbooks. These are in the form of :

- J Workers’ remittances (money sent by workers living abroad for greater than one year);
- J Compensation of employees (gross earnings of foreigners living abroad for less than one year; and
- J Migrant transfer (net worth of migrants moving from one country to another.

Officially recorded remittance flows to developing countries reached an estimated \$401 billion in 2012, rising by 5.3 percent compared with 2011. Remittance flows to the developing world are expected to aggregate \$427 billion in 2013, a rise of 6.7 percent

over the previous year (World Bank, 2013). They are estimated to grow by 9.5 percent in 2014.

Global remittances, including those to high-income countries, are estimated to have totaled \$534 billion in 2012, and projected to go up to \$608 billion in 2015. However, despite the overall growth in remittance flows to developing countries, the continuing global economic crisis is dampening remittance flows to some regions, with Europe and Central Asia and Sub-Saharan Africa especially affected, while South Asia and the Middle East and North Africa (MENA) are expected to perform much better than previously estimated.

Table 2.1 The top Recipients of Officially Recorded Remittances for 2012

Country	Remittance in billion
India	\$70
China	\$66
Philippines	\$24
Mexico	\$24
Nigeria	\$21

Source: IMF, 2012

Table 2.2 In Contribution on GDP the top Recipients of Remittances in 2011

Country	GDP contribution percent
Tajikistan	47%
Liberia	31%
Kyrgyz Republic	29%
Lesotho	27%
Moldova	23%
Nepal	22%
Samoa	21%

Source: IMF, 2011

The rest of this paper is organized as follows. The next section examines the impact of remittances on the Nepalese economy. This is followed by an analysis of the various initiatives undertaken by the concerned officials for encouraging remittance inflows through the official channel. Finally, the paper attempts to provide some policy options for enhancing the productive use of remittances as well as encouraging remittances through the official channel.

Generally, there are three methods of measuring remittance inflows. The first is through the BoP estimates. The second mechanism is the household surveys of recipients of such flows, for instance, the Nepal Living Standards Survey (NLSS). The third technique is through banks or financial institutions in origin countries, that is, focusing on resource transfer institutions. The size of remittance flows examined in this paper refers to the workers' remittances under the current account of the BOP data compiled by the Research Department of Nepal Rastra Bank.

Because of political instability prevailing in the country, many workers regard foreign employment as their only feasible option. Again, paucity of economic opportunities at home and rising employment prospects abroad have also tempted Nepalese to seek employment abroad (Seddon, 2005). According to the statistics of the Department of Labor and Employment Promotion, the number of workers going abroad for employment increased by 17.9 percent to 453,543 in 2012/13 from 384,665 in 2011/12. With the increase in the number of workers, the inflow of remittances has soared. In 2012/13, remittances aggregated USD 4.93 billion, a rise by 11.7 percent compared to USD 4.41 billion in 2011/12. Likewise, the remittances to GDP ratio increased from 10.7 percent in 2000/01 to 13.8 percent in 2006/07 and further to 25.5 percent in 2012/13.

The upward movement in remittances has led to a surplus in the current account, subsequently strengthening the overall BoP position. The share of remittances in total current account receipts, for instance, rose from 27.4 percent in 2000/01 to 61.2 percent in 2012/13. Remittances have also eased foreign exchange constraints of the

country. One of the major factors responsible for the growth of convertible currency reserves of the banking system in recent years has been the rise in remittances.

The gross foreign exchange reserves were sufficient for financing merchandise imports of 11.7 months and merchandise and service imports of 10.1 months as at mid-July 2013 compared to 11.6 months and 10.3 months respectively in mid-July 2012. These illustrations denote that any sizeable drop in receipts from remittances could disturb the structure of the economy from the macro level.

The impact of remittances on national economy can also be illustrated by the fact that it has surpassed exports as the top contributor in the foreign exchange earnings of the country after 2001/02. While the share of remittances in total foreign exchange receipts has been 31.5 percent, 41.2 percent and 59.3 percent in 2000/01, 2006/07 and 2012/13, respectively, the corresponding share of exports was 46.6 percent, 25.3 percent and 11.7 percent. The share of tourism receipts in total foreign exchange receipts, on the other hand, went down to 4.2 percent in 2006/07 from 7.8 percent in 2000/01 but went up slightly to 4.7 percent in 2012/13.

An increasingly larger share of remittances now comes from countries other than India, demonstrating changing migration patterns and higher earnings in these locations. Moreover, the composition of skills of the labor flows is different among destinations. While migrants to the Middle East are employed mostly as security personnel, chauffeurs, and construction workers, the demand from South East Asian countries is more for employment in industrial enterprises. Migrants to India, on the other hand include semi-skilled and unskilled jobs in restaurants and factories or are employed as domestic workers, security guards, and maids.

Conclusions relating to the impact of remittances can vary depending on the analytical approach adopted. Regardless of the approach used, studies on the poverty impact of remittances have revealed that apart from possibly increasing inequality and dependency, remittances make an important contribution to reducing poverty and vulnerability in most

households and communities. In Nepal's case, the impact of remittances on poverty has been positive as the headcount poverty ratio declined from 41.8 percent in 1995/96 to 30.8 percent in 2003/4 and further to 25.2 percent in 2010/11 (CBS, 2011).

2.2 Efforts towards Mobilizing Remittances

Owing to the positive impact of remittances, the country has given priority in promoting overseas employment and mobilizing remittances so as to maximize the benefits from these transfers. In this respect, effective 29 March 2002, the Nepal Rastra Bank (NRB) had begun granting licenses to private sector organizations interested in remittance-transfer business. As of 15 July 2013, 47 firms besides the commercial banks are undertaking money transfer businesses.

Different policy provisions have also been carried forward for encouraging remittances through the banking channel. For instance, the NRB had arranged to provide 15 paisa per US dollar as commission to licensed private firms in addition to the prevailing buying rate (NRB, 2002). Moreover, permission was granted to manpower agencies, engaged in sending Nepalese nationals to work overseas, to open foreign currency account in the Nepalese commercial banks out of the foreign currency income that they realized under the prevailing rules.

If a Nepal-based licensed agent/representative of any money transfer company situated overseas requires bank guarantee for the purpose of receiving advance payment from the principal company, a policy arrangement of making such facility available, within the stipulated limits, directly from the commercial banks was introduced beginning FY 2004/05 (NRB, 2004). This measure has facilitated the licensed agents in making instant payments of the remittance to the related parties.

Similarly, as per Monetary Policy of 2013/14, an arrangement would be made so that remittance companies and moneychangers will obtain the facility to exchange foreign currency that they have collected in the market from NRB. Similarly, a provision of issuing 'Prepaid Remittance Card' by the remittance companies is to be introduced to

deliver the remitted amount collected by remittance companies to the family member of migrant workers (NRB, 2013).

In terms of uses, however, it has been revealed that remittances in Nepal have been used very little for productive purposes. A study conducted by NRB (2002), covering 10 districts and 160 sample households, showed that the remittance earnings were largely invested for household purposes, purchase of real estate and house, paying off the loan, purchase of jewellery and as bank deposits.

2.3 Policy Prescriptions

Policies are needed to encourage the use of remittances to promote longer-term growth and income security. Nepal needs to further formulate policies that

-) Send more remittances through official rather than unofficial mechanisms,
-) Increase the levels of remittances by encouraging migrants to hold their savings in financial assets in the country rather than holding them abroad, c) encourage migrants to become investor in productive assets in the country.

A favorable interest rate policy, a market-determined and realistic exchange rate and limited restrictions on withdrawals are also crucial. In building these products, policymakers should keep in mind that migrants and their families constitute a diverse group, ranging from white-collar workers to the illiterate and poor. Moreover, policies formulated to mobilize remittances should also be preceded by policies to promote other sources of foreign exchange to relieve the pressure on the foreign exchange pools and maintain stable exchange rates. Consistent interest rates should also be accompanied by policies to curb inflationary pressures.

The establishment of a special category of deposit accounts at commercial banks where migrants can deposit their money earned abroad is one of the most common incentives used in many countries to attract money transfers from abroad. These special deposit accounts give migrants preferential interest rates and the option to have accounts denominated in foreign currency.

Human capital should be developed in accordance with the demands of the international labor market and this should constitute an integral part of the overseas employment process in Nepal.

Business facilitation for returnees must be given due emphasis. Policymakers should welcome the returnees—who will come back with skills, entrepreneurship and capital—instead of treating them as a burden. Policies to re-integrate the returnees can include improving self-employment opportunities, support for small and medium-enterprises (SMEs), and budget support to districts facing large returns.

Pooling remittances in microfinance institutions (MFIs) with regard to deposits enables MFIs to finance a wide range of activities, and generate a potentially greater economic and social impact than what could be viable with special targeted business development programs. Moreover, MFIs themselves can utilize remittances to leverage more funds in the commercial markets to finance their growing lending operations (Pant, 2011). This will enable the MFIs both to diversify their funding sources and also increase the breadth and depth of their outreach. Over time, with more experience, innovative MFIs will find different ways of turning workers' remittances into a productive business that would contribute to their social mission and profitability.

Banks could make MFIs their working partners in the rural sector for undertaking microfinance activities. The MFIs would play the role of loan service agents, and collaborate with social entrepreneurs to set up green field MFIs. Under this arrangement, each bank or group of banks could develop microfinance loan portfolio by accumulating the remittances they receive from migrant workers and establishing a network that could eventually distribute a range of financial services throughout the rural areas. As a result, commercial banks would also benefit from the potential of the microfinance sector.

Pre-departure orientation program and information dissemination in the destination countries could act as an important mechanism in raising awareness about remittance methods and utilization. Moreover, returnee migrants also have a crucial role to play as

they can share their experiences with future migrants and their families. Overall, the involvement of a variety of actors (migrant associations, NGOs and governmental bodies) is instrumental in the success of these initiatives.

It is crucial to encourage migrant knowledge transfer and organization of migrant groups for business development. Diaspora communities are not only a source of funding for projects, but also an important source of human capital, which could well be used in Nepal. Due to their attachment, many migrants could thus be mobilized to assist in projects in Nepal, not just through financial contributions, but also by offering time and knowledge.

Nepal needs to develop a website to make available information to migrants on remittances transfer mechanisms, prices, and speed and reliability that could improve transparency and further competition in the remittance industry. The website could also give information on investment opportunities back home, immigration policies in destination countries and links to websites of the Nepal government and non-government institutions that work with the Diaspora, return migrants, micro-credit institutions, and business development.

At household level, the government could enhance the developmental impact of remittances by giving migrants additional incentives. For example, they could be allowed to open foreign currency accounts in the home country, and the interest rate on deposits denominated in foreign currencies could be exempted from wealth and income taxes; an option to use foreign currency deposits as collateral for obtaining preferential loans could be offered; the creation of education and housing accounts at home for migrants and their families, combined with a higher rate of return on these deposits than on ordinary ones, would provide an incentive to save more out of remittances, for purposes that would encourage productive use of remittances.

In the context when the government, private and public sector has acknowledged the contribution of remittance in the economy, it is high time to mainstream the foreign labor

migration in government planning process. By reducing the transaction cost associated with the process, diversifying the destination countries and making it a reliable and affordable medium of earning money, the government can address the problem appropriately.

In effect, an agency, ideally at ministerial level, is required to a) deal with the cross-cutting nature of these issues, b) ensure policy coherence and consistency across the board, and c) coordinate potential actors around a set of identified priorities. For example, the Government of Bangladesh, responding to demands by expatriate Bangladeshis, created a Ministry of Expatriates' Welfare and Overseas Employment in 2001. Its prime function is the creation, promotion and regulation of employment overseas. One important motive for promoting employment abroad is to ensure a steady flow of remittances.

NRB (2011) remittance has become a very important component of the balance of payment for developing countries in recent years. Remittances have now drawn attention due to their characteristics of stable source of external finance. There is a growing interest in finding the role of remittance transfer on the economy of developing countries. Due to relatively small amounts of money sent and marginal social status of both the sender and receiver in the past, the researchers were rarely interested towards this subject. However, within the last two decades, economists and international financial institutions have become increasingly interested in this sector.

World Bank (2011) the word Remittance originates from the word "remit" which means to transmit money/ fund. In banking terminology, remittance means transfer of fund one place to another. When money transferred from one country to another, this is called Foreign Remittance.

Adhikari, (1996:21) has noted the lack of research into how labor migration and remittances affect local village and household economy and society. According to him most research studies conducted in Nepal have paid little attention to the growing role of

off-farm work in the village and household economy. Although a few studies give some account of off farm employment, their main concern has been with the relative size of the income generated rather than with its role in the livelihood strategies of different village

2.4 Entrepreneur

(Wikipedia, 2015)The term “Entrepreneur” was first used in 1713; a word in French dictionary “Dictionaries’ Universal de commerce” by Jacques des Bruslons. The verb “Entrepreneurs” (entrepreneur) means “to undertake”. (Allis, 2013) Entrepreneur develops a business model, acquires the human and other required resources, and it fully responsible for its success or failure.

Blue (2004), an entrepreneur is an economic person who unites all means of production-land of one, the labor of another, the capital of yet another and thus produces a product.. By selling the rent of land, interest on capital the product in the market he pays the rent of land, wages to labor, interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and grater yield.

Khanka (1999), Knight also describe entrepreneur to be a specialized group of persons who bear uncertainty. Uncertainty is defined as a risk which cannot be insured against and is incalculable. thus, draws a distinction between ordinary risk and uncertainty. A risk can be reduced through the insurance principle where the distribution of the outcome in a group of instances is known. On the contrary, uncertainty is the risk which cannot be calculated. The entrepreneur, according to Knight, is the economic functionary who undertakes such responsibility of uncertainty which by its very nature cannot be insured nor capitalized nor salaried too.

Khanka (1999), Different people have defined entrepreneur differently. The commonest differently. The commonest definition of an entrepreneur is a person who organizes and takes the risk of running an enterprise. He arranges everything required to set up and enterprise i.e., funds, land, people, material, and machinery. The entrepreneurs retain

common characteristics of independence, motivation, optimistic, dynamic, innovating and risk-bearing ability.

The main functions performed by the entrepreneur are risk-bearing, organization and innovation. The entrepreneurs are broadly classified into four types, namely, imitative, innovative, Fabian and drone entrepreneurs. The entrepreneurs emerging from within the confines of organization are called 'entrepreneurs'. The entrepreneurs are top executives encouraged to catch hold of new ideas to convert them into products. Entrepreneurship serves as a seed-bed for the development of innovative entrepreneurship. Innovation is the hallmark of entrepreneurship.

2.5 Entrepreneurship

Ghimire and Bhattarai (2011) Entrepreneurship is the process of creating new ventures. This involves creativity and innovation. It provides option for self-employment to an individual. It creates employment opportunity for others. It brings together resources. It is the process of identifying opportunities.

David (2007), "Entrepreneurship is a process of innovation that reallocates resources to new opportunities through unusual combination resources and the skills of risk taking".

Chalise (2014), Entrepreneurship in Nepal Being one of the least developed countries, more than 24.7 percent of population fall below the poverty line, and the annual per capita income is not more than U.S. \$600 (ICIMOD, 2012). The pace of industrialization in Nepal has remained very slow. The industrial sector contributes around 8 percent to GDP and provides employment to about 2 percent of economically active population. Nepal has been experiencing unemployment and acute under-unemployment problem. As a result, unemployment and poverty is prevalent, forcing the young Nepalese to look overseas for employment. Empirical evidence in many countries has shown that the development of industrial enterprises can directly contribute to job creation, the use of local resources, and import substitution, thus increasing the gross national product. Therefore, to accelerate the pace of industrial development, the government of Nepal has

given high priority to the promotion of SMEs. Therefore, entrepreneurs have important role to play in the process of industrialization. They could assist in generating employment opportunities, raising income and breaking the vicious circle of poverty. If we look at history, we can see a historical decline of self-employment in Nepal. Across different stage of development, a shift from agriculture to manufacturing and economies of scale in production by larger enterprises in many sectors offered better opportunities. Additionally, rising real wages increases the opportunity cost of self-employment relative to the return, inducing marginal entrepreneurs to become employees. Also, due to globalization and opportunities available in developed nations, the trend to migration and brain drain has increased. In these circumstances, fewer individuals are willing to run the risk associated with becoming an entrepreneur.

Khanka (1999), like other economic concepts, entrepreneurship has been a subject of much debate and discussions. It is an elusive concept. Hence, it is defined differently by different authors. While some call entrepreneurship as ‘risk- bearing’. Other views it ‘innovating’ and yet others consider it ‘thill-seeking’. Let us consider some important definitions of entrepreneurship to understand wheat entrepreneurship is all about. In a conference on entrepreneurship held in United States, the term ‘entrepreneurship’ was defined as follows:

“Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk- taking appropriate to the opportunity , and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition”.¹

Ghimire, Khadka and Bhattra (2011), Entrepreneurship is about starting own enterprise and earning profits from it. Entrepreneurs are the builders of modern day society. No country can progress if the people of their nation are not enterprising. One can take example of America where the nation has been built by entrepreneurs lead the nation on the roads of prosperity. Big enterprises are not built over night but it requires great deal of determination, perseverance and decision making skills. Entrepreneurship is not about

profit maximization but it is also about wealth maximization. At the same time they have socio-economic objectives to be fulfilled. They create lot of jobs for the people. People like Bill Gates, warren Buffet have spent millions of dollars for charity which have changed the life of millions of people.

Ronstadt, (1984), Entrepreneur is the act of one who organizes managers, and assumes the risks of a business or enterprise. “Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individual entrepreneur who assume the majority risk in terms of enquiry and of providing value for some products or services. The product or service itself may not be new or unique. They infuse value by securing and allocating the necessary skills and resources”.

Entrepreneurship is a kind of behavior that include: “initiative taking organizing or reorganizing of socio-economic mechanisms to turn resources and situation to practical accounts, and the acceptance of the risk of failure”.

Desai (2008), from classical economic to the post- Keynesian analysts the topic of the entrepreneur has been surveyed and observations, theories and pronouncements advanced. Not only were pure economists involved Endeavour, but also prominent social theorists such as Marx, Weber, Sombard and Veblen. Frank H. Knight seriously questioned the unimportance of entrepreneurship in his public ‘risk, uncertainty and profit ‘.(1921) and expressed views similar to these of cantillon. Knight emphasized that many uncertainties of economic life can be insured but some uncertainties are such which can never be reduced to objective measurement because they involve unprecedented situations. Knight remarked that “the only ‘risk’ which leads to profits is unique uncertainty resulting from an exercise of ultimate responsibility which in its very nature can’t be insured not capitalized nor salaried”. Thus, he draws a distinction between the ordinary risk and uncertainty. A risk can be insured whereas uncertainty is a risk which can’t be calculated and can’t be insured. He showed that the man who earns positive profits In this “uncertainty “about the future and guesses the price at the which will he

sell the output is an entrepreneur. In spite of some criticism, Knight could provide with a satisfaction explanation of entrepreneurship.

Hayek (1999-1922), Mises (1981-1973), Keynes defined entrepreneurship and assigned a role played by entrepreneurship. Thus, entrepreneurship came up as a theory which has ability to mobilize the resources and combine them to initiate change in production.

In other words, entrepreneurship means the function of creating something new, organizing and coordinating and undertaking risk and handling economic uncertainty. Higgins defines the term as, “Entrepreneurship is meant the function of seeing investment and production opportunity, organizing an enterprise to undertake a new production process, raising labor, arranging for the supply of raw materials and selecting top managers for day-to-day operation of the enterprise”.

2.5.1 Problems/Challenges of Entrepreneurship Development

Khanka (1999), developing entrepreneurship especially rural entrepreneurship is as important is not so easy. It is constrained with several problems. The general bottlenecks in the development of village industries are financial constraints, lack of technical know-how, lack of training and extension services, management problems, lack of quality control, high cost of production due to high input cost, lack of communication and market information, poor quality of raw materials, lack storage and warehousing facilities, obsolete and primitive technology, and lack of promotional strategy.

Challenges of entrepreneurship

1. Lack of finance ,small markets, networking, distance markets, electricity, poor transport system, lack of equipment, corruption, marketing initiative(Ngorora &Mago, 2013)
2. Steel (2013), Lower rate of jobs than that of big business from outsides.
3. Furthermore Location and Geography adds to further obstacle in market extension and service to people.
4. Sharma(2012),The policy for small enterprises is outside preview of government data, regulations and support.

5. The small enterprise has its smallness and low potentials in revenue generation.
6. Dahal (2004), SMEs in Nepal have traditional management practice, undeveloped entrepreneurial culture, low capital base, outdated and less efficient production process and technology, poor knowledge and information about business opportunities and marketing. Marketing is a major constraint. The production capacity, limited size and access to resources hinder quality, packaging, delivery and cost in approaching organized export market. A part of entrepreneur's lack of awareness about financial institution and credit facility results into inability to raise funds.
7. Micro and cottage enterprises operate during off season and on a part time basis. This results into less effectiveness in the use of available resources, irregular production, lower quality goods and non-commercial operation.
8. SMEs in Nepal largely depend on raw materials from India, China and other countries. The production cost is lower in India. This implies tough competition for Nepalese entrepreneurs to compete with similar goods from India.
9. In addition the loans have high interest rates and shorter time to repay.
10. Products produced by SMEs in Nepal will face greater competition to survive. Quality and technical standards posed by World Trade organization (WTO) may be challenge.

CHAPTER III

RESEARCH METHODOLOGY

Methodology is an important aspect to conduct any research. This study describes the research design, study of population, sources of data, sampling procedure and sample size, data collection tools, finalization of the tools, data collection procedure, data analysis and interpretation .

3.1 Research Design

In this study descriptive type of research design which were used to acquire both qualitative and quantitative information. In accordance to the above set of objectives, the study were carried out in systematic way. The findings were analyzed and remittance were outdraw on the subject matter for the effective use and promotion of the remittance and entrepreneurship development in the study area.

3.2 Rational for the Selection of the Study Area

As remittance significantly affects the entrepreneurship Development in Sarangdanda VDC of Panchthar District, where most of the youth from this VDC were going foreign countries in search of job opportunities. This study focused on wards 4 and 5. Many people from theses wards have gone abroad in search of good job. People who came back from foreign labor they started entrepreneurship in Sarangdada VDC. Most of them has sending money to their family, relatives to buy their daily consumption good, and many people in creating small enterprise or business.

3.3 Nature and Source of Data

The nature of data has both qualitative and quantitative. The study were based in mainly primary source of data for this study data are collect from the field survey/observation of Sarangdanda VDC and surrounding peoples and its entrepreneurship and KII, with the people. secondary data were taken from different journals, magazines, articles, books,

email, internet and various dissertations is used to make the study which is more authentic.

3.4 Universe, Sample Size and Sampling Procedure

According to information from VDC secretary, the total no of remittance receiving household in ward no. 4 and 5 is 243. From field information, about 54 households were found to run enterprises in ward no 4 and 5. Therefore all 54 households were in considered as the study population.

3.5 Data Collection Techniques and Tools

For the primary data, structured and unstructured questionnaire has used in the field. Interview, questionnaire, key informant interview and observation method has been used for primary data collection.

3.6 Household Survey

Household survey were conducted as technique for which structured questioner were developed as tool. These questionnaire were manly included the status of remittance, utilization of remittance and explore the problems of remittance for entrepreneurship development. The format of household survey is in annex 1.

3.7 Key Informant Interview

This study were conduct by descriptive method. For the realistic data key informant interview were conducted with VDC secretary, 2 school teacher, social workers ,1Financial sector and returned from abroad and entrepreneur. The format of Key informant interview guideline is in annex 2.

3.8 Data Processing, Presentation and Analysis

After collection of data were checked, verified editing, coding on the field manually to reduce error them the researcher simple descriptive statistic tools were used analyze were done according to tables, figure and graph. Then the interpretation has done according, the simple statistical tools like percentage frequency has used in this study.

CHAPTER IV

PRESENTATION AND DATA ANALYSIS OF DATA

The collected data and information edited classified and tabulated in presented form for data analysis. The chapter has been organized as:

- 4.1 Description of the Study Area
- 4.2 Socio- economic Information of Entrepreneur
- 4.3 Status of Remittance in Flow
- 4.4 Status of Utilization of Remittance in Entrepreneurship Development
- 4.5 Problem of Entrepreneurship Development

4.1 Description of the Study Area

Panchthar District a part of Mechi Zone is one of the seventy- five districts of Nepal a landlocked country Asia. The District with Panchthar as its district headquarters. The district cover 1,241km sq (479sq.m).The census counted 191,817 population. Panchthar majority population is that of Kirantis (Limbu, Rais) and other ethnic and hill castes. Situated on the eastern part of the country, *panchthar* is a beautiful hill district at laying near *Ilam*. *Panchathar* has its district headquarters at *Phidim*, a small but beautiful hill town. The district is bordered by West Bengal and Sikkim in the east, *Dhankuta* and *Tehrathum* in the west, *Taplejung* in the north and *Ilam* in the south. The place offers majestic views of the snow white as well as lush green mountains and is rich in terms of culture and natural resources. Sarangdanda is a village development committee in panchthar in the Mechi Zone of eastern Nepal. The time of the 2011 Nepal census it had a population of 5,560, Male population 2,555, Female population 3,010 and total household 12,99(CBS 2011). Sarangdanda in Eastern Region (region) is a city in Nepal - about 153 mi (or 246 km) East of Kathmandu, the country's capital.

4.2 Socio-economic Information of Entrepreneur

4.2.1. Age group of Respondents

The age of respondent largely influence the entrepreneurship activities. Therefore the age of respondents was collected and presented in table form below.

Table 4.1 Age Group of Respondent

Age Group	Female	Percent	Male	Percent	Total percent
Below 15	-	-	-	-	-
15-30	10	52.63	9	47.36	35.18
30-45	8	36.36	14	63.63	40.74
45-60	2	16.66	10	83.33	22.22
Above 60	-	-	1	100	100

Source: Field Survey 2016

This table 4.1 shows that a total 54 households were taken among them five age groups were divided as: below 15, 15-30, 30-45, 45-60 and above 60. There was no respondent in below 15 category in both female and male section. It was 52.63 percent female and 47.36 percent male in 15-30 age groups. Similarly 36.36 percent female and 63.63 percent male in 30-45 age groups. 45-60 age group was occupied by 16.66 percent female and 83.33 percent male. Finally no female was found in above 60 and male percent was 100.

The ratio of male to female respondents was 34:20 which was 63 percent male and 37 percent female. There were almost doubled male entrepreneurs than female in the study area with remittance.

4.2.2 Educational Status

Table 4.2 represents the educational status of respondent in two different categories of male and female and their literacy and illiteracy. Percent and total were calculated.

Table 4.2 Education Status of Male and Female Respondent

Education Status	Male	Percent	Female	Percent	Total%
Literate	25	53.19%	22	46.80%	87.03
Illiterate	3	42.85%	4	57.14%	12.28

Source: Field Survey 2016

Male literate number was 25 whereas female literate number was 22 which were 53.19 percent and 46.80 percent respectively. Illiterate male number was 3 and female was 4 of which 42.85 percent male and 57.14 percent female.

Total literate percent of respondent was 87.03 whereas total illiterate percent was 12.28. This shows that there was not much difference between male and female literacy percent. People there were more aware about the importance of education.

4.2.3 Family Type

There are two type of family in Sarangdanda VDC. They are nuclear and joint family. Distribution of the respondents according to the family type is shown in the table below:

Table 4.3 Household by Family Type

S.N	Family Type	No .of Respondent	Percentage
1	Nuclear family	26	48%
2	Joint family	29	52%
Total		54	100

Source: Field Survey 2016

26 of the respondents have nuclear family and 29 of them have joint family. The above table shows that among the total respondent household 48 percent household were nuclear family similarly 52 percent household were joint family.

In Sarangdanda VDC almost of the joint family youth were in the foreign countries and they sent remittance to established entrepreneurs. The family members were engaged in entrepreneurship.

4.2.4. Occupational Status

The occupation is one of the important reason of every person. Unemployment and low income encourage is the main cause of youth going to abroad and earning money. To find out their occupational background the respondents were asked to identify their main occupation themselves into five categories. The table mentioned below:

Table 4.4 Occupation Structure

S.N	Occupation	No. of Respondent	Percentage
1	Agriculture	25	46%
2	Job and service	5	9%
3	Business	15	28%
4	Daily wages	9	17%
Total		54	100

Source: Field Survey, 2016

About 46% of the respondents were involved in agriculture, 9 percent in job and service, 28 percent respondents were involved in business, 17 percent respondents were engaged in daily wages.

Income generating from agriculture is less than other occupation like foreign employment, government/private job and so on. People are seeking the foreign employment. So, remittance receiving was one of the sources of income for the fulfillment of the needs. This result shows that remittance is most important part for the reduction of rural poverty and supports them economically to fulfill basic requirements.

4.3. Status of Remittance

4.3.1 Type of Jobs

Since, Nepalese workers are doing low level of work in the foreign countries. Most of them get employment in manual jobs like salesman, cooking, security, driving and manufacturing works. More people are just able to get jobs in construction. In this study area respondents were asked what kinds of job do your family members get in foreign countries. The respondents have given the responses presented in the following table:

Table 4.5 Type of Job

Type of Jobs	No. of Respondents	Percentage
Construction	14	25.92
Factory worker	19	35.18
Driving	5	9.25
Security Guard	9	16.66
Hotel sector	5	9.25
House made	2	3.70
Total	54	100

Sources: Field Survey 2016

The table shows that most of the workers are working in the construction area which is 25.92 percent of the Respondents. Most of the unskilled workers are associating in the construction areas due to lack of other technical knowledge. The second most employed an area factory worker who is 35.18 percent respondents are working. The third most

employed area is security guard who is 16.66 percent respondents are working. 9.25 percent r respondents are working in hotel sector, driving 3.70 percent respondents are working respectively.

4.3.2 Destination of Employee

Foreign job seekers in Nepal go and work in several countries. The place of employment depends on level of education, the type of skill learned, the ability to bear the cost of employment and other several factors. Because Nepalese labor force is unskilled, majority of them get employment in gulf countries such as Saudi, Arabia UAE, Qatar, and Malaysia. The destination of employment may show their level of skill and income so the destination was considered important. The information obtained from interview to the respondents in the field has been presented in the table under here:

Table 4.6 Destination of Employee

Destination	No. Of Respondent	Percentage
Europe	3	6
America	5	9
Qatar	10	19
Malaysia	15	28
UAE	6	11
Korea	3	5
Saudi	12	22
Total	54	100

Source: Field Survey 2016

Above table and figure shows that 28 percent of respondents are gone Malaysia, 22 percent respondents gone in Saudi, 19 percent respondent are Qatar, 11 percent respondent are gone UAE, 9 percent respondents are gone America, 6 percent respondent are gone in Europe.

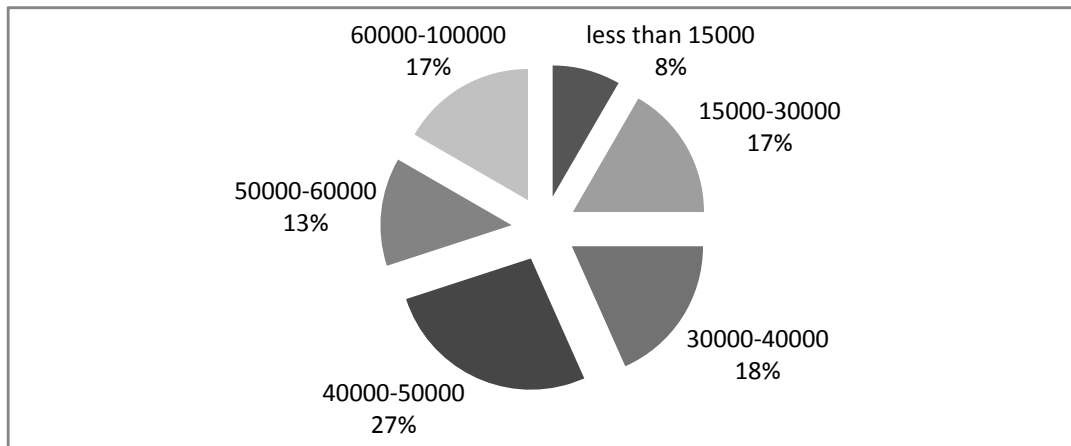
Gulf countries have become popular destinations. A significant number of people go to gulf countries for the purpose of work. Some people go to Europe and America for study.

4.3.3 Monthly Income of Foreign Employee

In this study monthly income is going to be different, according to person whose skill is quiet different according to their age, experience and their education hand in hand their skills. This figure is going to show in the details in their monthly income of foreign employment.

Figure 4.1

Monthly Income of Foreign Employee



Source: Field Survey, 2016

This figure shows that the income of foreign employment. Many youth who have gone to gulf country has earn maximum 15000-30,000 and minimum 15000. Among them the youth who earn 30,000-40,000 are 18percent, 15,000-30,000 are 17 percent, 40,000-50,000 are 27 %, 50,000-60,000 are 13%, and 60,000-1,00000 are 17 percent.

In course of study this monthly income of foreign employment. In this study according to their monthly achievement. The employers whose skills is higher and their work and their income is also going to be height. The workers whose skill is lower their monthly income is also law.

4.3.4 Source of Remittance Flow

Income transfer depends in the availability means of transfer institutions and facilities and their reliability and awareness of users about the system. The channel is formal and

informal. Formal channels such as bank, money transfer agencies etc. and informal channels are such as Hundi, friend/relatives etc. To find out the channels used by foreign employment in the study area the households/respondents were asked about system of transfer of remittance which all shows the table mentioned below:

Table 4.7 System to Transfer Remittance

Channel use	No .of Respondents	Percentage
Money transfer(IME)	30	55.55
Bank	13	24.07
Friends and Relatives	6	11.11
Hundi	4	7.40
Finance	1	1.85
Total	54	100

Source: Field Survey 2016

Above table shows that out of total remittance receiving household respondents 55.55 percent people are transfer remittance through Money Transfer Agents, 7.40 percent respondents are reported is Hundi, 24.07 percent respondent reported that is transfer remittance through Banks, 11.11 percent respondents are transfer the remittance through their friends and relatives and 1.85 percent respondents are reported is finance.

4.3.5. Remittance Receiver

The receivers of the remittance are parents, wife and husband. To find out the receiver of the money in foreign employment in the study area, the respondents were asked about the receiver of remittance are tabulated below:

Table 4.8 Remittance Receive

Money Receiver	No. of Respondents	Percentage
Parents	22	40.74
wife	30	55.55
husband	2	3.70
other	-	-
Total	54	100

Source: Field Survey 2016

This table shows the receiver of the monthly income of foreign employment. The highest receiver of remittance is wife with having 55.55 percent. Secondly, 40.74 percent remittance receivers were their parents. Thirdly, receiver of remittance was husband having 3.70 percent.

The Nepali people who are in gulf country sent the money in Nepal whoever they have believe. The workers give first priority to their wife, if they are separates to their parents. If the workers are not separated they sent money to their parents. Sometimes wife also can be foreign employer, they sent money to their husband.

4.3.6. Utilization of the Remitted Funds

Utilization of the remitted fund in different sector. The respondents use of remittance in their daily utilization of their economic proposes. In Sarangdanda, VDC the remittance are utilize for their basis need such as, food, clothes Transportation, Television ,mobile etc. In this study areas respondents were asked what kinds of things do your families from remittance. The respondents have given the responses presented in the following table:

Table 4.9 Utilization of the Remitted Funds

Particular	(Monthly)	
	Amount (Monthly)	Percentage
Food, clothing	36000	7.96
Transportation	35000	7.74
Telephone, TV, mobile	10000	2.21
Medicine	90000	19.91
Entertainment	50000	11.06
Education for children	60000	13.27
further investment	180000	39.82
Total	452000	100

Source: Field Survey 2016

This table shows utilization of remitted fund in Sarangdanda VDC the remittance are utilize for their basis need such as, food, clothes ,Transportation, Television ,mobile etc .They had spend 7.96percent in food and clothing,Transportation7.74%, 11.06 % Entertainment,19.91 % medicine, 2.21 % telephone and mobile,39% further investment. According to utilization of remittance fund in different needs and want. Remittance is utilize of education, health, food and clothes, built house, entertainment, mobile etc.

Some foreign employers give charity too. In this area people invest for small entrepreneurs.

In this study area people engaged own entrepreneurship. Used of remittance in children education and health. The people fulfill their basis need by their agriculture product sometimes people used remittance for their basis needs if their agriculture product cannot be fulfill their agriculture.

4.4 Status of utilization of Remittance in Entrepreneurship Development

4.4.1 Amount of Remitted Fund

Nepalese people going abroad for foreign employment tend to save their earnings after meeting their expenses and send it back home to sustain the living of their belongings. The higher the income of any individual the larger would be their remittances. As discussed earlier the frequency of fund transfer would depend upon the need of it, followed by the service charge hence it has been witnessed that Nepalese people tend to send a lump sum amount on a periodic basis rather than sending it on a monthly basis. The income status of an individual determines his capability of remitting funds back home as far as the volume of remittance is concerned.

Table 4.10 Amount of Remitted Fund

Amount of Remitted Fund in Rs	No. of Respondents	Percentage
Less than 15000	7	12.96
15000-30000	13	24
30000-50000	16	29.62
50000-60000	10	18.51
60000-1,00000	8	14.81
Total	54	100

Sources: Field Survey 2016

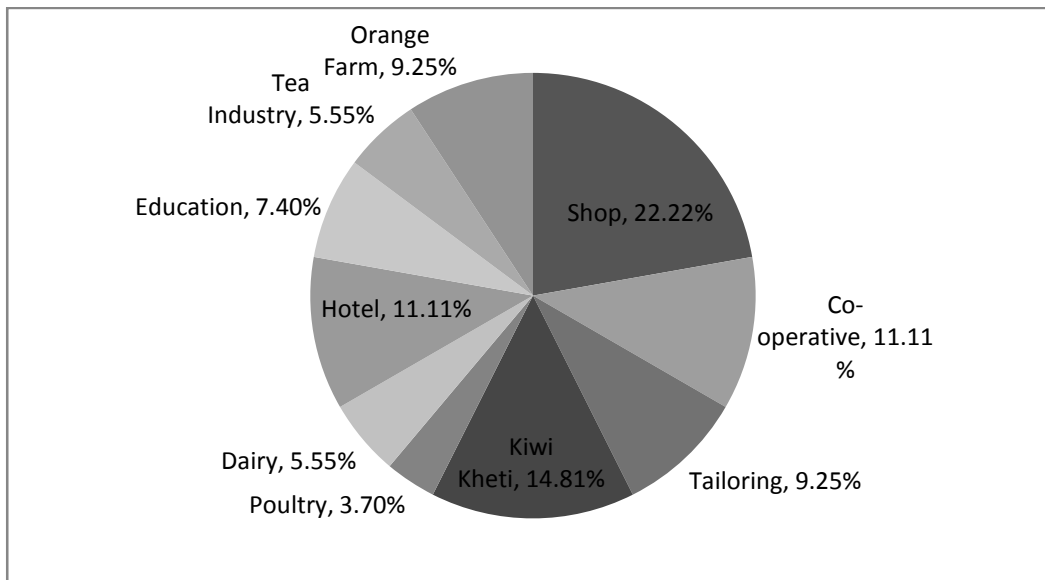
Out of total respondents were inquired about the volume of remittance they receive, 12.96 percent said that they were normally receiving in the range of less than 15000, followed by another 24 percent of people who claimed of having received in the range of NRs.15,000 – 30,000. Similarly 29.62 percent of people were found to have received in

the range of NRs.30,000-40,000 and the rest 18.51 percent were receiving more than NRs.50,000-60,000 and 14.81 percent were receiving in the range of NRs60,000-1,00,000.

4.4.2 Type of Entrepreneurship

There are different type of entrepreneurship in Sarangdanda VDC. Most of the respondents were engaged in different kind of entrepreneurship. The respondents have given the responses presented in the following table:

Figure 4.2 Type of Entrepreneurship



Sources: Field Survey, 2016

The majority of business studied belongs to enterprises based on non-farm small scale enterprises. This includes majority of shops 22.22%, kiwi kheti 14.81%, poultry 3.70% Dairy 5.55%, Education 7.40% (school), Tailors 9.25%, tea industry 5.55% orange farm 9.25%. The facilities at markets is expanding and have more access to facilities; Road security health than people living in villages far from the market. Kiwi kheti is a recent new type of agricultural production. Poultry and goat farm is also new type of business approach that uses local grains for chicken and goat meat imported from other place Jhapa, Ilam and India. some female open Dhaka bunai. Some people who come from abroad than open own rice mill and service provides .In other type of business type

includes value added products, economic activity related to tailoring, hotels, tea industry, orange farm vegetable products selling.

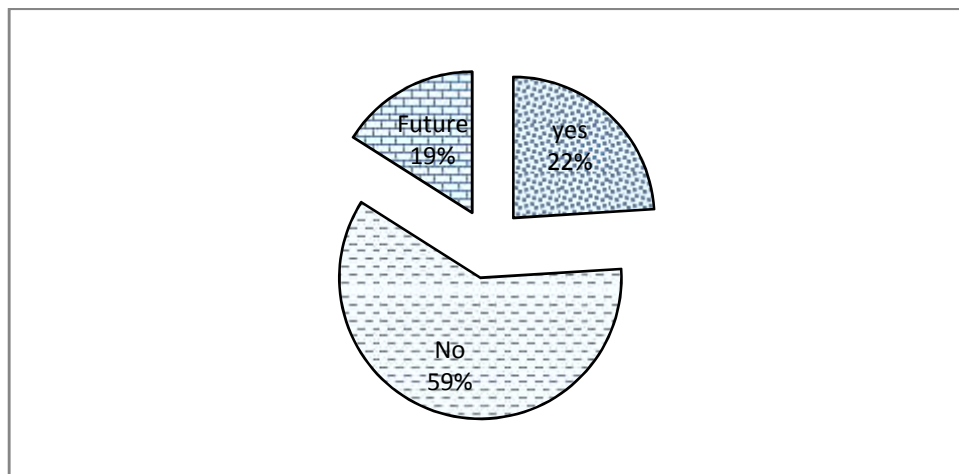
In study area the number of shops was the highest in enterprise. There are different shops such as cosmetics shops, meat shops, retail shops, wholesale shops. Some household invest their remittance was open cooperative and provides service collection money. Other hand, tailoring was the major job for the household. They also provide training of tailoring for other people and they are satisfied by earning good money.

Kiwi kheti is one of the new and hygienic fruit of households invest the remittance in this production of kiwi kheti it is the expensive fruit that its per kg is 200 in local market. It makes the entrepreneurs happy by making good money. Poultry form is the famous for Sarangdanda VDC. Dairy is the other enterprise is Sarangdanda VDC. Dairy collect the milks from each house 5 to 10 litter milk per day and make dairy product like cheese, lollipop, Ghee, churpi, paneer etc

4.4.3. Registration and PAN Number

In this area, respondents were registration their enterprises and non- registration enterprise, some of respondent were plan registered in future.

Figure 4.3 Registration and PAN number



Source: Field Survey, 2016

A important number of enterprises in Sarangdanda VDC 59% of un-registered .Only19% of the enterprises are registered. A positive attitude of 22% accounts their willingness to register their enterprises in future. Most of the entrepreneurs were aware and felt the need of registration and the legal procedure. Their attitude was positive about registration at the end of interview.

4.4.4 Amount of Initial Investment

To open enterprise capital fund is needed. In study area respondent invested the capital fund to start enterprise. This table represent starting capital fund in enterprise.

Table 4.11 Starting Capital Fund in Enterprise

Capital fund	No. of Respondent	Percentage
10000-20000	9	16.66%
20000-30000	13	24.07%
30000-40000	16	29.62%
40000-50000	6	11.11%
50000-100000	10	18.51%
Total	54	100

Source Field Survey,2016

People start entrepreneurship with low income and high income. This study has shown that 16.66 percentages household has invest 10,000-20,000.24.07 percent household has open their entrepreneurship from 20,000-30,000. 29.62 percent household has start their entrepreneurship from 30,000-40,000. 11.11 percent household has start their entrepreneurship from 40,000-50,000.18.51 percent household has start their entrepreneurs from 50,000-, 1,00000. All people are satisfied after opening the entrepreneurship.

4.4.5 Type of Ownership

There are different types of ownership in study area. The percentage of ownership is shown in the below table:

Table 4.12 Type of Ownership of Sarangdanda VDC

Type of Ownership	No. of Person	Percentage
Sole	32	64%
Partnership	10	20%
Joint	8	16%

Source: Field Survey, 2016

The ownership of the majority (64%) of the existing rural enterprises is sole. While the others type of enterprises owned by joint and partnership is 20% and 16% respectively. The ratio of type of business; sole ownership is higher relative to partnership and joint ownership. The sole ownership involves family and self-owned business. Joint ownership includes tea industry, school and co-operatives.

4.4.6. Entrepreneurship Activities

To run a entrepreneurship activities is most important. There are three type of entrepreneurship activities. People who are involved in every time in their work is called full time activities. The work in which people work one time in a day. They also doing other work like as, agriculture, job etc. Some entrepreneurship open festival and occasionally.

Table 4.13 Entrepreneurship Activities

Type of Time	No. of Respondent	Percentage
Full time	34	63
Part time	16	30
Festival or occasions	4	7.40
Total	54	100

Source: Field Survey 2016

The entrepreneurs actively participation of their work. people are engaged in their works 63 respondents contribute full time to their business. Most of the female contribute full time in business related shop tailoring ,hotels, co-operatives while some male are living in abroad some youth male involved in others profession and bear overall responsibility and management of the business. In 30 percent respondent involved part time entrepreneurship activities like vegetables production, tea industry.7.40 percent

respondent production of festival or occasion like dairy production(ghee) curd, cheese, etc.

4.5 Problems of Entrepreneurship Development

There are many problems and challenges in the rural entrepreneurship. Multiple choice questions were administered to the respondents. Those challenges are as follow:

Table 4.14 Problems of Entrepreneurship Development

Particular	No. of Respondent	Percent
Fund	5	4.46
Loan	8	7.14
Market	10	8.92
Technology	12	10.71
Road	40	35.71
Financial	4	3.57
Resource	11	9.82
Risk	15	13.39
Total	112	100

Source: Field Survey, 2016

There are many challenges in the rural entrepreneurship. Multiple choice questions was administered to the respondents. These problems are as follow:

4.5.1. Problem of Road Network

Road is the major challenges of Sarangdanda VDC however the number of response indicates road facility in rural area. Basically, 35.71 percent people are lack of road facilities of rural produces access to good and services, hilly areas and developing phase of transportation and road. Road this Sarangdanda VDC was accessible for six month only. In rainy season there have a major problem of muddy road(kachhi road) and landslide as well as sleepy road. Because of this reason entrepreneurship unable to supply the production up to market .

Entrepreneurship was affected by low fund. Mostly, unskilled worker from gulf countries sent low amount of remittance which was utilized in every day expenses but little amount was invested in entrepreneurship development.

4.5.2 Problem of Market Access

Market is the biggest problem of Sarangdanda VDC. There were no market to sell agricultural production and other production. Among them 8.92 percent respondents were suffering from lack of market. In Sarangdanda VDC the market was quiet far from the village 30 km far way from Sarangdanda .Entrepreneurs were dissatisfaction and they have some remote areas. Because of that problems entrepreneurs were unable to deal with their regular customer that way entrepreneur were not promote and distribution with their goods and things.

4.5.3 Problem of Availability of Technology

Lack of technology percent among rural consumers can not afford to introduce sophisticated techniques and methods of production which is very expensive. In sarangdanda VDC people were not use developed modern technology most of the people used traditional technology. In study area problem of modern technology for entrepreneurship like pipeline , electronic machine, technician, etc.

The major challenges of rural entrepreneurship are government policy. Rural enterprises need compliance of various legal formalities in obtaining the governments approval and license for carrying out industrial activities. This study area 6.25 percent people asked government policy is the major challenges of rural entrepreneurship.

4.5.4 Problem of Fund

Entrepreneurship was affected by low fund. Mostly, unskilled worker from gulf countries sent low amount of remittance which was utilized in every day expenses but little amount was invested in entrepreneurship development. Lack of Technology and resources amount rural consumers indicate a major concern regarding value of loan fund and finances.

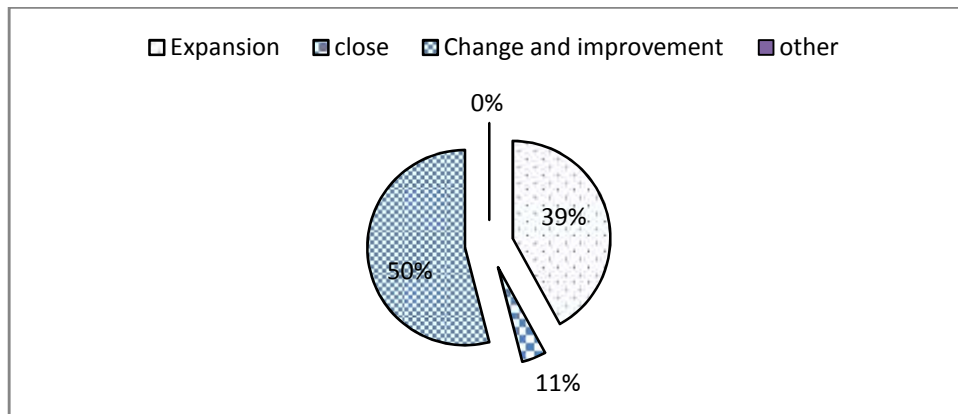
Other challenge of entrepreneurs risk and market. Lack of Technology and resources amount rural consumers indicate a major concern regarding value of loan fund and finances. Basically the challenges of rural entrepreneurship were lack of fund, lack of marketing of rural products Access to good and services, transportation of goods services, Hilly areas and developing phase of infrastructures :road, electricity. The major challenges of Sarangdanda VDC were; Road and transportation, Technology markets. Markets were the major challenge in the production.

Most of the people engaged in farmer, vegetable production, poultry farm. However, some of the people perceive other employment opportunities other than agriculture. Education and awareness, hospital facilities are other areas that demands government initiatives and community harmony regarding development and community welfare.

4.6 Future Plan

The some respondents were expansion their entrepreneurship and some respondents were change and improve their entrepreneurship few people want to close own enterprise.

Figure 4.4 Future Plan



Source: Field Survey (2016)

50% (27) respondents of the enterprise would like to change and improvement their current business. 39% (21) enterprises of them would like to expansion the quality with more facilities and services their business and other 11% (6) enterprise would like close their business.

CHAPTER V

SUMMARY CONCLUSION AND RECOMMENDATION

5.1 The Summary of Finding

Daily hundreds of Nepal youth have been leaving their motherland for foreign employment. Although there is not used properly as shown by recent research, many Nepalese youth who are in foreign countries sent their income to their family and relatives and that income come in the form remittance. Role of remittance in entrepreneurship is most important factors of Nepalese people. Nepal is to based on agriculture. Most of the rural youth are in Gulf countries. In other hand skilled and efficient manpower is being utilized in the other developed countries like USA, Australia, Canada, UK, Germany, France and Japan etc.

The role of Remittance in entrepreneurship development in Panchthar District. A case study of Sarangdanda VDC ward no 4 and 5. The general objective of the study is to analyze the role remittance in entrepreneurship development in Sarangdanda VDC of Panchthar District. The specific objective of the study area to examine the status of remittance flow in the study areas, analyze the utilization of remittance in entrepreneurship. To explore the problems of remittance used for entrepreneurship development.

To fulfill the above stated of the study, sarangdanda VDC, Panchthar District was selected for the study and sample size was 54 respondents sampling method and data were collected through questionnaires. Some secondary data were used to show and compare the composition of foreign employment entrepreneurs, and remittance of the national level as well local level in the study.

Gulf countries have become popular destination for the purpose of work In the study area, majority of the foreign employment population in Malaysia is higher (28) than other countries. The monthly income, 27 percent (highest percentile) earn income between the ranges 40000-50000per month. However, the majority of the receiving money for wife

(55.55 %) in sarangdanda VDC. The most of the respondent money take out for money transfer (55.55 %). In the study area, the majority of further investment which is highest percentile (39.82 %) use of remittance fund. The volume of remittance monthly 29.62 percent (highest percentage) receiving money between the 30000-50000 per month.

The ratio of male respondents was 45-60 which was highest percentage (83.33) of other age group and female respondents was 15-30 which was highest percentage (52.63) of other female age group. There were almost doubled male entrepreneurs than female in the study area with remittance. In other hand, total literate percent of respondent was 87.03 whereas total illiterate percent was 12.28. This shows that there was not much difference between male and female literacy percent. The major occupation in the study area, 46 percent households have dependent on agriculture.

According to utilization of remittance fund in different needs and want. Remittance is utilize of education, health, food and clothes, built house, entertainment, mobile etc. Some foreign employers give charity too. In this area people invest for small entrepreneurs.

The ownership of the majority (64%) of the existing rural enterprises is sole. The entrepreneurship in that area, the majority of full time activities which is highest percentage (63 %) of there.

A number of enterprises in Sarangdanda VDC the highest percentage (59%) of un-registered. The challenges and problems were road is the highest percentage (35.71%) of that VDC. Road network is an urgent requirement for smooth access of rural products to market centers. Road and transportation stands out be a major challenges. The majority of the future plan was highest percentage of (50%) the enterprise would like to change and improvement their entrepreneurship.

5.2 Conclusion

The study conclude that, mostly of the workers of study area were found working in the factory worker job because it is the only job which needs no training or skills, except being literate and able to deal with people is enough for the job. The study found that the majority of the foreign employment population in Malaysia is higher than other countries. Considering all mentioned information and data, it has been concluded remittance has been largely employed in further investment (39.42). In addition, remittance has been utilized in medicine.

Furthermore, remittance has contributed in establishing different enterprises like shop is the highest enterprise than others. The current study identifies that poor road network and poor access market is a major problem for entrepreneurship. In addition, other problems are loan, Fund, technology, financial, resources, less facility to exchange of goods and services, problems of knowledge and value of goods among consumer, low investment, low competition. The remittance income is playing very positive role to reduce poverty of the study area and also it is improving the social as well as other entrepreneurship indicators of this VDC but this is not satisfactory.

5.3 Recommendations

The central theme was rural role of remittance in entrepreneurship development is people. Thus necessary approach, policies should be focused o the people living area

-) Family member should utilize the remittance properly and invest it in enterprise. Fully support and don't misuse remittance amount.
-) Government and local community should provide road facilities, and provide electricity by which the production of entrepreneurship should be easily available in market.
-) Avoid illegal process to send remittance.
-) Technological education should provide to younger people and their knowledge and skill utilizing in entrepreneurship.

- J Government act as main facilitator; it most initiate reforms for rural standardization of rural products(NS) that meets international standards through international fair, friendly policies, accountable bureaucracy, subsidides/ facilities to rural enterprises.
- J Community participation in production and employment opportunities.
- J Community managed enterprises and collection center at it VDC with research units that identifies production of rural products based on need and market. Such activities adds that adds value to rural products thought (production, collection, quality control, VDC branding, packing, marketing)

REFERNCES

- Adhikari, J. (1996). *Foreign employment, remittance and its contribution to economy of Nepal*. Government of Nepal and International Organization of Migration
- Bhattra, S. (2005). *Entrepreneurship development in Nepal*.
- CBS (2011). *National population census*. Kathmandu. Nepal.
- Chalise, B. (2014). *Remittance and its effect on entrepreneurial activity: case study from Kandebas VDC*, vol no.2,p.74-80.
- David , H . (2008). *Entrepreneurship development*. California: Prentice Hall.
- David, H. (2007). *Remittances, Migration and Social Development: A Conceptual Review of the Literature*. *Social Policy and Development*, 34 (4) 15-27.
- Desai, V. (2008). *Small-Scale industries and entrepreneurship*. Mumbai: Himalayan Publishing house.
- Ghimire & Khadka & Bhattra (2011). *Policy and approaches of rural Marketing*. Kathmandu: Kshitiz Prakashan.
- Ghimires & Bhattra, (2011). *Remittance and entrepreneurship development in Nepal*: Ministry of Government Nepal.
- Government of Nepal National Planning Commission (2012). *Secretariat central bureau of statistics*. Kathmandu, Nepal.
- ICIMOD, (2012). *Labor migration and remittances in Nepal*. Kathmandu: International Centre for Integrated Mountain Development.
- IMF, (2009). *Remittance and Entrepreneurship Development in Nepal*: International Money Fund.
- International Labour Organization (2004). *Achieving decent work by giving employment a human face*. Geneva. International Labour Organization.
- Investopedia, (2016). *Remittance*. www.investopedia.com/terms.
- Khanka, S.S. (1999). *Entrepreneurial development*. s. chanda publishing.
- National Bureau of Statistics, (2011). *National Population and Housing Census*. Kathmandu: National Bureau of Statistics.
- Nepal Rastra Bank, (2002). *Multipurpose household budget survey*. Kathmandu: Nepal Rastra Bank.

- Nepal Rastra Bank, (2004). *Multipurpose household budget survey*. Kathmandu: Nepal Rastra Bank.
- Nepal Rastra Bank, (2012/13). *Multipurpose household budget survey*. Kathmandu: Nepal Rastra Bank.
- Pant, R. (2011). *Remittances and development in developing countries*. Kathmandu: Nepal Rastra Bank, Annual Publication (p. 52-59).
- Ratha, D. (2005). *The role of remittance in development countries*, International Monetary Fund. *A lifeline for development*.
- Ronstadt, S. (1984). *Entrepreneurship development*. New York: Working Paper of World Bank.
- SAARC, (2014). *Role of Remittance in economic and financial development*. Kathmandu: SAARE Secretarial, Kathmandu Nepal.
- Sharma, S. (2012). *Very small enterprises in Nepal*. Kathmandu: National Labour Academy.
- World Bank (2011). *Large-scale Migration and Remittance in Nepal: Issues Challenges and Opportunities*. Kathmandu.
- World Bank (2013). *Large-scale Migration and Remittance in Nepal: Issues Challenges and Opportunities* Kathmandu.

Website

- Top Nepal (2012). <http://www.topnepal.com/nepal/panchthar#sthash.yN1leOzI.dpufz> retrieved in 14 June, 2016.
- Wikipedia (2011). Remittance <https://en.wikipedia.org/wiki>
- Wikipedia(2015 . Entrepreneur <https://en.wikipedia.org/wiki>
- Wikipedia(2014). Remittance <https://en.wikipedia.org/wiki>

Annexes

Annex 1

Questionnaires for Respondents

1. Personal profile

Name:

Sex: - (a) Male

(b) Female

Age:-

Address:-

Occupation:-

Education:-

a. Illiterate

b. Literate

c. Primary

d. Secondary

e. S.L.C

f. I.A B.A and above

2. Family Profile

S.N	Name	Age	Gender	Marital Status

Age

A= below 15

B= 15-30

C=30-45

D=45-60

E=above 65

Gender

1. Male

2. Female

3. Third Gender

Marital Status

M = Married

U= Unmarried

W= Widow

W1= Widower

3. What is the educational status of your family?

Sex/level	I.A and above	S.L.C	secondary	Lower secondary	Primary	Literate	Illiterate
Male							
Female							
Total							

4. What is the source of income of your family?

Source	Estimated Income NRs (Yearly)
Agriculture and animal husbandry	
Job and Service	
Business	
Pension	
Daily wages (skill or unskilled)	
Others(Specify).....	

5. In which country your family members have gone for foreign employment and when?

Name of Country	Date	Time (Year)	Level of income	Amount of Remittance NRs. M/Y

6. What is the occupation before foreign employment?

- Agricultural
 Animal husbandry
 Job and Service
 Business
 Pension
 Daily wages (Skill or unskilled)
 Others(Specify).....

7. What is the monthly income from foreign employment?

- Less than 15000
 30000-50000
 15000-30000
 More than 50000

Settlement	Yes <input type="checkbox"/>	No <input type="checkbox"/>
------------	------------------------------	-----------------------------

12. Do you own a business is you engaged in any entrepreneurship?

- a) Yes b) No

13. What types of service (Entrepreneurship \business)is it ? what facilities do you offer?

- a) Agriculture b) Service c) Tourism d) Food industry e) Business f) Education
g) Other

14. How many people are engaged? Who are involved in your business?

- a) self-employment b) Family c) Staff d) other

15 Type of ownership

- a) sole b) partnership c) Join

16. What are your motivations of starting of entrepreneurship?

- a) Family b) culture and tradition c) Education
d) Work and experience

17. Starting capital Fund

- a) 10,000 b) 30,000 c) 50,000 d) 70,000
e) 90,000 f) 1,00,00

18. Entrepreneurship activity

- a) full time b) part time

19. Are you satisfied with your business?

- a) Yes b) No

20. How much average monthly income?

- a) 5,000 b) 10,000 c) 15,000 d)
20,000 e) 30,000 f) 50,000

21. Saving
- a) 5,000 b) 10,000 c) 15,000 d) 20,000
e) 30,000
22. Have you registered yourinstitution?
- a) Yes b) No
23. What are the qualities of a successful rural entrepreneur?
- a) Hard working b) Skilled c) leader
d)confident e) Experienced f) Committed
g)Team player h) creative
24. Do you know any other rural entrepreneurship in rural area?
- a) Yes b)No
25. What are the challenges of entrepreneurship in rural area?
- a) Fund b) loan c) Market d) Technology e) Government policy
f) Road g) Financial h) Resources i) risk
26. How can we better manage rural entrepreneurship? What are the essentials of expanding rural entrepreneurship?
27. If you change one of the thing what would you change ?why?
28. What are your plans future?
- a) Expansion b) Closure c) Change and improvement d) other
29. What should a rural entrepreneur consider, if he/she wants to start a new type of business activity in rural area? What are your suggestions?

Annex 2

Checklist for the Key Information Interview

Name:

Sex:

Age:-

Address:-

Occupation:-

Education:-

Religions:-

1. How many members are in your family?
2. What are the sources of income in your family?
3. How many members from your family have you been migrated for employment?
4. Are you engaged in any entrepreneurship?
5. How many people are engaged? Who are involved in your family?
6. What are the qualities of a successful rural entrepreneur?
7. What are the challenges of rural entrepreneurship?
8. How can we better manage rural entrepreneurship?

Thank you very much for your kind information

Shop	22.22%
Co-operative	11.11%
Tailoring	9.25%
Kiwi Kheti	14.81%
Poultry	3.70%
Dairy	5.55%
Hotel	11.11%
Education	7.40%
Tea Industry	5.55%
Orange Farm	9.25%

