

**IMPACT OF REMITTANCE ON  
HOUSEHOLD LEVEL OF BHAKTAPUR  
MUNICIPALITY**

**A Thesis**

**Submitted to**

**Central Department of Economics**

**Faculty of Humanities and Social Sciences, Tribhuvan University**

**in Partial Fulfillment of the Requirements for the Degree of**

**Master of Arts**

**in**

**ECONOMICS**

**By**

**HARIHAR BHANDARI**

**Roll No.: 447/062**

**T.U. Regd. No: 6-1-327-184-97**

**Central Department of Economics**

**Tribhuvan University**

**Kirtipur, Kathmandu, Nepal**

**April, 2019**

## LETTER OF RECOMMENDATION

This thesis entitled *Impact of Remittance on Household Level of Bhaktapur Municipality* has been prepared by Mr. Harihar Bhandari under my supervision. I hereby recommend this thesis for examination by the Thesis Committee as a partial fulfillment of the requirements for the Degree of Master of Arts in Economics.

.....  
Tara Prasad Bhusal  
Associate Professor  
(Thesis Supervisor)

Date:

## APPROVAL SHEET

We certify that this thesis entitled *Impact of Remittance on Household Level of Bhaktapur Municipality* submitted by Mr. Harihar Bhandari to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of Master of Arts in Economics has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

### Thesis Committee

.....

Prof. Dr. Kushum Shakya  
(Head of the Department)

.....

Dr. Yogesh Ranjit  
External Examiner

.....

Tara Prasad Bhusal  
Associate Professor  
(Thesis Supervisor)

Date:

## **ACKNOWLEDGEMENTS**

I am very pleased to take this opportunity to express my gratitude to my thesis supervisor Tara Prasad Bhusal, Associate Professor of Central Department of Economics, Kirtipur, Kathmandu for his valuable guidance, suggestions and encouragement without which this work would never have been completed. I am highly indebted to my respected supervisor. Similarly, I am also feeling privileged to express my gratitude to Prof. Dr. Kushum Shakya, Head of Department and all the teachers and staff of Central Department of Economics for gracious response to my queries.

I would be thankful to the all respondents who co-operated kindly and answered all my questions without any hesitation. At this moment, I cannot forget teaching and non-teaching staffs of the Central Department of Economics, who inspired me by showing keen interest in my work. Thanks also go to staff of Central Bureau of Statistics, who helped me providing booklet, journal, annual report, data and correct information during the course of my field visit.

I also extend my hearty thanks to my friends who provided me valuable suggestions and help for this research work. Last but not least, I would like to express hearty thanks to my parents and other family members.

Harihar Bhandari

# TABLE OF CONTENTS

	Page
Letter of Recommendation	
Approval Letter	
Acknowledgements	
Table of Contents	
List of Tables	
List of Figures	
List of Abbreviations/Acronyms	
<b>CHAPTER-I : INTRODUCTION</b>	<b>1</b>
1.1 Background of Study	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	4
1.4 Rationale of the Study	5
1.5 Limitations of the Study	5
1.6 Organization of the Study	6
<b>CHAPTER-II : REVIEW OF LITERATURE</b>	<b>7</b>
2.1 Theoretical Review	7
2.2 Review of Empirical Studies	8
2.3 Research Gap	16
<b>CHAPTER-III : RESEARCH METHODOLOGY</b>	<b>18</b>
3.1 Research Design	18
3.2 Rationale for the Selection of Study Area	18
3.3 Nature and Sources of Data	18
3.4 Sample Selection Procedure	18
3.5 Data Collection Techniques and Tools	19
3.6 Data Processing	20
3.7 Tools for Data Analysis	20

<b>CHAPTER-IV : PRESENTATION AND ANALYSIS OF DATA</b>	<b>21</b>
4.1 An Over View of Respondents	21
4.1.1 Age Composition of Migrants	21
4.1.2 Education Status of Migrant Workers	21
4.1.3 Gender Description of Foreign Migrants Workers	22
4.1.4 Marital Status of Foreign Migrant Workers	23
4.1.5 Major Destination of Foreign Migrant Workers	23
4.2 Contribution of Remittance in Livelihood	24
4.2.1 Causes of Foreign Employment	24
4.2.2 Source of Financing	25
4.2.3 Different Kinds of Job According to Education	25
4.2.4 Average Earning in Different Country	26
4.2.5 Medium Used to Obtain Foreign Employment	28
4.2.6 Cost of Foreign Employment	28
4.2.7 Status of Skilled of Migrants Workers	29
4.3 Contribution of Remittance in Household Economy	30
4.3.1 Use of Remittance on Unproductive Sector	30
4.3.2 Uses of Remittance in Productive Sectors	31
4.3.3 Reason of Non-Utilization of Remittance into Productive Sector	33
4.4 To Compare the Economic Status of Migrant Workers before and After Receiving Remittance	33
4.4.1 Total Land Holding Before and After Remittance Income	34
4.4.2 Changes in Household Economy due to Foreign Employment	34
4.4.3 Effect on Other Indicators	36
4.4.4 Effective on Physical Assets due to Remittance	38
4.4.5 Effect on Saving and Investment due to Foreign Employment	38

4.4.6 Comparisons of Consumption Pattern Before and After Received Remittance	40
4.4.7 Loan/ Debt Condition Before and After Received the Remittance Income	41
4.4.8 Distribution of Negative Impact of Labour Migrants	41
4.4.9 Suggestion for Properly Utilization of Remittance by the Respondents	42
<b>CHAPTER-V : SUMMARY, CONCLUSION AND RECOMMENDATIONS</b>	<b>44</b>
5.1 Summary	44
5.2 Conclusion	45
5.3 Recommendations	46
<b>REFERENCES</b>	<b>48</b>
<b>APPENDIX</b>	<b>51</b>

## LIST OF TABLES

<b>Table Page No.</b>	<b>Title</b>	
4.1	Age Composition of Migrants	21
4.2	Educational Status of Foreign Migrant Workers	22
4.3	Gender Description of foreign Employment	22
4.4	Marital status of foreign migrants	22
4.5	Major Destination of Foreign Migrant Workers	23
4.6	Frequency Distribution of Causes of Seeking Foreign Employment	24
4.7	Frequency Distribution of Source of Financing of Cost of Foreign Employment for Different Country	25
4.8	Frequency Distribution of Migrated Persons Education and Field Work	26
4.9	Country and Average Earning	27
4.10	Frequency Distribution of Medium Used to go for Foreign Employment by Respondents	28
4.11	Average Cost paid and Range of Costs for Foreign Employment in Study Area	29
4.12	Frequency Distribution of Skill Status of Migrants Workers	30
4.13	Average Annual Expenditure of Different Sector	31
4.14	Average Annual Investment on Different Sector	31
4.15	Income and Expenditure Analysis	32
4.16	Causes of Non-Utilization of Remittance in to Different sector	33
4.17	Land Purchase by Using Remittance Income	34
4.18	Frequency Distribution of Changed in Different Indicators of the Respondents	35
4.19	Frequency Distribution of Impact on Other Household Indicators of Respondents	36
4.20	Comparison on Physical Assets of Households Before and After Remittance	38
4.21	Comparison of Saving and Investment in Different Sector due to the Remittance	39
4.22	Consumption Pattern of Remittance of Households before and after Remittance	40
4.23	Comparison of Loan/ Debt Condition of Households Before and After Remittance	41
4.24	Distribution of Negative Impact of Labour Migration	42
4.25	Suggestion for Properly Utilization of Remittance	43



## LIST OF FIGURES

<b>Figure No.</b>	<b>Title</b>	
	<b>Page No.</b>	
4.1	Average Earning in Different Country	27
4.2	Change in Economic Status due to Foreign Employment	35
4.3	Impact on Other Indicators of Households	36

## **LIST OF ABBREVIATIONS/ACRONYMS**

ADB	:	Asian Development Bank
BOP	:	Balance of Payment
CBS	:	Central Bureau of Statistics
CFE	:	Convertible Foreign Exchange
DFID	:	Department for International Development
FDI	:	Foreign Direct Investment
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNI	:	Gross National Income
GON	:	Government of Nepal
HDR	:	Human Development Report
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
KSA	:	Kingdom of Saudi Arabia
MOF	:	Ministry of Finance
MPA	:	Man Power Agencies
NLSS	:	Nepal Living Standard Survey
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
SAARC	:	South Asian Association for Regional Cooperation
SLC	:	School Leaving Certificate
UAE	:	United Arab Emirates
UK	:	United Kingdom
UNDP	:	United Nations Development Program
USA	:	United States of America
US\$	:	United State Dollar
VDC	:	Village Development Committee
WB	:	World Bank
WDR	:	World Development Report
WTO	:	World Trade organization

# CHAPTER - I

## INTRODUCTION

### 1.1 Background of the Study

Remittances consist of financial instruments transferred by migrants living and working abroad to residents of the home economies of the migrants. It is limited to transfers made by workers that had stayed in foreign economies for at least one year stayed transfers from migrants that are self employed are excluded (IMF, 1999) A remittance is a transfer of money by a foreign worker to an individual in his or her home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. In general, remittance is a small amount of money which is sent by the migrants who involved in foreign employment. The main aim of labor migration is to send money back home. 'Remittance from Nepali migrant workers in foreign countries is an important component of Nepali economy. Its contribution is not only the cash income and other goods and commodities that come to Nepal, but also the foreign exchange which has other positive contributions in terms of social and human development (Gurung, 2016).

Remittances to Nepal have a stronghold in the national economy and they have also improved the lives of a large number of rural people. Remittance inflow in Nepal began with the entry of Nepalese youths in the British Indian Army during the World War I. Following this, there were increased remittances to Nepal when a large number of Nepalese youths joined the Indian army in the 1950s and 60s. Simultaneous to this, the increased number of Nepalese migrant workers in India also contributed to bring in remittances from India (NRB, 2015).

Remittances have become a major source of hard currencies for the national economy as well as of household income. Number of remittance receiving household has reached 56 percent in the country. Remittance has approximately 25 percent share in GDP and has surpassed the incomes received from tourism and national exports for the last three consecutive years (CBS, 2016). Remittance inflow has been credited for heavy foreign reserve and management of monetary resource for small and medium

scale industries. Besides, remittance has helped the country's economy from being debt crisis at a time when the world was under recession period. Remittance also supports for poverty alleviation (MOF, 2017).

According to the latest migration and development brief, official remittance inflows to Nepal reached 27.7% of GDP in 2013, which makes Nepal the third largest remittance recipient in the world (MOF, 2016). People migrate for lack of employment inside the country, low agricultural productivity, agricultural policy by government, short coming of land tenure system, unfavorable form of trade, wide dispersion of poverty in income, the foreign government's labor policy, possibility of education opportunities, expanding form of employment attract our population for migration.

As the rates of population growth, unemployment within country are responsible for migration in many industrialized countries. The "push factor" like population, unemployment and crisis pressures in less developed countries established inter-country networks based on family, culture and history. Push factors are unfavorable situation which force a person to leave whereas pull factors are favorable condition pulling people in developed country.

**Table 1.1: Annual Inflow of Remittances in Nepal**

Fiscal Year	Remittances amount (in billion)	% to GDP
2006/07	11.14	13.8
2007/08	28.42	17.5
2008/09	165.13	21.2
2009/10	181.98	19.4
2010/11	217.84	18.5
2011/12	592.74	23.5
2012/13	741.76	25.6
2013/14	1014.26	27.7
2014/15	1096.98	29.1
2015/16	1220.16	30.2
2016/17	1225.28	29.5

Source: Economic Bulletin mid January, 2017.

The Table 1.1 shows us the percentage of remittance in GDP. There is an increasing trend of remittance in GDP from 2006/2007 to 2016/2017. However, it is decreasing at the year 2010/11.

At present, remittance has become an important source of revenue for government through tax and fees. These fees include fees paid by manpower companies, passport fees, value added tax and other non-tax revenues. Similarly, remittance has become an important source of revenue for private sector as well. Various recruitment agencies, agents, medical institute, orientation institute, training institute, advertisement, photograph shop, air-ticketing, local transport, hotels, restaurants etc has been collecting significant amount of revenue – Rs. 107 million per day, since the foreign labor migration has become a common phenomenon (MOF, 2017).

Government's effort to bring in wage earner's remittances through formal channels is facing challenges due to poor financial access and lack of education. The inconvertible nature of capital account and lack of proper mechanism to record the net migrant workers abroad are other challenges in determining the exact amount of money that Nepali migrant workers normally remit to their home. Due to poor banking access, many migrant workers have been relying on the informal channels to send their earnings home. As per NRB statistics, the country received remittance totaling Rs. 623 billion in the first 11 months of the current fiscal year 201/17. The figures stood at Rs. 665 billion and Rs. 617 billion in 2015/16 and 2014/15 respectively. However, only 70-80 percent of the total is being sent through formal channels. The country received rest of the amount through informal channels, popularly known as Hundi (NRB, 2016).

## **1.2 Statement of the Problem**

Most of the people are unemployed. People have gone to the foreign country through loan and most of the people spend their earning in repayment of debt. Because of being uneducated and unskilled human resources, they are facing many kinds of problem. Due to political instability industries and business could not increase its pace. Agriculture development is also becoming inadequate. Remittances have emerged as one of the premier sources of foreign exchange in study area. Recent years they have been one important avenue of support for family members remaining at home. It seems foreign migration is important source of employment.

In the study area, 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. In the study area average annual investment on a productive sector is lower than the average annual expenditure on unproductive sector. It may be due to lack of knowledge and lack of proper policy of government for the utilization of remittance.

In the study area, migrants workers have earned some part of money in abroad and they sent their earn amount. 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 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 the area are studied: There is lack vocational training for investment in small and medium scale industry by government. There is lack knowledge of respondents for utilization of remittance and government has not encouraged the people to use the remittance in productive sectors or other benefited field. The specific issues associated with the role of foreign employment and use of remittance is as follow:-

- a) How the people are managing cost of migration in Bhaktapur District?
- b) What is the pattern of utilization of remittance in the study area?
- c) How does remittance help the household economy?

### **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:

- a) To examine the cost of migration in Bhaktapur District.
- b) To examine the utilization pattern of remittance in the study area.
- c) To compare the economic status of migrant household before and after receipt of remittance.

#### **1.4. Rationale 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 creating new economic infrastructure and services especially in remote rural areas where state resources have not been effective. The use of remittance depends on the priority placed by the individuals of different families. Poor family had increased their living standard, economics status as well as all aspect of the household in study area through foreign employment. The study area as well as most of the part of Kathmandu district is losing their youth day by day, in last year till 2073 Ashad, 280 youth were migrants as the name of abroad migration for short time as well as long time in study area (MOF, 2017), which bring the serious problem in the study area to utilize the local resources and implementation of development program. The significance of the study is to examine the utilization pattern of remittance within household and compare their status before and after recipient of remittance. The study will be helpful to government, policies makers and stakeholders (i.e. migrants, future researcher) know about the utilization pattern remittance income and compare the economic status before and after remittance of the area.

#### **1.5 Limitations of the Study**

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

- (i) This study covers only Bhaktapur area of Bhaktapur district. Hence, the conclusions may or may not applicable everywhere. So, findings of the study can not 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.
- (iii) The study is concentrated with variables; income, expenditure and investment pattern of remittance.

## **1.6 Organization of the Study**

This study is organized into following five chapters: The first chapter is the introduction that includes background of the study deals with statement of the problem, objectives of the study, rationale of the study and limitations and organization of the study. Literature review in the second chapter, which deals with theoretical and empirical evidences regarding migration. The third chapter is research methodology of the study which deals with research design, rationale for the selection of study area, nature and sources of data, sample selection procedure, data collection techniques and tools, data processing and tools for data analysis. The fourth chapter deals with data presentation and analysis. This chapter includes overview of foreign employment and utilization of remittance in Bhaktapur area, comparison of economics status of households before and after remittance received. The fifth chapter deals with summary, conclusion and recommendations.

Reference and appendices are also included at the end of the study.



## **CHAPTER - II**

### **REVIEW OF LITERATURE**

The study aims to analyze the inflow of remittance and its utilization as well as its impact on economy which is entering inside the country. For this purpose, a review of related literatures in this concerned area is must, which will help to get clear ideas, opinions and other concepts. This chapter emphasize about the literatures which were concerned in this connections. Therefore, in this chapter, conceptual framework given by different authors and intellectuals of this area, books, journals, research work and previous thesis related to labour migration and inward remittances are reviewed. Moreover, labour migration issues and inflow of inward remittances are reviewed and attempt has been made to present them properly.

#### **2.1 Theoretical Concept**

Historically, Nepalese people established their business and work with neighboring countries like Tibet china and India. In Lichhavi period, promoted Nepalese arts and popularity by Bhirkuti in China and many artists designers worked there. Artist Areniko invited by Kublie Khan for to constructing temples and stupas in China. Their histories show that at that time Nepalese were working in neighboring countries and send the earned amount to their motherland. At that period, Nepal was rich for culture, arts heritages and also economically in Malla regime too. Nepalese carried on the job continuously focusing trade between the neighboring countries.

Lewis (1984) distinguished subsistence sector and developed sector within the economy and explained in economic growth with unlimited supplies of labor. In other words, the first to agro-based, undeveloped sector or rural area and second is industrial, developed, urban territory. The prime reason for migration is due to wage difference unlimited supply of labor force prevailing at low wage rate are attracted in to industrial sector until substance sector provides equal wage rate like that of urban sector i.e. migration exists whenever wage differential exist and eliminates of such differential causes to end labor mobility.

Todaro (1996) clarified that migration is stimulated primarily by rational economic consideration of relative benefit which are mostly financial decision to migrate is influenced by the difference between expected income between two places. He added that international migration in developing countries' probability of getting job in new area is inversely related to unemployment rate in the new area.

As stated in the BOP manual states workers remittance cover current transfer by migrants who are employed in new economies and considered residents there. A migrant is a person who comes to an economy and stays or is expected to stay for a year or more. Workers remittance often involved related persons. Persons who work for and stay in new economies for less than a year are considered nonresidents; their transactions are appropriate mainly to the component for compensation of employees.

Addison (2004) analyzed that remittances have for several generations been an important means of support for family members remaining at home. As migration continues to increase the corresponding growth of remittance has come to constitute a critical flow of foreign currency into many developing countries and Africa in particular. Policy makers in developing countries have started to streamline financial systems removing controls creating incentives, with the aim of attracting remittance especially through official channels. Generally, remittance can create a positive impact on the economy through various channels. The general understanding among various economic thinkers is that remittances can impact on the economy through saving investment, growth of consumption, poverty and income distribution. The importance of remittance flows becomes critical in economics with credit market imperfections as in the case in most developing countries.

## **2.2 Review of Empirical Studies**

### **2.2.1 International Context**

Stark and Bloom (2009) examined the empirical evidence that the initial relative deprivation of household in their Municipality-10 reference group plays a significant role in migration. Controlling for initial absolute income and the expected income gains from migration they showed that the propensity of household to participate in international migration is directly related to the household initial relative deprivation.

Sasikumar (2009) assessed that macroeconomic studies demonstrate that though remittances are affected by the economic cycles of source and host countries, they often provide a significant source of foreign currency, raise national income, finance imports and contribute to the balance of payment, which other capital flows tend to increase during favorable economic cycles and decline in period of economic downturn. Remittances seem to react less violently and reveal incredible stability over time. For instance, remittances to developing countries continued to go up steadily in 1998-2001 when private capital flows declined in the wake of the Asian financial crisis. Even the more stable components of capital flows FDI and official flows declined in 2000-2001, while remittances continued to rise.

Gupta (2009) investigated that remittance from abroad has become a very important component to the balance of payment for developing countries in recent years. For some countries they have exceeded various types of capital flows. Global development finance shows that remittance to developing countries are higher than official aid flows and are, also higher than most other types of private capital flows. Remittances have increased rapidly for India too in the past decade making it one of the largest recipients of remittance in the world. It finds that, commensurate with the increase in the number of migrant from India and the migration of higher skilled workers over time, private transfer to India on current account have been very robust in the past decade. In this paper she also finds that, the private transfers have been stable sources of funds and have not been affected by the risk return consideration to the some extent that flows on capital account have been such as portfolio investment. Thus they have proven to be a source of strength in the balance of payment in India. From the econometric models author analyzed not many macroeconomic factors are important in explaining the behavior of remittance around the trend over time. Among the variables that are found to be significantly associated with the movements in remittance include indicator of economic activity in the source countries. Remittance are higher when economic conditions abroad are high and remittance are also found to be same, what countercyclical, that is higher during the periods of negative agriculture growth.

Coss (2009) examined the remittance flows as an important source of funds for many developing countries workers remittances have been growing rapidly in the past few

years and now represent the largest sources of foreign income for many developing countries. It is hard to estimate the exact size of remittance flows because many transfers take place through unofficial channels and therefore not captured by authorities worldwide, officially recorded international migrant remittance had projected to exceed 232 billion in 2005, with US\$ 167 billion flowing to developing countries. After 1997 the flow of recorded remittance grew much faster than foreign direct investment (FDI). Unrecorded flows through informal channels are believed to be at least 50 percent larger than recorded flows not only are remittances large but they are also more evenly distributed among developing countries than capital flows, including foreign direct investment most of which goes to a few big emerging markets. In fact, remittances are especially important for low income countries. This study suggests that remittance may rise per capita income and reduce poverty in some countries. For instance, a 10 percent increase in the share of remittances to GDP in a given country would lead to a 1.6 percent decline in the share of people living in poverty. Remittance may have reduced the share of poverty by 11 percent in Uganda, 6 percent in Bangladesh and 5 percent in Ghana. In China where more than 150 million people are internal migrants, the second most important factor for lifting a household out of poverty.

World Bank (2009) assessed that remittance constituted workers remittance, compensation of employees and migrant transfer, migrant remittances are defined broadly as the monetary transfer that a migrant makes to the country of origin. International migrant remittances are the second largest source of external finance in developing economies, next to foreign direct investment international migrant remittances received by developing countries are estimated to be approximately US\$ 167 billion in 2005 and have doubled in last five years.

Rajan (2009) assessed the migration and remittance in India (Kerala) and experience with using random sampling method with probability proportional to the no. of households which sample drawn from 300 panchayats (location) using mention of sample method in fifty households. The study found that average age of emigrants twenty eight average ages at return forty four, life in Gulf sixteen, unemployment rate before emigration twenty three and unemployment rate after return twenty nine.

Rajan assessed that most of the Kerelian people migrant in Gulf countries to search the appropriate employment opportunity and they earned money (remittance) and sent back to their origin place (home) its impact especially 1-28 times more than the government revenue. Recipient four times more than the transfer from the central government 1.5 more than the government expenditure and fifteen to eighteen times more than the receipts from cashew marine products. The study found that remittance particularly impact on poverty, unemployment standard of living, ownership of houses, quality of house consumer durables and income redistribution or social mobility on the other hand impact of migration on women older people, children due to loneliness (Available in [www.ips.lk](http://www.ips.lk)).

Amjad (2009) examined remittance using time series data set included 34 observations over the period of 1975 to 2008. Data collected from various sources like as remittance series (total and by region) GDP per capita from various issues of economic survey, Amjad and Kemal, economic survey's missing data for poverty has been interpolated and extrapolated and intercept Dummies have been used to capture the impact of variation in remittance. Over the three decades 1980's 1990's and 2000.

This investigated that impact of remittance on poverty inversely and negatively related and studied found that some female headed households are in worst position due to they received only 38% of remittance, the decline in the remittance inflows a major contribution factor is explaining the size in poverty in Pakistan during 1980's. It provides some observable recommendations for developed well data set and keep well documentation of overseas migration and remittances and encourage migrants to send their remittance through legal channels ([www.ips.lk](http://www.ips.lk)).

Salim (2009) examined with using time series econometric analysis linking remittance and economic growth in Bangladesh over period 1981-2006. Likewise, using CGE (compuTable general Equilibrium) and a cross section economic analysis explained the link between remittances and poverty for the household using the latest household survey data.

The average economic growth was around 5.5 percent and population growth was 1.2 percent The analyzed growth of per capita income was 4.2 percent during the same fine, remittance recorded a phenomenal growth inflow of remittance increased from

million US\$ 1949 in 2000 to million US\$ 3848 in 2005 implying a 97 percent growth over the period, and the analyzed remittance growth was around 20 percent. And in the HIES 2005 data set observing around 1800 HHS only 905 HHS receive international remittance while rest 50 are not receive any international remittances. At the first step, they separated all households which are receiving international remittances. In the second step, they have identified those HHS who do not receive remittance but they found similar probability of receiving remittance. But, they found similar probability of receiving remittance after controlling for differ household characteristics. And finally, this study found that remittance is on important factor is poverty education remittance helped maintain macroeconomic stability and government should take following action.

Sonam (2009) investigated in Bhutan about the economic impact of remittances particularly in household income, assets, foreign exchange (BOP) social security and discriminations in Bhutan. The comprehensive analytical study was based on the survey of RUM, PPD & MOA 2005 and found that some key issues are high transaction cost for visa and documentation remittance transfer cost changed by banks, lack of legal from work on assess of poor people in migration. This study suggested some viable recommendation are to promote the competition in remittance industry, protect of migrant working and other related enabling policy environment need to adopt it (<http://www.ips.lk>)

Nisal and Dushan (2010) examined the a paper about Sri Lanka economy in international conference to examine the impact of migrants and remittance on economy using the survey of central bank's time series data of 2003-04 (secondary data). The study examined macro level (economic stability national study and labor market) and micro level (Households expenditure, HHS income and people welfare). They found that macro-economic impact of remittance flows to strength economy through steady sources of fund FDI portfolio and remove external shocks (i.e. natural disaster, financial crisis and political conflict etc.) and micro impacts of remittance on household income and expenditure with reducing poverty and improving health, education & standard of living.

Deshal and Suwendrani (2010) investigated in Maldives propose of assess the impact of remittance in poverty and consumption using time series data in period (1997-

2005). They found that significant role of remittance to remove poverty (i.e. 10% increases in remittance leads to 3.5% decline in poverty) and internal migration another important aspect of remove inequality.

The study investigated some policy implication to keep well documentation of migrant people encourage to send money through legal channel and build strong policy frame work needed for management of foreign employment etc.(<http://www.ips.lk>)

Tilani and Roshni (2010) examined analytical studied in impact of migrant in Afghanistan using cross sectional data from National Risk and Voluntability Survey (SNRVA) 2005 and 2005, the survey conducted which covered 11,227 households out of the total households 2332 number of households had at least one number who migrated during the last year. Similarly, survey of (NRVA, 2005) conducted with main objective to gather information update and guide policy makers in their development decision about the migrants and remittances.

The study found that remittances are the most tangible result of migration and direct link to development Remittance has direct positive impact on poverty alleviation, assess to education and health facilities ([www.ips.lk](http://www.ips.lk))

### **2.2.2 Nepalese Context**

Panta (2006) examined that remittance refers to that person of migrant's earnings sent from the migration destination to the place of origin the term remittance are normally limited to denoted monetary and other kinds transfers transmitted by migrants workers to their families and communities. Remittance falls under the BoP. Standard measures based on three items in report as incorporated in the IMF balance of payment statistical year book. There are the form of: (1) workers remittances (Money sent by workers living abroad for greater than one year); (2) Compensation of employees (gross earning of foreigners living abroad for less than one year; and (3) migrant transfer (net worth of migrants moving from one country to another). Remittance was one of the major sources of the income of the country, can be further increased if new potential destinations of foreign employment like Korea apart from the traditional employment destination such as the Arab countries could be explored and utilized.

Sigdel (2005) examined the overview of remittance economy of Nepal with the aim to evaluating the significance of inward remittance in the overall economy developed of the economy of the country. Employment in abroad has not only helped Nepal ever-growing unemployment problem but it has also injected much needed foreign currency into our economy to fill up foreign exchange and investment gap, thereby helping Nepal avoid a major BOP crisis.

Shrestha (2008) assessed that remittance now a day is considered as one of the six pillars of economy other being investment, trade, agriculture, water and tourism. At the household level, it helps to smooth the consumption and investment in human and physical capital. Remittance also generates benefits to the community, if they are spent on locally produced goods and services, and helps poverty reduction since money is utilized for rural development. In Nepal's case the penetration of the remittances into remote Municipality-10s has helped in poverty reduction. The IMF country report states that in the absence of remittance, the percent level of poverty would be 36 to 37 percent.

Dhital (2011) examined to assess remittance current position and its 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 the 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.

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 were distributed equally in rural and urban. At the first stage 800 wards were taken by the primary sampling units (PSU) in the second stage among their words 1600 hundred 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. 19721. 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 29 percent respectively from Malaysia, Saudi Arabia, India, United Kingdom and Other countries. The survey collected data on the District from which the remittance was sent but this is insufficient to distinguish remittance from urban and from rural areas (CBS, 2008).

Shrestha (2011) investigated and reviewed the study using the analytical approach, taken the data dating back to 1990 to 2006/07, especially researcher tries to shows the contribution of remittance to GDP ratio. The study shows that the remittance to GDP ratio was only 0.5 in 1990/91. Recently the remittance to GDP ratio increased from 10-34 in 2001/02 to 15.12 accounted highest is 2005/06. But the share of remittance to GDP was decreased to 14.83 as compared to previous year. It indicates that contribution of remittance in Nepal is immense justifying the fact that Nepal's economy is 'remittance economy'

Further the study shows that the contribution of remittance of the different sector of economy becomes much more important. Finally she suggest in her research paper, considering the present scenario, GON and the concerned authorities most visualize and address the issue of foreign employment and remittance in Nepal from the changed perspective.

Dahal (2011) highlighted the importance of youth and remittance in Nepalese economy and suggest some measures to mainstream youth and remittance for this purpose. The study showed about 2 millions youth work abroad and send foreign currency as remittance, which is being used as a sources of consumption by the government and banking system, about 15% in being used in buying land and investing agriculture and industries. The study denoted two important resources youth and remittance are interrelated. The study told that the remittance is cash money created by youth that contributes 21.8 percent to nation's GDP. It was 10.7 percent in 2000/01. Total amount of remittance reached 217 billion 2008/09. But the two factors are left to vagaries of market. The comment of this study in the state must capitalize both resources for the long term prospects of nation. Finally his study shows, Remittance is not a permanent resources; it is a significant transitional resources that can be utilized for productive economic investments in economy.

According to the NRB study the cross country analysis shows that when 10 percent individual remittance on official recorded increase then the poverty decreased by 3.5 percent and also international label study shows that more than 35 percent of remittance has been gone in rural area.

K.C. (2012) examined the updating the data of labour migration in different fiscal year from FY 1993/94 to 2009/10. The data showed that the high inconsistency till the FY 2007/08 from the beginning, and after that some improvements in the number of Nepalese foreign workers were recorded by the end of the FY 2009/10. In his analysis also tries to shows an impact of global financial crisis in Nepalese economy from various pointed ways such as Media response, Government response etc. In the national wise effects of crisis in Nepalese economy though reduce aid generated capital investment by the European Union. The Media response of the financial crisis on Nepalese labour especially in Malaysia affected many Nepalese workers due to the government decision not to recruit foreign migrant workers in the manufacturing and service sector from January 2009 and double the levy for hiring them in order to increase the salaries of local workers.

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 is earned 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.

### **2.3 Research Gap**

Lots of research had been done on “remittance” on Nepal and area specified. The contribution of remittance of national level i.e. macro level had been studied. The nature of area is different in context to Nepal. In most of the parts of Nepal had prevalence of different nature. The different people spend different level of migration cost. This study tries to examine the utilization pattern of remittance in household economy and compare status before and after. Thus, the study will be helpful to those

interested person, parties, scholars, professor, students, businessman and government for academically as well as policy perspective. Hope this study will help to others researchers in future in the related field.

## **CHAPTER - III**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The research methodology adopted for the present study has been outlined in this chapter which deals with research design, sources of data, population and sample, and data gathering procedure and method of analysis.

#### **3.2 Research Design**

This study is based on the explorative as well as descriptive type of research design.

#### **3.3 Rationale for the Selection of Study Area**

Bhaktapur Municipality-10 is the one of the Municipality-10 of Bhaktapur in terms of various aspects. Bhaktapur Municipality-10 consists of different wards and the population of Bhaktapur Municipality-10 is 5592 and occupied the area of 0.25 square kilometer (CBS, 2016). The Interview was taken from ward no. 10 of Bhaktapur Municipality, focusing more on the people of ward no. 10. There is no study conducted in Bhaktapur Municipality-10 regarding the utilization pattern of remittance. Thus, this study attempts to explore the utilization of remittances in Bhaktapur Municipality-10 of Bhaktapur district.

#### **3.4 Nature and Sources of Data**

This study is based on primary data in order to meet stated objectives of the study. The structured questionnaires are used to collect data through field survey.

#### **3.5 Sample Selection Procedure**

It has been not possible to take total survey of whole migrant household due to the limitation of time and other sources. There were all together 969 total households and the total population are 5592 according to survey of municipality, 2074. Among them, 280 HHs members were migrants for foreign employment. But in this study, only 60 households had been taken among the migrant households from ward no. 10 of the

study by using stratified random sampling technique through the nine strata covering ward no.10 with random sampling method.

### **3.6 Data Collection Techniques and Tools**

In order to obtain necessary and reliable data for this study researcher has used both quantitative and qualitative techniques of data collection. For quantitative technique structured questionnaire are used. For qualitative key informant interview (KII) methods is used.

#### **3.6.1 Field Survey**

The direct personal interview with remittance receives or sender's family members were taken for the study by the field survey. 60 households are 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 receiver's socio-economic status. In general, the questions were design based on socio-economic condition. It helped researcher to verify data directly.

#### **3.6.2 Key Informants Interview**

Qualitative methods of data collection by the structured interview could not collect in depth 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 Bhaktapur area such as local political leaders, social workers, ex-ward chairman and ward members were interviewed.

#### **3.6.3 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 observations 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.

### 3.7 Data Processing

After the competing field work, all data and information filled up questionnaire them 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.

### 3.8 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:

- a) Collected data has been processed by tabulating data.
- b) Cartographic techniques have been used to describe the Table in this study.
- c) Some statistical tools like percentage; average ratio has been used to analyze data.

### Average Income

"Average is statistical constants which enables us to comprehend in a single effort the significance of the whole." It represents the entire data by a single value. The mean is the most commonly-used type of average and is often referred to simply as the average. It is calculated as:

$$\bar{X} = \frac{\sum X}{N}$$

Where:

$\bar{X}$	=	Average income
N	=	Number of observations (persons)
$\sum X$	=	Sum of observations (income)

## 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 these are analyzed in this chapter. Basic–economic information of migrants and their households are presented in this chapter.

#### 4.1 An Over View of Respondents

##### 4.1.1 Age Composition of Migrants

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

**Table 4.1: Age Composition of Migrants**

Age groups	No. of Respondents	Percent
18 – 25	18	30.0
25 – 32	30	50.0
32 – 40	7	12.0
> 40	5	8.0
Total	60	100

*Source: Field Survey, 2018*

The Table 4.1 shows that 30 percent migrant workers are in the age 18 to 25 years. Migrants within the age 25 to 32 are 50 percent. Above 40 years migrants have been gone only 8.0 percent and 12.0 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.

##### 4.1.2. Education Status of Migrant Workers

Education plays the importance role for development of human capital. Table 4.2 shows the educational background of the migrant workers has been shown.

**Table 4.2: Educational Status of Foreign Migrant Workers**

<b>Education Status</b>	<b>No. of Respondents</b>	<b>Percent</b>
Under S.L.C.	20	33.0
S.L.C.	24	40.0
Intermediate	12	20.0
Bachelor or above	4	7.0
Total	60	100

*Source: Field Survey, 2018*

The Table 4.2 shows the educational status of migrant workers. About 33.0 percent of them are under SLC passed. 40 percent of them have SLC passed, 20 percent of them have got intermediate level. Only 7.0 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 were skilled labours and they could get higher salary for their better performance. Where as lower educated migrants are semi-skilled or unskilled labour and they get lower salary than skilled labour.

#### **4.1.3. Gender Description of Foreign Migrants Workers**

In this study gender description of migrants' workers has been included 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**

<b>Gender</b>	<b>No. of Respondents</b>	<b>Percent</b>
Male	59	98.
Female	1	2.0
Total	60	100

*Source: Field Survey, 2018*

Table 4.3 shows the gender description of migrants, out of the total migrants 98 percent of them are male and 2 percent of them are female. It means only one female have gone for foreign employment. This trend shows that most of the migrant workers were male because of main responsibilities of family. Despite women's migration tendency was increasing in Nepal however at Bhaktapur women's migration was rear i.e. 2% of total migration. Mostly men migrate from breadwinning of household income.



#### 4.1.4. Marital Status of Foreign Migrant Workers

**Table 4.4: Marital status of Foreign Migrants**

Status	No. of Respondents	Percent
Married	40	67.0
Unmarried	20	33.0
Total	60	100

*Source: Field Survey 2018*

The Table 4.4 showed us that 67 percent of the foreign migrant workers in the study area are married and 33 percent are unmarried. These data clearly showed that people migrate for family pressure. The married people had main responsibility for caring their family. They had to look after the family and support economically to household members.

#### 4.1.5 Major Destination of Foreign Migrant Workers

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

**Table 4.5: Major Destination of Foreign Migrant Workers**

Countries	No. of Respondents	Percent
Qatar	20	34.0
Malaysia	15	25.0
Dubai	5	8.0
Saudi	10	17.0
Oman	1	2.0
Libya	2	3.0
Kuwait	2	3.0
Iraq	1	2.0
UK	2	3.0
Bahrain	2	3.0
Total	60	100

*Source: Field Study 2018*

Table 4.5 clears that 34 percent workers are working in Qatar, 25 percent were working in Malaysia, 17 percent of them in Saudi Arabia and 8 percent of them are in Dubai. Libya, Kuwait, UK, and Bahrain have taken the equal share of 3 percent and also Iraq and Oman taken the equal percent of 2. It showed that the Gulf countries are most favored destination for foreign employment from the study area. It is found that

only 2 i.e. 3 percent of migrants went UK as student visa initially and ultimately they were working there.

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 for the foreign employment from the study area.

## 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**

Country /Causes	Qatar	Malaysia	Saudi Arabia	Dubai	Others	No. of Respondents	Percent
Unemployment	7	3	4	2	1	17	28
Family debt burden	5	4		1	5	15	25
Conflict	1	2		1	2	6	10
Family pressure	7	6	6	1	2	22	37
Total	20	15	10	5	10	60	100

*Source: Field Survey 2018*

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

Table 4.6 shows the causes of seeking foreign employment. Family pressures were the main causes of foreign employment. Many respondents showed that there is lack of employment opportunities with in the country. So 28 percent went for foreign country due to unemployment, 37 percent has gone in order to earn money due to family pressure, 25 percent has gone to earn for family debt burden, 10 percent of them has gone because of conflict. It is concluded that unemployment, family debt burden and family pressure 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: Source of Financing of Cost of Foreign Employment**

Source	No. of Respondents	Percent
Bank	7	12
Cooperative	5	8
Relative	27	46
Merchant	4	6
Friend	7	12
Sales of land	6	10
Family saving	4	6
Total	60	100

*Source: Field survey 2018*

The migrations of the people need the financial cost. 84% of the Bhaktapur people took loan for migration. They took loan from cooperative, commercial bank, friend, and relative with paying interest that had to be paid back with interest. However 16 percent managed cost by family savings and by selling land

### 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: Education and Field of Work of Migrated Persons**

<b>Field of work/Education level</b>	<b>Under S.L.C.</b>	<b>S.L.C</b>	<b>Intermediate</b>	<b>Bachelor or above</b>	<b>No. of Respondents</b>
Security	4 (20.0)	3(13.0)	1 (8.0)	1(25)	9
Construction	2 (10.0)	5(21.0)	2(16.0)	-	9
Hotel	4 (15.0)	3(13.0)	1(8.0)	-	8
Driving	3(10.0)	4 (17.0)	3(25.0)	-	10
Salesman	2(10.0)	4(17.0)	2 (16.0)	2(50)	10
Manufacturing	3 (15.0)	2(8.0)	2(16.0)	-	7
Other	2(10.0)	3(13.0)	1(8.0)	1 (25)	7
Total	20	24	12	4	60
Percent	33	40	20	7	100

*Source: Field survey 2018*

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

The Table 4.8 shows us that 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 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 trainings/skill should be provided before going for foreign employment.

#### **4.2.4 Average Earning in Different Countries**

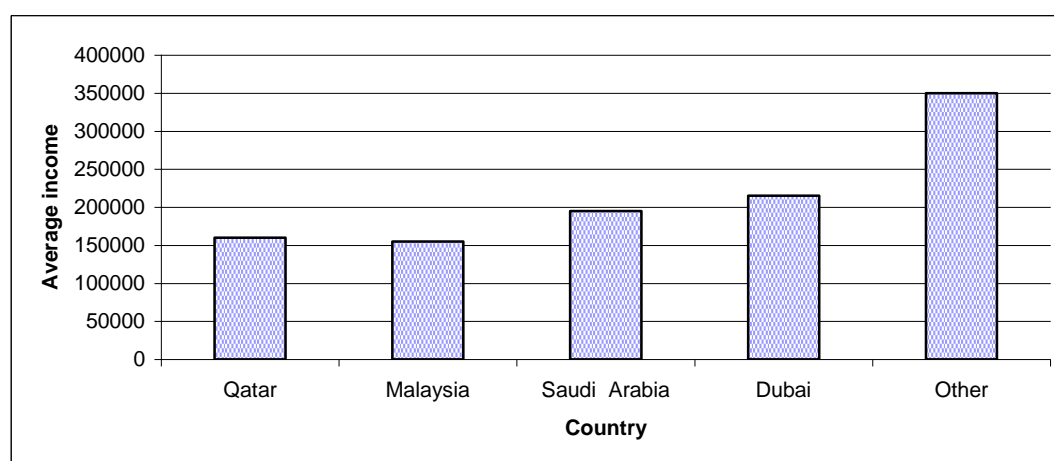
Generally people of our country go for foreign employment with the purpose of earning better money. But most of the migrants are unskilled in nature. That is the main reason to earn low amount of money. The situation of average earning of the migrated person from the different country is given in Table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

**Table 4.9: Country and Average Earning**

Countries	No .of Respondents	Average Earning (in Rs.) per year	Average Earning (in Rs.) per month
Qatar	20	160000	13333.33
Malaysia	15	155000	12916.66
Dubai	10	215000	17916.66
Saudi Arabia	5	195000	16250.0
Other	10	350000	29166.66
Total	60	1075000	17916.66

*Source: Field study 2018*

**Figure 4.1: Country and Average Earning**



The Table 4.9 displays the average earning of the migrants people and the country where they had earned previous year. 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 350000 last year. Similarly out of 60 respondents 33 percent had gone Qatar and their average earning amount was NRs 160000 in last year. Average income in Malaysia was NRs 155000. 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 were lower. 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. The overall average income for 60 respondents is Rs. 17916.66.

#### 4.2.5 Sources of Occupying Foreign Employment

Peoples who want 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: Medium Used to Go for Foreign Employment**

<b>Medium</b>	<b>No .of Respondents</b>	<b>Percent</b>
By Man power agency	42	70
By individual	18	30
Total	60	100

*Source: Field study 2018*

Table 4.10 shows that among the respondents, 70% of respondents went to foreign country through man power agency. MPA are growing business of Nepalese people at present. If people go abroad through MPA there is possibility of lower exploitation of those people. However MPA are also diverted towards exploitation of people taking people taking lots of profit margins. The people could claims for MPA in case of need. 30% of migrant went to foreign country through personal contact. It is concluded that the majority of foreign job seekers uses the manpower agents (MPAs) as a medium to find the jobs. Some used their friends and relatives as medium. 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 Cost of 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, cost of 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**  
(Cost in Rs'000')

Countries	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 (UK, Kuwait etc.)	10	210	140	450
Total	60			

*Source: Field Survey 2018*

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. The cost of foreign employment shows us that there would be financial burden for migrant as they belonged to illiterate and poor people that had to be repaid through their future earnings.

#### **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: Status of Skilled and Unskilled Migrants**

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	57	17	15	11

*Source: Field Survey 2018*

Table 4.12 shows that 57 percent of job seeker considered themselves as unskilled before going foreign employment. The remaining 43 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 Household Economy**

#### **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. 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 known as unproductive investment. To find out the use 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 of Different Sector**

<b>Sector</b>	<b>Average Annual expenditure(in NRs)</b>	<b>Percent</b>
Basic Consumption	36700	23.0
Loan Payment	10200	6.0
Real estate	110000	71.0
Total	156900	100

*Source: Field Survey 2018*

In the Table 4.13 averaged annual expenditure on different sector after remittance income has been shown. According to this Table, the sampled respondents were spending on an average NRs 36700 for the purpose of basic consumption like clothing, consumer durable goods, cultural expenses and food consumption. The huge amount of remittance used in this sector. 6.0 percent used to pay the loan and 71.0 percent of the total amount spent for the purchase of real estate.

The total annual expenditure on different sector, about 156900 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 different 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 i.e. 85 percent amount of money spend on capital expenditure like education, agriculture, business and bank deposit which have huge investment and return are known as productive investment.

**Table 4.14: Average Annual Investment on Different Sectors**

<b>Sectors</b>	<b>Average Annual Investment (in NRs)</b>	<b>Percent</b>
Education	20000	16.0
Agriculture	5000	4.0
Business	100000	80.0
Total	125000	100

*Source: Field Survey 2018*

Table 4.14 shows that average annual investment on different sector after remittances have been shown. According to this, the sampled respondents were spending on an average NRs 20000 for the purpose of education of family which is 16.0 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 4.0 percent of the total expenditure on being different sector. Similarly for the purpose of business uses of remittance income seems huge amount among other which is 80.0 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 may be due to knowledge and lack of proper policy of government for the utilization of remittance.

**Table 4.15: Income and Expenditure Analysis of Household**

Different Sectors	Average Annual Expenditure (E) (in NRs)	Source of Income	Average Annual Earnings (I)	Savings Yearly (I-E)
Clothing	5500	Qatar	160000	
Loan Payment	10200	Malaysia	155000	
Real estate	110000	Dubai	215000	
Cultural Expenses	5200	Saudi Arabia	195000	
Durable consumer Goods	21000	Other	350000	
Food Consumption	5000			
Education	20000			
Agriculture	5000			
Business	100000			
Total	281900		1075000	793100

*Source: Field Survey 2018*

From Table 4.15, income and expenditure analysis shows that the average annual income of foreign employment is Rs. 1075000 and average annual expenditure is Rs. 281900. Likewise average monthly income is Rs. 89583.33 and average monthly expenditure is Rs. 23491.66. The difference between income and expenditure is Rs. 793100 (yearly savings). It can be concluded that the average monthly income is higher than average monthly expenditure. It is observed that from the savings they used to purchase land, computer, laptop, mobile, doing business and bank deposit. From these assets they feel easy for communication and living standard.

### 4.3.3 Reason of Non-Utilization of Remittance into Productive Sector

The migrants workers from Bhaktapur District have earned some part of money in abroad and they 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 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 there answers are given in the following Table:

**Table 4.16: Causes of Non-Utilization of Remittance into Different sectors**

<b>Causes/Reason</b>	<b>No. of Respondents</b>	<b>Percent</b>
Lack of business environment	9	15
Lack of sizeable capital	16	26
Lack of Market	10	17
Lack of Knowledge	15	25
Other	10	17
Total	60	100

*Source: Field Survey 2018*

The Table 4.16 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 percent says that the causes is lack of sizeable capital is not used the remittance in productive sector, equal percent 17 of them have reported that due to the lack of market and other causes, 25 percent has lack of knowledge, 15 percent were lack of business environment 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, it can be compare that 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 4.17

**Table 4.17: Land Purchase by Using Remittance Income**

Land holding Before Remittance			Land holding After Remittance		
Land holding size	No. of Respondents	Percent	Land holding Size	No. of Respondents	Percent
Landless	1	2	Landless	-	-
Up to 5 ropani	5	8	Up to 5 ropani	2	3
5-10 ropani	10	17	5-10 ropani	13	22
10-15 ropani	25	42	10-15 ropani	22	37
15+ ropani	19	31	15+ ropani	23	38
	60	100		60	100

*Source: Field survey 2018*

Table 4.17 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 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 4.18

**Table 4.18: Change in Economic Status due to Foreign Employment**

Indicators	Change in condition		
	Increased	Constant	Decreased
Economic status	75.0%	20.0%	5.0%
Standard of living	78.0%	17.0%	5.0%
Social Attitude	80.0%	13.0%	7.0%
Skill	83.0%	13.0%	3.0%

Source: Field Survey 2018

**Figure 4.2: Change in Economic Status due to Foreign Employment**

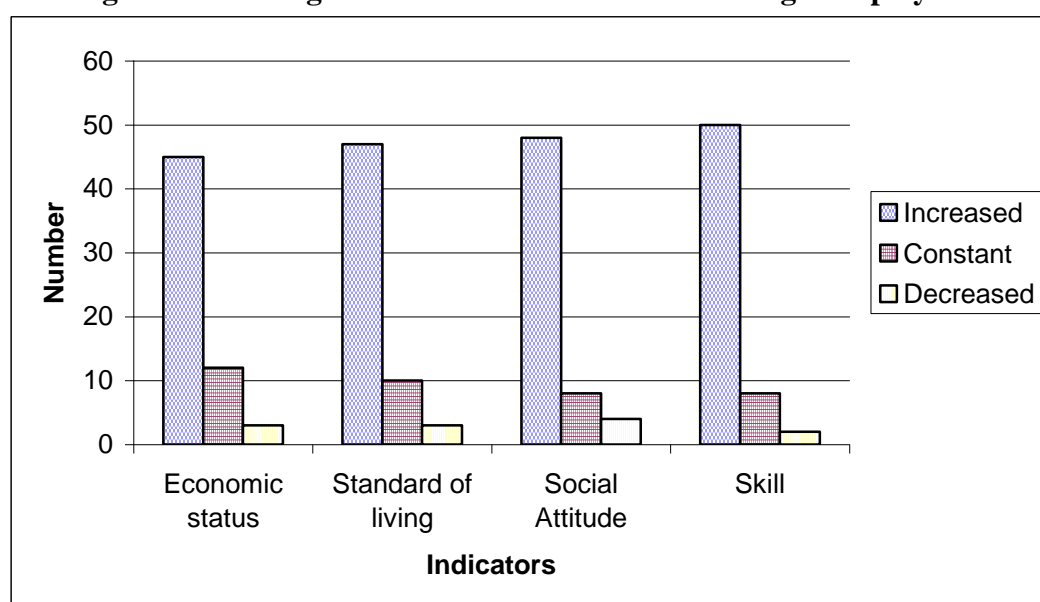


Table 4.18 is based on the total sample without separation. It shows that 75 percent respondents reported that their economic status has increased after received the remittance, other 20 percent respondents said that their economic status remain same, 5 percent said that their economic status decreased. Decreases in economics might have been resulted with high cost, loan payment or short employment in foreign country. 78 percent respondents have increased the living standard after foreign employment or received remittance, 17 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 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

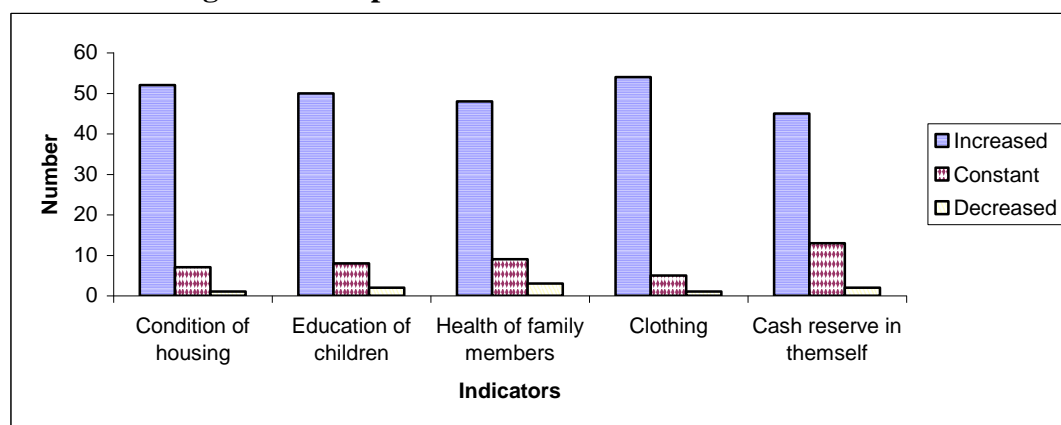
How the foreign employment and remittance impacted on certain household indicators? Do they live in better house? Do they send their children to better school? How the health has changed? Is their family betterer dressed? Are they protected from rural indebtedness at the time of need? These were very 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 4.19: Impact on Other Indicators of Households**

Indicators	Change in Condition		
	Increased	Constant	Decrease
Condition of housing	87.0%	12.0%	2.0 %
Education of children	63.0%	13.0 %	3.0 %
Health of family members	80.0%	15.0 %	5.0 %
Clothing	90.0%	8.0 %	2.0 %
Cash reserve in themselves	75.0%	22.0 %	3.0 %

Source: Field Survey 2018

**Figure 4.3: Impact on Other Indicators of Households**



Source: Based on Table 4.21

Table 4.19 shows that 87 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 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 percent of the respondents reported that the educational conditions of their children become worsted. It might be due to the absence of parents to guide the children at home.

Around 13 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 from 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 but it cannot be said it has improved their life tremendously. It might be indicators that remittances brought by the foreign bound labour have benefited 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 4.20: Physical Assets of Households before and after Receiving Remittance**

Physical assets	Before Remittance	After Remittance
Agricultural Tools	35	45
Vehicles	2	6
T.V. Radio	15	45
Telephone	10	50
Refrigerator	-	-
Computer	-	2
Landholding	10	20

*Source: Field survey 2018*

Table 4.20 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. 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 to more 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 4.21: Saving and Investment before and after Receiving Remittance**

Saving /Investment sectors	Before	After	Amount in Average	
			Before	After
1. Business Sectors				
i. Wax Factory	-	-	-	
ii. Mill	3	7	10000	20000
iii. Fancy shop	7	30	7000	10000
iv. Hotel	10	25	20000	50000
v. Fishery	-	1	-	20000
vi. Poultry	-	3	-	
vii. Other	3	10	50000	110000
2. Deposit/ Bank Balance				
i. Bank	10	20	8000	15000
ii. Cooperative	15	30	2000	5000
3. Investment in Capital Market				
i. Shares	-	3	-	3000
ii. Bonds	-	-	-	-

*Source: Field Survey 2018*

Table 4.21 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 urban bank about 50000 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 Consumption Pattern Before and After Receiving 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 4.22: Consumption Pattern of Remittance of Households before and after Receiving 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 2018*

The Table 4.22 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 Receiving Remittance**

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 4.23: Comparison of Loan/ Debt Condition of Households Before and After Receiving Remittance**

Loan/ Debt condition	Amount	
	Before	After
For HHs expenditure	10000	0
For Education of children	4000	0
For Food	3000	0
For Other	2000	0

*Source: Field Survey 2018*

Table 4.23 shows that for the purpose of households' expenditure the sampled respondents (but not all) reported that they had 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 4.24.

**Table 4.24: 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	8.0
Deficiency of local development activity	13	22.0
Death of migrants	2	3.0
Other	7	12.0
Total	60	100

*Source: Field Survey 2018*

Table 4.24 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. 22 percent have viewed that there is deficiency of local development activity. Among sampled respondents 8.0 percent migrant were suffer from homesick problem, 5 percent felt insecurity, 12 percent have given the answer other like suffer from various types of diseases and 3.0 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 impact on 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**

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 4.25 shows that 18.0 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. 27 percent of them have viewed that the government should create investment opportunities through adequate construction of physical infrastructures like hydroelectricity, road etc.

**Table 4.25: Suggestion for Properly Utilization of Remittance**

Suggestion about	No. of Respondents	Percent
Government should bring secure 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	18.0
Should create investment opportunities through adequate construction of physical infrastructure	16	27.0
Total	60	100

*Source: Field Survey 2018*

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**

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 cost of migration, b) to examine the utilization pattern of remittance in the study area and c) to compare the economic status of migrant household before and after receipt of remittance.

To fulfill these objectives of the study, Bhaktapur Municipality-10 in Bhaktapur district is selected as study area. The 60 households are 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 and family debt burden. The means to get foreign employment more than 50% of sampled respondents were man power agency. 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, 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 3,50,000 per year but in Gulf countries it is around 1,60,000 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 is used in productive sector like education, business, agricultural sector etc. The respondents of this study area are not utilizing 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 the study area 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. Where as 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.

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 concluded 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.

The study 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**

From the present study some recommendations are made as follows:

- 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.



- 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.
- 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 trainings/skill should be provided before going for foreign employment.
- 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.
- 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.

## REFERENCES

- Addision, E.K.Y. (2004). *The macro economic impact of remittance in Ghana*, Agra Bank of Ghana
- Amjad, R. H. (2009). *Remittances and poverty in Pakistan. World Bank policy research working paper*. Islamabad: World Bank
- Bhattarai, P.C. (2012). *Foreign employment in Nepal; Present and future prospect*. Vikas, A Journal of Development, National Planning Commission, Kathmandu Nepal, 30(2), 40-55.
- CBS, (2016). *Population Censes National Report- 2011*. Kathmandu: Central bureau of statistics , Government of Nepal.
- CBS, (2008). *Nepal Labor Force Survey-II*. Kathmandu: Government of Nepal Central Bureau of Statistics.
- Coss, R. H. (2009). *The impact of remittance: observation in remitting and receiving countries*. Discussion Paper for the G24 III technical Group Meeting, Singapore.
- Dahal, R. P. (2011). Youth and remittance: Key economic resources of Nepal. *Restructuring Nepalese economy in a socialistic pattern for social equity and peace*, Socialistic Development Trust, Balkhu, Kathmandu Nepal
- Deshal D. & Suwendrani K., (2010). The new economic of labor migration. *The American Review*. .75(2), 15-18
- Dhital, S. (2011). Remittance economy of Nepal. *Vision of ECOSS*, Vol. 5 PP 54 to 58 Central Departments of Economics, T.U. Kirtipur Kathmandu Nepal.
- Gautam, G. (2007). *Foreign employment and remittance economy of Nepal: A case study of Gulariya, Bardiya district*. A thesis submitted to the Central Department of Economics T.U. Kirtipur Kathmandu Nepal.

- Ghimire, B. N. (1996). *Migration and employment: A case study of Sandhikharkha VDC of Arghakanchi district*. A thesis submitted to Central Department of Geography, T.U. Kirtipur Kathmandu Nepal.
- Gupta, P. (2009). *Macroeconomics determinants of remittance: evidence for India*. A working Paper submitted to IMF.
- Gurung, G., Adhikari, J., Seddon, D. (2016). *Foreign labor migration and the remittance economy of Nepal*, New Delhi: Critical Asian Studies.
- IMF (1999). *Balance of Payment Manual*. Washington DC: International Monetary Fund.
- Kathmandu District (2067). *Kathmandu at a Glance*, Kathmandu: Student Forum Central Committee Kathmandu Nepal.
- K.C. B. K., (2012). Foreign labour employment and financial crisis in Nepal: A preliminary assessment, *The Journal of Development and Administration Studies*. Vol:19 No.1-2, Tribhuvan University, Kathmandu Nepal.
- Lewis, W.A. (1984). *Economic growth with unlimited supply of labor*. Manchester School, 22 (2), 139-191.
- MOF (2016). *Economic Survey, fiscal year 2015/16*, Kathmandu: Ministry of Finance Nepal Government.
- MOF (2017). *Economic Survey, fiscal year 2016/17*. Kathmandu: Ministry of Finance, Government of Nepal.
- Nisal, H. B., & Dushan, M. (2010). *Work-related migration and poverty reduction in Sri Lanka*. Colombo: SANDEE.
- NRB (2014), *Monetary Policy 2014/15*. Kathmandu: Nepal Rastra Bank.
- Panta, B. (2006). Remittance inflow to Nepal: Economic impact and policy option, *Nepal Rastra Bank Samachar*. Kathmandu: Nepal Rastra Bank, 2(1), 12.
- Rajan, J. (2009). *Migration and remittance in India (Kerala)*. Article first published online, retrieved from .www.ira.af Colombo, 3 (2), 18

- Revenstein, E.G. (1985). The laws of migration, *Journal of Royal Statistical Society*, 48 ( 2),.45.
- Salim, G. (2009). *Remittances could be as suitable as international development finance in the case of Bangladesh*. Article online published in the independent blogs, 4(2), 10.
- Sasikumar, S. K. (2009). *International labor migration from south Asia: some policy concern*. New Delhi: B.R. Publishing Corporation.
- Shrestha, P. (2011). Foreign employment and remittance in Nepal. *The Economic Journal of Nepal* , CEDECON T.U. Kirtipur Nepal, 32 (125), 22
- Shrestha, B. (2008). Contribution of foreign employment and remittance to Nepalese economy. *Economic Review*, Kathmandu: Nepal Rastra Bank, 20 2), p.15.
- Sigdel, B. (2005). An overview son remittance economy of Nepal. *Nepal Rastra Bank Samachar* Kathmandu Nepal.
- Sonam T. (2009). *International labor migration from south Asia: Some Policy Concern*. New Delhi: B.R. publishing Corporation.
- Stark, O., & Bloom, D.E., (2009). The new economic of labor migration. *The American Review*, .75 (2), 173-178.
- Tilani, J., & Roshni, E. (2010). *Do international remittances affect poverty in Afghanistan?* Article first published on online retrieved from .www.ira.af
- Todaro, M. P. (1996). *International migration and developing countries a review of theory, evidence, methodology and research priorities*. Geneva: ILO
- World Bank (2009) *Migration and Remittance*. Washington DC: The World Bank.

**Appendix**

**Household Questionnaire.**

IMPACT OF REMITTANCE ON  
HOUSEHOLD LEVEL OF BHAKTAPUR MUNICIPALITY

1. Information of interviewer

a. Name:

b. Age:

c. Sex:

d. Education:

e. Ward no:

f. Tole:

g. Number of family:

2. Family Background:

Name	Relation with family	Age	Sex	Education	Marital status	occupation	country	Field of employment

Codes: Occupation:

Agriculture =1, Business =2, Public services =3, Private Service =4, Cottage industry =5, Wage labour =6, Foreign employment =7, others =8

3. How many members of your family have gone for foreign employment?

No.....

4. Did you\ she \he have any technical skill before going for foreign employment?

a. Yes ( )

b. NO ( )

5. If yes, in which sector?

.....

6. To what extent, that skill is helpful to your\ she \ he in your\ her\ his recent area of employment in abroad?

.....

7. Why did you\ she\ he go for foreign employment?

Push factors	Pull factors
a. Conflict ( )	a. Employment ( )
b. Family loan burden ( )	b. Better living standard ( )
c. Education ( )	c. Friend ( )
d. Unemployment ( )	d. Attraction salary ( )
e. Other ( )	e. Other ( )

8. Which channel did you \ she\ he used to go for foreign employment?

i. M.P.A. ( )

ii. Local agents ( )

iii. Friend ( )

iv. Relatives ( )

9. How much did you\ she\ he spends to go for foreign employment in during visa fee and preparation cost?

NRS.....

10. What was the source from which you\ she\ he collected money to go for foreign employment?

NO.	Topic	Amount in NRS
1	From own income	
2	Having loan from organized institutions- a. From bank b. Financial institutions c. cooperative	
3	Having loan from unorganized institutions a. Local money lender 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 gets 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. Area of uses remittance per year\ amount

a. in productive sectors

Area per year	Amount in NRS
Business	
Agriculture	
Investment	
Total	

b. In unproductive sectors.

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 your annual income?

Before going to foreign employment	After going for foreign employment

20. What is your annual saving pattern?

Total income	Consumption	Saving

21. 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 savings?

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 remittance received?

Loan\ Debt condition	Amount	
	Before	After

24. What is your relationship with neighbors?

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

25. What is 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?

.....