

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A remittance is a transfer of money by a foreign worker to his or her home. Remittance can also refer to the accounting concept of a monetary payment transferred by a customer to a business (Wikipedia, the free encyclopedia). Remittances have been playing a very significant role for the overall economic development of the country. Remittance is basically foreign exchange, which is remitted by people who are living abroad to their own countries. The earnings of a country by remittances are shown in the Balance of Payments statistics of each country and the accounting is prepared according to the guidelines prepared by the International Monetary Fund. The International Monetary Fund separates remittances into three categories; Workers remittances from workers who have lived abroad for more than one year. It is recorded under the headings 'Current Transfers' in the current account of the balance of payments. The wages salaries and other compensation received by border, seasonal and other workers (such as local staff of embassies), who have lived abroad less than a year are recorded under the 'income' subcategory of the current account. Migrant Transfers are reported under the capital transfers in the capital account. The above definition does not include transfers through informal channels – such as remittances send through friends, family members, Hundi or remittances send in kind such as jewelry and other consumer goods. Although the headings migrant remittances goes only to the workers who lived abroad more than one year but other heading captures the extent of workers' remittances better than the data reported under the headings of workers' remittances alone. For example, in the Philippines remittances send by the seasonal workers through the banking system exceed the remittances from the workers' remittances. (Asian Business Review, Volume 2, November 2/2013).

Remittances have become the second largest capital flow behind Foreign Direct Investment (FDI) and ahead of Overseas Development Assistance (ODA) to developing countries. According to the World Bank's study overall, remittances constituted 1.5 percent of GDP and 5.1 percent of imports to this group of countries in 2004. For developing countries remittances are

also relatively more important by contributing 66.2 percent of FDI inflows and 25.0 percent of net official finance. In 2004 remittances were larger than both official and private flows in 36 developing countries. Although FDI has slipped from a 2001 peak of \$181.7 billion and has been estimated to be \$135.2 billion in 2005 but still remains the major source of external financing for developing countries. Regionally Latin America and the Caribbean have estimated to receive the lion share of remittances in nominal terms with \$29.6 billion in 2005 followed by South Asia with \$18.2 billion. Relative to GDP, however South Asia was the largest recipient with remittances receipt amounting to 2.5 percent of GDP in 2004. Till 2000 India was the top country of the world that received highest remittances followed by Mexico. Since 2001, Mexico has outpaced all the developing countries. In 2002 Mexico received \$11.0 billion followed by India at \$8.4 billion. In 2005 Mexico is supposed to receive \$13.2 billion and India \$8.4 billion. Philippines are the third highest remittance receiving developing country and received \$7.4 billion in 2004 and is estimated to receive \$ 8.0 billion in 2005. The United States and the Saudi Arabia are the largest sources of Workers' remittances to developing countries with \$31.4 billion and \$15.9 billion payments of remittances respectively in 2004. The other top sources of remittance are Germany, Belgium and Switzerland. Until the Mid 1990's, Saudi Arabia was the largest source of remittance paying countries in the world. Since 1995, as economic activities have slowed remittances from Saudi Arabia have also stagnated. But the remittances from the United States nearly doubled driven by the economic boom (Pant, 2005).

Nepal is a small developing country with a very unique geographical setting. It is a land lock country surrounded by India in South, East and West and by China in North. It covers an area of 54,326 sq. miles runs along 500 miles from the East to the West and 80 to 150 miles from North to South. The most important assets of the country includes the land with the wide climate and altitudinal variations the perennial rivers and the Himalayas. The total population is 2, 64, 94,504 according to the population census, 2011 .The population of Nepal is increasing annually at a rate of 1.35 percent. According to the Nepal labor force survey, 2008 about 73.9 percent people depend on agriculture. The subsistence agriculture is implying low productivity (Karki, 2011).

Remittance income in developing countries has become a life line for economic development. By remittance we mean sending income in terms of money or goods in home by the migrants or the

workers who have their earnings outside their home countries. Nowadays, this source of foreign income has been growing rapidly each year in developing countries. Since long time in Nepal, many migrants have been transferring their incomes through the unofficial channels. Today, due to the establishment of different agencies like Western Union, International Money Express (IME), Prabhu Money Transfer etc in several district headquarters of the country, the remittance flow has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flow in Nepal due to the emergence of unofficial channel even though it has recorded in balance of payment account. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 % of the recorded flows in developing countries (Ratha, 2005).

The scale of migration and remittance in Nepal is staggering. Almost half of all households have at least one migrant abroad or a returnee. Estimates of the number of Nepali migrants abroad vary widely, but the most frequently cited estimate, including seasonal workers in India and those who use informal channels, is about 4 million – one-third of the working male population. Foreign remittances now constitute a quarter of the income of all households and almost two-thirds of the income for those receiving money from abroad. According to Nepal Ratra Bank (NRB), the ratio of remittance to GDP that stood 11.2 percent in FY2004/05 reached 28.0 percent by FY 2013/14. Remittance income that had registered a growth of 34.1 percent during the first eight months of the previous fiscal year has grown merely by 4.0percent to Rs. 371.0 billion in the same period of fiscal year 2014/15.

The ubiquity of Nepali migration is confirmed by its uniform distribution. Almost everyone is migrating – the rich, the poor, people from the Mountains, Hills, and Terai, and from all of the country's five development regions. Migration has spread through networks and now involves the entire country. Worker outflows and remittance inflows are likely to continue, given the scarce domestic job opportunities, large young population, and the reach of the migrants' networks.

The Nepal Migration Survey (NMS) 2009 puts the number of Nepali work migrants abroad at 2.1 million. Their key destinations were India, the Gulf countries, and Malaysia, with notable

numbers in other developed countries such as Australia, Japan, the United Kingdom, and the United States. India is estimated to have 867,000 Nepali migrant workers, 41 percent of the total working overseas, and the Gulf countries another 810,000 (38 percent). Malaysia is said to have 245,000 (12 percent), while 186,000 (8.7 percent) are in the other developed countries mentioned above. The differences between the NMS survey and other estimates may be explained in part by the seasonal return of many migrants to Nepal – as this survey was carried out at the peak of Nepali farming season (May-June), when many migrants who normally reside in India were back working on farms at home. India is also the key transit point for Nepali migrants using informal channels. Without documentation, they cannot fly out of Kathmandu, so they use informal agents in India and often fly to destinations prohibited by the government of Nepal, such as Afghanistan and Iraq. Women migrants who could not receive letters of guarantee from Nepali ambassadors' in destination countries for the safety of the work also migrate through India.

Most migrants are aged 20-44, and the out-migration is causing domestic labor supply shortages in many rural areas .Many migrants are in their mid-20s and the age-distribution graph of the population remaining in Nepal has a dent around that age. As a result, the labor supply in rural areas has fallen significantly, raising real wages in many cases. Many male members of remittance-receiving households have also less incentive to work and have reduced their labor supply, exacerbating labor shortages. In addition, 1.2 million Nepalese are abroad as non-work migrants – many with student visas. There is inadequate information on how many of them actually work while abroad.

Nepal is a small developing country with a very unique geographical setting. Remittance as major component of current account plays a vital role in increasing the current transfers in balance of payment. The basic factor of determining current transfers is grants, worker remittance, pension and other including fund also. Initially, the share of remittance was found 1.74 % in mid –July 1991. This share increased sharply (9.38%) after the period of mid July 1991 and eventually reached to 12.03 % in mid-July 2005. On an average, the share of remittance to GNP was 11.03% during the review period from mid-July 2000 to 2005 due to the increased trend of Nepali worker going to Malaysia and Gulf countries for employment (MOF

2006). During that period, the grants and pension also increased by 7.72 % and 58.06 % respectively. Thus, from this analysis it is clear that the remittance income has become an important contributor (64.72%) to the transfer in balance of payment of Nepal. (JOMBS, 2006)

1.2 Statement of the Problem

Poverty is the main problem of our country. Though lot of changes has occurred in our societies than the previous years but still there are many youths who are deprived of getting job opportunities that is why they are compelled to migrate for the sake of employment and for supporting the livelihood of their families.

There are many youths who are involved in different kind of professions to earn money in urban area as they are well educated but it is totally opposite in case of rural area. Most of youths in rural areas lack the opportunity to have quality education due to which they cannot compete with the educated ones of the urban areas and thus are deprived of employment and hence of quality life. So, most people of these backward areas find it easy to go gulf countries for the purpose of getting job opportunity. So, thousands of people are leaving Nepal in order to go abroad countries for getting better lives and earn more money. The same applies for the Taruka VDC of Nuwakot district. Hundreds of youths left their VDC for earning money and in some case Taruka VDC is also getting advantage of this. The qualities of life of people are considerably improving because of the money which is commonly known as remittance sent by those youths. With large number of people residing outside for foreign job, however, the question is that

1. How migrant workers finance their cost of immigration?
2. How money is send by migrant workers in the village?
3. How remittance has affected the livelihood of their families?

1.3 Objectives of the Study

The general objective of this study was to examine relationship between the socio-economic condition of the rural households before and after the remittances. However the specific objectives are as follows

- i. To analyze the socio-economic conditions of rural households after remittance in the study area.
- ii. To explore the trend of foreign employment in the study area.
- iii. To examine the role of remittance in socio-economic development.

1.4 Significance of the Study

Since the inception of the 8th five year plan, alleviation of poverty has been accorded highest priority. Likewise several short as well as long term programmers have been launched in this related field but results are not so satisfactory in this regard due to so many reasons like unemployment, weak government and faulty education system etc, large number of have migrated to foreign young manpower countries for work to the other countries. Due to this stream of emigration somehow, people have been able to fulfill their basic needs. Therefore in this present time the remittance income is playing very important role to reduce then poverty in the rural areas of our country Nepal, especially, in those areas of Nepal where there is no any job opportunity to earn money to fulfill their basic needs except the agriculture sectors is very low.

In the past the kind of job of Nepalese workers used to get abroad was only the armed force. After the restoration of democracy international job market was opened in the forty countries. Thus in the new phenomenon of entering in to the WTO efficient and skilled labor force is required and diversification in the skill and destination. This study also concentrates on the role of remittances in rural Nepal and guide to make it more helpful in eradicating rural poverty and increasing the capacity of the labor force.

If we try to analyze the present man power of Nepal, about seventy percent of the educated manpower is migrated for work. Some of them are coming back to Nepal and some of them are setting there forever but all of them are sending money from there for their family and relatives. So the remittance is coming from all over the world to Nepal where the Nepalese people are migrated. Certainly that amount of remittance is helping Nepalese economy to reduce the poverty level. When we compare the poverty level as well as the living standard of the migrated family and non migrated family the migrated people's family is in high condition of living standard or they are feeling very comfortable to fulfill their basic needs for their existence.

But most of the remittance income is used in the unproductive fields like house building, land perching of luxuries goods and consumption etc. Therefore the remittance income is not playing actual role for the development of the country as well as the reduction of the poverty level of entire country. In other words, in this days, the remittance income is using in the advantage of the migrated people and their family only. If the remittance income is invested in the productive sector like industries, development activities etc., then only the effect of that remittance income can be felt by other citizens of Nepal.

Finally, it is hoped that, the findings of this study would help to make policy for remittance users activities and also help the organizations and agencies like Banks, Money transfer agencies ,INGO, NGO, and who want to make the productive use.

1.5 Limitations of the Study

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

- i. The present analysis is concentrated in our particular area of Taruka VDC in Nuwakot district to determine the magnitude of poverty as well as the amount of remittance income in micro level.
- ii. This study is based in sample size of study area. It may be helpful to make general conclusion.
- iii. Price of all commodities is calculated on the current price.
- iv. Only economic variables such as income and wealth inequalities are analyzed.
- v. The value of self produced goods consumption rest of the self occupied household working charge (labor charge) on their own land is ignored.
- vi. All types of roles of remittances can't be discussed in this study because it basically focused for socio-economic development for rural households.

1.6 Organization of the Study

This study will be organized in five chapters. The first chapter is introductory chapter, which includes general background, statement of the problem, objective of study, significance of study, Limitations of the Study and organization of the study. The second chapter is review of literature. The third chapter explains the research methodology of the present study. The fourth chapter explains the Analysis and Interpretations of the Data. Summary, conclusion and the Suggestions are presented in the last chapter.

CHAPTER TWO: REVIEW OF LITERATURE

The present research aims to analyze the economic impact of foreign employment and inward remittances entering inside the country. For this purpose, a review of related literatures in this concerned area is a must which will help me to get clear ideas, opinions and other concepts. This chapter emphasizes about the literatures which were concerned in this connections. Therefore, in this chapter conceptual frameworks given by different authors and intellectuals of this area, books, journals, research works, and previous thesis related to labor migration and inward remittances are reviewed. Moreover, labor migration issues and in flow of inward remittances are reviewed and an attempt has been made to present them properly.

2.1 Theoretical Review

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

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

Over the past three decades, policies in the area of labor migration have developed along four major paths: growing restrictiveness and selectiveness in the admission of labor migrants in developed countries; a significant increase in the number of countries, particularly developing countries that have become host to foreign workers; the rising recognition that the rights of

migrant workers and their families need to be protected and; the adoption of regional agreements on the free movements of persons (UN, 2002).

Globalization of integration of regional economies has added impetus to the growing mobility of workers across abroad. In Asia the movement of labor is becoming an important and enduring phenomenon associated with economic growth and development since it eases skill imbalances in labor markets and provide broad cultural and economic benefits for sending and receiving countries. Migrants' remittances, for example, are now a valuable and stable source of foreign exchange to many origin countries. At the global level, the importance of migration to development is now reflected in the fact that it has become the part of agenda of multilateral institutions, as for example in the trade negotiations within the framework of General Agreement of Trade and Services (GATS).

While market forces are driving labor migration, there are several signs of market failure associated with its related processes. A number of risks have been associated with migration including trafficking and forced labor, recruitment malpractices such as fraudulent job offers and exorbitant placement fees, debt bondage, sexual and physical harassment, employment in hazardous jobs, and under or nonpayment of wages. Experience suggests that state intervention through appropriate regulatory institutions and measures are essential to the efficient and equitable working of labor market.

Recruitment malpractices, fraud and abuses are widespread in many Asian Countries. To combat them government should have transparent systems in place for licensing and supervising private recruitment agencies. There should be stiff sanctions against fraud and against the practice of charging workers excessive placement fees, while providing incentive for good performance and cutting down lengthy bureaucratic procedures through such measures as establishing "one-stop" contract registration processing centers (ILO, 2003).

Despite major barriers to migration, irregular migration has grown in recent years in Asia due to, among others, restrictive labor migration policies which are not in line with labor market needs. There is consensus that irregular migration is undesirable and must be minimized particularly as

it often results in putting workers in a position of vulnerability to violation of their basic human rights.

Until the First World War, international migration played a key role in the integration of economies of both sides of the Atlantic. After the Second World War, migration of workers contributed to economic and social integration between countries in South and North. During both these periods, labor went hand in hand with capital mobility, and migration was key factor in the globalization of economies. International migration now seems to be excluded from the new process of globalization.

At the beginning of the twenty-first century, the total number of persons living outside their countries of origin worldwide was 175 million including 120 million migrant workers and their families according to the ILO estimates. It is estimated that 20 million African men and women are migrant workers and that by 2015 one in ten Africans will live and work outside their countries of origin. While migration is bound to grow and offers development opportunities for both countries of origin and destination as well as for individual migrant workers, ill-conceived or inadequate policies have led to a series of problems that are of direct concern to the International Labor Organization and its constituents (UN, 2002).

It is surprising to know that the larger share of international population movement is in developing countries. The refugee burden is particularly heavy in developing countries, which receive nearly three-quarters of all officially-designated refugees and untold numbers of other forced migrants. In addition, the developing world contains numerous magnets for economic migrants, including the newly industrializing economies of Asia; the oil-producing Middle East Gulf States; West Africa and - increasingly -South Africa; and the Southern Cone, Venezuela, and Mexico in Latin America. While international migrants represent only a small fraction of the world's population, the impacts of these movements can be larger if compared to the numbers who move (ILO, 2003).

Who are these international migrants? They include people who have moved more or less "voluntarily" (e.g., short and long term workers ranging from unskilled laborers to highly skilled "professional, technical, and kindred" (PTK) workers), as well as those whose movement is in

some sense "forced" (e.g., refugees and bona fide asylum seekers, and people who move for environmental reasons). Included along this spectrum are many whose movement is a response to poverty and lack of employment at home.

Some are settlers, whose migration - whether undertaken legally or illegally - is essentially permanent; others have moved (at least initially) on a temporary basis. In general, migrants tend to be young adults. Again, it comes as a surprise to many that between 40 and 60 percent of all international migrants worldwide - and over one half of refugees - are women and girls. In some migration streams (such as those from Sri Lanka and Indonesia to the Gulf States), the majority of migrants in the 1980s were women.

Increased attention to the volume and directions of international population movements has been accompanied by growing awareness that migration is linked often in ways that are poorly understood to the process of development itself. Developing countries, which both send and receive the majority of international migrants, are trying to understand better the role of migration in the development process. Industrial countries, for their part, are examining the ways in which their trade, aid, investment, and development assistance policies affect and are affected by international migration, especially from developing areas. In the case of migration, globalization and its dominating facet, foreign direct investment, may mean two opposing things. It can be viewed as the necessary complimentary between movements of production factor labor and flows of capital and goods or, conversely, as an alternative to the movement of workers. In the first case, globalization would lead to the growth and diversification of migration flows, while in the second international trade and capital movements would substitute migration.

Beyond quantitative changes, the essence of new developments brought in by globalization is the transformation of pattern of trades and productive systems. High skilled labors become more capital alike and are characterized through high international mobility, while movements of low skilled labor may become superfluous regarding rising capital portability.

Many developing country governments encourage international labor migration, more often implicitly than explicitly. By providing employment for both unskilled and skilled workers, emigration offers an outlet for domestic frustrations that might otherwise present serious political

problems, and can produce large inflows of valuable hard currency remittances. The consequences of international migration for development (of development on migration) in countries of origin and destination remain hotly debated.

Many countries around the world are facing rapidly changing dynamics of labor migration. Migration pressures are increasing in all regions of the world. Migrant workers are often still subject to severe forms of exploitation in recruitment and employment, to forced labor, substandard housing, exclusion from social protection, and denial of many basic human rights.

All too frequently, national migration policies, legislation and practices are outdated. Many governments acknowledge that existing law and practice are manifestly inadequate to assure effective management of today's labor migration conditions. During 2000 to 2001, number of governments in Central and South-East Asia, the Caucuses, the Persian Gulf and Latin America have asked the ILO to provide advice and technical assistance towards reformulation and modernization of labor migration legislation, structures, policies and practices. Our aim is to offer the relevant government a comprehensive review-analysis-recommendations package to address labor migration issues and needs, update legislation, policy and practices, and implement measures for effective management of labor emigration and immigration. The ILO International Migration Branch has the accumulated knowledge, expertise and framework to respond to these challenges. It however, requires additional resources to provide adequate and timely cooperation to constituents.

2.2 Review of Previous Studies

There has been very rare thesis works done to identify the impact of foreign employment and inward remittances on the economic development of the country. However various research works have been done in this particular area where researchers have tried to explore the growing unemployment problem in various countries, craze of people going abroad in search of employment and the impact of inward remittances entering inside the country of origin.

Seddon, Adhikari and Gurung (2001) jointly conducted a study entitled "Foreign Labor Migration and the Remittance Economy of Nepal" with the aim of evaluating Nepal's dependence on exporting labor. They have explored the migration history of Nepal dating back

to the beginning of the 19th century when people started migrating towards India to join the army force and relates it to the current context of migration towards the Gulf States.

Having undergone various studies in the related field researchers came out with the following conclusions: In the last five years, the importance of foreign labor migration to the Nepalese economy has increased as numbers of Nepalese leaving to find work abroad have soared. The total volume and value of remittances from Nepali workers abroad has increased significantly; remittances are possibly as high as 100 billion NRs (Over US\$1.5 billion).

Migration continues partly because of growing insecurity in Nepal's rural areas as the Maoist insurgency has come to control large parts of the countryside. In addition Nepalese must confront a lack of economic opportunities at home and increasing opportunities abroad.

Indeed, there has been much talk in Nepal recently of "internal displacement" and "forced migration" as a result of the conflict. Certainly, some of the better-off Nepalese in rural areas have been displaced. But it is difficult to distinguish those seeking to avoid the conflict from the bulk of economic migrants because the rural areas are so impoverished and because there has been little research on internal migration.

The failure to create and implement a coherent overall development mobilizing all of Nepal's resources - including effective education, trail manpower planning for human resource development - has led to low rates of gr high levels of unemployment and underemployment in what remains ; subsistence agriculture, handicraft, and service-based economy, with around 4f of the population below the poverty line. Hence, the massive upsurge in migrate rural areas to cities and other countries.

The implications of this situation are far-reaching for Nepal as a whole. Structure and dynamics of regional and local economy and society, and -perhaps all -for households and individuals all over the country, both those directly into foreign labor migration and those left behind.

Bhattarai (2005) conducted a research on "Migration of Nepalese Foreign Employment: Problems and Prospects" with the aim of evaluation,. Nepalese government policies and programmers related to the regulation and manager of foreign employment profession in Nepal

with the major objectives as: (I) to identify the major issues and challenges in foreign employment (ii) to identify the problems of migrant workers (both male and female) both in home country and the country destination (iii) to prioritize the needs of international migrant laborers (iv) to evaluate existing government policies and programmes and suggest appropriate amendments to the existing policies.

Ghimire (2013) in his report pointed out the positive impact of remittance at the household level. Families receiving remittance are enjoying a comparatively better quality of life now than in the past. One can observe that these families have been slowly overcoming the debt burden, relatively comfortable houses with good toilets are being constructed, children are studying in private schools if they are available nearby, and televisions and mobiles have become common amenities. New market centres are emerging in the periphery; new kinds of small businesses such as public telephone booths and cyber cafes; beauty parlors and cosmetic shops, readymade garment outlets and stationery stores have increased; employment opportunities in private schools and colleges has expanded and families are shifting from rural areas to cities and new market centres.

Thapa (2013) in his study found that we are exporting cheap labor at the cost of stagnant domestic production. It has been evidently proven that remittance income is consumed but insignificantly invested. Though positive, its contribution to growth is meager. Thus, remittance is necessary but not sufficient for growth in Nepal because it is consumed but not invested. He also concluded that to check high domestic consumption expenditure out of remittance and divert it to production investment, it is urgent to formulate and endorse a set of policies which guarantee the mobilization of remittance towards investment. This will boost up economic growth of the nation thereby increasing employment opportunity in the nation itself.

NRB (2012) in its study revealed that a growing trend of remittances worldwide has of both academia and policymakers in recent years. Remittance income is emerging as one of the most significant and reliable sources of external finances for many developing countries. Not only in the macro level, has the contribution of remittances been direct and sizable in migrant-sending households in micro level as well. A significant number of people in developing world are now

receiving remittance earnings to finance their expenditures in home consumption, health and in children's education.

Bhatta (2012) in his study concluded that in Nepal, economic liberalization accessed the international labor market at one side and eased the international trade of goods and services on the other side. Thousands of young manpower migrating every year to work abroad is in increasing trend. Such an emigration rose remittance inflow sharply in the recent years. Remittance inflow helps provide hand-to-mouth provision to the poor as well as improve the living standards of them. Hence, it has been observed as a good contributor for the economy. However, it might further deteriorate the trade balance, causing to increase in demand of consumable goods, most of which are imported.

Acharya (2012) in his study analyzed that with more investment in infrastructure and other productive sectors, the economy would generate its own economic return, making the domestic market stronger and entrepreneurship to improve. Such economic return would create more opportunities and incentives for future investment—creating a virtuous cycle. Greater economic return would have negative causality on migration; as opportunities within Nepal would provide incentives for people to stay. Gradually, the economy would emerge out of its remittance dependency. This essentially, would establish Nepalese economy to be self confident and competitive.

On the basis of various analyses, the researcher came out with the fallout conclusions: International labor migrants mostly in the Gulf States, Malaysia and South East Asian countries is a new phenomenon of migration in the Nepalese context and that only have about 30 years long history. Unexpectedly the foreign labor migration has developed in such a way, which has shifted the agricultural based economy towards remittance based economy. Numbers of people going abroad for work have been increased for the last few years, especially after the origin of armed conflict in Nepal. Major concentration of Nepali migrant workers was in Gulf States for the very beginning but the dynamics has been changed and people are migrating towards Malaysia and even though the number of people going the Gulf States is still significant. A class division among the labor migrants is also found to select the country of destination i.e. poor

people are to India, Gulf States and Malaysia and rich people towards Japan, South Korea, North America and Europe.

International provisions are found very sound and applicable to protect the rights of migrant workers but governments in both sending and receiving countries does not seem sincere to the domestication of the spirit of international instruments, conference recommendations and plan of action. International provisions are there to protect the right of the migrant workers. But both the government and receiving countries do not seem to be sincere to the implementation of the spirit of international provisions. Ratification of UN convention by Nepal will create moral pressure on the labor receiving countries. Bilateral agreement has not taken place even with some major labor importing countries pertaining to the safety and welfare of the migrant workers. Another problem is lack of working mechanism to address the issues related to international migration like demand verification. Provision of labor attached in the potential labor receiving countries is still lacking.

Manpower agencies are almost unfair about their business dealing with the workers and their professionalism is questionable. The role of trade union organizations is also found ineffective to address the issues of potential labor migrants in home country as well as in the country of destination. So the current need is for more effective migration management to reduce the vulnerabilities of migrant workers and safeguard the rights of migrant workers.

Maharjan (2005) in his editorial available on "Foreign Employment Need for Streamlining It" (<http://www.southasianmedia.net>) focuses on the need for foreign employment and its scope. According to the writer, inward remittances play a pivotal role in the national economy of any country which in case of Nepal has been badly battered due to the ongoing conflict. Industry, trade, tourism and other sectors of the economy are all in the doldrums. Under such circumstances, the rate of unemployment is high in the country. So the number of people seeking employment abroad has risen.

The current Tenth Plan has aimed at creating 200,000 employment opportunities but nothing substantial has yet come about. Rather, the existing employment opportunities have worsened due to the deteriorating law and order and several industries have closed down due to ongoing

political condition. This has hence given rise to the foreign employment. However, prospects for foreign employment are not on the right track. In the name of providing tantalizing jobs abroad, hundreds, if not thousands, of people have suffered misfortunes. Some are never sent to their destinations, others are stranded and still others end up being victims of unexpected hazardous and low-paid jobs. Further, there are instances where the Nepalese are kidnapped, incarcerated or brutally killed in foreign countries. The brutal killing of twelve Nepalese workers in Iraq by ultra militants on 30th August 2004 is a case in point.

Therefore, foreign employment is not hassle-free. There are several instances of the people seeking foreign employment going to rack and ruin. As such, the time has come for the government and other associated bodies such as manpower agencies to make concerted efforts to streamline foreign employment.

As a matter of fact, earnings from foreign employment could change the face of the country by contributing a lot to poverty alleviation, which is the cynosure of the current Tenth Plan. It could ameliorate the landscape of the rural areas, where the need for development is acutely felt. It need not be reiterated that rural development is a bridgehead for overall national development.

Nowadays, foreign employment is concentrated in the Gulf countries. It is necessary to diversify it so that its scope can be extended far and wide. On the other hand, a strong policy on foreign employment should be in place so as to streamline it. There is no argument that streamlining foreign employment is the need of the hour and that well-knit foreign employment could be an effective tool for poverty alleviation in the rural areas.

Yogi (2006) in his report on "Remittance Economy: Ignored and Under-Utilized"(available at <http://www.nepalitimes.com>) focuses on the inward remittance entering inside the country and the extent that these funds have been utilized to the productive sectors. According to him thousands of people leave the country to work abroad every year and send back their hard earned money. But the significant sum remains largely unutilized due to indifference on part of the government and policy makers.

Yogi in his report highlights on the history of international migration and segregates the value of inward remittance on the basis of country where the flow of immigration from Nepal is higher.

He also emphasizes on the huge foreign exchange reserve contributed by the receipt of annual pensions of former British Gurkha soldiers both from India and United Kingdom.

A study conducted on determining whether the money received as remittances is being utilized in a productive way showed that most of the earnings of ex-Gurkha soldiers and others returning from abroad had been used in buying land, constructing houses and other unproductive social rituals. Even those who were interested to start new ventures did not find any attractive areas for investment. There is no coherent program to increase the benefits of the remittance economy and reduce the very real social costs of foreign labor migration as part of Nepal's overall development strategy."

Whatever be the actual figures of remittance entering into the country every year, it is beyond doubt that there is much room for tapping its potential. For this, the government doesn't need to make additional investment. All it should do is to recognize the contribution of remittance to national economy and devise suitable policies to channelize it for productive use away from the present trends of consumptive use.

Sigdel (2006), conducted a study entitled "An Overview on Remittance Economy of Nepal" with the aim to evaluating the significance of inward remittance in the overall economic development of the country. Employment abroad has not only helped Nepal ever-growing un-employment 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. Sigdel (2006),

The increase of the flow of remittances has paved the way for South Asian economies such as Bangladesh, Sri Lanka and Pakistan to keep their BOP situation in a healthy state. The strong inflow of remittances allows foreign exchange reserve to increase and provides the confidence to float a country's currency. If we recall the above mentioned phenomenon, what we found that the remittance money have become a crucial component for Nepalese economy. The GDP has also accounted remittances as one of the major sources of national income of the country. The remittances have contributed much to maintain Nepal's BOP position favorable. Not only this, this sector has become one of the prime sources of foreign currency earning and mitigating ever

growing imports bills for Nepal. The expansion of banking and financial sector has been possible due to presence of remittances in Nepal. Meaningful utilization of remittance money paves the way for boosting socio-economic activities towards deprived people and remote areas of the nation. Mere collection of remittances in banks and financial institutions does not bring desired. The overseas migration and remittances have been instrumental in poverty alleviation as well as for improving the living standards of the people (Seddon, 1999 and Shrestha, 2004).

2.3 Summary of the Review

There has been very rare thesis works done to identify the impact of foreign employment and inward remittances on the economic development of the country. However various research works have been done in this particular area where researchers have tried to explore the growing unemployment problem in various countries, craze of people going abroad in search of employment and the impact of inward remittances entering inside the country of origin.

Seddon, Adhikari and Gurung (2001) jointly conducted a study entitled "Foreign Labor Migration and the Remittance Economy of Nepal" with the aim of evaluating Nepal's dependence on exporting labor. They have explored the migration history of Nepal dating back to the beginning of the 19th century when people started migrating towards India to join the army force and relates it to the current context of migration towards the Gulf States.

Having undergone various studies in the related field researchers came out with the following conclusions: In the last five years, the importance of foreign labor migration to the Nepalese economy has increased as numbers of Nepalese leaving to find work abroad have soared. The total volume and value of remittances from Nepali workers abroad has increased significantly; remittances are possibly as high as 100 billion NRs. (Over US\$1.5 billion).

Migration continues partly because of growing insecurity in Nepal's rural areas as the Maoist insurgency has come to control large parts of the countryside. In addition, Nepalese must confront a lack of economic opportunities at home and increasing opportunities abroad.

Indeed, there has been much talk in Nepal recently of "internal displacement" and "forced migration" as a result of the conflict. Certainly, some of the better-off Nepalese in rural areas

have been displaced. But it is difficult to distinguish those seeking to avoid the conflict from the bulk of economic migrants because the rural areas are so impoverished and because there has been little research on internal migration.

The failure to create and implement a coherent overall development mobilizing all of Nepal's resources - including effective education, rural manpower planning for human resource development - has led to low rates of high levels of unemployment and underemployment in what remains ; subsistence agriculture, handicraft, and service-based economy, with around 4f of the population below the poverty line. Hence, the massive upsurge in migrate rural areas to cities and other countries.

The implications of this situation are far-reaching for Nepal as a whole. Structure and dynamics of regional and local economy and society, and -perhaps all -for households and individuals all over the country, both those directly into foreign labor migration and those left behind.

Bhattarai (2005) conducted a research on "Migration of Nepalese Foreign Employment: Problems and Prospects" with the aim of evaluation,. Nepalese government policies and programmers related to the regulation and manager of foreign employment profession in Nepal with the major objectives as: (I) to it the major issues and challenges in foreign employment. (ii) to identify the problems f by migrant workers (both male and female) both in home country and the country destination. (iii) to prioritize the needs of international migrant labors (iv)to evaluate existing government policies and programmers and suggest appropriate amendment-the existing policies.

On the basis of various analyses, the researcher came out with the fallout conclusions: International labor migrants mostly in the Gulf States, Malaysia and *oil* South East Asian countries is a new phenomenon of migration in the Nepalese come and that only have about 30 years long history. Unexpectedly the foreign labia migration has developed in such a way, which has shifted the agricultural based economy towards remittance based economy. Numbers of people going abroad for work have been increased for the last few years, especially after the origination of armed conflict ii Nepal. Major concentration of Nepali migrant workers was in Gulf States for the very beginning but the dynamics has been changed and people are migrating

towards Malaysia since the past three years even though the number of people going the Gulf States is still significant. A class division among the labor migrants is also found to select the country of destination i.e. poor people are to India, Gulf States and Malaysia and rich people towards Japan, South Korea, North America and Europe.

International provisions are found very sound and applicable to protect the rights of migrant workers but governments in both sending and receiving countries does not seem sincere to the domestication of the spirit of international instruments, conference recommendations and plan of action. International provisions are there to protect the right of the migrant workers. But both the government and receiving countries do not seem to be sincere to the implementation of the spirit of international provisions. Ratification of UN convention by Nepal will create moral pressure on the labor receiving countries. Bilateral agreement has not taken place even with some major labor importing countries pertaining to the safety and welfare of the migrant workers. Another problem is lack of working mechanism to address the issues related to international migration like demand verification. Provision of labor attached in the potential labor receiving countries is still lacking.

Manpower agencies are almost unfair about their business dealing with the workers and their professionalism is questionable. The role of trade union organizations is also found ineffective to address the issues of potential labor migrants in home country as well as in the country of destination. So the current need is for more effective migration management to reduce the vulnerabilities of migrant workers and safeguard the rights of migrant workers.

Maharjan (2005) in his editorial available on "Foreign Employment Need for Streamlining It" (<http://www.southasianmedia.net>) focuses on the need for foreign employment and its scope. According to the writer, inward remittances play a pivotal role in the national economy of any country which in case of Nepal has been badly battered due to the ongoing conflict. Industry, trade, tourism and other sectors of the economy are all in the doldrums. Under such circumstances, the rate of unemployment is high in the country. So the number of people seeking employment abroad has risen.

The current Tenth Plan has aimed at creating 200,000 employment opportunities but nothing substantial has yet come about. Rather, the existing employment opportunities have worsened due to the deteriorating law and order situation as several industries have closed down under the Maoist threats. This has hence given rise to the foreign employment. However, prospects for foreign employment are not on the right track. In the name of providing tantalizing jobs abroad, hundreds, if not thousands, of people have suffered misfortunes. Some are never sent to their destinations, others are stranded and still others end up being victims of unexpected hazardous and low-paid jobs. Further, there are instances where the Nepalese are kidnapped, incarcerated or brutally killed in foreign countries. The brutal killing of twelve Nepalese workers in Iraq by ultra militants on 30th August 2004 is a case in point.

Therefore, foreign employment is not hassle-free. There are several instances of the people seeking foreign employment going to rack and ruin. As such, the time has come for the government and other associated bodies such as manpower agencies to make concerted efforts to streamline foreign employment.

As a matter of fact, earnings from foreign employment could change the face of the country by contributing a lot to poverty alleviation, which is the cynosure of the current Tenth Plan. It could ameliorate the landscape of the rural areas, where the need for development is acutely felt. It need not be reiterated that rural development is a bridgehead for overall national development

Nowadays, foreign employment is concentrated in the Gulf countries. It is necessary to diversify it so that its scope can be extended far and wide. On the other hand, a strong policy on foreign employment should be in place so as to streamline it. There is no argument that streamlining foreign employment is the need of the hour and that well-knit foreign employment could be an effective tool for poverty alleviation in the rural areas.

Yogi (2006) in his report on "Remittance Economy: Ignored and Under-Utilized"(available at <http://www.nepalitimes.com>) focuses on the inward remittance entering inside the country and the extent that these funds have been utilized to the productive sectors. According to him thousands of people leave the country to work abroad every year and send back their hard earned

money. But the significant sum remains largely unutilized due to indifference on part of the government and policy makers.

Yogi in his report highlights on the history of international migration and segregates the value of inward remittance on the basis of country where the flow of immigration from Nepal is higher. He also emphasizes on the huge foreign exchange reserve contributed by the receipt of annual pensions of former British Gurkha soldiers both from India and United Kingdom.

A study conducted on determining whether the money received as remittances is being utilized in a productive way showed that most of the earnings of ex-Gurkha soldiers and others returning from abroad had been used in buying land, constructing houses and other unproductive social rituals. Even those who were interested to start new ventures did not find any attractive areas for investment. There is no coherent program to increase the benefits of the remittance economy and reduce the very real social costs of foreign labor migration as part of Nepal's overall development strategy."

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The increase of the flow of remittances has paved the way for South Asian economies such as Bangladesh, Sri Lanka and Pakistan to keep their BOP situation in a healthy state. The strong inflow of remittances allows foreign exchange reserve to increase and provides the confidence to float a country's currency. If we recall the above mentioned phenomenon, what we found that the remittance money have become a crucial component for Nepalese economy. The GDP has also

accounted remittances as one of the major sources of national income of the country. The remittances have contributed much to maintain Nepal's BOP position favorable. Not only this, this sector has become one of the prime sources of foreign currency earning and mitigating ever growing imports bills for Nepal. The expansion of banking and financial sector has been possible due to presence of remittances in Nepal.

Meaningful utilization of remittance money paves the way for boosting socio-economic activities towards deprived people and remote areas of the nation. Mere collection of remittances in banks and financial institutions does not bring desired.

Pant (2006) in his study has argued that remittance can generate a positive effect on the economy through various channels such as saving, investment, growth, domestic consumption and poverty as well as income inequality. In the study it has further been argued that in many countries large portion of remittance is invested in real estate demonstration both a desire of migrant to provide housing to families left behind and a paucity of other investment instrument in the recipients. Any statistical instruments have not been used in the study, however. The study pointed out to the fact that evidence from micro economic surveys demonstrates purchase of land, housing and other real estate are the most common uses of remittance in the country of origin. The paper has concluded that remittance is potentially important stimuli to economic growth. In Nepal's case, the impact of remittance on the poverty has been positive as revealed by the Nepal Living Standard Survey (2003/04) which showed that the poverty level defined in terms of absolute head count declined from 42% in 1995/96 to 31 % in 2003/04. Any statistical instruments have not been used in the study.

Nepalese people started foreign employment by traveling to Lahore in early 19th century to join the Sikh ruler Ranjit Singh. Foreign migration started from Sugauly Treaty of 1814 A.D. and remittance has been showing its presence in Nepalese economy since it started to receive remittance formally by exporting brave Nepalese Soldiers known as 'Gurkhas' to Britain. However, remittance has become one of the major components of GDP of Nepal since 1990s. In the fiscal year 2007/08 remittance reached to NRs. 142 billion, which is 17.4 percent of GDP of the country. It has increased by 42.5 percent than the previous year (NRB, 2008). Amount of remittance received in Nepal is significantly higher and has positive impact on minimizing problem of unemployment and poverty in the nation but its impact on domestic consumption,

saving, investment and growth is questionable. However, study about remittance in Nepalese economy is an emerging issue and it is a very new and debatable issue as well. Since the share of remittance to the Nepalese economy in recent year is in increasing trend, it has become able to attract the attention of scholars toward the subject.

A study on "**Remittance Income from India**" was conducted by the Research Department of Nepal Rastra Bank. The study aimed at exploring trends and nature of remittance income, channels of remittance income from India, and analyze the existing system of adopted by SAARC countries for remittance income through formal channel.

The study observed among other that, Policies adopted by Nepal government and the Nepal Rastra Bank primarily focused on the remittance income from the third countries rather than from India. Besides that, time duration and cost implication on remittance income transfer from India is not customer friendly.

The study has also identified the following measures as for encouraging remittance through formal channels:

- Reduction of tax in Inward Remittances;
- Provide preferential treatment in custom for goods with returning migrants;
- Flexibility in foreign exchange and capital control in case of Remittance income;
- Encourage system of collective remittance and matching fund,
- Issuing of government bonds and debenture focusing Diasporas.

Banjade (2011) in his thesis tried to generalize the nature and role of remittance in Nepalese economy. He has find that to make the remittance income more productive in macro level to carry out effective and efficient public policies to channelize remittance in productive projects, the government has to look at what motives Nepalese to send their money at home particularly beyond individual family remittances, and crafts its policies to take advantage from it. Therefore, to keep sustain foreign employments and income government of Nepal must adopted peace and sound policies to getting multiplier effect from it especially on macro variables like as to maintain BOP, investment, saving and expenditure etc. Its role some extending rural area for

poverty reduction through solving hand mouth problem but it is not sufficient, to make more beneficiaries in nationwide proper channelize needed in it. Thus, government must think to that direction in forthcoming days. Parajuli (2011) in his thesis conducted the effort to identify the contribution of remittance on poverty reduction based on his study area. According to him, there is no doubt that remittance plays crucial role in Nepalese economy if it utilized in proper and effective way. Hence, the government has to give priority to lunch the programmed policy for its proper utilization in different sectors. Capital formation program should be encouraged. State should be create good environment for spending CapitalLand encourage investment in productive sector like agriculture, hydropower plant, tourism sectors, industry etc, for overall economic development of Nepal. It is equally importance from grass root level to national level it has increases the economic condition and the social condition of all remittance holders, there is positive change in the community level to the national level. Therefore we can say that remittance income is playing vital role to reduce the poverty.

Upadhaya (2009) in his thesis attempted to analyze the economic impact of the foreign employment and inward remittance entering inside the country. He stated that with equal volume of remittance entering inside the country through informal channels, it has become a challenge for the Government to bring the remittance entering inside the country to official fold to the extent possible. Although disrupting the informal channels would have an adverse effect on those who rely on hundi networks for their income, formalizing money transfers will benefit the country in the long run through investments and the multiplier effect.

Regmi (2007) in his thesis has attempted to identify the role of remittance to reduce rural poverty. He has presented the utilization of remittance to reduce the rural poverty based on his study area. He has found that the remittance are important sources to reduce the rural poverty, get various changes after gaining the remittance income, mentioned the direct impact to the education and at the real estate in the study area.

2.4 Gaps in Existing Literature Related to the Topic

Now it has been several years of that Nepal has been earning remittance but very few studies and experiments have been undertaken on Remittance and its impact. So, an attempt has been made in this study to analyze the effectiveness of Remittance in rural development of Nepal. This

study is slightly different than the former studies because the study mainly evaluates the impact of remittance in the rural household of the area and the study also analyzes the problems relating to foreign employment and the factors required for the effectiveness of the income with the help of empirical investigation mainly conducted in Taruka VDC. The study tries to include and evaluate the data and information available. So, the objective of the study and the conclusion of new data, statistics and information make the study difference than the former studies.

2.5 Causes and Consequences of Remittance in the Socio-economic Development

It is known to all us that role of remittance to the economic growth of the country was not discovered in Nepal before 1990's. From the mid 1990's remittance was viewed as well as the indirect roles to promote the national economy, but we can only study about the direct roles of the remittance income because of the availability of required data. The direct effects of remittance income to the national economy has been increased in CFE, increase in saving and investment. Decrease in the unemployment rate etc. investment depends on domestic saving and foreign assistance. Since there is increase in domestic saving due to remittance, it has helped in the investment and growth of economy. The data obtained from Economic Survey 2004/05 in this required is presented in the following table.

As summary it is clearly shown that national GDP growth rate is directly related to the various factors like total saving of the economy and total investment of the economy. On the other hand, saving is determined of the investment, without investment, which the economy can't get higher GDP growth rate. The investment of the country like Nepal is directly dependent on the remittance invested into the economy. Therefore we can say that the remittance is the major factor of development of country like Nepal.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the information about the research methodology which has been adapted from the research conducted by me. The population sample, area, research design of this study is specified here. This process of data sampling technique, process of data collection and data processing techniques are explained in this chapter. Beside these, the analytical procedure has also been explained.

3.1 Research Design

This study is mainly focused on role of remittance in socio-economic development of households of Taruka VDC, Nuwakot. It is intended to find out the economic impacts and social benefits of remittance in this specific area of Nuwakot district. A descriptive as well as exploratory research designs are applied to analyze and interpret the quantitative and qualitative data collection from the concerned field. The main objective is to review the role of remittance income; therefore to meet the objectives of this study required data is taken from the primary as well as secondary sources.

3.2 Nature and Sources' of Data

For conducting research in proper manner and accomplish its objectives, both primary as well secondary data are used. Primary data is collected from the concerned field survey while secondary data is collected from the following sources.

-) Published and unpublished documents /data related to remittance
-) Books, articles, magazines, information available at web pages

3.3. The Universe and Sample Size

This research is conducted on Taruka VDC of Nuwakot district. There are 1,127 households in Taruka VDC among which 308 households have one or more people went to abroad for the purpose of earning money. The universe of the study is within 308 households but this research is based on 40 houses chosen through random sampling method which is used as sample size.

3.4. Primary Data Collection

For the purpose of this study, primary data was collected with the help of structured questionnaires which were pretested. The required information was collected from different sources as well. In this study check list were used while conducting the observation. Similarly, close ended questionnaires were used for conducting the interview.

3.5. Secondary Data Collection

Except primary data some other data related to the study had been collected from the secondary sources also, which can be official as well as unofficial. The relevant data are compiled from publication of the National Planning Commission Secretariat, Central Bureau of statistics (CBS). Budget speeches of Government of Nepal, Economic Survey published by Ministry of Finance, Nepal Living Standard Survey by CBS, Economic Reports by NRB, Other quarterly and annual publications of NRB, different record of department of labor GON and VDC profile other periodical, Journals, books magazines, seminar papers reports of research centers data and information from donor agencies like WB, ADB, IMF, UNDP etc.

3.6 Tools and Techniques of Data Collection

Direct personal interview with remittance receiver or senders family members have been taken for the study. The structural and semi-structural questionnaire has also been included for such respondent to collect the information. Different case Studies were studied to obtain the relevant data. Observation method was used to collect the data from the respondent family. I also used the internet for the latest data and related study and report regarding the remittance.

3.7 Method of Data Analysis

While analyzing the data, the available data from the various sources where collected, classified and tabulated to meet the needs of the study. Data processing is done with the help of a mathematical tools and technique. Hence, various methods of analysis such as graphical presentation, tabulation were made for the purpose of analysis. Data were studied comparatively to get required results about of that remittance income and the effect of that remittance income in the research area.

CHAPTER FOUR

ANALYSIS AND INTERPRETATION OF THE DATA

4.1 Introduction to the Data and Study Area

Taruka VDC, many people are living below poverty line. 12 percent of the people in this VDC are rated poor. Their health status is not that satisfactory. Their children are not getting the proper opportunity for education. In the study area, remittance income has an effective approach in reducing the poverty. The living standard of the people is gradually changing. People are now getting the proper health facilities and their educational status is also gradually increasing. The income of the family has been raised up, ultimately uplifting the living standard of the people living under the poverty line.

Majority of the people in this VDC are largely involved in the agriculture while others are involved in other sectors such as trade, service, business etc. whereas the major contribution in the economic status of this VDC is due to the remittance income coming from peoples migrated abroad.

4.2 Demographic and Socioeconomic Information of the Sample Population

4.2.1 Geographical Background

Nuwakot district is one of the eight districts of Bagmati zone, which is located in the hills of Bagmati Zone, Central Development Region of Nepal. Nuwakot district is surrounded by Dhading at south and west, Kathmandu and Sindhupalanchok at east and Rasuwa at north district of Nepal. According to the population census 2011, the total population of the Nuwakot district is 2, 77,471 and male are 1, 44,684 and population of female are 1, 32,787. Taruka is a village development committee in Nuwakot District in the Bagmati Zone of Central Nepal located approximately 40 kilometers northwest of Kathmandu. At the time of the 2011 Nepal census it had a population of 5,233 and had 1,127 houses in it. Here most of the people are engaged trade, jobs, foreign labor, local labor, student etc, which are categorized in non agriculture sector of occupation. Agriculture is the main occupation of

the people of Taruka VDC. The main crops are maize, paddy, potatoes and vegetables etc and the domestic animals in this VDC are buffalo, cow, goat, pig and poultry etc.

4.2.2 Demographic Status

The total population of this VDC is 5,233 out of which 2,335 males and 2,898 are females. According to CBS 2011 the total number of households is 1,127. Literacy rate of the VDC is 59.58% out of which 67.97% are male and 51.88% is female.

4.2.3 Income Status

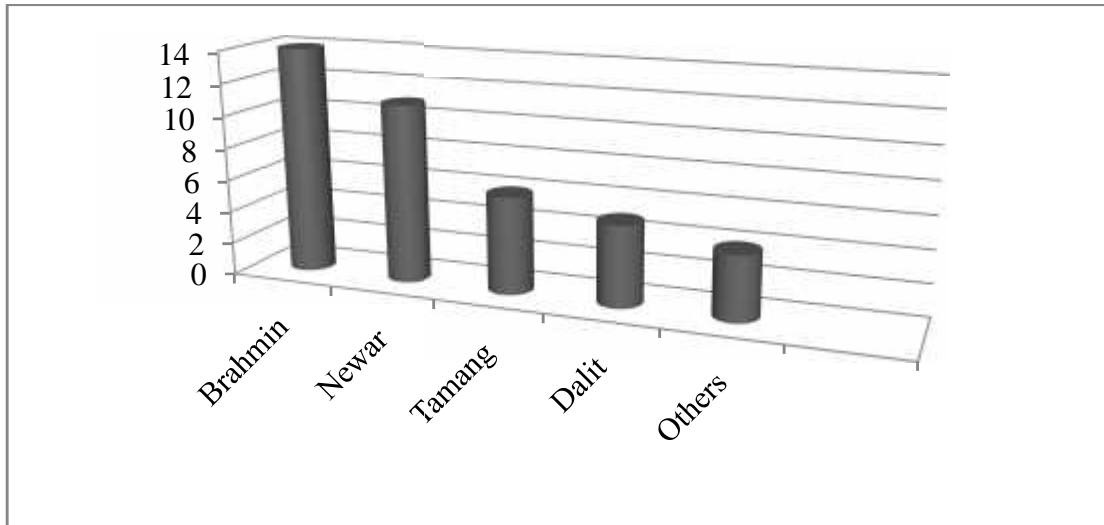
Majority of the people in this VDC are largely involved in the agriculture while others are involved in other sectors such as trade, service, business etc. whereas the major contribution in the economic status of this VDC is due to the remittance income coming from peoples migrated abroad. The general income scenario of the study area before the respondents actually migrated presented in the following table.

Table No: 4.1 Income statuses of the people from Taruka VDC before going abroad

Cast/Ethnic	No. of Households	Earning per month (in thousands)				
		Below-5	5-10	10-20	20-50	Av 50
Brahmin/Chhetri	14	2	5	4	2	1
Newar	11	2	2	3	3	1
Tamang	6	1	3	2	-	-
Dalit	5	3	2	-	-	-
Others	4	2	1	1		-
Total	40	10	13	10	5	2

Source: Field Survey, 2016

Figure No.4.1 Income status of the people of the different houses before going abroad



Source: Table No. 4.1

The above table no.4.1 and figure no 4.1 presents the overall scenario of the people in Taruka VDC, based on the cast of the households. It is clearly seen that 10 out of total household were receiving less than Rs. 5000 per month. Out of total of 40 households 13 stated that income to be between 5 thousands and 10 thousands. Ten households were found to have their monthly income between 10 thousands to 20 thousands and 5 of the households stated their income to be in between 20 and 50 thousands regularly each month. The numbers of households receiving the regular monthly income of more than Rs 50 thousands were two.

The above table also gives the caste wise scenario of the income status of the people. Brahmin/Chhetri and Newar were found to be possessing better economic status. Households receiving more than Rs 20 thousands per month were entirely from Brahmin/Chhetri and Newar. People belonging to the castes Tamang, Kami/Damai and others were found to be possessing lower income status as compared with Brahmin/Chhetri and Newar.

4.2.4 Present Income Status of the Study Area

The proceeding table 4.2 presented the income level of the households before they were actually migrated. After their migration, the remittance they had brought have actually changed their level of income, their living standard, education, health, etc. and in the overall scenario the level

of poverty of the study area has decreased. The following table presents the level of the actual income received by the people after getting the remittance income.

Table No 4.2 Income Statuses of the People from Taruka VDC after Getting the Remittance Income.

Cast/Ethnic	No. of Household	Earning per month (in thousands)				
		Upto-20	20-30	30-50	50-100	Av 100
Brahmin/Chhetri	14	2	5	4	2	1
Newar	11	1	4	4	1	1
Tamang	6	1	2	2	1	-
Dalit	5	1	2	2	-	-
Others	4	-	1	1	2	-
Total	40	5	14	13	6	2

Source: Field Survey, 2016

The above table no.4.2 explains the increased level of income of the households after receiving the remittance. People are getting higher amount of income per month thanks to the remittance sent by their family members. Previously, there were no households earning Rs. 1 lakh per month but now there are two. Households receiving in between fifty thousand to one lakh increased from 2 to 6, the households receiving income in between 20 to 50 thousand increased from five to thirteen. Similarly, households getting in between 10 to 20 thousand also have increased and reached 14. However, the number of households receiving less than 20 thousands has been decreased to 5 from 10. This figure clearly shows the rise in the level of income the people after receiving the remittance in the Taruka V.D.C.

4.2.5 Health Status

The flow of Remittance in the study area has increased the peoples' approach to the Health facilities. There is a health post being run by the government, and one private medical clinic providing the health services to the people in this VDC.

Table No.4.3 Health Status of the People of Taruka VDC

People receiving health facilities from	Number of household	Percentage
Primary Health Center	30	75
Private clinics	25	62.5
Others	32	80
Not getting any health facilities at all	2	5

Source: Field Survey, 2016

The above table no.4.3 presents the present health status of the people of Taruka VDC. This table clearly shows that the approach of people to the health facilities is gradually increasing. The number of people approaching for better health facilities outside the VDC has increased by 11.1 percent and the approach of people to the health facilities provided in VDC by the private medical post has increased by 16.4 percent. This table clearly shows that 95 percent of the people in this VDC are in approach of health facilities.

4.2.6 House Hold Status

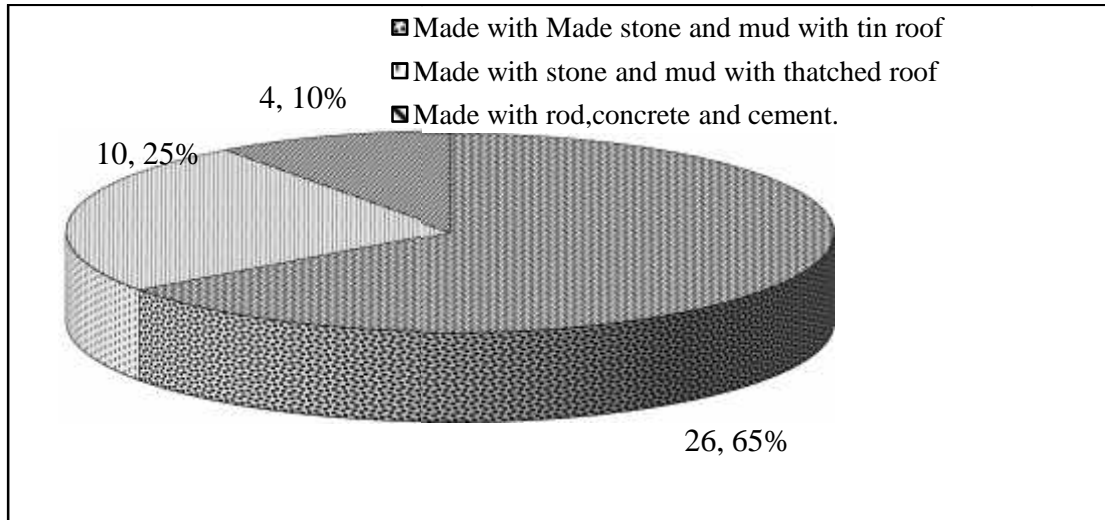
This title gives us the information about the poverty situation of the sample Households from the structure and condition of their houses.

Table No. 4.4: Sample Households Made by Different Types of Materials

Types of houses	Total number
Made stone and mud with tin roof	26
Made with stone and mud with thatched roof	10
Made with rod, concrete and cement.	4
Total	40

Source: Field Survey, 2016

Figure No. 4.2 Sample Households made by different Types



Source: Table No. 4.4

The above given table no.4.4 and figure no. 4.2 shows that most of the sample households are made with stone and mud and tin on the roof, these types of houses are 26. Apart from this, 10 houses are made up of stone and mud with thatched roof. Remaining 4 houses are made with concrete. But the recent change in economic status of people is gradually propelling their interest towards the concrete houses and they are in the process of establishment.

4.2.7 Present Status of Education in the Study Area

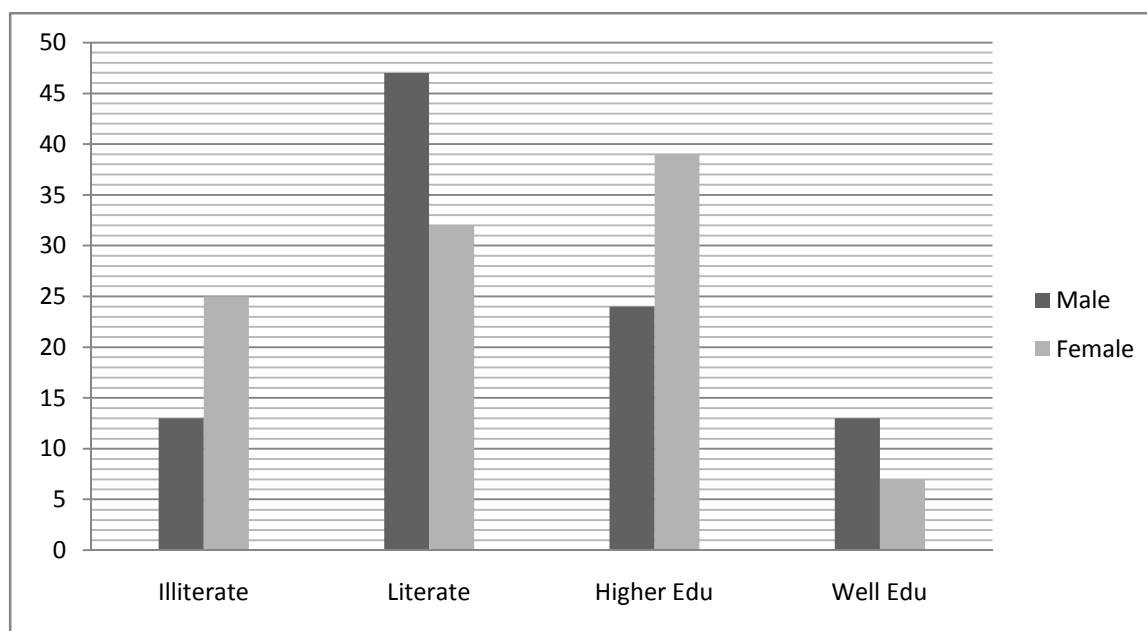
It is surely not a subject of debate that education is the main factor determining the foreign level employment and the earning from that foreign employment i.e. remittance. Besides that, education also helps to reduce the poverty as education helps in the development of skilled man power and finally qualified forces which will ultimately help them to find the high income generating jobs. Thus we can say, education is the prime factor in the reduction of poverty. Now about Taruka VDC, there is one community college offering university level and higher secondary level education and also one higher secondary school, two secondary schools and three primary schools. The following table 4.5 gives us the information about the educational status of the study area (sample households).

Table No.4.5: Educational status of sample households (5 years of age and above)

Educational status				
	Male	Female	Total	Percentage
Illiterate	13	25	38	19
literate	47	32	79	39.5
Higher Education	24	39	63	31.5
Well educated	13	7	20	10
Total	87	113	200	100

Source: Field Survey, 2016

Figure No. 4.3 Educational Status of Sample Households



Source: Table No. 4.5

The table no 4.5 and figure no. 4.3 shows that out of 200 sample population, 38 people are illiterate, 79 people are literate, 63 people are educated up to higher education level and 20 is the number of well educated people.

4.3 Analysis of the Data and Interpretation of the Result According to the Specific Objective of the Study.

4.3.1 Family Size

The table presented below shows the no. of the family members present in the sample households.

Table No.4.6: Distribution of Sampled Household by Family Size

Family Size	No. of Households	Cumulative
1-2	3	3
3-4	10	13
5-6	19	32
7-8	5	37
8 and above	3	40
Total	40	-

Sources: Field Survey, 2016

The above table no 4.6 shows that, family size ranges from one to eight and above. The number of households having family size of 5-6 is maximum, 19 out of 40 households. In contrast, the households of both the lowest and largest family size is minimum, each has 3 households. Nowadays, the young and educated parents have not more than two children because of family planning. The reasons behind households having more than two children can be their negligence, illiteracy, the emphasis on male child, child marriage etc.

4.3.2 Size of Land Holding

In the study area, most of the peoples' main occupation is agriculture. However, there is extreme inequality in the distribution of land. The land is categorized into three forms, i.e. Khet, Bari, and Pakhoo. Most of the poor families do not have Khet. They have only small pieces of land (Pakhoo and Bari), and few of them have Khet. The following table shows the unequal distribution and holding of land among the sample households.

Table no: 4.7 Distribution of land Among Sample Households

Size of land holding (Ropani)	No. of Households
Below 2	5
2-5	7
5-10	8
10-15	10
15-20	8
Above 20	2
Total	40

Source: Field Survey, 2016

The above given table no.4.8 shows that there is unequal distribution of land among the total sample households. Among the 40 households, percentage of land holding households below 2 Ropani and 2-5 Ropani is 12.5 and 17.5 percentages respectively. Similarly, 5-10 Ropani is 20 percent; 10-15 Ropani is 25 percent, 15-20 Ropani 20 percent and above 20 Ropani is 5 percent respectively. So, the unequal distribution of land is one of the causes of poverty in the study area.

4.3.3 Occupational Status

The following table 4.8 shows that 62.5 percentage of sampled population is involved in the agriculture which is nearly equal to the national level. Rests of the sampled households are involved in the other occupation such as Government job, Business, Study etc.

Table No. 4.8 Distribution on Households and Population According to Major Occupation

Main occupation	No of households	Economically active population (Age 15-59 Years)	
		Active Population	Percentage
Agriculture	25	80	62.5
Non-agriculture	15	38	37.5
Total	40	118	100

Source: Field Survey, 2016

4.3.4 Extent of Poverty and Unemployment

It is clear to all us that unemployment is the main causes of the poverty in any state and the unemployment plays the major role of migration to the other places form their native born place. In this study also we found that the main cause of the migration of the youth of the study area is due to unemployment in their native place. Most of the people of the study area are migrated to those countries where they do not need any special qualification like India, Qatar, Malaysia, UAE, and other Gulf countries. Their migration to the different countries depends upon the economic condition of their family, and also the regular money income of the members of the family. This is shown in the following table.

Table No. 4.9: Regular Money Income of the Sample Households

Regular monthly income (in Rs)	No. of households
Less than 5,000	5
5,000-10,000	15
10,000-20,000	10
20,000-50,000	7
Above 50,000	3
Total	40

Source: Field Survey, 2016

The above table no.4.9 presents the fact of the sample households of the study area that about 50 percent of the total sampled household receives less than NRs 10,000 per month. This is very

below the absolute poverty line. Only 11 percent of the households receive more than 50,000 per month as the regular income. Among 40 households, about 10 percent of the households receive less than NRs 5000 per month, which is very low level of poverty for the existence of family members. The above given table is dependent of the production of agriculture products which depends upon the weather condition and other factors, thus the income condition might vary if favorable status is provided to them. We have already mentioned in the table 4.8 that the main occupation of 62.5 percent of the people of the study area is agriculture which means about 62.5 percent people has disguised unemployment and seasonal employment the occupational dependency is also another cause of the foreign employment of the study area The kind of unemployment and the level of unemployment are shown in the following table.

Table No. 4.10: Employment Status of the Sample Households

Group of population	No. of people	Employed	Percentage	Unemployed	Percentage
Active population	118	85	72.03	33	27.97
In active population	82	0	0	82	100
Total population	200	85	42.50	115	57.50

Source: Field Survey, 2016

The above given table no. 4.10 shows that in the Sample Households of the study area, only 72.03 percent of active population is employed but as over all situations only about 27.97 percent of the population are employed. It is also clear that among the total population 200 about 57.50 percent of the population are fully dependent population and on the other hand among the active population of 118 about only 72.03 percent of the population is employed it means the rate of employment of the study area is low and the rate of dependency of the area is very high.

4.3.5 Social Characteristics of Respondent

Social condition such as cast / ethic composition, size of the family, age, marital status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. In the proceed of field survey, we found the main cast of the study area are Brahmin, Chhetri, Newar ,Tamang, Dalit etc. for the purpose of the study the sample household in respect

of the above described cast were taken. The main social characteristics considered important for these groups were family size, marital status and literacy rate. The information obtained by interviewing the respond is presented in the following table.

Table No. 4.11: Average Family Size, Age and Literacy Percentage of Different Ethnic groups of Sample Households

Cast/ ethnic groups	No. of Respondents	Average family size	Percent of Literacy
Brahmin/Chhetri	14	4.5	76
Newar	11	4.03	61.4
Tamang	6	4.91	49.7
Dalit	5	6.23	46.7
Others	4	5.06	51.2
Total	40	4.82	57

Source: Field Survey, 2016

The given table no. 4.11 shows that among workers seeking foreign employment form Taruka VDC is mostly dominated by Brahmin,/Chhetri. Comparing the age of the migrant of the three casts with other cast, the average age of the migrant of these casts is very high while other cast like Kami, Damai has very low average age of the migrant workers. On another aspect the number of migrants from so called upper casts like Brahmin and Chhetri is quite high compared to another casts migrant. The literacy level of the migrant of Brahmin/Chhetri is 76% where the literacy percentage of Newar is 61%. The given table presents the another fact that the family size of the respondent from the low cast like Kami and Damai is high compared to the Brahman which is also playing the vital role to foreign employment for the young and dynamic labor forces even they are educated also. Most of the people of the lower cast get married in their early childhood, which contributes in the large family size and thus high labor forces which is also another important aspect as a push of foreign employment.

4.3.6 Sources of Income of the Sampled Households

In the study area the people are engaged in different occupation like Agriculture, Business, Jobs (Government as well as private) and Foreign employment etc. which are the main sources of income of the respondent family of the study area. The situation of the income depending on their sources in the sampled households is shown in the following table.

Table No. 4.12 Sources of Income of the Sample Households

Sources of income	Number of households	Percentage
Agriculture	14	35
Foreign employment	10	25
Job	6	15
Business	8	20
Other	2	5
Total	40	100

Source: Field Survey, 2016

The above table no. 4.12 presents the income sources of the respondents of the sample area. From that table we can find that most of the family depend on the Agriculture, Second largest sources of income is employment, where as about 25 percent of household's main sources income is foreign employment.

4.3.7 Status of Economic Condition

Economic condition is one of the most important factors of emigration. It is expected that people from lower economic condition (the type of people with problem in fulfilling their basic needs) should seek foreign employment. Mainly the lower economic condition families used to go India for foreign employment because of easiness to reach India and also, reaching India is comparatively cheaper. In this VDC respondents were classified into lower, lower middle, middle and high income group according to their own assessment of their economic condition. The information obtained is presented in the following table.

Table No 4.13: Frequency Distribution of Economic Condition of Different Ethnic Groups of Respondents from Taruka VDC

Cast/Ethnic groups	No. of Respondents	Economic Condition			
		Lower income groups	Medium lower income groups	Medium income groups	Higher income groups
Brahmin/Chhetri	14	2	4	6	2
Newar	11	2	3	4	2
Tamang	6	1	2	2	1
Dalit	5	5	-	-	-
Others	4	1	2	1	
Total	40	9	13	13	5

Source: Field Survey, 2016

Above table no. 4.13 presents the summary about the economic condition of the respondents and their family. From the above table we can see that among the sampled households most of the respondents are Brahmin/Chhetri, where they have quite strong economic background as two households from total 14 households are from high income group where as 2 household are from higher income group, 6 households are from medium income groups, 4 households are from medium low income group and only 2 households are the lowest income groups. After Brahmin/Chhetri, Newar is economically strong in which only the 12.5 percent of the total household are in lower income group. Among the sampled households Kami/Damai cast is the poorest cast in which 100 percent of the sampled are in lower income group from the above table we can see that there is only one family high income groups besides Brahmins.

4.3.8 Causes Seeking to Foreign Employment

Even through, the poverty being the main factor of foreign employment, there must be several reasons behind it. It might be economic, social or political. They may be related to the acquired skills and various other reasons by the people of this area. To find out causes of seeking employment the respondents were asked to identify the prime causes to go for foreign employment. They gave more than one reason as follows:

Table no 4.14: Frequency distribution of causes of seeking foreign employment from Taruka VDC

Cast/Ethnic groups	No. of Respondents	Causes			
		Unemployment	Family Debt	Conflict	Earn Money
Brahmin/Chhetri	14	6	3	1	4
Newar	11	5	2	1	3
Tamang	6	2	3	-	1
Dalit	5	3	2	-	-
Others	4	2		-	2
Total	40	18	10	2	10

Source: Field Survey, 2016

Above table no. 4.14 shows that unemployment is the main cause of foreign employment for all the cast ethnic groups. Among all the sample households about 45 percent had stated unemployment as the main cause of foreign employment. The second main important cause is family debt burden which is also playing as the major push factor of the foreign employment. Comparing the other cast with Brahmin and Chhetri; the percentage of emigrated population due to family debt burden quiet high in case of other casts like Kami, Damai and other casts. Among the total sample house holds about 25 percentage of the respondent are emigrated due to the family debate burden. This means that among the ethnic groups Kami, Damai, Tamang and other dalit showed higher percentage of family debt burden than Brahmin/Chhetri and Newar. The third reason of the foreign employment is to earn money. The percentage of respondents stating the major cause is earn money family debt burden are quiet similar i.e. 25 percent respondents have immigrated to foreign countries to earn money. After that 5 percent of the respondents had stated that they are migrated due to the conflict problem of Nepal. It is concluded from our study that unemployment, family debate are the main causes to seek foreign employment.

4.3.9 Cost Paid for Foreign Employment

A sizable amount of money needs to be invested as a cost of foreign employment. The cost started from obtaining a passport, medical checkup, manpower agency commission, visa expenditure, air fare and cost of internal travel and other necessary cost. To find out the cost paid by the respondents, they were asked to quote expenses in the different categories. The summarized version of the cost paid by the different income groups is given in the following table.

Table No. 4.15: Average Cost Paid and Range of Costs for Foreign Employment by Different Ethnic Groups from Taruka VDC

Cast/Ethnic Groups	No of Respondents	Average cost (in Rs.1000)
Brahmin/Chhetri	14	21.4
Newar	11	15.16
Tamang	6	12.5
Dalit	5	9.06
Others	4	8.14
Total	40	66.26

Source: Field Survey, 2016

Above table no. 4.15 shows that average cost paid for the foreign employment is Rs 66 thousands. Brahmin/Chhetri had paid high average cost than the other group because they prefer developed countries like, USA, UK, Japan, Korea etc. for foreign employment where as other lower income group like Kami, Damai, etc. are very low foreign employment. The traveling cost to those countries is very cheaper and in the case of India, there is no any visa charge to enter. In the case of same counties, Dalit had paid high average cost than other group because they have not more information about foreign employment. Their Newar counterparts had paid higher average cost for foreign employment which is 15.16 thousand; secondly Brahmin also had paid high average cost for the foreign employment which is 21.4 thousand. Kami/ Damai Ethnic groups had paid very low average cost of Rs 12.5 thousand. We can see that there is too much variation in the cost of the foreign employment in all types of cast/ Ethnic groups had paid very

low average cost of Rs 15 thousand. We can see that there is too much variation in the cost of the foreign employment in all types of cast/Ethnic groups. This is because the cost paid to immigration to India is very low where as the cost paid for the other developed countries are quite high compared to India. The lowest cost paid by the respondents of the sampled households is paid by Kami / Damai cost to immigrate to India where as the highest cost is paid by Brahmin/Chhetri to immigrate to USA. It shows that the respondent of this VDC had wide range of cost and it high variability with the sample.

4.3.10 Source of Financing

Most of the rural people of Nepal who want to go for foreign employment use several sources of financing the cost involved. In the study area, the mostly used sources of financing are loan (From relatives, friends and local merchants), sale of property including land, internal saving. To find out the extent of sources used by respondents they were asked to provide their sources and the amount with its promised interest amount for the foreign employment. The information collected is presented in the following table.

Table No. 4.16: Sources of Financing for the Foreign Employment

Cast / Ethnic Groups	No. of Respondents	Source of Financing		
		Loan	Sales of property	Family saving
Brahmin/Chhetri	14	6	4	4
Newar	11	4	3	4
Tamang	6	3	2	1
Dalit	5	2	3	-
Others	4	3	1	-
Total	40	18	13	9

Source: Field Survey, 2016

Above table no. 4.16 shows that 45 percent respondent's of the total borrowed loan to pay for the cost of foreign employment. About 22.5 percent respondents had paid from their family saving and only 32.5 percent respondents had paid to the cost of foreign employment by selling their property. Only the low income groups like Kami/ Damai and other sold land and other property

to pay for the foreign employment. Among the respondents who use family saving the maximum number were from Brahmin, Chhetri coteries. It can be concluded that the cost of foreign employment is financed by borrowing and family saving. Family saving is used by so called upper casts like Brahmin/Chhetri, Newar.

4.4 Analysis and Interpretation to Fulfill the Objectives

It is often believed that if somebody receives foreign employment his household economy will improve. The change in economy will bring improvement in living standard; improvement in skill, social status might be some of reasons for the immigration of people from the study area. If the respondents are able to gain the income which can run their family and also to pay their loans principle as well as their interest amount then only their economic condition can improve and their property problem can be reduced. So, to find out the change in household economic condition due to foreign employment, the respondent were asked to give their own judgment about their economic condition before foreign employment and after foreign employment and comparison of this to time periods the answer given by them is presented in the following table.

Table No. 4.17: Frequency Distribution of Changes in Different Indicators of Respondents due to Foreign Employment

Indicator	Change in Condition			
	Increased	Decreased	Remained same	Total
Economic status	33	2	5	40
Standard living	30	3	7	40
Social status	25	5	10	40
Skills	35	-	5	40

Source: Field Survey, 2016

The above table no. 4.17 analysis is based not on the ethnic composition or group but it is based on the total sample size without categorization. It show that 82.5 percent of the respondents reported that their economic status is increased due to foreign employment. The 12.5 percent of the respondent's reply that their economic status is remain same. The 5 percent of the respondents economic status has decreased due to the foreign employment it mean they had

increased the sum of family debt for the reason of foreign employment. The decrease in economic status might have been resulted with high cost and low pay in foreign employment or short period of foreign employment. Around 75 percent of the respondents had increased their standard of living, 17.5 percent of the respondents had reply that their standard of living remained same and 12.5 percent respondents said that their standard of living is decreased after returning from foreign employment due to increased in debt. In the context of social attitude, 25 percent respondents' social attitude remained same. In another aspect of foreign employment, 87.5 percent of the respondents had learnt some new skills which might help them to future job which might pay better. The rest 12.5 percent of the respondents reply that they didn't learnt any new skills while working abroad.

From the above table it can be concluded that most of the respondents felt that there was positive change in their economic and social attitude and skill development etc, after returning from foreign employment.

4.4.1 Impact on other Indicators

How the foreign employment and remittance impact on certain household indicators? Do they live in better house? Do they send their children to better schools? How the health condition of their family changed? Are their family members better dressed? Are they protected from indebtedness at the time of need? These were very important questions. Positive impact on the dependent on size of income of respondents brought from foreign employment, family size, earlier economic condition of the family, knowledge and education of the respondents, culture of society, etc. To find out the impact of an employment on household indicators the respondents were asked to respond on the changes brought by the foreign employment. The answer provided by the respondents is given in the following table:

Table No.4.18: Frequency Distribution of Impact on other Household’s Indicators of the Respondents

Indicators	Increased	Worsened	Same	Total
Condition of housing	25	5	10	40
Education of children	25	-	15	40
Health of family member	28	7	5	40
Clothing	22	3	15	40
Cash available with them	18	12	10	40

Source: Field Survey, 2016

The above table no. 4.18 shows that 62.5 percent of the respondents reported to have improved their condition of housing. It shows that anybody who had returned from foreign employment have either made new house or repaired old house to improve their living condition. 25 percent of the respondents had reported that their housing condition is same before and after foreign employment, but the exact reason behind it is not given. It might be low income or other more pressing like loan, payment, household expenditure, marriage of a family member, etc. However, not any respondent housing condition is worsened after returning from foreign employment.

Among the total households, 62.5 percent of the household reported that the education of their children has improved due to the income earned by their parent from foreign employment. It might be the result of improvement of economic condition of the individuals who could afford boarding school for their children. But no one among the respondents had reported to worsen the education of their children due to the foreign employment. The rest 37.5 percent of the respondents had reported that the education status of their children remained same before and after foreign employment. The 70 percent respondents said that the health status of their family has improved due to the foreign employment where about 17.5 percent of the respondent replied that health status of their family had worsened due to the foreign employment either of the respondents himself or of his family members. The rest 12.5 percent of the respondents said that the health condition members remained same ever after returning from foreign employment. It might be due to general health condition of the area and health awareness.

More than 55 percent of the respondent said that household members are using better clothing after returning from foreign employment. It might be related to the increasing purchasing power and cloth after returning with the respondent and also with their family member. The rest 37.5 percent of the respondents had replied that their clothing status same before and after returning from foreign employment. When the availability of liquid cash to meet various household need was assessed, about 45 percent of the respondents had increased their cash holding with them, another 25 percent of the respondents cash holding has remained same and the rest 30 percent of the respondents had worsened their cash holding after returning from foreign employment or the income earned from abroad is just equal to the sum of household expenditure and payment of loans and their interest or it might have been the result of high expenses, low income or the high cost of foreign employment. It indicates that foreign employment has increased the liquidity situation of about 51.29 percent of the participant of foreign employment. It can be concluded that from the above table that around 65 percent respondents of this VDC have improved that different household indicators due to foreign employment. But around 11 percent have worsened and about 27 percent respondents have same level of household indicators even after returning from foreign employment. In short, people who have returned from foreign employment have received same economic benefit and improved their financial, social economic condition but it cannot be said it has improved their life tremendously.

As a summary, we can say that the remittance income earned from foreign employment is helping the household of the study area in fulfilling their basic needs as well as fulfillment of other social economic aspect of their life. In another aspect of this survey we can say that the remittance earned by the foreign labor have benefited other members of immigrant family than the employed himself. Therefore it is clear that the remittance is playing very positive role in the life of the respondents and their family and to reduce the level of poverty of the study area.

In the study area, remittance income has an effective approach in reducing the poverty. The living standard of the people is gradually changing. People are now getting the proper health facilities and their educational status is also gradually increasing. The income of the family has been raised up, ultimately uplifting the living standard of the people living under the poverty line.

The flow of remittance in the study area has increased the peoples approach to the health facilities. There is a health post being run by the government also and one private medical clinic providing the health services to the people in this VDC.

Educational status of Taruka VDC has been raised up and the literacy rate is increased people have got the higher level of approach over the education. It also has ultimately helped to uplift the living standard of people the following table presents the change the educational status of the people. The flow of remittance income among the people in this VDC has also increased. The regularly monthly income of the people has been raised. Not only this, the approach of people on the communication, drinking water, transportation, housing also has been rose. Thus it is clearly seen that the social and economic status of the people of this area has been uplift due to the flow of remittance.

CHAPTER FIVE

SUMMARY AND CONCLUSION

5.1 Summary

The main objective of the study is to gauge the impact of foreign employment and remittance in poverty reduction in the study area. Moreover the study also tries to analyze the nature and extend of remittance income in the study area, socio economic characters of foreign employees, source of financing and cost for foreign employment, change bought foreign employment and remittance in household economy and uses of remittance.

To fulfill the above stated objective of the present study, Taruka VDC of Nuwakot district was selected area and sample survey was conducted during 2016. The sample size was 40 households. They were chosen by proportional random sampling method and data collected through Questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance of the national level as well as of local level in the study. Data are analyzed by using simple statistical tools like mean, percentage, and ratio. From the study, following conclusions are drawn.

1. The main destinations of the study area Gulf countries, India, Malaysia, Japan, Korea and UK. Out of them 30 percent in Gulf countries, 45 percent in India, 5 percent in Malaysia, 5 percent in Korea, and remaining are other countries. In the National context, main destinations of Nepalese workers are Gulf countries and Malaysia. More than sixty percent of the workers are employed in Gulf countries. Country wise Malaysia, Qatar; Saudi Arabia, UAE are the destinations of Nepalese workers. Up to the 2006/07 the number of workers went to Malaysia are 3, 69, 521, Qatar 2, 52,741, Saudi Arab 1, 60,250, UAE 1, 02,244 and current years South Korea also favorable for the Nepalese workers. Up to the 2006/07 the number of workers went to South Korea are 4401.
2. According to NRB, total remittance receive through registered source by Nepal in FY 2065/66 is more than 100 billions, which is very large then the previous year. In the FY 2066/067 the flow of remittance rose by 19 percent in Nepal, during the first half of the FY

and touched the amount of Rs 57 billion of mid- January Nepal has received Rs 48.26 billion during the same period of last year.

3. The contribution of remittance to GDP saving and investment in 2008/09 were 16.8 percent and 47.6 percent respectively. Share of remittance in convertible foreign exchange reserve was accounted by 46.9 percent in 2006/07. This is also raising trend.
4. The socio economic characters of migrant workers was age group most of 25-40 years, 71.97 percent of the migrant workers are married, and 80 percent of the migrants are literate, 62 percent migrants coming from medium income group; 38 percent migrants from higher income group and 78 percent of migrants from agriculture occupation.
5. The average income of the household in this V.D.C is around 10,000 per month and only the 72.88 percent of the total active population and only the 42.50 percent of the total population of the study area are employed. It means that dependency ratio is very high in the study area.
6. Major reasons to seek foreign employment include unemployment, family debt burden, conflict problems and to earn money then which they are earning in their own country.
7. The means to get foreign employment of the most of the sample (85 percent) respondents were Manpower Agencies. Other went either through unregistered agents or personal initiative.
8. The average cost paid for foreign employment by the respondents of the study area was Rs. 70 thousands. It ranges between Rs 2 thousands minimum and to 1089 thousands was maximum.
9. Majority of the foreign job seekers (83 percent) didn't have any skill and took unskilled labor jobs in industries.
10. Sources of financing for foreign employment for 45 percent of the migrant workers was loan, 29.80 percent from family savings and 32.5 percent from property selling.
11. Major sector of employment for Nepalese workers were building construction (34 percent) and mechanical (29 percent).
12. The average stay duration of the respondents was 2.8 years. If we classify them cast wise, it ranges between 2.5 years of minimum (Kami/Damai cast) and 3.5 years of maximum (Tamang, Magar).

13. Average family members migrated to the foreign countries is two where maximum numbers of respondent's family members are five and minimum of one.
14. The respondents of this VDC want to go gain to foreign employment because of the unemployment (45 percent) and conflict (5 percent). Among the total respondents 17 percent of them have no plan to go to abroad again to foreign employment.
15. The workers earned more income in Gulf countries than Malaysia. It was average Rs 22.30 thousand and Rs 41.48 thousand per month of skilled workers. In type of the jobs the workers working in mechanical sector earns maximum income of Rs 30.50 thousands per month and workers working in the agriculture sector earns lowest income of Rs 20 thousands per month.
16. Above 60 percent respondents used formal channels (banks, registered transfer agencies) to send remittance. In formal channels like hundi, relative and friends and bringing back by themselves were other channels of remittance transfer.
17. The larger amount of remittance income has been used for household expenses (37.5 percent), loan repayment (29.8 percent), investment only 16.34 percent and social spending (5.76 percent). Minimum part of remittance has been used into productive sector like as land purchase (20 percent), bank deposit (14 percent) and other small business and investment (10 percent). In this case, the respondents from Brahmin/Chhetri are forward.
18. Among the returnees from foreign employment only 35 percent of the workers are using the gained skill in abroad employment where as the rest 65 percent of the respondents have not benefited from that gained skill in foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc.
19. The respondents of this VDC said that remittance have also done impact on their other indicators. It was said that around 62.50 percent respondents improved their condition of housing, 62.50 percent respondents improved their education of children, 70 percent improved their health of their family members, 55 percent improved their clothing situation and 45 percent of the respondents have increased cash available with them. But around 17.50 percent respondents have worsened health of the family members and 30 percent of respondents have worsened cash available with them. And around 12.50 percent of the respondents have same level of housing, 37.50 percent respondents have same level of education of the children, 28 percent respondents have same level of health of family

members, 37.50 percent of the respondents have same level of clothing and 25 percent of respondents have same level of cash available with them.

5.2 Conclusion

Surely remittance income is playing very positive role to reduce rural poverty of the study area and also it is improving the social as well as economic indicators of the VDC but this is not satisfactory. Maximum part of remittance income has been used in unproductive sectors like regular household expenditures, loan payment, house improvement and social sending etc. this does not give any return in the future. Thus, the policy should be made to give more information to the respondents own using their remittance income on productive sectors like investment in shares, business etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.

The respondents of this VDC said that remittances have increased their household economic and social indicators after returning from foreign employment. Around 82.50 percent respondents said that remittance have increased their economic status, 75 percent of respondents said that remittance income have increased their standard of living, around 62.50 percent of the respondents social attitude have increased due to remittance income and around 87.50 percent of the respondents increased their skills. But around 12.50 percent respondents said that economic status has been same, 17.50 percent have remain same standard of living, 25 percent said that their social status have remain same and 12.5 percent said that remained same level of their skill after returning from the foreign employment.

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

5.3 Suggestions

Since most of the migrant Nepalese workers have gone to Gulf countries and Malaysia so their destination are congested area of the Nepalese workers. Thus, manpower agencies, agent and employment company all have been cheated to maximum workers. On the other hand, the worker of their destinations cannot earn much more money than other destination like Japan, Korea, Hong Kong, UK, U.S.A. etc. So the ministry of Labor and Transport Management GON should make new policy to identify new potentialities destination and create opportunities to their destination where the workers will earn more money than existing counties. Apart from this the labor contract should be done between two countries to give safe environment for the workers

- 1 Nepalese economy has received large amount of remittance but remittances are still being transferred through informal channels. Formal channels should be promoted. At least one formal institution must be established to facilitate transfer remittance in each destination
- 2 Most of the respondents of rural areas come from lower income groups and based on agriculture occupation. So, they can't easily effort foreign employment. If they go foreign countries for employment, they should borrow or loan at the high interest rate. So the policy should be made to give more opportunities to poor people of rural areas as well as facilitate to them from funds for foreign employment. In the case of this VDC almost all the workers from the lower income group are migrated to India to work because of lack of money with them were they are earning very little amount of money comparing with the migrated workers to other Gulf countries and Malaysia. Thus, GON should provide loan to the poor people in the cheap interest rate who want to go to foreign employment.
- 3 Most of the respondents of this VDC have gone to foreign employment in unskilled condition. So, they cannot earn more income than skilled workers. So, the technical training institutions should be established in rural areas and a person who wants to go to foreign employment, should be given training related to the work has to be done in abroad and also the language of the migrating country before going to foreign employment.
- 4 Most of the respondents have not utilized their remittance and newly learnt skills at abroad when they come back home because of lack of technology, conflict problem, non-availability sizeable investment funds and lack of market etc. So, the policy should made to

solve the conflict situation create good environment and provide sufficient technology as well as market and the GON should play the role of facilitator for all the investors and the workers.

- 5 The concept of economic diplomacy should be implemented from the government of Nepal to increase the demand of Nepalese labor in the foreign labor market.
- 6 The Bilateral agreement should be done from the ministry level with all the labor importing countries. Agreement done with UAE, Korea and Japan can be the best examples of positive impact of agreement.
- 7 The labor desk should be established in the airports of the major labor migrating countries to help the Nepalese labor in various problems.
- 8 The concept of labor attaché should be implemented in every embassy. So that, all the problem of migrated labors can be solved from the different desk.
- 9 Different incentives should be provided by the government level as well as from the private sectors of encouraging the people to remit earned money through the formal channels.

Finally, this above case study of role of remittance to reduce rural poverty and the status of foreign job seekers of Taruka VDC is an important current issue of the Nepalese economy, so, this study can be considered significant, however as the study is conducted in small size. Therefore, it may not be sufficient to make general conclusion for the whole nation about the role of remittance income and labor migration.

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Appendix – A

Questionnaire on

Role of remittance in socio-economic development of rural household: a case study of Taruka VDC, Nuwakot

1. Background information of interviewer.

- a. Name :
- b. Age:
- c. Education
- d. Ward No.
- e. Tole

2. Family Background

Name	Age	Sex	Education	Marital Status	Occupation	Country	Field of employment

Codes: Occupation: Agriculture =1, Business =2, Public service =3, Private Service=4 Cottage industry = 5, Wage labor = 6, foreign employment = 7, others = 8

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

No.

4. Do you have any technical skill before going for foreign employment?

a. Yes () b. No. ()

5. If yes, go to question no. 6 in which sector.

..... Yes

6. To what extent, that skill is helpful to you in your recent area of employment in aboard?

.....

7. Why did you go for foreign employment?

Push factors	Pull factors
a. Conflict ()	a. Employment ()
b. family loan burden ()	b. Better living standards ()
c. Education ()	c. Friend ()
d. Unemployment ()	d. Attraction salary ()

8. Which channel did you use to go for the foreign employment?

- i. M.P.A. ()
- ii. Local Agents ()
- iii. Friend ()

9. How much did you spend to go for foreign employment" In during visa fee and preparation cost.

NRs

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

No.	Topic	Amount	Common in interest	Rate of interest
1	From own income			
2	Having loan from organized institution a. From Bank b. Financial institution c. Cooperatives			
3	Having loan from unorganized institution a. Local money lender b. Relatives			
4	From selling various things/Properties			
	Total			

11. Expected length of time to repay loan?

..... Years Months

12. Monthly salary remittance inflow and channel of remitting money

Monthly salary in Rs.	Remittance inflow in per year	Channel of remittance money

13. Do you get overtime opportunity?

a) Yes () b) No. ()

14. If yes, how many hours per week and remuneration amount of overtime job.

..... Hours Rs.

15. How much money can you save per month?

..... Money

16. Area of use of remittance per year/ Amount

Area per year	Amount in NRS
Regular household expenditure	
Loan and interest payment	
Real state	
Education	
Health	
Business and agriculture	
Investment	
Cultural expense	
Others	

17. If you don't invest remittance income in productive sectors are the resources 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. If you invested, where have you invested?

.....

19. What is your annual income?

Before going to foreign employment	After

20.

Total Income	Consumption	Saving

21. Effect of remittance in Economic Status

a)

Consumption Pattern	Before (Days in week)	After (Days in a week)	Amount	
			Before	After
Food				

Fruit				
Meat				
Milk				

b)

Education Expenditure	Before	After	Amount	
			Before	After
Private				
Public				

c)

Clothing	Amount	
	Before	After

d)

House condition	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. Computer				
g. Landholding				

22.

Saving/Investment	Before	After	Amount	
			Before	After
Business investment				
i. Wax factory				
ii. Mill				
iii. Fancy shop				
iv. Hotel				
v. Fishery				
vi. Poultry				
vii. Others				

Deposit /Bank Balance				
i. Bank				
ii. Cooperatives				
Investment in Capital market				
i. Shares				
ii. Bonds				

23.

Loan/Debt Condition	Amount	
	Before	After