

Chapter 1

Introduction

1.1 Background

Remittance is the transfer of money by foreign worker to an individual on his/her home country. Migrants of people from one place to another are usual phenomena since the beginning of the human civilization. There are various types of migrations. They are internal, external, permanent, temporal, rural to urban, Himal to Mountain, Mountain to Terai etc. In present situation most of the migrations like foreign employment for the purpose of economic prosperity, utility maximization, to study and earn money and improvement in living standard.

Remittances to Nepal have a stronghold in the national economy and they have also transformed the lives of a large number of rural people. Remittance inflow in Nepal began with the entry of Nepalese youths in the British Indian Army during the World War I. Following this, there were increased remittances to Nepal when a large number of Nepalese youths joined the Indian army in the 1950s and 60s. Simultaneous to this, the increased number of Nepalese migrant workers in India also contributed to bring in remittances from India. This initial phase of foreign employment came to a sea-change in the second stage in the 1990s, at the wake of globalization, when a large number of Nepalese opted for jobs in Malaysia and Gulf countries. Government of Nepal now has opened 109 countries for foreign employment though the concentration is still in India, Malaysia, Gulf nations, South Korea, Israel and Japan leaving the European countries, Australia and the United States where Nepalese Diaspora constitute a large community.

Remittances have become a major source for hard currencies for the national economy and so have become for a household. Number of remittance receiving household has reached 56 percent in the country. Remittance has approx... 25 percent share in GDP and has surpassed the incomes received from tourism and national exports for the last three consecutive years. Remittance inflow has been credited for heavy foreign reserve and management of monetary resource for small and medium scale industries. Besides, remittance has helped the country's economy from being

shambles at a time when the world was reeling under recession. Remittance has also tremendously supported to poverty alleviation.

The evolution of remittances as a major foundation of the Nepalese economy has raised the concerns over its several aspects including the potential role of macroeconomic factors in driving the inflows. In recent years, foreign employment and thus remittance inflows have drawn attention in the national discourse because of its large magnitude and stability in the positive growth trend. Since 2006, it has dwarfed all other types of resource inflows in Nepal's balance of payments, assisting in macroeconomic stability and poverty reduction. Despite such a growing significance, there is a paucity of literatures that analyze the impact of macroeconomic factors in driving Nepal's remittance inflows. In this context, some questions are frequently raised in the discourse: Does the depreciation of nominal Rupee rate with US dollar increase remittance inflows? What is the impact of economic activity in host countries, particularly in India and Gulf countries, on Nepal's remittance inflows? Taking stock of these issues, we try to analyze the role of these macroeconomic factors—nominal exchange rate, economic activity in host countries, and workers' outflow—in determining Nepal's remittance inflows.

As in many developing countries, the importance of workers' remittances as a source of foreign currency earnings is increasing and, thus, they have become the prime determinants of balance of payments (BoP) position in Nepal. It was more than seven times the official development assistance and was about 75 percent of total foreign exchange reserves in 2015. In recent years, workers' remittances are considered to have contributed in reducing poverty, building up of foreign exchange reserves, registering balance of payment surplus and growth of national savings as well as gross investment. In addition, they have contributed to the external sector sustainability, particularly through the financing of imports and payment of external debt. Its positive impact on the BoP rather than other inflows (aid and investment) arises from the fact that it bears no interest and does not have to be repaid.

In the context of the growing role of remittances, it is important to analyze the relationship between the remittance inflows and its macroeconomic determinants. In general, the workers' remittance is determined by socio-demographic characteristics of migrants and their families as well as the macroeconomic and political variables. While the socio-demographic characteristics include variables such as the years of

employment of migrated workers, household income level, marital status of migrants and education level, the macroeconomic determinants consist of the economic activity in host countries, wage rates, exchange rates, interest rate differentials and facility of transferring funds, among others. Though a number of empirical studies examine the determinant of remittances in developing countries, the literature often ignores the role that nominal exchange rate plays in driving the remittances inflows. In the case of Nepal, there is a dearth of empirical studies that examine the impact of macroeconomic determinants on the inflows of workers' remittances. In this perspective, this study attempts to fill the gap in the literature by examining the impact of macroeconomic Remittances and Exchange Rate Linkages: Experiences of Nepal NRBWP33 3 determinants, namely nominal exchange rate, workers' outflow and economic activity in host countries, on the remittances.

The paper examines the impact of nominal exchange rate, workers' outflow and the economic activity of host countries (India, Gulf countries and advanced countries) on the workers' remittance inflows in Nepal based on monthly data for the period 2006-2015. Primarily, we hypothesize the nominal exchange rate as exogenous to remittance inflows (in US Dollar terms) because of the current peg of Nepalese Rupee with Indian Rupee and relatively small size of the Nepalese economy compared to India. Likewise, the worker's outflow and economic activity in India, Gulf countries and advanced economies may also have impact on remittance inflows. Our empirical approach includes the use of simple OLS, Engle-Granger co integration test and fully-modified OLS. Moreover, we decompose the total remittance inflows into trend and cyclical components and analyze what determine the cyclical components of remittance inflows to Nepal.

Our results show the important role of nominal exchange rate of Nepalese Rupee with US Dollar, economic activity in host countries and workers' outflow in driving Nepal's remittance inflows. There is a cyclical component in Nepal's remittance inflows, which is positively affected by the nominal exchange rate with US Dollar, and economic activity in Gulf countries (oil price index), India and advanced economies (industrial production indices). Likewise, there exists long-run relationship between the remittance inflows and its determinants—nominal exchange rate, workers' outflow and economic activity in major host country. The nominal Rupee exchange rate with US Dollar has a significant positive impact on the remittance

inflows, indicating that 1 percent depreciation in nominal rate is associated with 1.17 percent increase in remittance inflows. Likewise, the remittance inflows are positively affected by workers' outflow and the economic activity in India, and Gulf countries. Such a significant impact of economic activity in host countries and the nominal exchange rate divulges the evidence of the spillovers of business cycles through the channel of remittances. Moreover, this has implications for the liquidity management and monetary operation by Nepal Rasta Bank.

We begin with a historical perspective on the evolution of foreign employment in Nepal and examine its linkages to remittances. This is followed by an analysis of exchange rate movement as a major determinant of remittance inflows where a number of country examples are cited. Before discussing the model and data sources in Section IV, a simple illustration is made in the context of Nepal on the link between remittances inflows and nominal exchange rate since 2006. In Section VI, the empirical results are analyzed before concluding the study with some policy implications. (www.nrb.org.np/red/publications/working_papers)

An estimated three million Nepalese are migrant workers who have gone abroad earning foreign currencies. The nation, with 26.4 million populations has sent more than 10 Percent of its people to work far away. Who are of productive age group i.e. from 20-40 years of age. This figure is not including the population who are employed in India.

It is said that the remittance has represented more than 10 Percent of GDP in the Nepal late 1990's. Moreover it would be highly beneficial to the country. Where there natural climates, political conflicts, people war, low investment in entrepreneurial activities and economic recession in the financial year 2000/2001, the banking sector shows that NPR 159 billion was received. In Nepal the dollar value of remittance expanded 17 Percent supported in part by vibrant growth in India, a key source country for Nepalese remittance.

According to the latest migration and development brief (no. 24) official remittance inflows to Nepal reached 28.8 Percent of GDP in 2013, which makes Nepal third largest remittance recipient in the world migrants remitted and estimated \$5.9 Billion to Nepal in 2014. The amount of remittance outflows was just 28million in 2013. In

2012 as Nepal was the third highest recipient of remittances (which includes workers' remittances, compensation of employee and migrant transfers) more on remittances in Nepal. Officially recorded remittances to developing countries amounted to \$431.6 billion in 2015, an increase of 0.4 Percent over \$430 billion in 2014. The growth pace in 2015 was the slowest since the global financial crisis. Global remittances which included those to high- income countries, contracted by 1.7 Percent to \$581.6 billion in 2015 from \$592 billion in 2014. As a result India retained top spot in 2015, attracting about \$69 billion in remittance, down from \$70 billion in 2014. Other large recipient in 2015 were China, with \$64 billion, the Philippines (\$28 billion), Mexico (\$25 billion), and Nigeria (\$21 billion). (India Times)

According to Oxford dictionary of English Remittance is the sum of the money which is sent from one place (person) to another. In Nepal, the term remittance is defined as the amount of money or article which is sent by labor migrant to their families or relatives. Remittance contributes the major parts of GDP whose amounts were NRs 430 billion within first eight months of economic year 2069/70. About 60 percent households are getting remittance. The population below the poverty line decreased from 41 percent to 31 percent and then 25 percent and lastly 23.8 percent within a decade is the impact of remittance. In the previous decades, tourism, export of handicraft and garments were the major source of foreign currency. In fiscal year 2069/70 Tourism contributed 22.4 percent GDP. Nepal is the top tenth remittance earner in the world. It is transferred into remittance based economy from agro based economy. (<http://www.dofe.gov.np>)

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 in 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) 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)

Nepal has been experiencing continuous growth in remittance inflow since last few years and as a result its disposable income has continued to rise as well. The country's economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in savings and investment rates. Consumption to GDP that stood at 88.3 percent in FY 2000/01 has gone up to 93.3 percent by FY 2010/11. As a result, the rate of domestic savings has come down to 6.7 percent from 11.7 percent during this period. Consumption oriented economy naturally leads to dependency resulting in the dearth of resource for investment. Hence, it is another challenge of creating the foundation for economic growth through enhancement of saving and investment levels by discouraging unnecessary consumption (Economic Survey, 2010/11).

1.2 Statement of the Problem

In this twenty-first century, the age of globalization remittance has become a cornerstone of development for many developing countries. Migration is one of the burning problems in Nepal. However the problem of male labour migration has increased day by day due to lack of employment opportunity, burden of debt and poverty in rural area in Nepal. Rural areas are becoming youth-less these days. So in the short-run emigration may relief the problem of unemployment. But in long-run it will create a serious problem for national plan and policies.

One the other hand, the contribution of remittance is mainly depends on its role play in increasing employment and national income. This crucially depends on the productive use of remittances of investment in the economy. It has been found that about 80percent of remittance as used on repaying debt consumption purpose like purchasing land more expensive education for the children, expenditure on social function like marriage and other ceremonies etc. Only remaining 20 percent is used for productive purpose like small business, investment in industries agricultural, business etc.

The outbound trend for foreign employment towards other countries except India has increased for failing to create much adorable employment in domestic market. As a result, remittance inflow has stood as a major pillar for overall balance of payment and external sectors' stability. The ratio of remittance inflow to GDP that had stood at 13.8 percent in FY 2006/07 went up to 29.6 percent in FY 2015/16. As per World Bank's report, Nepal stands second among the countries receiving the highest ratio of remittance to GDP. The growth rate of remittance inflow averaged 21.8 percent during last five years. Thus, remittance inflow has remained as a major source for foreign exchange. (dofe.gov.np)

On this ground the study areas of Muralibhanjyang VDC as well as most of the VDC of Dhading district are losing their young generation day by day in the name of migration for short time as long time which brings serious problem in rural economy such as security, loneliness, effect on agricultural production, Hamper of children education etc. are the prime problem of rural are. So this study tries to show the answer of the following question.

1. What are the nature and causes of migration for foreign employment in study area?
2. What are the major areas of income and expenditure behavior of household with foreign employment?
3. What is the saving behavior migrant household?
4. In which sector remittance money invest by foreign employee?
5. What is the effect of remittance income in investment of children education and health and saving?

1.3 Objectives

The general objective of this study is economic impact on remittance on household economy in Muralibhanjyang VDC.

The Specific objective of this study is as follows.

- (a) To analyze the nature and causes of migration for foreign employment
- (b) To analyze the income and expenditure behavior of household with foreign employment

- (c) To understand the investment behavior of household with foreign employment
- (d) To assess the saving behavior of household with foreign employment

1.4 Significance of the study

This study sketches the outline of the economic impact of the remittance on household economy of Muralibhanjyang VDC. So it is not only useful to those who want to know about the condition of foreign employment in Muralibhanjyang VDC but also useful for the student who are trying to gain knowledge regarding remittance and its impact on rural household. This study will provide a significant insight to the different agencies of the society which plays a key role for the development of the society. Similarly, it clearly states the economic status of the people of that society before and after the flow of remittance.

This study differs from the previous study because it inclusively studies the economic impact of remittance on household economy of different ethnic group, culture, creed and religion. It reflects the impact of remittance in Muralibhanjyang VDC in relation to income, expenditure saving and investment behavior, of remittance receiving household and economic activities as a whole.

1.5 Limitation of the study

The study has following limitation.

- a. This study is concentrated in particular area of Muralibhanjyang VDC Dhading District to determine the magnitude of amount of remittance income in micro level.
- b. This study mainly focuses on migrant household of Muralibhanjyang VDC 2 3 and 6 ward no.
- c. This study is based on limited sample size of study area but it may not be helpful to make national generalization
- d. This study only shows the economic variable such as income and wealth distribution in household economy.

- e. This study only concern in overseas for foreign employment but not concerned with India

1.6 Organization of the Study

The first chapter of the study is the introductory chapter. This chapter contains general background, statement of the problem, objectives of the study, significance of the study, limitation of the study and organization of the study. In the second chapter review of the literature is describe. The Third chapter concern with the research methodology. The fourth chapter includes introduction of the study area and background characteristics of sampled household. The Fifth chapter presents nature and causes of foreign employment. The sixthchapter includes income and expenditure behavior of household receiving remittance.The Seventh chapter presents saving and investment behavior of remittance receiving household and the eighth chapter contains summary, major findings, conclusion and recommendation.

Chapter 2

Review of Literature

There is going concern among researchers on different issues related to the e-migration workers along with increasing roles and important of e migration workers on a host country's economy and welfare of households of migrant's workers. Migrant's remittance is now a valuable and stable source of foreign exchange to many sending countries. It is equally important for the host countries to grow competitively. A quick review of literature survey shows that most of the studies are confined to examine the economic impact of remittance on the household economy. Only some studies try to examine the micro impact of remittance on the family or household of emigrant workers.

2.1 Review of the Theoretical Context

Lee (1966) has summarized the factor which enter in to the households decision to migrate and the process of migration under four heading including factor associated with the area of origin (push) factor associated with the area of destination (pull) intervene obstacle (distance cost of lack of transport and communication).

Lewis (1954) distinguished an economy with subsistence sector and developed sector. In other words the first is agro based, unemployment or rural area and sector is industrial, developed or urban territory. The prime region of migrations is due to wage difference. Unlimited supply of labor force prevailing at low wage rate subsistence sector in to sector. They attracted in to industrial sector. It mean migration exists whenever wage differential exists and of such differential causes to end labor mobility.

Revenstein (1985) clarified that law of migration is also known as push-pull factor of migration, still predominates as framework of migration analysis. Push factor are land tenure system, unfavorable from of trade wide dispersion of poverty and income and so on. Pull factor are employment opportunity education and other facilities. These opportunities are known as 'bright light of the towns on the other hand push factor migration from their place of origin and on the other hand pull factor migration to place of destination.

Sigdel (2006) conducted a study entitled ' An overview of remittance economy of Nepal' evaluating the significance of inward remittance in the overall economy. The Employment in abroad has not only helped Nepal its growing unemployment problem but it has also injected much needed to foreign currency in our economy to fill up foreign exchange & investment gap, thereby helping Nepal avoid a major BOP crisis.

Todaro(1976)states that migration is stimulated primarily by rational economic consideration of relative benefit which are mostly financial Decision to migrate is influenced by the difference between expected income between two places he adds that jobs in new probability of getting jobs in new area is inverse related to unemployment rate in the new area.

2.2 Empirical Review in International Context

Adams (2010) uses a nationally-representative household data set from Guatemala to analyze how the receipt of internal remittance (from Guatemala) and international remittance (from United States) affects the marginal spending behavior of household. Two finding emerges, first household receiving international remittance spend less at the margin of one key consumption good- food -compared to what they would have spent on this good without remittance. Second, household receiving either internal international remittances spend more at the margin on two investment good - education and housing- compared to what they would have spent on these goods without remittances. These finding support the growing view that remittance can help increase the level of investment in human and physical capital in remittance-receiving countries.

Aslam (2008) has examined perceived effect on socio economic life of the families due to emigration which shows that foreign remittance has a positive effect on the household welfare and the social conservation investment. Household production as well as consumption level improved. Similar, result shows in case of social conservation investment of the household. It is a quite interesting to note that both the use of family labor and hired labor have increased with the increase remittance income of household in the village. The majority of the people 51 Percent shows that remittance change in stable things, social status is improved of more than 50 Percent of the people due to increased Percent of remittance. Majority of the people feel social

and economically better because remittance helps for self-confidence. Women empowerment also increased due to increase decision making habits of women in the absent of husband. There is increased in liquidity with the household having remittance.

Muhammad et al. (2010) suggest that remittances contribute positively to the socio economic conditions of recipient families. By improving their life style, medium of schooling of children, purchasing landholdings and new brand vehicles, constructing cemented houses and investing in real estate.

Saleem and Aslam (2007) explore the socio-economic impact of foreign remittances on households in four villages of Tehsil Summundri, Pakistan. Primary data results point that income from remittance sources is mostly being spent on meeting basic needs, purchasing property, business and on repayment of the debt.

Shahzadi (2010) investigated the consumption pattern of Pakistani households and also the impact of remittances on the consumption pattern. To observe the consumption pattern, they had used four consumption categories such as food, non-food, durables and utilities. Using the Pakistan Panel Household Survey PPHS (2010), they have estimated the budget shares of households for food, non-food, durables and utilities. The results show that most of the expenditures were allocated to non-productive activities. Furthermore, the study finds that with an increase in total income of a household, its budget share for food decreases which proves the Engels's law in case of Pakistan and states that as the income increases, the budget share of food items decreases. So, the study found out that as income increases its budget share for food decreases and rather they prefer to spend more on durables or non-food items.

2.3 Empirical Review in National Context

A case study of the Pumdi-Bhumdi VDC of Kaski District using primary and secondary data found that mostly used of remittance areas are to buy essential food

and maintain the house expenses of the first priority of remittance user. Only few portion of remittance used in children education and health. Therefore government should create suitable environment as well as policies that may encourage foreign migrant workers to invest their remittances in productive works (Ale, 2004)

Batala (2011) has explained foreign employment decreases the unemployment in the domestic economy and it increases the economic status of people in rural areas. But more than 60 Percent money received from foreign employment spends on household. Expenditure and unproductive sector like purchasing land, making house etc. And 55 Percent migrant workers have gone to abroad unskilled as construction workers. Moreover he adds the because of unskilled and uneducated manpower income amount is less in comparison to skilled manpower likewise many problem are being faced in abroad.

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

Bista, (2008), presents in his book entitle “Nepalese Economy and Development”, in recent years, the growth of flowing for overseas employment opportunities is estimated. Therefore state and structure of foreign employment is found encouraging and diversifying. By country wise Nepalese labor legally go to overseas employment for more countries like (Saudi Arabia, Qatar, UAE, Bahrain, Kuwait, Hong Kong, Malaysia, Korea act). Traditionally and leally India is another dominating country absorbing large size of labor. In addition Nepalese are working in developed countries like USA, UK, EU, Japan etc. after higher education.

Dahal (2010) make with the objectives to highlight the importance of youth and remittance in Nepalese economy and suggest some measures to maintain youth and

remittance. For this purpose he used the data from 1995/96 in his study. This study shows that about 2 million youth workers are in abroad and they send foreign currency as remittance which is being mostly used in buying land and investing agriculture and industries. Finally he found that 37% of Nepalese remittance receipts are used on consumption 21% on loan repayment and 16% on education. 6% is saved, housing absorbed 8% and 8% spent on health.

Koirala (2016) the study was undertaken to assess the contribution of foreign employment and remittances to Nepalese households. The study attempted to find out the role of remittances in enhancing the well-being of remittance receiving families residing in Kathmandu valley and had used The descriptive statistics as well as inferential analysis to predicts that households consumption level such as the food and nonfood expenses, education expenses ,health expenses, house reconstruction or build their own house expenses as well as saving which have significant relationship with remittances income found that impact of remittances on these indicator weighs positively those households well-being level. However, study shows that remittance has insignificant relationship with that of entertainment and loan payment expenses. But the overall, finding provides enough evidences to show that remittance have significant effect on empowering the livelihood of poor households in the study area.

MOF (2011) report has shown as per the details available for the foreign employment department, 1,556,166 people had gone to different countries for foreign employment by the end of the fiscal year 2008/2009, by the first eight month of fiscal year 2010/11 such number reached 1,860,370 with addition of 219,965 and 173,239 in fiscal year 2009/2010 and 2010/2011 respectively. Although statistics on the number of people visiting abroad through unauthorized means taking undue to advantage of open boarder with India is unavailable, such number is assumed to be significant. It is however estimated that number of overseas employment seekers travelling without labor authorization is estimated to be equal to those authorized.

Pant(2011) explored the harnessing remittances for productive use in Nepal. He concluded that remittances contribute largely to the national economy. The remittances sent home by the migrants affect development at both the household and national levels. At the household level, remittances help to reduce poverty, improve

standard of living and attain higher educational levels. At the macro level, remittances could be used for entrepreneurship and productive investment which in turn increases job opportunities and income of the people. Remittance inflows help to augment foreign exchange reserves and improve the current account position. But for the economy remittance do not automatically contribute to national development. So, government needs to provide incentives to direct remittance to productive investments so that the families of migrant workers are able to undertake small businesses.

Panta (2006) explored remittance inflow to Nepal; economic impact and policy options. The remittance have been important revenue support for family members remaining at home as the number of works going abroad for employment continuous to rise, the corresponding growth of the remittances has become critical flow of foreign currencies into Nepal. This has been partly the result of measures undertaken by the concerned officials to streamlined financial system dismantling controls and creating incentives with the aim of attracting remittances particularly through the official's channels. Economic growth interested and exchange rate policies are crucial determinacy of remittance inflows. In order to further encourage the inflow of remittance to the country through the official channels and to promote the tendency of exchange into local currency it is imperative that these policies be conducive to the inflow of remittance.

Rai(2014) has found that remittance income is emerging one of the most significant and reliable sources of external finances for many developing countries. Not only in the macro level the remittance contribution direct and sizeable in remittance recipients in micro level as well. A significant number of people in developing world are receiving on remittance earning to finance their expenditure in home consumption, children education and so on. In his thesis he concludes that the main medium to get foreign employment is manpower agencies with 52.22% and they are exploding because lack of knowledge. Out of them 58.59 Percent emigrant workers have taken loan from Landlord and their relatives. It shows that foreign employees are extremely poor and their access in financial sector is very low.

Shrestha (2008) has analyzed the contribution of foreign employment and remittances to Nepalese economy. He concluded that remittances sent by the migrant workers are an effective tool for poverty reduction. Though foreign employment is boon to the

economy, the facilities are inadequate to back up the increasing trend of migration. The government should play proactive role to promote foreign employment by inducting and adhering to the policy of economic diplomacy.

Subedi, (2010) conduct the thesis entitle 'Overview of Foreign Employment And Utilization of Remittance'. The objectives of the study are to examine the Utilization pattern of Remittance and to compare the economic status of migrant household before and after receipt of remittance. She uses the primary and secondary data and simple statistical instruments. The main conclusion of this study is the major sector of employment for Nepalese workers were security, building construction, Hotel as well as manufacturing sector. One the other hand, the major portion of the remittance is used in unproductive sectors like consumption, Real state, paying loan and social spending. But some portion of the remittance is used in productive sector like education, business agricultural sector etc. Remittances have emerged as one of the premier sources of foreign exchange in Nepal. Recent years they have been one important avenue of support for family member's remaining at home. It seems migrant workers is an effective tool for poverty reduction. Though freeing employment is boon to the economy, the facilities are inadequate to back of the increasing trend of migration.

As a percentage of GDP, the top recipients of remittances in 2011 were Tajikistan (47 Percent), Liberia (31 per cent), Kyrgyz Republic (29 per cent), Lesotho (27 Percent), Moldova (23 per cent), Nepal (22 per cent), and Samoa (21 per cent). Worldwide remittances, including those to high-income countries are estimated to grow to Us Dollars 685 billion in 2015. According to Work Bank, remittances to developing countries are expected to raise eight percent in 2013 and 10 per cent in 2014 to reach Us Dollars 534 billion in 2015. For South Asia, remittances in 2012 are expected to total Us Dollars 109 billion and increase of 12.5 per cent over 2011. East Asia and Pacific region, is estimated to attract Us Dollars 114 billion, an increase of 7.2 percent over 2011; While Middle East and North Africa (MENA) is expected to 12 receive Us Dollars 47 billion, an increase of 8.4 percent over the previous year.(WB 2012)

2.4 Research Gap

From the above findings international migration is important for receiving high degree of remittance. The Nepalese emigrant sent a considerable remittance back their home which plays a vital role for their overall development in case of Nepal, the major exports is labour and most of the household depend on the earning from abroad. Generally the Nepalese labour force is comparatively low skill in terms of education and vocational training. Education and training could be beneficial at both market foreign as well as National labour market.

Most of the previous studies were impact of remittance on poverty and education, role of the remittance in national economy. But in present study tries to show the economic impact of remittance is on household economy.

Chapter 3

Research Methodology

Research methodology is an important aspect of research work and away to systematically solves research work and provides reliability to it. The methodology section of this study has been divided into various parts which are presented below.

3.1 Research Design

This study is a study of Muralibhanjyang VDC. It is a micro level study based on analytical as well as descriptive type of research design. The main objective of this study is to analyze the economic impact of remittance on household economy. In the present study we have attempted to capture all the dimension of household economy refers to the many facts of household economy such as income, consumption, expenditure, saving and investment behavior of migrant household.

3.2 Nature and Sources of Data

The study entitled Economic Impact of Remittance on House Hold Economy in Rural area of Muralibhanjyang VDC of Dhading District. Basically this study is based on primary and secondary data. Primary data have been collected from the field study of the study area. The required data are collected by using the questionnaire method. The primary data are collected from the selected household and key information of the study area and secondary data are obtained from the publish and unpublished document of ministry of labor and transport management, NRB,MOF, CBS and Data available in the VDC profile also used as needed.

3.3 Population and Sample

In Muralibhanjyang, VDC there are 7,462 population consisting 1,696 households in 9 wards. Among them ward number 2, 3 and 6 are highly populated wards and lead in

foreign employment. Therefore these three ward numbers had been chosen. The survey has taken 29 percent sample among all migrant household.

The population of Muralibhanjyang VDC is given below.

Table No. 3.1: Population of Muralibhanjyang VDC

Ward No.	Total Household	Population			Number of Foreign Employment HHs	Sampled Household
		Total	Female	Male		
1	170	773	415	358	79	-
2	399	1815	945	870	188	54
3	230	1042	561	481	136	40
4	176	767	432	335	79	-
5	155	676	382	294	74	-
6	138	564	312	252	74	21
7	168	736	417	319	79	-
8	124	495	267	228	73	-
9	136	594	337	257	67	-
Total	1696	7462	4068	3394	848	115

(Source: Village Development Committee)

3.4 Tools for Data Collection

3.4.1 Primary data collection

The total household of 115 remittances receiving from wards no 2, 3, and 6 has been interviewed and the family members of foreign migrants were sampled and interviewed. The relevant information is collected through the medium of questionnaires. The questionnaire is included open and close ended questions. Personal interview was taken and the questionnaires were accordingly filled, Cross checks, editing and was done. The format of the questionnaire is given in the annex.

3.4.2 Secondary Data Collection

Besides primary data, secondary data is also needed to full fill the objectives. Secondary data are collected from various sources. Among the sources of secondary data, first and foremost are the population census reports. Other sources are different literatures on international migration, research work, newspaper and research articles particularly in Nepal and international labour VDC of the study area.

3.5 Method of Data Analysis

The data is collected on the survey of study area, through questionnaire. After collecting the data the data had been processed by the various ways such as editing, coding, classifying tabulating and organizing. After these the information has been analyzed by simple statistical tools such as percentage distribution, frequency distribution, Bar diagram, pie chart etc. The main objective of this study is to analyze the economic, educational and other activities before and after foreign employment.

Chapter 4

Introduction of the Study Area

Dhading is one famous district among 75 districts of Nepal that lies in Bagmati zone of Central Development Region with Dhading Bensi as its district headquarter. New constitution places the district in Province no.3 and the district covers an area of 1926 sq.km. And has a population of 336,067 in 2011. Dhading is the only district of Nepal which ranges from the mountain Ganesh Himal to the ChurevawarPradesh of Terai. Geographically the district spreads from 27°40" E to 28°17"E and 80°17" N to 84°35" N. The mountain range Ganesh Himal is the predominated mountain range located in Dhading and the highest peak is the Pabil that measures 7110 m. The Prithvi highway connecting Kathmandu, Pokhara and Bharatpur runs through the southern portion of the district is one of the major links to the boarder of India. Most of the ethnics in Dhading are Brahmin and chettri in southern part followed by the number of Tamang and Gurung in Northern.

Trishuli, Budhigandaki, and AankhuKhola are the main rivers in Dhading. The Budhi Gandaki hydropower project, one of the national pride project estimated to be 1200 megawatt power production lies in western part of Dhading that boards the Gorkha district. Other smaller rivers are Charaundi, Ghattekhola, Belkhukhola, Maheshkhola, Thopal, and Manukhola with other large numbers of seasonal streams. There are some religious temples in the district. Among them Tripurasundari Mai, DholaMandali and Bhairavi are famous ones. The main occupation is agriculture and the district is provoked to have a huge potential market for vegetable farming as it is situated at themid way of Kathmandu, Pokhara and Bharatpur. The district also collects export tax and resource utilization tax from stone mines and sand mines.

4.1 Introduction of the VDC

Muralibhanjyang VDC lies in south east part of the Dhading district of Bagmati Zone. It is approximately two kilometer far from headquarter of Dhading district. In this VDC all the basic facilities are reachable such as road, electricity, drinking water, health post and schools in different areas. Different casts are represented in this VDC like as Brahmin, Chhetri, Newar, Gurung, Magar, Tamang, Damai, Kami etc.

However Newar, Gurung, Magar, Tamang, Damai, Kami are dominant by Brahmin and Chhetri. Most of the poor family do not enjoy properly due to lack of property, money, education and awareness. So that most of the youth from every family are migrated to foreign employment with a dream of high earning.

4.1.1 Demographic Feature of the Study Area

According to the Census of 2011, there are 7,462 Population in this Village Development Committee with 1,696 no. of Household. Among them there are 3,394 male and 4,048 female. This Village Development Committee has also lots of prestigious places for religious purposes. Apart from this it has lots of tourism places for tourist.

4.1.2 Agriculture Status

In the Muralibhanjyang VDC most of the people's earning source is agriculture having maximum earning in a year 300,000 and minimum earning average less than 12000. They all do traditional type of cultivation method. The major agriculture products are Paddy, Maize, millet, wheat and buffalo milk etc.

4.2 Background Characteristics of Sample Household

In this chapter it includes age and sex composition of the study area, respondent family size, education status of respondent etc.

4.2.1 Age and Sex Composition of the Study Area

Table No.4.1: Distribution of Population by sex and age groups in Muralibhanjyang VDC

Age Group	Male		Female		Total	
	Population	Percent	Population	Percent	Population	Percent
Below 15 Years	1330	36%	1219	32%	2549	34%
15-29 Years	907	25%	1083	29%	1990	27%
30-44 Years	549	15%	647	17%	1196	16%
45-59 Years	476	13%	446	12%	922	12%
60-75 Years	308	8%	276	7%	584	8%
Above 75 Years	117	3%	104	3%	221	3%
Total	3687	100%	3775	100%	7462	100%

Source (CBS-2068)

4.2.2 Family Size of the Respondent

Family with various sizes is found in Muralibhanjyang VDC Ward no2, 3 and 6. They are nuclear and joint family. Nuclear families are increasing more than joint family in the recent days.

Total Family size in Respondent's Family

Family is defined as group of individuals who live under the same roof and share the kitchen. The respondent in this study with family size five are higher in comparison to other family size that is 37 percent. The family size with six members is 28 percent, four members are also 22 percent, nine members are 6 percent, eight members are 3 percent and three members are only 1 percent which is very less. This study proves that average member of 5 to 6 members prefer to go abroad for foreign employment because they are under financial pressure.

Table No.4.2: Distribution Respondent by Family Member

S.N	Family Size	No. of Household	Percent	Remarks
1	Three Member	1	1%	
2	Four Member	25	22%	
3	Five Member	42	37%	
4	Six Member	32	28%	
5	Seven Member	5	4%	
6	Eight Member	3	3%	
6	Nine Member	7	6%	
Total		115	100%	

(Source: Field Survey 2016)

The mean of family size is calculated as number of family multiplying by family size of sampled household i.e. 627 numbers and number of household are 115. Now the mean family size is 627 divided by 115 i.e. 5.45 number.

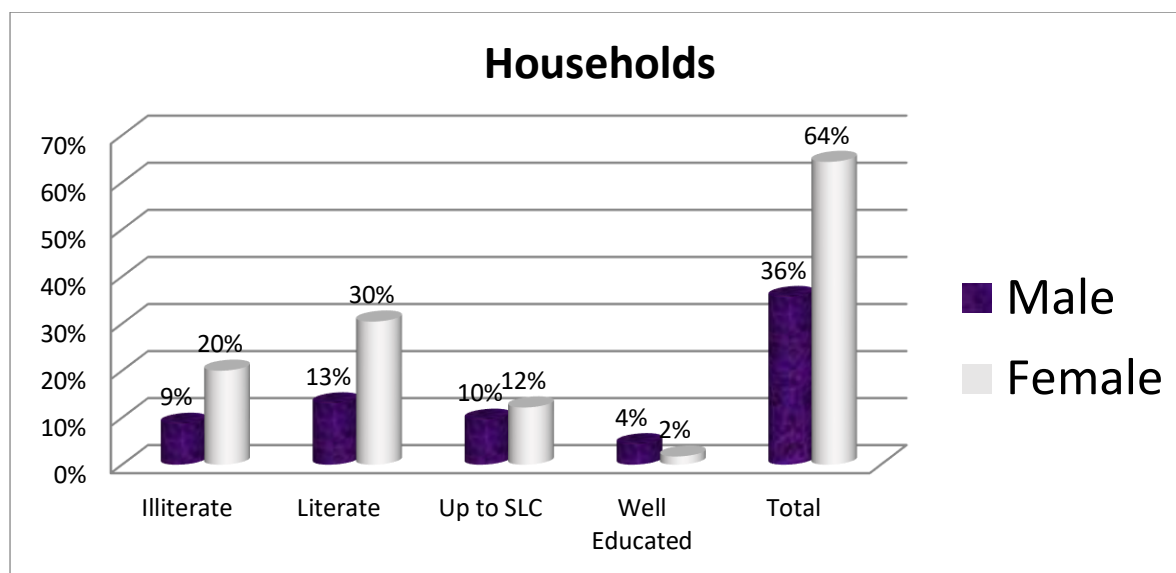
Table no 4.2 shows that distribution of respondents according to the family system in the study area. It can be seen that 37% family size has the highest member. Similarly, family with 6 members has 28% and so on. It can be seen that today people opts for small family size may. Nowadays the young and educated parents do not have more than two children's because of family planning. However, more HHs has more than two children's because their ignorance desire and emphasis on male child rather than female child and child marriage etc.

4.2.3 Education Status of Respondent

It is not the subject of debate that education is the main factor determining the foreign level employment and the earning from that foreign employment that is remittance. Besides that, education also helps to reduce the poverty because of educational employment and business in the home country. Thus the study realizes the above fact that education is the prime factor for reduction of poverty and it also gives the

opportunity in different sectors. There are some educational institutions. They are 2 secondary schools, 7 Primary schools and two private boarding schools. The figure 4.1 gives us the information about the education status of the study area.

Figure No.4.1: Education Status of Respondent



(Source: Field Survey 2016)

Figure 4.1 represents that the status of quality education has increased after getting remittance. From this figure positive impact of remittance follows on education activities is found. On the other hand this study shows that other things remaining same where the level of education is increasing day by day. They send their children in private school are increasing than before. It means most of the remittances receiving households are ready to spend more money for quality education because they have understood the importance of education. The number of male literate rate is more than number of female literate rate. Above figure shows that literacy rate is 71.30 % which is quite high in comparison to the national index.

4.2.4 Religion Status of Respondent

In the study area mainly two religions are dominant i.e. Hindu and Buddhist. Among the sampled household, most of the HHs have adopted Hindu religion and rest of the households have adopted Buddhist and Christian which is shown in table below.

Table No.4.3: Distribution of Sampled HHs by Religion

S.N	Religion	No. of Household	Percent	Remarks
1	Hindu	71	62%	
2	Buddhist	17	15%	
3	Christian	24	21%	
4	Others	3	3%	
Total		115	100%	

4.3 Most Favored Destination of Nepalese Workers

The most favorite destination country for Nepalese workers is defined from the perspective of the number of worker in that country. It might be either related to the level of skill needed to enter into the country for any type of work or it might be related to the conditional ties and the cost to entry to that particular country. In spite of that the wage factor is also the major issue for the workers.

Generally the Nepalese workers are either unskilled or semi-skilled so, they prefer those countries for the foreign employment where they can adjust with their qualification. So the Gulf and Arabian countries are being the easiest destination for Nepalese Workers to get employment and earn some money.

Table No.4.4: Numbers of Nepalese workers in different country in different fiscal years

S.N	Country	Fiscal Year										Grand Total
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17*	
1	Qatar	85442	76175	55940	102966	105681	103486	128874	124368	129038	62269	974239
2	Malaysia	50554	35070	113982	105906	98367	158212	214149	202828	60979	38464	1078511
3	Saudi Arab	42394	48749	63400	71116	80455	96995	86876	98246	138529	43183	769943
4	U.A.E	45342	31688	33188	44464	54482	58447	54965	53699	52793	26251	455319
5	Kuwait	1967	2291	8255	15187	24575	17273	19353	9668	10049	5648	114266
6	Baharain	5099	6360	4234	4647	5865	4218	4185	4165	3146	1924	43843
7	Oman	2626	4247	3285	2442	3163	3973	3435	2300	3059	1412	29942
8	South Korea	146	2909	2532	3728	5627	4440	2125	5158	7432	47	34144
9	Lebnan	2563	3379	3788	151	243	589	1117	598	167	76	12671
10	Israil	110	3378	316	273	574	140	674	450	189	72	6176
11	Afganistan	1400	1538	735	655	823	356	605	1501	1419	541	9573
12	Japan	1306	1827	516	603	1144	1228	2098	2836	3844	1620	17022
13	Other Countries	10102	2354	3923	2578	3666	4186	9358	7070	8069	4659	55965
Total		249051	219965	294094	354716	384665	453543	527814	512887	418713	186166	3601614

* 2016/17 First Eight Months

Source : Department of Foreign Employment

At the same time workers licensing and work permit system is also inconsistent. Therefore, many Nepali labors fly from India without work permit. Secondly, international demand for Nepali workers, mainly from Gulf countries and Malaysia has not been consistent due to their own domestic policy and labour requirements.

The table shows that by the FY 2007/08 the foreign migrant workers is in total 249051. From the above table we can say that Malaysia has covered the top share of foreign employment among others. Qatar, Saudi Arabia and UAE also followed them nearly. The share for other countries rapidly increases for foreign employment when the Nepalese workers started to go South Korea after the implemented of the EPS system in FY 2007/08, which has also helped to grow the share of Nepalese workers in abroad. It might be related to the level of skill required or the level of wage earned by unskilled Nepalese worker. To analyze the growth of migrant people in various FY shows that it increasing trend except FY 2007/08. In this period the growth rate seems to be negative. It might be due to the conflict for ten years in Nepal by Maoist and the government. Nepalese were realize peace and they hope to get job opportunities in their own country. Nepalese migrant rate is decreased at that year. But political situation is still a havoc till today. Somehow the growth rate is increasing. This trend shows that the supply of Nepalese youth in foreign countries in search of work is increasing day by day at a higher rate.

Table No.4.5: Districts with a significantly increasing or decreasing trend in migrants obtaining a labour permit, 2008/09–2014/15

Percentage share of total migrants								
District	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total share in seven years
Bara	1.08	1.12	1.51	1.60	1.76	1.90	1.96	1.68
Rautahat	0.95	0.95	1.19	1.27	1.58	1.83	2.05	1.56
Kailali	0.36	3.28	3.89	2.81	0.62	0.70	0.77	1.48
Kapilvastu	0.75	0.97	1.24	1.21	1.87	1.78	1.92	1.56
Banke	0.61	0.83	1.00	0.98	1.25	1.26	1.30	1.12
Parsa	0.54	0.53	0.72	0.86	0.94	1.37	1.33	1.02
Bardiya	0.45	0.60	0.83	0.75	0.95	0.96	1.05	0.87
Kanchanpur	0.41	0.52	0.71	0.57	0.71	0.73	0.76	0.67
Makwanpur	1.75	1.53	1.51	1.86	2.06	2.07	1.97	1.89
Syangja	2.02	1.46	1.80	1.80	2.20	1.91	1.86	1.90
Dhading	1.46	1.68	2.08	2.11	1.76	1.68	1.63	1.76
Tanahu	2.69	2.17	2.23	2.41	2.21	2.01	1.93	2.16

Source: Department of Foreign Employment.

Chapter 5

Nature and Causes of Foreign Employment

In this chapter main causes, processing, cost and income of foreign employment, the reasons of choosing that country, source of fund, field of work, spent of time in foreign country and process of getting remittance are included. They are explained briefly below.

5.1 Foreign Employment Information

Working abroad for earning money is called foreign employment. The causes foreign employment are to maintain life standard of self and his/her family, become independent, to help others, learn new skills, develop the country, and remain active in the society and nation.

5.2 Causes of Going for Foreign Employment

In the context of Muralibhanjyang VDC the main causes of going to foreign employment is Unemployment which is main issue and challenge of our country. In the study area, more than half percentages of people have gone abroad for job because there is lack of work opportunities in the home country. Similarly, the second important cause is burden of debt and lack of appropriate environment to live in country. Now, the remaining causes are family pressure, high wage rate in comparison to the context of Nepal and others and internally desire etc.

Table No.5.1: Causes for going foreign employment

S.N	Age Group	Un employment	Burden of Debt	Family Pressure	High Wage Rate	Others	Total
1	20-24	11	1	3	1	0	16
2	25-29	15	2	1	6	1	25
3	30-34	25	8	2	1	3	39
4	35-39	13	1	1	0	0	15
5	40-44	10	1	1	1	0	13
6	45-49	6	1	0	0	0	7
Total		80	14	8	9	4	115
Percentage		70%	12%	7%	8%	3%	100%

(Source: Field Survey 2016)

In the study area the main cause of foreign employment is unemployment problem and lack of job opportunities in their home country. 70 percent people of Muralibhanjyang VDC are involved in foreign employment. Among them energetic, young and capable youth aged 25-34 are the maximum involvement in foreign employment. In the table it shows that 64 percent of respondent out of 115 respondents consists 25-34 age group are in foreign employment. Burden of debt, high wage rate, family pressure are seemed negligible in comparison to unemployment.

5.2.1 Unemployment

The unemployment is a national problem of our country. It is appeared in this VDC as a vital issue. Unemployment was given first priority by 70 percent respondent families. As mentioned earlier most household do not have sufficient land for cultivation and agriculture has been unable to support their livelihood. Other possibilities to obtain job is minimum there. So that most of the households migrate in foreign country due to the lack of opportunities in local area.

5.2.2 Burden of Debt

A debt burden is a large amount of money that one person has to pay another person or company which is very difficult to pay for them. In Muralibhanjyang VDC highest portion of our migrant households have reported burden of debt is 12 percent for international labour migration. It reveals that to some extent people are affected by debt problem. The deteriorating condition of poverty compels impoverished population in the rural area to take loan. They take loan from local landlord with high interest rate for different purpose. But due to various circumstances they are unable to pay back their loan on fix time. Then they are compelled to go to foreign employment to clear their loan.

5.2.3 Family Pressure

The agricultural production is in 5th rank which is not a dominant factor for international labour migration in Muralibhanjyang VDC. Before 1990, facility of land was maintained somehow. But when intensive farming are vegetable

farming introduced, people started to use several types' chemical fertilizer, insecticides and pesticides. So, the land is over exploitation because of the new technology of several types of irrigation system and chemical fertilizers. But people do not care about it. As a result, agricultural production is declined with the facility of land. So the production of land and family pressure as well as unemployment became unsupportive and people choose abroad employment for their livelihood.

5.2.4 High Wage Rate

Currently the country is highly affected by the various insurgent activates and the situation of peace and security has been deteriorated. The power game is central politics which ultimately affected the developmental activities of the countries has frustrated to the people basically to the youth those who want to participate in nation building process securing own employment opportunities in low wage rate in comparison to foreign countries. So in Muralibhanjyang VDC 8 percent people want to go foreign employment to earn more money.

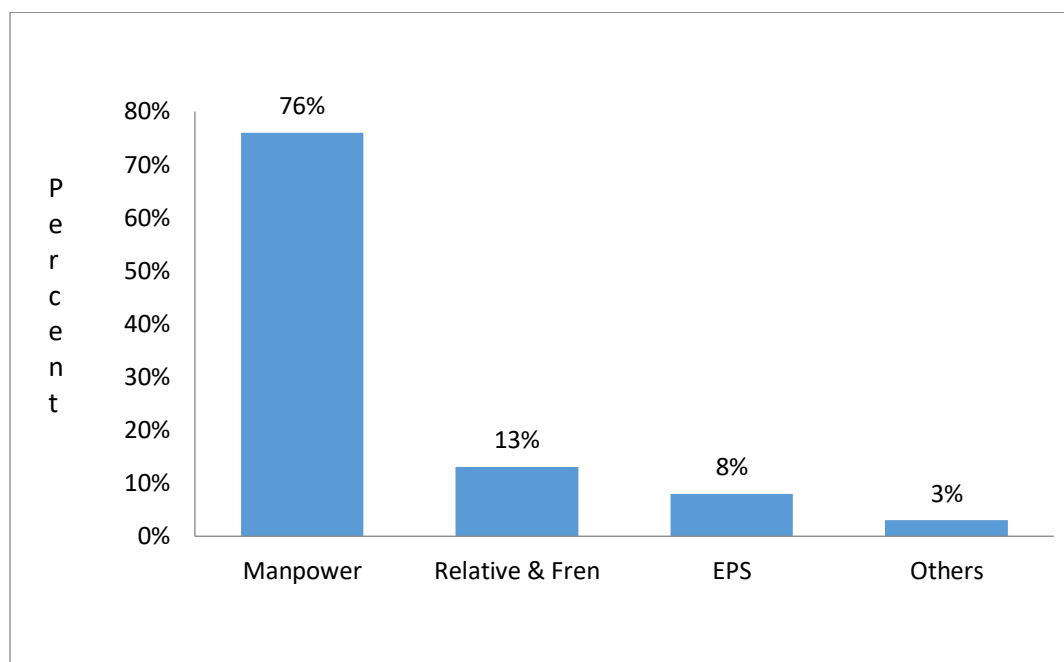
5.2.5 Others

Some people have gone abroad for their family pressure, social security, and lottery such as DV. According to field survey 3 percent of the total respondents have informed that their family members have gone abroad by other cause as mentioned above. Some youths are not interested in foreign employment, but their family members push them to go abroad for work. Especially some parents who have seen the good income of their neighbors from foreign employment compelled their sons/daughters to go abroad.

5.3 Processing of Foreign Employment

Most of the people don't know the formal process of foreign employment. Some youth are cheated by the brokers. In the process of foreign employment they do not have any idea how to go abroad. So they have to depend on brokers. Sometimes the broker demand pre-payment from emigrant and deceive amount. The brokers deceive them in different ways. In this case people are compelled to go abroad depending on assurance of salary, type of work, facilities as provided by the broker without taking full information.

Figure No.5.1: Processing of Foreign Employment



(Source: Field Survey 2016)

The prime channel for foreign employment is 115 sampled migrants, 76 percent by manpower agencies, 13 percent through relative and friends, 8 Percent went through EPS in South Korea and remaining 3 percent went through other process. It is clearly shows that most of the workers go to foreign employment through work force agency that is manpower. It shows that less portion of worker go foreign employment through government quota.

5.4 Major Destination, Associated Cost and Income

In this section, major destination of foreign workers has been included which helps to know that how many people have gone foreign country. High wage rate is the first main important reason for selecting country for foreign employment. Second important reason is easy entry and exit and third one is low cost. The figure shows that first main destination is Malaysia. It occupies 34 percent of the total household because its cost seems low and also its income is high. In our context people don't have more money to expend to go foreign employment and also they don't want to expend. Gulf country represents and leads in foreign employment rather than others.

Table No.5.2: Destination of Migrants Foreign Employee, Cost and Income Rs. In (000)

S. N	Country	No. of Respondent	Percentage	Cost			Variance (Net Saving 1st Year Per Person)	Average Saving Per Year Per
				Min.		Avg.		
1	Malaysia	39	34%	65	283	132	283	415
2	Dubai	25	22%	0	455	100	455	555
3	Saudi Arab	16	14%	75	233	112	233	345
4	Qatar	13	11%	70	372	135	372	507
5	Korea	9	8%	80	782	100	782	882
6	America	4	3%	900	-125	1950	-125	1825
7	Japan	3	3%	900	350	1000	350	1350
8	Australia	2	2%	2100	550	2200	550	2750
9	Oman	2	2%	400	337	450	337	787
10	Iran	1	1%	400	200	400	200	600
11	Iraque	1	1%	400	250	400	250	650
Total		115	100%					

(Source: Field Survey 2016)

In the above table no.5.2 shows that the number of migrants in America, Europe and Australia are negligible. All most of the migrant foreign employee goes to gulf countries i.e. Malaysia, Dubai, Qatar and Saudi Arab. South Korea has taken least numbers in this table which is only 8 Percent because the person who wants to go to Korea should pass Korean language test (KLT) which is quite difficult for the less educated worker. It was found that the person who have gone to Korea have passed at least plus two level and more. A sizeable amount of money needs to be invested as a cost of foreign employment. The cost is started from obtaining a passport, medical checkup, manpower agency, air fare, Visa expenditure, Traveling cost and others expanses and others expanses include internal traveling cost, supported cost, buying personal used goods and so on. The country-wise average cost of going abroad for employment as well as minimum and maximum range of expenditure are shown in above table.

5.5 Sources of Fund to go Foreign Employment

Most of the people from rural area of Nepal go to foreign employment by using several sources of finance. To find the extent of source used by respondent households they were asked to provide their sources of fund for the foreign employment. The information collected from the interview is present in table below.

Table No.5.3: Sources of Fund to go Foreign Employment

S.N	Source of fund	No. of Migrant Household	Percentage	Remarks
1	Loan from Friends and Relatives	60	52%	
2	Bank loan	31	27%	
3	Self	18	16%	
4	Family Sponsor	3	3%	
5	Free Visa & Free Ticket	1	2%	
6	Selling various Things	1	1%	
Grand Total		115	100%	

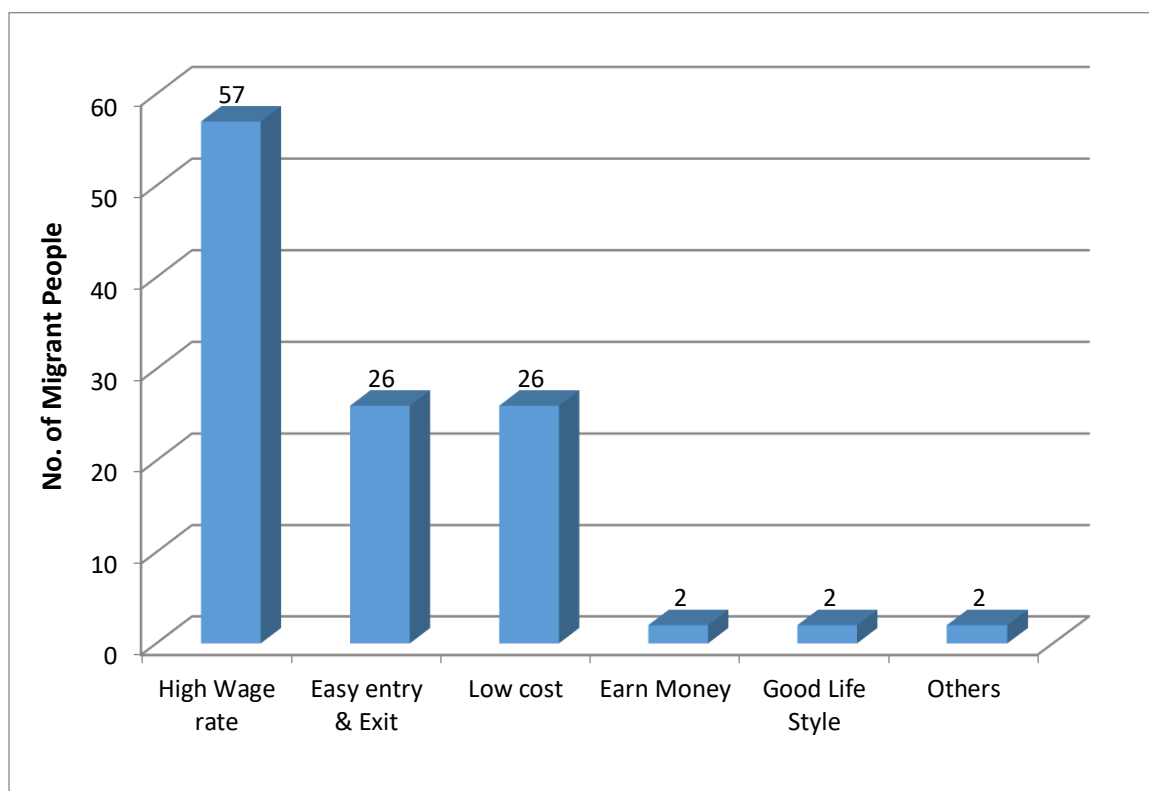
(Source Field survey 2016)

The prime sources to manpower the amount of sampled household loan with interest is loan from friend and relative, bank loan, loan from relative are 79 percent out of 115 respondents. Most of the employees take loan with interest resultant they have time to repay loan so expenditure increasing on unproductive sector. Remittance is less effective in production approach especially in rural area.

5.6 Reason Behind Choice of Same Destination

At present Gulf countries are becoming labour receiving countries. Migrant's family reported out migration from Muralibhanjyang VDC Ward no.2, 3 and 6 is due to several reasons for choosing same destination country. These reasons are listed in figure below.

Figure No.5.2: Reason for Choosing the Destination



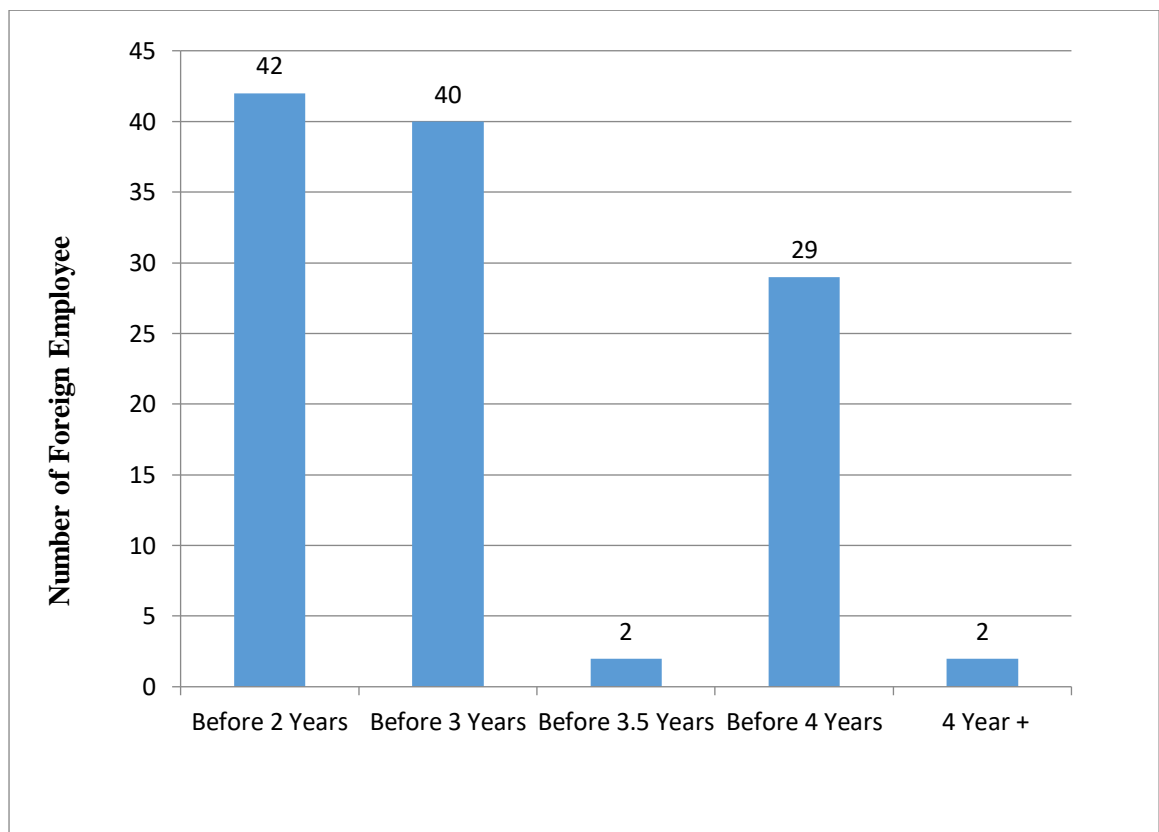
(Source: Field Survey 2016)

Figure no. 5.2 shows that migrants see their jobs only as means to earn money. The local jobs could not able them to increase their social status and prestige at home as well as in the society. Most of the youth choose foreign employment because after returning back from there they will be respected in the society as well as in the family too. Those jobs which are attainable to the people of Muralibhanjyang VDC are mostly manual labour in agriculture estate. But these are poorly paid. The wage often is not even enough to feed their family is possible through foreign employment for the youth of Muralibhanjyang VDC. High wage in comparison to Nepal is the main causes of choosing the country for foreign employment dominant 50 percent and easy entry and exit and low cost dominant by 23 percent respectively. Other cause is earned money, good life styles and DV dominant by in sum 6 percent only. As household of time to visit is high absolutely they are felling high wage rate.

5.7 Time Spent in Abroad

Time spent in abroad took place in significant role of this study. It determines economic status of the respondent. It also plays the vital role of the socio economic indicator. Simply the respondent who passes more years would be more prosperous because longer the stay higher payment. Figure no 5.3 shows that time spent by respondent in foreign employment.

Figure No.5.3: Time Spent on Foreign Employment



(Source: Field Survey 2016)

Above figure no 5.3 shows that out of 115 respondent 42 numbers of respondents were gone foreign employment before 2 years i.e.37 percent. Most of the workers work around 2 years in abroad trip. Likewise 40 numbers of workers pass 3 years leaving Nepal. On the other hand, before 3.5 years is 2 numbers and before 4 years is 29 numbers of respondent and it consist 25 percent. More than 4 years stay, 2 numbers of respondent and it seems very low.

5.8 Nature of Job of Foreign Employment with age Group

Table No.5.4: Nature of Job of Foreign Employment with age Group

Employment Type	Age Group						Total	
	20-24	25-29	30-34	35-39	40-44	45-49		
Hotel	7	9	11	6	4	1	38	33%
Agri farming	1	4	6	3	2	1	17	15%
Industrial	2	5	6	0	3	0	16	14%
Driving	2	4	5	1	1	1	14	12%
Technician	2	3	6	2	0	1	14	12%
Labour	0	0	5	2	0	2	9	8%
Department Store	1	0	0	1	1	0	3	3%
Airlines	1	0	0	0	1	0	2	2%
Security	0	0	0	0	1	1	2	2%
Total	16	25	39	15	13	7	115	100%
	14%	22%	34%	13%	11%	6%	100%	

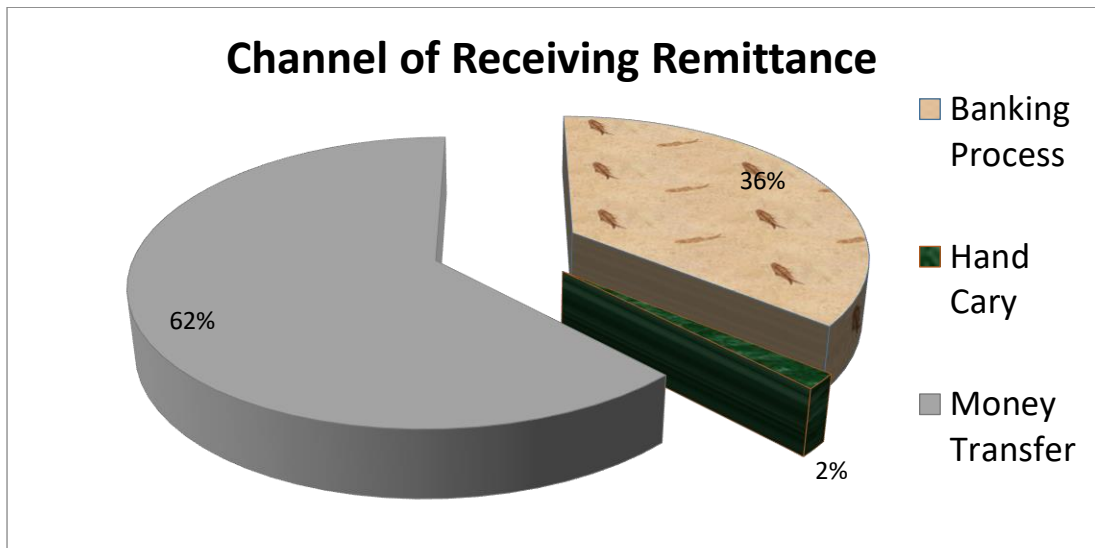
(Source: Field Survey 2016)

In the above table we can find that major respondent workers are in hotel in foreign employment. Out of 115 respondents, 33percent people are found in hotel sector. Among them 25-34 age group people are involved more in different sectors of work than other age group people and 40 and above age group found less in work. It seems that most of the young generation goesto abroad country for foreign employment. In Technician, labour, departmental store, airlines and security less people are involved..

5.9 Channel of Receiving Remittance

It shows that 62 percent household receive remittance through money transfer agencies, 36 percent using means of banking process and remaining 2 percent through hand carriage.

Figure No.5.4: Channel Receiving Remittance



(Source: Field Survey 2016)

Chapter 6

Income and Expenditure Behavior of Household Receiving Remittance

6.1 Average Earning in Different Countries

Generally, in our country people go to abroad due to lack of employment opportunities in home country. But most of the people go there without any specific skills and training. Due to the lack of skills and training they are compelled to bear unpleasant situation and they receive very low employee compensation compared to other countries' workers. In this section we explain the country-wise average earning of Nepalese employee in abroad. In above, earning included all income of workers they gain salary with contract time as well as overtime income.

Table No.6.1: Average earning in different countries

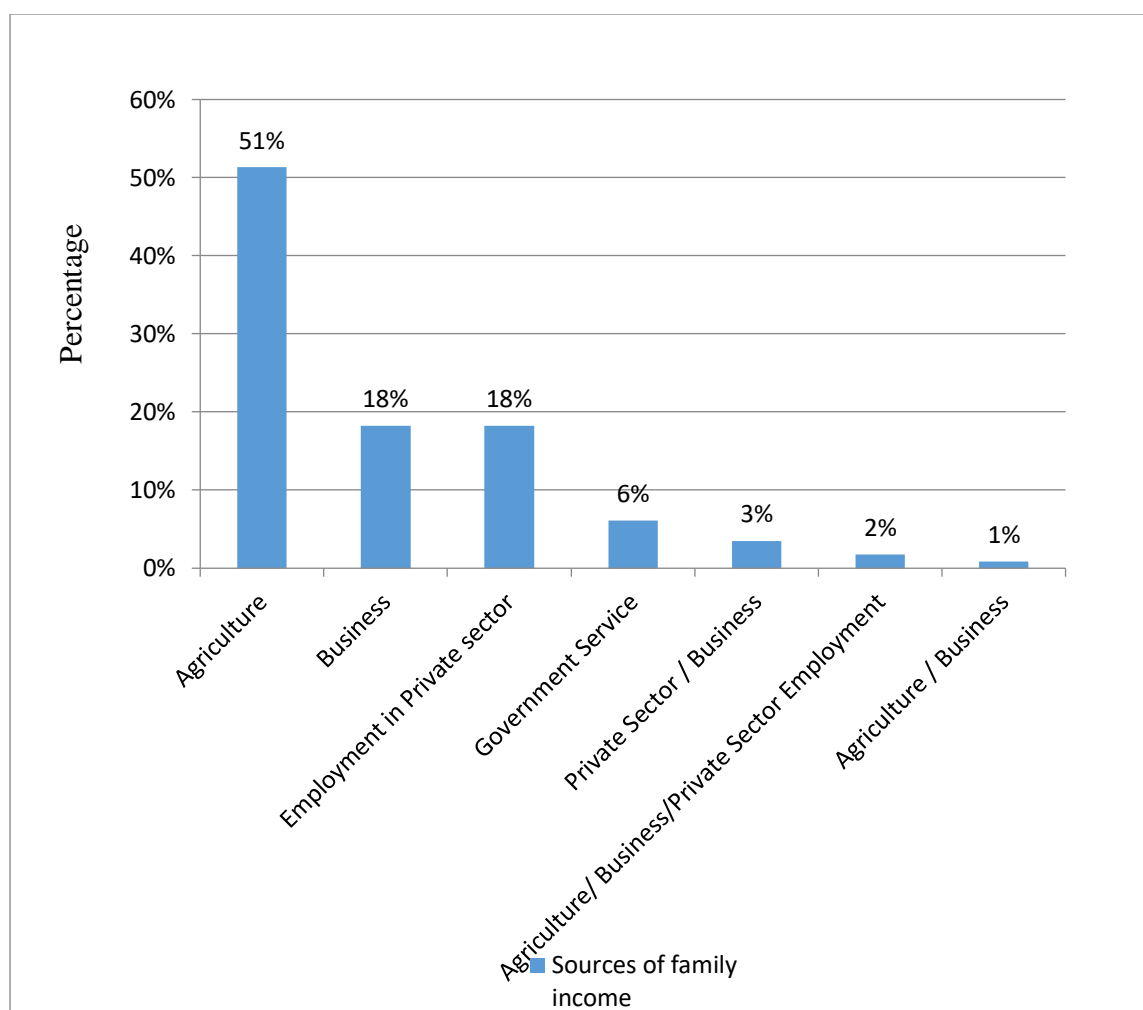
S.N	Country	No. of Respondents	Percent	Average Earning per Year Per Person in (000)
1	Malaysia	39	34%	415
2	Dubai	25	22%	555
3	Saudi Arab	16	14%	345
4	Qatar	13	11%	507
5	Korea	9	8%	882
6	America	4	3%	1825
7	Japan	3	3%	1350
8	Australia	2	2%	2750
9	Oman	2	2%	787
10	Iran	1	1%	600
11	Iraq	1	1%	650
Total / Average		115	100%	969

(Source: Field Survey 2016)

6.2 Income Sources of Family Before Receiving Remittance

Total household income is calculated as the aggregate agriculture, business, employment in private sector, government service etc. Agriculture income includes all revenue from crops, livestock, agricultural assets and business income includes general stores, hardware, and electronic items etc.

Figure No.6.1: Sources of Family Income



(Source: Field Survey 2016)

Among the migrated household 51 percent having income from agriculture, 18 percent have business and employment in private sector, 6 percent have government service, and 2 percent have business and private sector employment. From the study they are not properly mobilize of remittance in productive sector resultant no more

expansion of their alternative. To extend its remittance Nepal should promote in agriculture because Nepal is an agro based country.

6.2.1 Comparison of Family Income Before and After Remittance

Table No.6.2: Comparison of Family Income

S. N	Family Income	Before Remittance Income Annually		After Remittance Income Annually	
		Household	Percent	Household	Percent
1	<1,00,000 (Very Poor)	55	48%	0	0%
2	Rs. 1,01,000-2,50,000 (Poor)	33	29%	0	0%
3	Rs. 2,51,000-4,99,000 (Medium)	17	15%	39	34%
4	Rs. 5,00,000-8,49,000 (Rich)	8	7%	38	33%
5	above Rs.8,50,000 (Very Rich)	2	2%	38	33%
Total		115	100%	115	100%

(Source: Field Survey 2016)

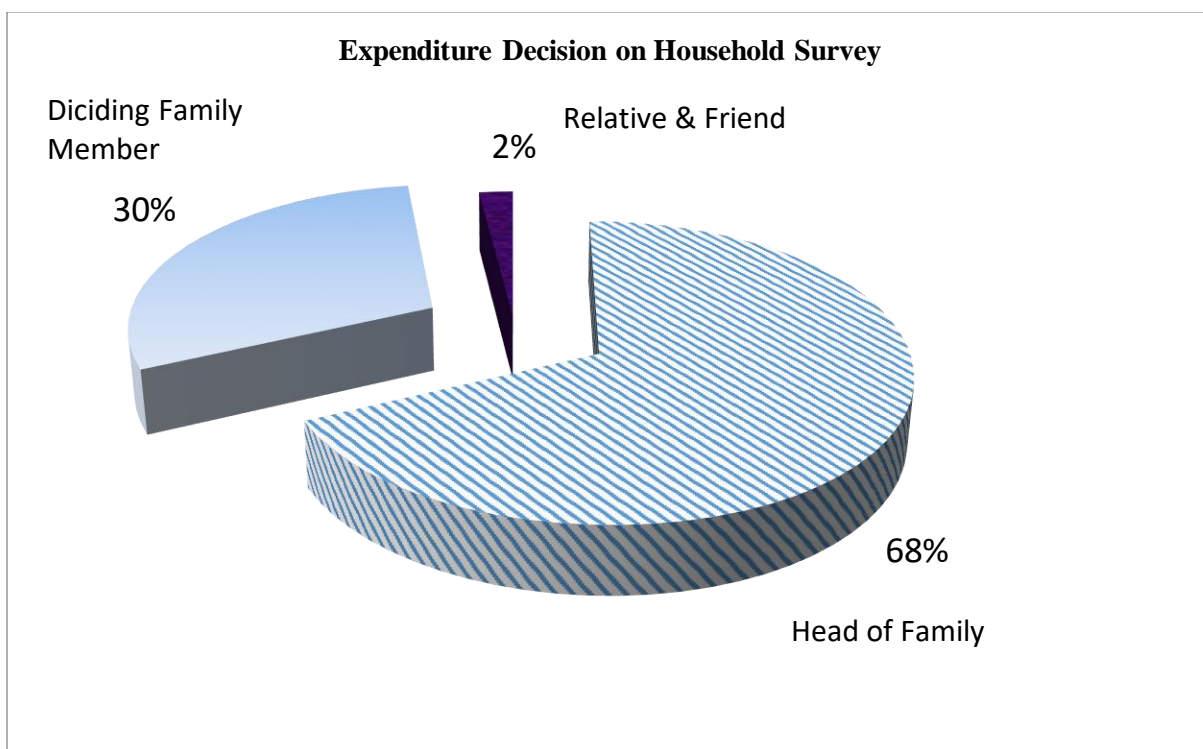
In the study area Muralibhanjyang VDC it found that earning below 1laks i.e. very poor household consist 55 household before remittance, poor family have 33 household and medium family 17 household. It significantly changed to after receiving remittance very poor and poor family seems zero and medium family seems 39 households i.e. 34 percent. Remittance income drastically changed the status of the family to upward sloping. Before receiving remittance only 2 i.e. 2 percent found very rich but after it changed to 38 household i.e. 33 percent.

6.3 Expenditure Behavior of Sampled Household

Remittance increases the income of the households. The low level of income could not reach the basic basket of goods but if the income level increases then ability to purchase luxury goods also increases. So, remittance increases the expenditure behavior of the people.

6.3.1 Expenditure Decision on Sample Households

Figure No.6.2: Expenditure Decision of Sampled Household



(Source: Field Survey 2016)

Among the sampled migrant household expenditure decision by head of family is the highest which is 68 percent, decision made by family member is 30 percent and by relative and friend is 3 percent. It is the lowest among all.

6.3.2 Consumption Behavior of Sampled Household

In this section household spending on food, clothing, health, education entertainment and so on of the family members before and after remittance in 115 household. The different categories of household spending explain by following table.

Table No.6.3: Consumption and non-consumption behavior of remittance of Household

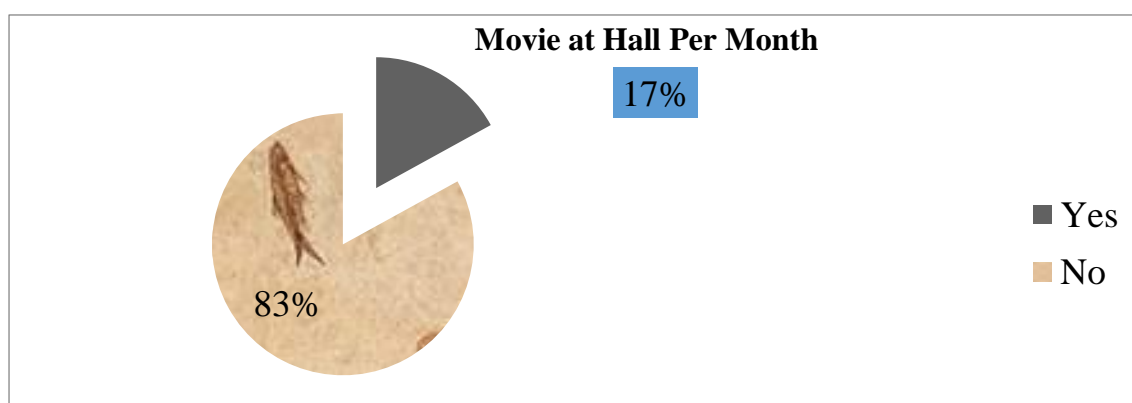
S.N	Family Member	HH	Monthly Average Consumption Expenditure in Rs.			Monthly Average Non Consumption Expenditure in Rs.		
			Before	After	Growth	Before	After	Growth
1	3	1	3,230.00	4,530.00	29%	-	12,500.00	100%
2	4	25	5,493.60	8,774.60	37%	40.00	2,654.00	98%
3	5	42	4,705.42	7,448.30	37%	395.83	2,605.95	85%
4	6	32	5,172.03	8,424.50	39%	812.50	2,750.00	70%
5	7	5	5,843.00	8,053.40	27%	-	250.00	100%
6	8	3	6,793.00	9,860.00	31%	-	3,333.00	100%
7	9	7	7,367.14	11,691.75	37%	-	1,142.85	100%
Total/Average		115	5,514.88	8,397.51		178.33	3,605.11	

(Source: Field Survey 2016)

In the study area having three family member families found single family household. In this family before foreign employment they are doing monthly Rs.3230 consumption expenditure and after it found that Rs.4530 having 29 percent growth. In non-consumption expenditure they don't have it before foreign employment and after it increases to Rs. 12500 per month having 100 percent growth rate. In my study it found that having more family member have more consumption expenditure but individual cost seems low and having less family member spend less expenditure in household.

Movie at Hall

Figure No.6.3: Movie at Hall per Month



(Source: Field Survey 2016)

83 Percent people do not aware about movie at hall and only 17 percent people go to take entertainment through movie at hall.

6.4 Remittance and Education

Children education was examined in different ways; the first age of schooling, the proportion of children time to reach their school. In Nepal, children begin formal education at 5 years of age and generally complete their primary education by 9 years of age. Middle and secondary level of education should be completed at the age of 15 which means they have 10 years of schooling.

6.4.1 Schooling of Children

Every parent wants to make secured of their children's future so they invest on education and other facility. In Nepal most of the parents want to send their children to private school. They are really hypnotized by the private school. It seems demonstration effect too. Social recognition and economic prosperity would see by the schooling of the children in the rural area. The government school has been the destination of the low economic standard people. The foreign employment has directly affected the number of the students in the study area. The decrease of the number of the students in government schools each year lead to the collapse or merge of the schools in the study area.

Table No.6.4: Schooling of children

S.N	School	Before HHs.	Percent	After HHS.	Percent
1	Community School	63	55%	36	31%
2	Community School 10+2	8	7%	21	18%
3	Private School	15	13%	29	25%
4	Private School 10+2	-	0%	9	8%
5	No Children going school	29	25%	20	17%
Total		115	100%	115	100%

(Source: Field Survey 2016)

From the above data it is clear that positive impact of remittance is on education activities. Before receiving remittance they send their children in community school than boarding school which was 55 percent. But after getting remittance there is opposition in sending their children in school. They send their children in private school which is 25 percentages where only 15 percent before receiving remittance. However community school and private school 10+2 have been increased gradually than before. In the case of no children going school is also decreasing day by day because of remittance.

6. 5 Remittance and Health Seeking Behavior

Remittance can lead to the improvement in health status is mainly in two ways; first they can be used to improve the nutritional status of the population, particularly children, through the provision of good quality food; second, this money can be used to access better health services in the case of illness. Family planning service is major reproductive issues of Nepal. Population growth rate is higher in Nepal because of the unavailability of family planning services. Geographic diversity is one of the major challenges for state intervention.

6.5.1 Health Checkup Comparison

Most of the respondent has reported the quality health from private hospital and some of them reported government and health post due to remittance income.

Table No.6.5: Comparison of Health Checkup after and before

S. N	Health Checkup	After	Percent	Before	Percent
1	Government Hospital	52	45%	36	31%
2	Medicine Shop	7	6%	32	28%
3	Private Hospital	46	40%	8	7%
4	DhamiJhakri	-	0%	5	4%
5	Health Post	10	9%	34	30%
Total		115	100%	115	100%

(Source: Field Survey 2016)

Table no 6.5 represent the status of health quality has increased after receiving remittance. Here health checkup of people is increased in government and private hospital, medicine shop and health post before getting remittance. Only 7% people used to go private before receiving remittance but it reaches 40 percent after getting remittance. The awareness among people also increases after getting remittance because they do not believe on dhamijhakri. From the above data there is positive impact on health sector because of remittance.

6.6 Household Assets of Sampled Household

This topic includes the elaborations of before and after receiving remittance distribution of ownership of land, structure of house, structure of toilet, and sources of drinking water briefly.

6.6.1 Distribution of Ownership of Land among Sample Household

Table No.6.6: Distribution of ownership of land of migrant household

S.N	Land	Before	After
1	Less Than 5 Ropani	39	22
2	6 to 10 Ropani	27	40
3	11 to 15 Ropani	38	33
4	16 to 20 Ropani	6	13
5	20 Ropani above	5	7
Total		115	115

(Source: Field Survey 2016)

The table shows that ownership of land before and after remittance. Before remittance income most of the people have less than 5 ropani land i.e. 39 household among 115 household and it decreases to 22 household after remittance. Like as same the income of 27 household are 6 to 10 ropani before remittance and after it increases to 40 household. Those people who have less than 10 ropani land before foreign remittance income was invested in land in this slab. Likewise before 38 household had 11 to 15 ropani but after that only 33 household were found in the study area. 16-20 ropani

ownership of land household was before 6 and after it increases to 13 household. Few people have more than 20 ropani land in the study area. It is clear from the figure that most of the people want to invest in land after getting remittance.

6.6.2 Structure of House before and After Foreign Employment

Simply the foreign employment grows the income level of the respondent and it leads to the overall development of their lifestyle. It is a tendency to change their houses such as mud mortar, cement mortar and RCC Building.

Table No.6.7: Structure of House of Migrant Household

S.N	Structure of House	Before Household	After Household
1	Mud Mortar	70	44
2	Cement Mortar	43	56
3	RCC Building	2	12
Total		115	115

(Source: Field Survey 2016)

Table number 6.7 shows that the structure of house of the respondent before and after foreign employment. According to table ownership of mud mortar house before remittance is 70 and after it decreases to 44 houses are shows that the remittance income was invested into cemented mortar and RCC building. In the case of cement mortar building before receiving remittance income is 43 household and it increases in 56 household in the survey area. There are few houses found RCC building before i.e. 2 and it also increases to 12 after remittance. In conclusion people want to stay in safety house after earning money and want to develop their family status.

6.6.3 Structure of Toilet

If households possess their own toilets that could be within the house or boundary of the house then such households are considered as households having toilet facilities. If the households do not have their own toilet and household members use either public toilets or open places then such households are considered as households having no toilet facilities. Toilet facility is categorized into two groups as modern

with flush system and ordinary. If it is possible to clean human excreta by pouring water (either using machine or manually) and is connected to drainage or septic tank, then the toilet is said to be modern with flush system. On the other hand, if it is not possible to clean human excreta by pouring water and is not connected to sewage or septic tank, then the toilet is said to be simple.

Table No.6.8: Structure of Toilet

S.N	Structure of Toilet	Before	After
1	Simple	113	99
2	Modern	2	16
Total		115	115

(Source: Field Survey 2016)

Table 6.8 prescribes that in migrant household 113 household use simple toilet before earning remittance and only two household were using modern toilet. It changes after receiving remittance income that only 99 household use simple toilet and modern toilet is used by 16 households. However people are more conscious about health and hygiene.

6.6.4 Sources of Drinking Water

Water source may differ from place to place and by seasons. However, information was collected on the basis of water source from where most of the time water was collected. Water source may or may not be in its own premise and it may be private or public. Community water systems obtain water from two sources: pond and tap water. People use every day for a variety of purposes, including drinking, cooking, and basic hygiene, in addition to recreational, agricultural, and industrial activities.

Table No.6.9: Sources off Drinking Water

S.N	Sources of Drinking Water	Households
1	Pond	21
2	Tap	94
Total		115

(Source: Field Survey 2016)

Table 6.9 prescribed that pond water users are 21 household and tap water users are 94 household in the study area. In hilly area most of the people are using tap water because there is not availability of pond.

Chapter 7

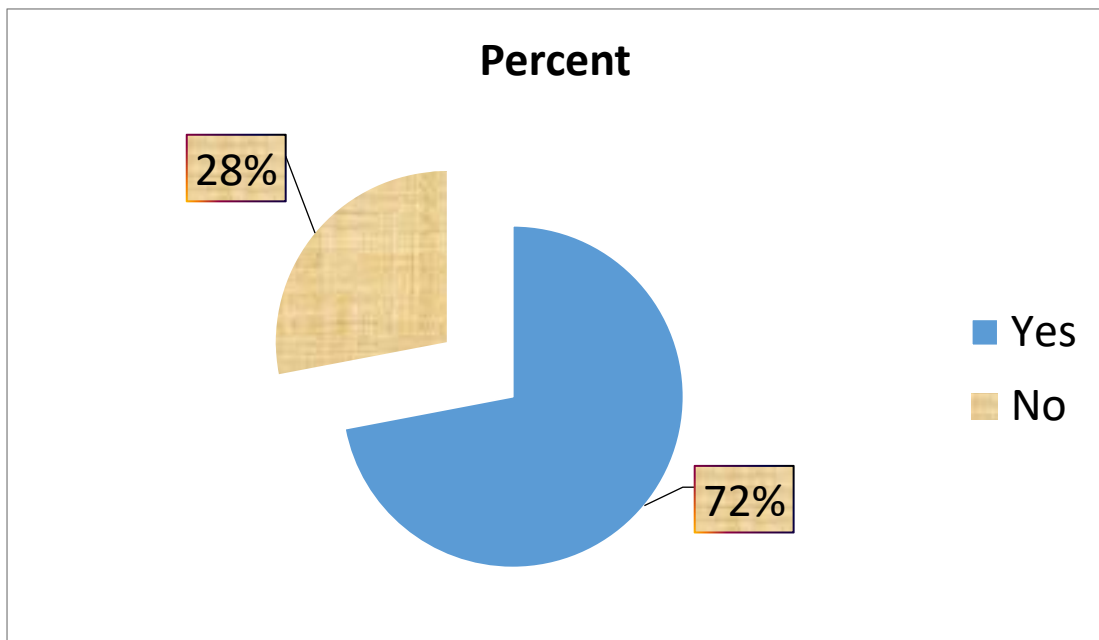
Saving and Investment Pattern

Saving is also an indicator of household propensity and it indicates that the standard of living in the study area. Saving among 115 sample household 76 household found more than Rs.15, 000 net saving per month and below it found only 39 household after receiving remittance. The entire respondent whose family member has gone for foreign employment, all of them have saved as per their income level. There is no any house without saving after receiving remittance income. It is good for the national income.

7.1 Ability to Save Money

Use of remittance and saving is the main concern of this area. Out of 115 respondent 72 Percent household are able to save money by earning through foreign employment and 28 percent are not able to save money due to various expenses.

Figure No.7.1: Ability to Save Money



(Source: Field Survey 2016)

7.2 Comparison of Monthly Saving Before and after Receiving Remittance

Table No.7.1: Comparison of monthly saving before and after receiving remittance

S.N	Particulars	Before		After	
		Household	Percent	Household	Percent
1	No saving	97	84%	0	0%
2	Less than Rs.5,000	9	8%	5	4%
3	Rs.5,100-10,000	7	6%	18	16%
4	Rs.10,100-15,000	2	2%	16	14%
5	Rs.15,100-20,000	0	0%	22	19%
6	Rs.20,100-25,000	0	0%	7	6%
7	Rs.25,100-30,000	0	0%	13	11%
8	Rs.30,100-35,000	0	0%	2	2%
9	Rs.35,100-40,000	0	0%	6	5%
10	Above Rs.40,000	0	0%	26	23%
Total		115	100%	115	100%

(Source: Field Survey 2016)

Most of the respondent has no any significant saving staying their home country. They have compulsion to go abroad to earn some money for their family member's bright future. After receiving remittance, 26 household found that highest slab which is more than Rs. 40,000 monthly net saving but before remittance 97 household found no saving at all. It is clear from the figure that most of the household save more amount after getting remittance.

7.3 Use of Saved Remittance for Productive Investment

In this section we analyzed the utilization pattern of money receiving from abroad. Normally people utilize their money gain from foreign employment to repay the loan and daily household expenses in first fazes. It also depends on duration of time spent

in abroad. At early time of foreign employment they spend greater amount of their money either loan payment or daily household expenses. The details of saving pattern of use of money receiving from foreign employment are given below.

Table No.7.2: Use of Remittance for Productive Investment

S.N	Particulars	Household	Percentage
1	Bank Deposit	42	51%
2	Built Home	2	2%
3	Buying Ghaderi in town	5	6%
4	Buying House	4	5%
5	Buying Land	18	22%
6	Future consumption	2	2%
7	Invest on IPO and Deposit on Bank	2	2%
8	Investment in business	8	10%
Total		83	100%

(Source: Field Survey 2016)

It is clear from the data that after receiving remittance most of the household deposit the money in bank which is 51 percent. They also invest their money in other different sectors; to build house, buy ghaderi, house, invest in business etc. however most of the household also spend their money to buy land. Here among 83 house hold 18 house hold spend money to buy land which is 22 percent.

7.4 Investment Pattern of Migrant Household

The major portion of the remittance is used for meeting household consumption and paying off loans borrowed to go abroad. Only very few migrants use remittance in direct productive sector like agriculture and manufacturing. Major investment is on education of the children, re-involvement of the remittance for the migration and for lending money. Very small investment is directed for small business and trade

The following table helps to clear the investment pattern of sampled household in survey area.

Table No.7.3: Average Investment Pattern of Household

S.N	Head	Before Qty.	After Qty.
1	Pressure Cooker	1.52	2.33
2	Rice Cooker	0.63	0.97
3	Fridge	0.20	0.45
4	Gas Stove	0.75	0.88
5	Gas Cylindar	0.89	1.35
6	Television	0.59	1.03
7	Computer	0.14	0.34
8	Laptop	0.07	0.30
9	Motorcycle	0.16	0.42
10	Shares	-	0.02
11	Bus/Truck	0.01	-
12	Tractor	-	0.02
13	Gold in Tola	2.82	4.55

(Source: Field Survey 2016)

Table No.7.4: Investment in Productive and Unproductive Things from Foreign Employment

S. N	Productive Things	House hold	Perce nt	S . N	Unproductive Things	House hold	Perce nt
1	Bank Deposit	13	18%	1	Daily Expenses	2	5%
2	Build Home	6	8%	2	Family Expenses	19	43%
3	Buying Agriculture Land	7	10%	3	Festival Celebration	12	27%
4	Buying Ghedari	4	6%	4	Festival Celebration and Entertainment	1	2%
5	Buying Land	20	28%	5	Household Expenses	1	2%
6	Children Education	3	4%	6	Marriage Expenses	4	9%
7	Investment in Business	13	18%	7	Repayment of loan	5	11%
8	Investment in Business and Land Purchase	2	3%				
9	Investment in Shares	1	1%				
10	To Return Land	2	3%				
Total		71	100%			44	100%

(Source: Field Survey 2016)

People invest in productive and unproductive thing after receiving remittance from foreign employment. The most investment is on productive things than unproductive thing. Among 115 house hold 71 house have invest in productive things like deposit in bank, buy land and ghaderi, children education and business etc.

Chapter 8

Summary, Conclusion and Recommendation

8.1 Summary

The main objective of this study is to identify the economic impact of remittance in study area .Moreover the study try to analyze the nature and cause of migration, To, analyze the income and expenditure pattern of migrant household, source of financing and cost for foreign migration ,process of foreign migration etc.

To fulfill the above stated objectives of the present study, Muralibhanjyang VDC of the Dhading district is the selected area and sample survey was conducted during 2016. All the selected 115 household of remittance respondent were interviewed and relevant information was collected through the medium of questionnaire. The questionnaire included open and close ended question. Secondary data are used to show and compare the composition of foreign employment and remittance of the local level in the study area. Data are analyzed by using simple statically tools like table, percentage, bar graphs, diagram and charts etc.

8.1.1 Major Findings

- The study shows that the main destination countries are Malaysia. It is 34 percent; Dubai 22 percent, Saudi Arab 14 percent and Qatar 11 percent, South Korea 8 percent and remaining other countries are America, Japan, Australia, Oman, Iran and Iraq negligible.
- The main reasons to choose the mentioned country are high wage rate which is 50 percent, easy and exit and low cost are 23 percent, and other are 4 percent.
- Main causes of going foreign employment is unemployment which is 70 percent, burden of debt 12 percent, family pressure is 7 percent, high wage rate 8 percent and other is 3 percent.

- In the study area, out of 115 sampled household most of the employee spend less time i.e.42 household spend before 2 years, 40 household spend 3 years and 33 household spend more than 3 years . It shows that less employee workmore time in foreign employment and most of the employee work for 2 years.
- Major sector of employment of Nepalese worker are 15 percent on agri farming, 14 percent are industrial, 12 percent technician and driving, 8 percent are labour, 3 percent departmental store and 33 percent are on hotels. Only 4 percent are in security and other sector.
- Most of the people go foreign employment through manpower agency which 76 percent, 13 percent by relative and friend, and only 9 percent people go through EPS system.
- Cost started from obtaining passport, medical checkup, manpower agency cost, air fare, visa charge, and travelling cost all are the burned by employee himself. In the study area manpower agency's charge in gulf countries seems low rather than European countries and American countries. Lowest cost of gulf country is null i.e. free visa free ticket and highest is 2, 00,000 for Malaysia. In American country minimum cost is Rs.9, 00,000 and maximum cost is Rs.30, 00,000.
- In my study area respondent manage the required fund through loan from friend 52 percent, Bank loan 27 percent, self-16 percent and others sources were only 6 percent.
- The average net income per month of sampled migrant household seems depending on different countries. The person who goes Malaysia - NRs.34,500, Dubai - NRs.46,300, Saudi Arab - NRs. 28,750, Qatar - NRs. 42,250, Korea - NRs. 73,500, America - NRs.1,52,000, Japan - NRs.

1,12,500, Australia - NRs. 2,29,000, Oman - NRs. 65,500, Iran - NRs. 50,000 and Iraq - NRs.54,000.

- 63 percent household receive remittance through money transfer agencies, 36 percent by using banking process and remaining 2 percent through hand carriage.

- The main sources of family income other than remittance are agriculture which is 51 percent, business and employment in private sector is 18 percent, in government service is 6 percent only and others is 6 percent.

- In the study area 59 household have agriculture income before remittance and their average annual income is only Rs. 67,539. But after receiving remittance their income automatically grows and invests in other productive things and also improved standard of living.

- In the case of total sampled household 68 percent household decision are made by head of the family, 28 percent is made by family member and remaining 5 percent expenditure is made by relatives and friend and others.

- The impact of remittance in study area is found positive impacts of remittance on standard of living like as increase in food consumption, gas fuel, education, clothing, electricity, healthcare, telephone, insurance and entertainment. However on the other hand remittance is not playing significant role to encourage long term saving instead of increase expenditure habit of people on unproductive sector like loan repay, household expenditure etc.

- 83 Percent people do not aware about movie at hall and only 17 percent people go to take entertainment through movie at hall.

- 55 Percent respondent use to send their child in community school before their foreign job it decreases to 31 percent. 7 percent respondent use to send their child in community school 10 +2 for higher education before remittance and it increases to 18 percent after remittance income. Similarly tendency of private school increased from 13 percent to 25 percent and private school 10+2 zero percent to 8 percent after remittance income. Whatever the reason either their child have completed their study from community/ government school or shifted from the origin, the tendency of sending their child to private school have been increased.

- In the field study of migrant household 72 percent people are able to save money and 28 percent don't save. People who are able to save money they deposit in bank, children education, build home, buying ghedari in town, buying house, buying agriculture land investment in business and few are used to invest in shares. Those people who are not able to save money they have huge family expenses, festival celebration and entertainment, household expenses, marriage expenses etc.

- Status of quality health has increased after receiving remittance and positive impact of remittance follows on health activities.

- The respondent of this VDC said that remittance have increased their house status. After remittance, 47 houses are made by mud mortar, 56 houses are made by cement mortar and 12 houses are RCC building. Before remittance 70 house were made by mud mortar, 43 houses are cement mortar and 2 houses are RCC building.

- The better condition of sanitation is found in Muralibhanjyang VDC due to Khulla Disa Mukta Chhetra before 3 years. In this VDC before remittance 113 household have simple toilet and 2 have modern toilet. It improves after remittance 99 have simple and 16 household have modern toilet.

- Out of 115 household 21 are using pond and 94 are using tap as sources of drinking water.

8.2 Conclusion

Remittance is one of the major income sources of earning foreign currency in Nepal. It really affects the income level of the households as well as society. This study analyzes the economic impact of remittance on household economy. Overall finding suggests that remittance helps particularly in escaping poverty and increasing overall economic status of the migrants and their households, and improving the ability of the households to increase expenditure. One could argue that increase in expenditure creates dependency because the migrants have to continue living abroad in order to maintain their livelihood. There are many success stories of investment made from remittances having lasting effects on the economic status of the households. The social contribution of migration is even more encouraging in terms of improving children's education and enhancing the overall economic status of the households.

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and poverty and income distribution. Workers' remittances flow is a component of foreign savings such as complements national savings by increasing the total pool of resources available for investment. Remittances constitute an integral part of household livelihood strategies. They make a direct contribution to raising household income, while broadening the opportunities to increase income. They also permit households to increase their consumption of local goods and services. At the community level, remittances create multiplier effects in the domestic economy, producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective structures and institutions have been set up to pool and direct remittances. Where these have been set up and encouraged, and where the state is cooperative, remittances can bring about a change, especially in remote rural areas where state resources have not been effective.

8.3 Recommendation

- ✓ There is high outflow of active population due to foreign migrants. Even the rural areas are also becoming youth less day by day. It might be harmful in economy for long term. To get relief from this problem, we should create employment opportunity in the home country.
- ✓ In the rural area, receiving remittance should pay attention to utilize the remittance in more productive activities so that they and their children need not to go abroad again and again in future.
- ✓ Nepalese nationals in abroad are paying less in comparison to others for same kind of job in nature because of our government policy. Government has not made labour contract to the respective country, so the Nepalese are not benefited as others.
- ✓ Remittances have given positive impact on household economy indicators but this is not satisfactory. Maximum parts of the remittances have been used on buying ghedari or agriculture land, education of children, household expenses like loan repayment house made, house improvement and daily household expenses. Thus the policy should be made to give more information to the respondent using their remittances into productive sectors and should be given more opportunities to them in using their newly learnt skills.
- ✓ Most of the respondents have not utilized their remittances on newly learnt skills when they came back home by different causes. So policy should be made to compulsorily investment to the national level.
- ✓ Government should make such investment fund and foreign worker should contribute a certain percent of their income so it helps to fulfill the investment in the national economy. It leads the overall development of the country.

- ✓ Most of the respondent of this VDC have gone unskilled condition. So they cannot earn more income than skilled workers. So technical training school should be established in rural areas.
- ✓ Most of the respondent of the rural areas come from lower income group. So they cannot easily afford foreign employment. If they go foreign countries, they should borrow loan with high interest. So policy should be made specially focused in poor people to give more opportunities in own nation.
- ✓ The workers are facing to do dirty, dangerous and difficult problem in foreign employment so government should immediately addressed to it.
- ✓ Government of Nepal has opened legally opened numbers of countries for foreign employment but most of the worker focused on gulf countries. Those workers of these destinations cannot earn more money than other destination. So the ministry of labour Nepal should be makes new policy to identify new potential destination such as South Korea and Israel.
- ✓ The government should control the inflow of remittance through unofficial channels. So formal channel should promote.
- ✓ Government and manpower companies should provide opportunity marginalized group so that these group can boost economically.

Finally this study focused on economic impact of remittance on household economy in Muralibhanjyang VDC which is very important in current issue of Nepalese economy, therefore this study is very significant, while the study is conducted in small area and it may not be sufficient to make general conclusions for whole nation. But by this study I am confident that it will be certainly beneficial to the people of Muralibhanjyang VDC and other neighboring VDC of entire country.

Annex-1

4.1: Education Status of Respondent

S.N	Particulars	Male	Female	Total	Remarks
1	Illiterate	9%	20%	29%	
2	Literate	13%	30%	43%	
3	Up to SLC	10%	12%	22%	
4	Well Educated	4%	2%	6%	
Total		36%	64%	100%	

Annex-2

5.1: Processing of Foreign Employment

S.N	Particulars	Households		Remarks
		Number	Percentage	
1	Manpower	87	76%	
2	Relative & Fren	15	13%	
3	EPS	9	8%	
4	Others	3	3%	
		115	100%	

Annex-3

5.2: Reason for Choosing the Destination

S.N	Reason	Households		Remarks
		Number	Percentage	
1	High Wage rate	57	50%	
2	Easy entry & Exit	26	23%	
3	Low cost	26	23%	
4	Earn Money	2	2%	
5	Good Life Style	2	2%	
6	Others	2	2%	
Total		115	100%	

Annex-4

5.3: Time Spent on Foreign Employment

S.N	Particulars	No. of Households	Percentage	Remarks
1	Before 2 Years	42	37%	
2	Before 3 Years	40	35%	
3	Before 3.5 Years	2	2%	
4	Before 4 Years	29	25%	
5	4 Year +	2	2%	
Total		115	100%	

Annex-5

5.4: Channel Receiving Remittance

S.N	Particulars	No. of Household	Percentage	Remarks
1	Banking Process	41	36%	
2	Hand Cary	2	2%	
3	Money Transfer	71	62%	
Total		115	100%	

Annex-6

6.1: Sources of Family Income Before Remittance Income

S.N	Particulars	No. of Households	Percentage	Remarks
1	Agriculture	59	51%	
2	Business	21	18%	
3	Employment in Private sector	21	18%	
4	Government Service	7	6%	
5	Private Sector / Business	4	3%	
6	Agriculture/ Business/Private Sector Employment	2	2%	
7	Agriculture / Business	1	1%	
Total		115	100%	

Annex-7

6.2: Expenditure Decision of Sampled Household

S.N	Particulars	No. of Households	Percentage	Remarks
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1	Head of Family	78	68%	
2	By deciding Family Member	35	30%	
3	Relative & friend	2	2%	
Total		115	100%	

Annex-8

6.3: Movie at Hall per Month

S.N	Particulars	No. of Households	Percentage	Remarks
1	Yes	20	17%	
2	No	95	83%	
Total		115	100%	

Annex-9

7.1: Ability to Save Money

S.N	Particulars	No. of Households	Percentage	Remarks
1	Yes	83	72%	
2	No	32	28%	
Total		115	100%	

Questionnaire

Questionnaire for Household Survey 2016

Central Department of Economics

Tribhuvan University

(For the Purpose of M.A Thesis)

Economic Impact of Remittance on Household Economy

1. General Information of Head of the Household

- 1.1 Name:
- 1.2 Age:
- 1.3 Education:
- 1.4 Ward no:
- 1.6 Religion:
- 1.7 Marital status:
- 1.8 No of Family members:
- 1.9 Contact No :

S. N	Name	Sex	Relation	Age	Qualification	Marital Status	Occupation

2. Foreign Employment Information of Migrant Household

- 2.1. In which country have your family member gone for foreign employment?
- a. Malaysia b. Qatar c. Saudi Arabia d. Dubai
 - e. Japan f. America g. Koria h. Oman
 - i. Baharain j. Cyprus k. Others (Specify).....
- 2.2. How many members have gone for foreign employment?
- a. One b. Two c. Three d. More than three
- 2.3. What do you think the main reason for him to choose the mentioned country?
- a. Low cost b. Easy entry and exist
 - c. High wage rate d. Others
- (Specify).....

2.4. What are the causes for going foreign employment? (Multiple response possible)

- a. Unemployment b. Family pressure c. Burden of debt
 - d. Landlessness e. High wage rate f. Others
- (Specify).....

2.5. When did He/She go to abroad before in years?

- a. Two Years b. Three Years c. Four Years d. More Than Four Years

2.6. What type of job did your family member do? (Multiple response possible)

- a. Labor b. Technician c. Agri-farming d. Hotel
- e. Industrial f. Others (Specify).....

2.7. Which process he/she went for foreign employment?

- a. From Manpower Agencies b. From Government c. From Relative and Friends
- d. From Advertisement e. EPS
- f. Others (Specify).....

2.8. How much rupees did your family member spend going for foreign employment?

Rs.....

2.9. How did He/She manage the required fund for going abroad?

- a. Self b. Loan from bank c. Loan from Friends
- d. Selling various things e. Others (Specify).....

3. Income of Migrant Household

3.1. How much rupees your family member earns monthly basis average?

Rs.....

3.2. How much money does He/ She send annually?

Rs.....

3.3. Means to remit money is

- a. Banking process
 - b. Money transfer agency
 - c. Hand carry
 - d. Other
- (Specify).....

3.4. What are the sources of income of your family other than remittance?

(Multiple response possible)

- a. Agriculture
 - b. Labor job
 - c. Business
 - d. Government Service
 - e. Employment in private sector
 - f. Other
- (Specify).....

3.5. What was your annual family income before Remittance?

Rs.....

3.6. What was your annual family income after remittance?

Rs.....

3.7. Is there any changes find your annual income before and after remittance?

- a. Yes
- b. No
- c. Constant

3.8. If it has changed how it has changed?

State reasons

- a.....
- b.....

4. Consumption and Expenditure Pattern of Migrant Household

4.1. Who is the person to decide how to spend the remittance money?

- a. Head of family
- b. Head of neighbor
- c. By deciding family member
- d. Other (Specify).....

4.2. What is the sector that you spent money before and after remittance monthly?

S.N.	Consumption Item	Before Remittance Rs.	After Remittance Rs.
1.	Food		
2.	Gas/ Fuel		
3.	Education		
4.	Clothing		
5.	Electricity		
6.	Health		
7.	Telephone		
8.	Rent		
9.	Insurance		
10.	Long Term Saving		
11.	Entertainment		
12.	Others (Specify).....		

4.3. Would you like to go to see movie at hall? If yes, how much time you go to see movie per month average?

.....

5. Education Pattern of Migrant Household

5.1. How many children of your family member going school now?

a. Boys..... Nos. b. Girls.....Nos

5.2. In which type of school did your children studying before and after remittance?

S.N	Particulars	Before		After	
		Boys	Girl	Boys	Girl
a.	Community School				
b.	Private School				

c.	Community School 10+2 Above				
d.	Private School 10+2 Above				

6. Saving Pattern of Migrant Household

6.1. Are you able to save money?

a. Yes

b. No

6.2. If yes, how much money do you save per month?

a. Before Rs.....

b. After Rs.....

6.3. How do you use your saved money?

a.....

b.....

7. Investment Pattern of Migrant Household

7.1. Assets that you have on your household before and after remittance are;

S. N	Assets	Before (Qty.)	After (Qty.)
a.	Pressure Cooker		
b.	Rice Cooker		
c.	Fridge		
d.	Gas Stove		
e.	Gas Cylinder		
f.	Television		
g.	Computer		
h.	Laptop		
i.	Motorcycle		
j.	Shares		
k.	Bus/Truck		
l	Tractor		

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