

## **CHAPTER -I**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Nepal is located in the Southern part of Asian continent. It is one of the least -developed country among the world, having 2.8 million people. It has an area about 147,181 sq. km. which occupies 0.03 percentage of the world. Nepal is an economically poor country lying between two fast growing countries as India and china. But Nepal is one of the richest countries in the world in term of natural resources and cultural heritage. The highest peak of the world mount Everest, wild variations faster and incredible variation of the ecosystem, the greatest mountain range on the earth, thick tropical jungles teeming with wealth of wild life, thundering rivers, forested hills and frozen valleys(CBS,2011).

Remittance refers to that portion of migrants earnings sent from the migration destination as the place of origin. Lexical meaning of remittance “Remittance is a sum of money that you spend as payment for something”-BBC English Dictionary, Harper Collins publisher. 1994. However, in contrast to the gesticulation of international payments, we intend here to express the layma’n meaning of remittances by a sum of money that is earned by the home workers in the host countries in exchange of their services and remitted to the country. Now a days , people are excited to use the jargon as a substitute word for worker’s remittance earnings as “Migradoller”.

International labour migration is one of the salient features of the globalize world It will only become more important as a subjects as it has an impact on the socio-economic condition of both labour and labor destination countries. There exists virtually no country that does not contribute to international labor migration either as receiving country, sending country of transits.

The WB’s working definition of remits is “workers remittance plus compensation of employees plus migrants transfers” Remittances are the portion of internationally migrant worker’s earnings sent back from country of employment to the country of origin. Depending on the combined value of “workers’ remittances” and “labour income” (or compensation of employees) for migrant working abroad for either more or less than one year. The term remittances is normally limited to denoted monetary

and other cash transfers, transmitted by migrant workers to their families and communities (CBS, 1996).

Remittance is defined in IMF Balance of payment manual published in 1993 as current private transfer from migrant's workers who are considered residents of the host's country to recipients in their country of origin. According to IMF's World Economic Outlook, 2005, migrants' remittance, compensation of employees year, their entire income should be classified as compensation of employees year, their entire income should be classified as compensation of employees considered factor income. Since 1980s World Bank has recognized worker's remittance as part of labour income and added to exports parts of the country concerned (Shrestha, 2009).

## **1.2 Statement of the Problem**

Remittance refers to money and goods that are transmitted to household back home by people working away from their origin communities. From the standpoint of economic development, the central question regarding such sources of transfer is quite straightforward, namely, how much money is used, through what channels do international remittances flow into productive investment in their home community, or do they use such money merely to underwrite consumption of newly desired consumption goods? Stated more broadly, do remittances from abroad help provide the investment needed to facilitate development or do they merely foster a new pattern of dependence on "status oriented" consumer goods for migrant workers and families?

The contribution of the remittance in the economy mainly depends on the role it plays in increasing employment or the national income. This crucially depends on the productive use of remittance or investment in the economy. Remittances were also seen to increase dependency. These inflows are quite volatile since countries that depend too much on them may face economic shocks when the flow is disrupted so very appropriate policies should be formulated and implemented honestly by the government so that remittance inflows are used in productive sectors.

Remittance income is the major source of income for many households in Kusma Municipality. People in the study area have changed their consumption pattern because of the inflow of remittance. Remittance income has changed their attitudes towards education, saving, investment, business as well as.

In this context, this study has tried to answer the following questions:

- What is the trend of foreign employment and remittance in Kusma Municipality?
- What are the sectors of utilizing remittance income?
- What portion of total remittance income is spent on capital formation?

### **1.3 Objectives of the Study**

The general objective of this study is to high light the status and utilization of remittance in the study area particularly. The study have covered the followings specifics objectives:

- To determine the utilization of remittance in the study area.
- To determine the sectored of utilization remittance income.
- To determine the impact of remittance income on capital formation in study area.

### **1.4 Significance of the Study**

International remittance has play vital role in most developing countries to reduce poverty, income distribution education and economic development, especially in rural areas. Migration of labor from developing countries to industrializing economic brings huge macro-economic benefits for receiving as well as sending countries cope with economic crisis and reduce poverty. In micro economic level remittance improves livelihood of the migrant's families. The impact of remittance on large macroeconomics scale like economic growth has been an issue of interest for many researchers.

The researcher has a great significance in the sense that from the period of 1809, much of the Nepalese people went in to the foreign land for the service. Even in the case of the Gurkha regiment, the indigenous people were highly preferred. The flow of the foreign service of the Nepalese people is not new. But, after the country was hit but war led by CPN(Maoist) the volume of the foreign land going people increase drastically. Parbat districts eastern region, where the people –war hit high this might be one of the causes of the increases in the remittance drastically. The majour

intention of the study is to analysis the pattern of the remittance utilization in the context of the changing global scenario.

Though there are various reports on parbat district on the various topic. The study of the remittance utilization pattern is not yet carried out by any of the researchers. The Parbat is one of the highest remittance earning district, which has 45 percent of total remittance earned all around the Nepal. So, this study is significant in terms of this as well.

Indigenous people are found to have very strong “Demonstration effect” in the sense that their major proportion of the income is found to have spent on the goods and services that can promote their life style. This study examines whether this tendency is right or not.

Finding of this study are to be beneficial for the economist and policymakers to know whether the remittance is contributing to national development or not. More capital formation means contribution to long term development as investment. No one study regarding remittance income and its impact on capital formation in this study area, so this topics is highly significance.

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

The main limitations of the study are as follows:

- This thesis mainly focuses on the remittances received by people of Kusma municipality.
- This study may or may not be applicable in the national level.
- This study has only be based on sample survey.

### **1.6 Organization of the Study**

Altogether, this study has divided into six chapters. The first chapter deals with general background, statement of the problem, objectives, significance, limitations and organization of the study. The second chapter is about literature review. The third chapter is about introduction to study site, nature of data, sample selection, questionnaire design, methods of data collection and data processing. The fourth chapter analyzes about the analysis, interpretation of data and the fifth introduction of the study area and the six chapter summary, conclusion and recommendations.

## CHAPTER- II

### REVIEW OF LITERATURE

#### 2.1 History of Remittance

Labor migration foriegn employment has become the inherent important part of each society. So being the inherent aspect their several studies for causes for emigration, labor migration and its economical consequences like income generation, remittances and social-cultural and economical transformation. These studies are in the form of either book or articles. The chapter tries to detail the conceptual theoretical concept regarding the definition of emigrant work, remittance and consequences brought by remittance in term of capital formation. Remittance is amount transferred by workers abroad to support their families back home. Euphemistically, present day Nepalese economy is characterized by Remittance Economy. Genesise starts from right from the begining of world war in which Nepalese taught not for the protection of their homeland but in course of fulfilling duty in which they are engaged. At the ties of British rule in India, these days when Nawabs of Lukhnau were watching helplessly the loot of their huge wealth. The possessions thus received went to the treasury of the rulers but the salary of the soldiers received formed the part to support the families. Remittace business is created by the foreign employment that the long experience in Nepal. For the foreign employment Nepalese people were earned Brave Soldied in the history of world before some decodes. Nepalese people are earned a name and fame for fighting as Bir Gorkhali. Nepalese migrate people called Lahure because they employed and money in Lahure which is in Pakistan now. Some of the Nepalese were earned money in Malaysia so the were called Malayako Lahure (Chaulagain, 2015).

The size of the remittance is growing at an exponential rate in recent years. The renewed debate stated particular by after 1990 when it was observed that the dependency theory theory and structural views on remittances. which dominated the debated of the 1970s and 1980s and maintained a pessimistic view that remittance never contributes to the developed underdeveloped countries mainly or reason that international migration encourages brain drain from the developing countries depriving them of the human capital that they desperately need to meet their development gold. Prior to the dependency and structural views, however, (the

development list and neoclassical thinkers during 1960 and 1970 had maintained views on remittances believing that capital and knowledge transfer by migrants would help to achieve development need of leads developed countries in the world wide) is a service to provide access to Nepalese published research, and increase worldwide knowledge of indigenous scholarship. The same views have taken incarnation at the start of this century bringing.

## **2.2 Theoretical Review**

International labour migration is one of the salient features of the globalize world. It will only become more important as a subject as it has an impact on the socio-economic condition of both labor and labor destination countries. There exists virtually no country that does not contribute to international labor migration either as receiving country, sending country or transits.

International labour migration has great impact on the socio-economic condition of the countries concerned. At present not a single country exists that does not contribute to international labour migration either as a receiving country or country of transits. Foreign employment therefore plays a vital role in the today's global economy. Labour migration has rapidly increased particularly after globalization. In the recent years, remittance has emerged as one of the important sources of the country.

International migration of skilled persons has assumed increased importance in the recent years demonstrating the impact of globalization. Revival of growth on the world economy and the explosive growth in the information and communication technologies. A number of developed countries have liberalized their policies for the admission of highly skilled professionals. Immigration of highly skilled people in developed countries, because of there are opportunity for struggle and earn more money, they tries to permanent resident in going country and other things in development country, there are law and order situation. So highly skilled people prefers developed country . But semi-skilled and raw workers prefers developing country because of cost of going these country is very low then developed country and opportunity of get manual job is very high in developing countries.

International migrant remittances are perhaps the largest source of external finance in developing countries. Officially recorded remittance. Flows to developing

countries. Exceeds US\$ 125 billion in 2004, making them the second largest sources of development finance after foreign direct investment. Remittances were certainly larger if flows through informal unrecorded channels are also included. As the development community continues the search for additional resources to finance the Millennium Development goals (MDGs), remittance pro-poor and cyclically stable, compared to other capital flows appear to be a promising source. Remittances also appear to be the least controversial aspect of the overheated debate on the international migration. Both remitting and recipient countries are considering the long term economic implication of these transfers.

A number of developed countries have liberalized policies for the admission of highly skilled professionals. It should be properly acknowledged that some amount of mobility is obviously necessary if a developing country is to integrate in to the global economy although a large outflow of skilled persons poses the threat of a “brain drain” which can adversely impact growth and development.

Remittance are basically foreign exchange which is remitted by people who are living abroad to their own countries. The remittances from migrant workers back to their families is an important sources of income in Nepal. These remittance are generally used to cover day to day living expenses, to provide a cushion against emergencies and making small investments. These remittance represent the most direct and immediate benefit to emigrant’s families and to the sluggish economy. In developing countries like Nepal these remittances noticeably exceed foreign direct investment. The recent revival in interest in migration remittances is largely due to the sheer size these flows have acquired in recent years. That remittances are the second largest sources of external financing in developing countries was first revealed by Rathain in an earlier version. In addition to being large, remittances are stable and may even be countercyclical during a growth slowdown in the recipient country. It also shows that remittances are more evenly distributed among developing countries are typically large countries such as Tonga, Tajikistan, and Lesotho. Lebanon is among the top recipients in terms of remittances per capita.

Global flows of migrant worker remittances were estimated at US\$382 billion in 2013, up 5.7 percent from their level in 2013 and 34.5 percent compared to 20011 (world Bank). Developing countries received an Estimated US\$625.8 billion workers’

remittances in 2014, registering an increase of nearly 48.7 percent compared to 2011. Growth in remittances was especially strong nearly 83 percent during 2011-2014 in low income countries, notably India.

Migration in search of employment livelihood opportunities and permanent settlement is not a new phenomenon for Nepal. There has been constant mobility of Nepal across the national borders since unification of the Nepal as a country in 1768 AD. (Pant, 2006). Most of these early migrants were the results push of factors like political instability and exploitative agrarian condition. The formal and temporary migration for employment started before early 19<sup>th</sup> century when the Nepalese travelled Lahore to join the army of Sikh Ruler Ranjit Singh. Labour migration in true sense started after Anglo- Nepal treaty of peace and friendship of 1816 that recruited 3000 Nepalese soldier British Gorkha Regiment. Signing of peace and friendship Treaty between India and Nepal in July 1950 was a treaty granted the movement of workers in reciprocal basis and the Nepalese labor need no work permit. (CEDECON, 2009).

After the enactment of Foreign Employment Act 1985 Nepali labor started to migrate beyond India for employment. Oil boom in Gulf countries have created massive demand for foreign labor. The period between 1997 and 2003 could be considered the boom period for labor migration from Nepal to outside world. The most favored destination for Nepalese labor migrants are the Gulf, Middle East Malaysia, Korea, Japan and others. For foreign employment 109 countries are opened for Nepal. The importance of labour migration was given little attention in Nepal until recently.

It was only after the 1990s that the policy makers and academicians began to fully recognize the importance of paid employment within and outside the country Accordingly, for the first time data regarding migration were recorded in the population census, 2001.

Another stream of early Nepalese emigration to India was that of migration to northeastern region of India. It was towards the beginning of 19<sup>th</sup> century that Tea Plantation Companies were in search of plantation workers. As a result, People began to migrate to Assam. The Nepalese also began to migrate these areas. Many of them cleared the forest and started cultivation.



Remittance is created by foreign employment which has the long experience of Nepal. For the foreign employment Nepalese people are engaged before some centuries. The Nepalese people were earned name known as 'Brave soldiers' in the history of the world before some decades. Due to that reason, the demand of Nepalese people for the foreign countries and brought in Nepal. The common 'Lahore' is called to Nepalese people because they employed and earned money in Lahore which is in Pakistan now. Some of Nepalese were earned money in Malaysia so they were called 'Malayako Lahore' which indicates that they are being employed in the Malaysia now.

While both the first and Second World war generated a huge demand for young army personnel from Nepal. Because of low urbanization and growth of the industrial sector in the country, the scope for non-farm within the country is limited. Thus, more people migrate for non-farm employment.

After becoming the member of UNO in 1956 and participating in various international convention, Nepal's relation with rest of the World further paved the way for Nepalese emigrants abroad. The pace of globalization also fuelled for inter-regional and intraregional migration in most of the developing countries of the world. As Maoist movement intensified particularly after the beginning years of 1990s, more and more Nepalese youth of rural and urban areas of the country began to migrate temporarily towards India and abroad for education and employment. These youth send back money (remittances) to their respective family members

Most of the common Nepalese, however, preferred to visit India seeking jobs as they could do so by spending relatively small of money and did not need visa and a passport to cross the open border.

### **2.2.1 International Context**

Lee (1966) proposed the push-pull obstacles model of the migration on the basis of Ravenstein theory. According to Lee, the decision of migrate and process of migration are determined by the four factors which include ; factor associated with the area of origin (push), factors associated with the area of destination (pull), intervening obstacles (distance cost or lack of transport and communication etc.) and personal factors (age, sex, education and race)

Todaro (1976) stated that migration is stimulated primarily by rational economic consideration of relative benefit which are mostly financial. Decision migrate is influenced by the difference between two places, the odds, probability of getting job in new area is inversely related to unemployment rate in the new area. The other types of migration theories are connected with economic growth.

Lewis (1984) developed sector within the economy. The first agro-based, underdeveloped or rural area and second is industrial, developed, Urban territory. The prime reason for migration is due to wise differences, unlimited supply of labor force prevailing of low wage rate are attracted in to industrial sector until subsistence sector i.e. migration exist whenever wage differential exists and elimination of such differential causes to end labor mobility.

Bouge (1954) identified the cause of migration to be lack of employment opportunities, decrease in the natural resources etc. Lucas and Stark (1985) in their book, have explored the determination of remittance. They have studied and found that remittance on a household level determined by “pure altruism”, “pure self – interest “and “Tempered Altruism” or “enlightened self- interest” in their paper. Moreover, remittance depend on the migrant’s elasticity of demand. That is, if the migrants demand is elastic, fewer services will be demanded and remittance decrease and also found that there is proportional relationship between income and remittance.

Elabadawi and Rocha (1992) conducted research in six labor exporting countries of Africa and Europe: Algeria, Morocco, Portugal, Tunisia, Turkey, Yugoslavia in 1980s and found that the stock of workers abroad, level of income in the host country proxy for length of stay domestic inflation exchange rate premium in the parallel market, special incentive scheme designed to attract IWR (International workers Remittance) determine the volume of remittance of a country.

Remittance means transferring money from one place to another with fatly way which is also called antimony laundering. Money laundering is the illegal attempt to hide the true source of money. It generally involves money that has been obtained through criminal activity frequently drug dealing money launder’s money so it cannot be easily detected. Chaudhary (1993) in his book has quoted five different researches conducted by (i) H. Remple, R, Lobdell (ii) G.E jonson and W.E white law in Kenya

(iii) remittance in Pakistan (iv) B Banrjee in Delhi (v) ILO and presided by A S Oberia and HKM Singh, Their common idea is propensity to remit of all migrants and proportion of remittance is equal and depends on the types of work received abroad, level of education of migrants, marital status, origin of migrant rural or urban. The proportion of income remittance certainly is not equal Chaudhary (1993) studied in his own research about the use of remittance. He concludes that first, initial consumption pattern largely affected the use of it, If the recipient is below the poverty line his \ her elasticity of demand on necessary things is high, i.e it encourage local consumption expenditure, If he\ she above the poverty line, it makes him\ her rise in income status so consumption pattern shifts to goods for facility and luxury, secondly, expenditure of remittance in receiving household depends upon availability of desired commodities or services too, If they are not available they lead to establish wholesale and retail unite, Thirdly, the use of it depends on propensity to save and it is affected by level of income and ceremonial duties like marriage. If they are high one's propensity to invest reduce . the fourth element proposed by Chaudhary that affect the use is value system and attitude towards different types of occupation, Ravenstein (1985) was the first person to attempt forming migration theory, Ravenstein's laws of migration" is also known as pull-push factors of migration; still predominates as framework of migration analysis, push factors are land tenure system, unfavorable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of rural poverty in general and so on. Pulls factors are employment, education and other facilities are opportunities known as bright light of the towns. On the one hand push factors push the migration from their place of origin and on the other hand pull factors pull the migration to the place of destination.

Ball (2006) examined how remittance impact the decision to invest in capital formation on the part of the household while attempting to account for the migration. This study also consider the differential impact of remittance inflows distribution,

Cast and Paste (2006)S examined impact of remittance on inequality and poverty in Latin America and find that a one percentage point increase in remittance as a share of GDP lowers the poverty headcount by about 0.4 percent while they judge to be an In substantial impact of remittance in equality in Latin America. In addition to their

effect on poverty, remittance also improve other important indicators especially health and education indicators for receiving households.

Dhital (2007) tried to assess remittance current position and its role in the economy on this area to dig out the ground realities. She concluded that remittance generated are consumed and contribution to economic growth if they are invested productively.

Seddon (2000) examined the how many people were migrated and which destination and how do they organize remittances through official channel or non? Around the mentioned matter he found that 2-3 million need migrants now leave developing each year (legally or illegally). At the beginning of the Millennium Nepalese workers are employed mainly in Gulf (200000 plus ) and Malaysia (50000 plus), with least 5,00,000 (probably 1 million and possibly 2 million) working in India. Most of migrant people specially Malaysia used informal channel Hundi and used hand carriage system only few people used formal channel like as banking and financial addressed problem and make appropriate policy towards the benefit of migrant people.

Sota (2009) stated that international migration and remittances have on educational attainment and educational mobility of young people in Mexico. The main research questions guiding these dissertations are: what is the impact of US Mexico? And does this impact vary by the social and economic context where these children live? This study is done by using data from Mexico census of population and housing. More specially, the 10 percent sample available through IPUMS international with contains information on about 10 million..

Arunnathila (2010) conducted a research in Sri Lanka and found that the remittances from abroad have risen steadily over the years they amounted to US\$ 2.5 billion in 2007. Sri Lanka is struggling to strike a balance between maximizing the development benefit of migration while protecting migrant workers and their families from the adverse impact of migration. On the macro front, remittances have also provided significant balance of payments (BOP) support to country by offsetting the adverse impacts of the trade deficit during times of crisis further, there are indications that remittances. The level of remittances received by migrant households appears to be significant being equivalent to 48 percent of household income in the country.

Tumbe (2011) conducted a research that a factsheet of domestic and international remittances at the state level and across household characteristics and discusses the extent of remittance dependency, its growth since the 1990's the different uses of remittances across States, the possible impact on source region inequality and its importance in enhancing financial inclusion. Data from the 49<sup>th</sup> and 64<sup>th</sup> round migration related National Sample. Surveys, the Reserve Bank of India (RBI) and the 2001 Census were used for the analysis. Some of the findings were : (a) The domestic remittance market was estimated to be \$ 10 billion in 2007 to 2008, 60 percent being Inter- State transfers and 80 percent directed towards rural household (b) Domestic remittance financed over 30 percent of household consumption expenditure in remittance receiving households that from nearly 10 percent of rural India (c) Domestic remittances dependency was high in Bihar, Uttar Pradesh and Rajasthan and has generally grown since the 1990s, most notably in Orissa . (d) The top 25 percent household received around as 50 percent of domestic remittances suggesting that remittances could be increasing source region inequality (e) 70 percent of domestic remittances were estimated to be channeled sector as 25 percent in china revealing a huge opportunity for financial institutions to migrant workers (f) Kerala, Punjab and Goa accounted for over 40 percent of international remittances flows and are among the top remittance dependent economies of the world.

Arifeen (2013) presented a research paper in International Organization for management. This paper attempted to see the contribution of remittance to Bangladesh socioeconomic development both at macro migrants to perspectives by using various relevant literatures published by different organizations. The macroeconomic base mainly focuses on Gross Domestic Product (GDP) including foreign reserve and balance of payment, capacity of importing goods, etc. while the micro economy focuses utilization of remittances for family social security, consumption and investment at the household and community level. The research found that remittance through international migrants are a relatively stable form of income. In the last thirty one years, increased remittances flow has been contribution to the economic development of Bangladesh. It is evident that remittances not only increases household income, but also have the potentiality to increase local and national economic growth. However some major challenges are considered as impediment to further socioeconomic development of Bangladesh.

World Bank (2012) conducted a research on impact of remittances on financial development using both balance of payment statistics for close to 100 countries over the period (1970-2002, 1999, 2001). From the research they showed that remittances, funds received from migrant working abroad to developing countries a proportion of GDP. Furthermore, unlike other capital flows, remittances tend to be stable even during periods of economic downturns and crisis. The development potential of these flows is increasingly being recognized and therefore interest in Organizations, and the private sector. Yet, research on remittances is sparse and on financial development remains largely unexplored, despite the increasing interest on the part of financial institution both in the remittance sourced destination countries to enter this business as a way to expand their customer base. Furthermore this topic is empirically interesting because a priori, the links between remittances and financial sector development are unclear. Remittances might have positive impact on credit market development if, as individuals receive sizeable transfers from abroad that are shown to be stable, banks become the more willing to extend loans for remittance recipients. On the other hand because remittances might help relax individual financing constraint these flows might also lead to lower demand for credit and have a dampening effect on credit market development. At the same time, whether we observe a positive relationship between remittance and financial development measured in term of depositing will depend on the extent to which households are able to save of the remittances they receive and do so by depositing funds with bank.

Odekunle (2013) investigated the link between remittance and fixed capital formation in Nigeria. The paper was particularly interested in establishing how country's capacity to utilize remittances was influenced by financial sector development. The study used time series data between 1977 and 2010 and employed the Dynamic ordinary Least squares model the study to control for endogens occasioned by the use of lag in the independent variables. The study found a positive correlation between remittance and physical investment. Moreover, the relationship between remittances and financial development, suggests that financial development compliments remittances in enhancing investment. Therefore, as a policy recommendation, the author argues that for Nigeria to benefit from remittances from emigrants, the government should focus on improving financial development in order to enhance the effect of.

Icduygu (2004) argued in his study that remittances to Turkey from the estimated over 3.5 million Turkish emigrants living abroad are continuing and presumably account for a sizeable part of the country's economic development . it is still on easy task to pinpoint the dynamic nature of link between remittance and economic development Certainly among the main consequences of labor of emigration for a sending country like Turkey are the beneficial impact of incoming workers' remittances . As a developing country, Turkey has always needed external capital to support development projects and has always faced perennial shortages of foreign funds to pay for imported goods and services and foreign debts.

All are this views worker's remittance greatly contribute to the country's economic. Worker's remittances incre iase from a modest \$ 93 million 1976 toa peak \$ 1.4 billion in 1974 to and then declined to \$ 893 million 1978. Tukey showed a more or less consistent level of annual remittances receipts of around \$ 1.5 to 2.0 billon between 1979 to 1988. In this period, almost a quarter of Turkey's annual total import bill was ficanced by remittances receipts of about \$ 3 billion which increased to \$ 3.4 billon in 1995. In 1990s, remittances were equivalent to around one- third of the trade deficit but were well below 3 percent of GNT. In short, since the 1960s, workers remittances have greatly contribute to meeting the import bill of the country but their relative importance with respect to NGP has been limited. Another way of worker's remittances is the type of investments made by the migrants. Money coning from abroad often finds its way into the maintenance of the family left behind or spent as investment in equipment, real estate, a car or possibly as part of the migrant's attempt to set him or herself up in a estate, or another kind of new enterprise. Certainly much of the incoming money has gone directly in to the family or local community of a migrant abroad do not return to their place of the new home. It seems that remittance do not help to reduce imbalances region in the country, through it is clear that improvements are made possible by remittances

### **2.2.2 National Context**

Remittance refers to that portion of migrants earnings sent from the migration destination to the place of origin. The term remittance is normally limited to denoted monetary and other cash transfers transmitted by migrants' workers and communities (pant, 2006). Remittance fall under the balance of payment (BOP) standard measures

based on the three items in BOP report as incorporated in the IMF BOP statistical yearbook. He concludes a large part of remittance are utilize for the consumption of purchasing house or other investments they produce positive impact on the economy by simulating demand for the goods and services moreover, the positive development impact of remittance could become more effective if migrants from associations and their commitments to their home becomes institutionalized.

Remittance is amount transfer by workers abroad to support their families back home. Euphemistically, present day Nepalese economiy is characterized by “Remittance Economy” . Its genesis starts from right from the beginning of world war in which Nepalese tough not for the protection of their homeland but in course of fullfilling duty in which they are engaged. At the ties of British rule in India, these days when Nawabs of Lukhnow were watching helplessly the loot of their huge wealth. The possessions thus received went to the treasury of the rulers but the salary of the soldiers received formed the part to support the families. Remittance business is created by the foreign employment that the long experience in Nepal. For the foreign employment Nepalese people were earned “Brave Soldier” in the history of world before some decodes. Nepalese people are earned a name and fame for fighting as BirGorkhali. Nepalese migrated people are called Lahure Because the employed and money in Lahure which is in Pakistan now. Some of Nepalese were earned money in Malaysia so they were called Malayko Lahure.

Aryal (2006) conducted a household survey in order find out the effect of the internal and international remittance on the household welfare and land conservation investment, the impact of 10 percent increase in these positive effect on the household welfare and the soil conservation investment. Household production as well as consumption level have improved. Similarly result are found in case of soil conservation investment of the household, It is quite interesting to note that use of family labor and hired labor have increase in remittance income of the household in the village. The positive impacts may be due to the increase in liquidity with the households having remittance earning. That might help generate land rental land the labor hire market within the village, which in turn increases the income of the household that do not have remittance relation.



Transnational labor migration is one of the most prominent forms of migration in today's world. This form of migration is voluntary and encouraged by economic reasons, according to Marx (1954, as cited in Shrestha, 2001) Labor migration became a significant type of migration since the "genesis of the capitalistic farmer" in the late 15<sup>th</sup> and 16<sup>th</sup> century. He conceptualized migration as a process occurring within many theories have treated and advocated migration as indispensable part of industrial growth and thus national development country encumbered by high fertility and acute unemployment, international labor migration is a survival strategy, migrants decision to migrate is influenced mostly by their economic position and their background and rather than the age or educational attainment. Reflect their strategy choice, whereas for the subordinate class it presents a survival more (Shrestha 2001)

Kunwar's (1993) concluded that foreign migration was due to low productivity and insufficient land which are the causes to leave the place of origin and hope to be better off in terms of physical facilities and infrastructure at destination.

Shrestha (2004) identified the major factors attributing to large scale out migration from Nepal which are high growth of labor force, high rate of unemployment, limited employment opportunities outside the farm sector, low salary structure in the economy and insecurity in the rural areas because of insurgency.

Upadhyaya (2007) analyzed the role of remittance for poverty alleviation in Nepal. Data were secondary, Secondary data were taken from Nepal living standard survey 1995/96 and 2003/04 on headcount poverty rate of different types of households according to their migration status in 2003/04. If the pattern of receiving remittances remained the same as in 1995/96, then poverty rate among households with internal migrants would have been higher than the observed one by 4.2 percentage points, whereas poverty rates among households with migrants abroad would have been higher than the observed one by 19.5 percentage point. Overall the increase in the incidence of remittance accounts for a 3.9 percentage points decline in poverty rate.

Kshetry (2004) identified the causes of Nepalese emigration as limited employment opportunities in government and private sector. Under development of industries and rudimentary service sector provides limited number of jobs to ever increasing labor

force. In the farm sector which conventionally used to absorb almost all work force failed to do so because of low motivation for farm sector work. The entrepreneurs in this sector are not enthused to invest more either due to low returns or risk involve in this sector, Such events and lure of making quick money at least from legal means by going overseas for menial work prompted to exit large number of workers from rural Nepal.

Karki (2006) found that foreign employment has helped to improve the social and economic indicators in Parbat district. It has helped in improving the education, health and income status of people through increased income, skills, experience etc.

Karki (2008), attempted to identify the impact of foreign employment and remittance in rural community in the study area. Moreover he also tried to identify the past trend of foreign employment and remittance of Nepal, socio-economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance. His study is based on both the primary as well as the secondary data. Primary data were collected from the sampled household economy and uses of remittance. His study is based on both the primary as well as the secondary data . primary data were collected from the sampled households in the study area and secondary data were collected from the publication of CBS, NPC, and WB etc for the purpose of comparison of the composition of foreign employment and remittance in his study , He has analyzed the collected data by using simple statistical tools like percentage and ratio.

Among the various uses of remittance found vary by reducing poverty, creating economic security and enhancing social status within those households and the community. Remittance have been playing pivotal role by relaxing foreign exchange constraints, increasing contribution to GDP and strengthening the BOP situation of the country.

Shrestha (2006) stated that stagnant agriculture economy, lack of new opportunities of employment and more important the “demonstration effect” continue to push Nepalese labor to India and abroad.

Khadka (2011) showed the impact of remittance in the economy He has used primary as well as secondary data and used random sampling method to analyze the data. After analyzing the data, he has found that poverty level has decreased after receiving remittance income. An annual average educational expenditure of remittance receiving household has been greater than non- remittance receiving household.

Acharya (2013) mainly concentrated on providing a comprehensive commentary of the diversified Nepalese foreign employment sector. The recent trend of foreign has been covering a wide space in the world. Especially, least developed countries like Nepal, it is not a new issue but foreign employment has been significantly contributing for transferring socio-economic transformation, he has found the foreign employment sector for Nepal has suffered from various challenges. In such a situation, he has suggested the government of Nepal should be implemented proper policy to make this sector more beneficial

In the study has concluded that the main destinations of Nepalese workers are Gulf countries and Malaysia . 60 percent of total workers are employed in Gulf countries. The main countries are Saudi-Arabia, Qatar, UAE and Malaysia etc. The remittance is increased in the year 2003/04 by 36 percent while base year was 1994/95. The contribution of remittance to GDP in 2003/04 was 11.44 percent and the share of remittance in convertible foreign exchange reverse was accounted by 46.9 percent in 2003/04. The average cost for foreign employment was Rs. 93.99 it ranges between Rs.45 minimum to Rs. 150 thousand maximum. Sources of financing for foreign employment for 90.29 percent migrant worker was borrowings. The major sector of employment for Nepalese workers were building construction (41.66) and industry (26.38 percent). Of family members and cash available and around 36 percent respondents have same level of education of children and health of family members, around 47 to 50 percent have same level of clothing and cash available.

By remittance, the researches means sending income in term of money or/good in home the migrants income from outside their home country. Now a day, remittance income has been growing rapidly in developing countries. Since long time in Nepal, many migrants have been transferring their income through official and unofficial channels. Due to agencies like Western Union, International Money Express (IME), and the recipients. However, it is difficult to calculated the exact size of remittances

recorded in balance of payments a account in this regard, it is estimated the sender pays the remittance to the sending agent or institution using cash, chequ or money order or a debit card using ecommerce and so on. In step second, the sending agency instructs its agent in the recipients' country to deliver the remittance. In the third remittances are periodically followed between sending agents and paying agents according to their agreed schedules. However , informal remittance are settled particularly through goods trade. This scheme of sending money has played an important role to deliver money transfer services in a convenient way. The cost of remittance transaction includes a fee charged by the sending agent, which in paid by the sender and a currency conversion fee for delivery of local currency to the beneficial in receipt country. If remittance comes through commercial bank of financial institutions, they may earn an indirect fee in the form of interest by investing funds before delivering the amount to beneficiary.

## **2.3 Empirical Review**

### **2.3.1 International Context**

Seddon (2003) showed that the history of labor migration from Nepal. Data back at least to the beginning of early 19<sup>th</sup> century and closely linked to British imperial politics. Recruitment of so called “Gorkha” soldiers into the (British) India army was institutionalized in 1816. After Nepal had lost the war with the British East India company. Samser JBR, encouraged the people to join the British recruitment. About 200,000, Nepalese males joined the British regiment event during the first world war. The Anglo-Nepal convention held on 15<sup>th</sup> May 1815, created alternative labor market to the sikh ruler Ranjit sing in Lahore and other joined them after the defeat of the Nepalese army by the British. This tradition, until today is reflected in the name “Lahore” for soldiers. But today it is regulated by the “Foreign Employment Act” . with the enactment of foreign employment act, Nepalese started of migrate beyond India particularly to the Gulf, Where oil boom had created massive demand for foreign labor. There was significant growth of Nepalese migrants in East Asia, South East Asia and the Gulf.

Lili (2013) presented a research page in CARIME. The paper looks at the more generally. Foe Armiresson analysis shows that over the short run 10 percent remittances growth positive affects GDP growth by 0.3 percent points through its

multiplier effect on domestic demand. It is also an undeniable fact that However, a key question is whether remittance also serve to promote long-run economic growth. Empirical results show that a 10 percent points over the long run. This negative effect can create moral hazard in recipient households.

Rath (2009) explained that the impact explained remittance in developing countries. The main objective of this article has to analyze the trend of remittance and its costs. He has found that the remittance has been sent home by migrants from developing countries reached from \$206 billion to \$193 billion in 2005 and more than double of 2001. The size of remittance is as large as FDI and official aid. They have found the cost of sending remittance in three money transfer operators (Western Union, Money Gram and Dolex) has increased and the benefits of remittance has reduced the poverty. A strong flow of remittance has improved the receiving countries credit worthiness lowering cost of borrowing money in international market.

Henry (2010) established a similar result to Mallick (2012), finding that remittances crowded out domestic investment in sub-Saharan Africa. The paper utilized a Generalized Method of Moment (GMM) estimation model to estimate the impacts of remittance inflows on domestic investment in sub-Saharan Africa. The author found that remittances negatively affect domestic investment in sub-Saharan Africa. A 10 percent rise in remittance from emigrant worker led to a 20.9 percent decrease in domestic investment in sub-Saharan Africa.

Farid, Mozumdar, Kabir and Hossain (2010) depicted that the trends of shifting flows of migrations from Bangladesh and to find out the remittance flows from overseas migrations to Bangladesh. Their study has based on secondary data. They have used a table graph for analysis of the data in order to achieve the objectives of the study. They have found an increasing trend of migrant's remittance and contribution of remittance on GDP.

### **2.3.2 National Context**

Pant (2005) stated that remittance is an important financial resource to the receiving countries at the micro and macro level. They increase both the income recipient and the foreign exchange reserve of the recipient's countries. Mostly remittances are used for basic subsistence needs and for daily needs. Such as food, clothing and housing.

These three components make up a significant portion of the income of the recipients household. At an individual level remittance increase the income and reduce the poverty of the recipients'. Generally in the developing countries only a small percentage of remittance are used for saving and used as productive investment such as income and employment generating activities as buying land or tools, starting a business and other activities. However, the money spent on better education of the children and health is believed to have a favorable effect on growth, which tend to help in output production. At the macroeconomic level of remittance, provide significant sources of foreign currency and contribution to the balance of payment. Remittance also contribute to the expansion of communication services courier companies as well as money exchange services, which contribution to the expansion of economic activities and increase the employment opportunities.

Pant (2006) indicated the history of labor migration of Nepal dated back to the unification of Nepal as a country in 1768 A.D much of early migrations were result of push factors like excessive tax burden, exploitative agrarian relations and political instability. The more formal and temporary migration began after the Nepali people started to work in the British army following the Sugauli treaty was signed on December 2, 1815. This Treaty, among others, allowed Britain to recruit Gurkhas of military services. While the first and Second World War generated a huge demand for young army personnel from Nepal, in recent times the scope for out-migration for military services has gone down and more and more people have migrated for civilian jobs. Because of low urbanization and growth of the industrial sector in the country, the scope for non-farm works within the country is limited. Thus, more people migrate for non-farm employment.

Shrestha (2006) stated that history of the foreign employment i.e. through the tradition of going abroad began in Nepal in 1809 followed by recruitment of Gorkha soldiers by the British east India company in 1815, it was largely limited to certain regions and ethnic communities of the country most of the Nepalese looks to India to seeking job as spending small sum of money, no need of visa and passport and across 1750 KM long common open border. In this due to opportunities of job and more importantly the "demonstration effect" continues to push Nepalese to India and third countries. But it was only after the restoration of democracy in 1990, the flow of Nepalese

workers to the Gulf countries, east and South East Asia (Saudi Arabia, Kuwait, Oman, Japan, Hong Kong, Taiwan, Korea, Malaysia, and Singapore), Europe (United Kingdom, Germany, Netherlands, Belgium, and France), Canada and USA witnessed a significant rise. More ever, after the democratic movement in 1990, it become easier to obtain travel documents and passports. The increase flow of information and the linearization in traveled to a surge in the migration of Nepali citizens for employment. Again because of the political conflict since 1995, the pace of foreign employment has dramatically increased as the situation has compelled Nepalese youths to look for alternatives abroad. This conflict has also result in increased flow of migrants from the mid-west and far west regions to India.

Reports of NLSS (2003) recorded as high as 55.7 percent of labor force are under employment. It is obvious that Nepal is facing a dismal condition of unemployment and under employment. Nepalese economy is passing through the critical phase of low-level equilibrium trap circumscribed by poverty and stagnation. Foreign employment is considered as an exit door to uplift the ailing Nepalese economy and remittance has been the only hope to rescue the economy from low level of equilibrium trap. Acceleration in overseas migration and remittance has been instrumental for survival, poverty alleviation and improvement in living standard of the people. The virtue of foreign employment is that it helps to increase foreign exchange reserves in the resource scar economy, Nepal has been able to adjust balance of payment crisis due to remittance despite continues slackening in tourism and trade.

Adhikari (2007) identified the eight reason of migration, (1) Push factors; Poverty, unemployment, Decreasing income, cost burden for living, Disaster, low agriculture production, political instability, internal conflict, Vicious circle, increasing population, low economic growth, armed conflict. (2) Pull factor: Employment, good income, salary, security, demand of labor, family remitting. (3) Globalization: International level transport, technology development, concept of borderless world, inter- country network, skill sharing, GATT'S model 4 (acceptance of temporary inhabitant for skill gap), Global inequality, Brain gain and Brain circular etc. (4) Survival Strategy: Trend of going abroad by Rich, high skilled persons and ti improve their status or in search of gainful employment or to fulfill the skill gap. (5) Advanced

strategy: Trend of going abroad by Rich, high skilled persons and improve their status or in search of gainful employment or to fulfill the skill gap. (6) Government Policy: promotion and pressure the over labor force to foreign employment by Foreign employment or labor policy and legal and. institutional manage. (7) Demonstrative Effects: life styles of returning people from abroad, income, prosperity and attraction towards abroad, demonstrating rather.

Acharya (2013) mainly concentrated on providing a comprehensive commentary of the diversified Nepalese foreign employment sector. The recent trend of foreign employment has been covering a wide space in the world. Especially least developed countries like Nepal, it is not a new issue but foreign employment has been significantly contributing for transferring socioeconomic transformation. He has found the foreign employment sector for Nepal has suffered from various challenges. In such a situation, he has such a situation, he has suggested the government of Nepal should be implemented proper policy to make this sector more beneficial.

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Adhikari (2007) studied identified the eight reason of migration,(1) push factors; poverty, unemployment, decreasing income , cost burden for living, disaster, low agriculture production, political instability, internal conflict, vicious circle, increasing population, low economic growth, armed conflict.

**(1) Pull Factor:** Employment, good income salary, security, demand of labor, family remitting



- (2) **Globalization:** International level transport, technology development concept of temporary inhabitant for skill gap, Global inequality, Brain gain and Brain circular etc,
- (3) **Survival Strategy:** Trend of going abroad by rich, high skilled persons and improve their status or in search of gainful employment or to fulfill the skill gap.
- (4) **Government Policy :** Promotion and pressure the over labor force to foreign employment by Foreign employment or labor policy and legal and institutional manage.
- (5) **Demonstrative Effect :** life styles of returning people from abroad, income, prosperity and attraction towards abroad, demonstrating rather.

## 2.4 Research Gap

Different studies have been done in the national and international level regarding to remittance .Especially, in these studies only use of remittances presented, further researchers clearly cannot mention the foreign employment problem because these things are not based on current data. It's found that the study about utilization of remittances on education, health, paying loan, agriculture etc. anyone cannot study about capital formation. So there, the research studies by using current data to fulfill the gap between national and international context about utilization of remittance on capital formation.

The direct impact of remittance income is observed on the children and the wives of the migrant persons. Positive impact were seen on the opportunities for education, but negative impact is worsening psychology of their children as their mothers apart for a long time. Due to the remittance income , support the family financially and have the freedom of financial decision-making, travelling to the further countries with new experience , seeing new places , and meeting with people from different parts of the world and interacting with each other collecting the knowledge and experience along with feeling of independence and confidence, it react positive impact in his/her life family and their own society with financial freedom.

Nepal would witness a sharp fall in poverty and income inequalityssss if government implemented policies that enabled poor households ton sent their migrants to

developed countries instead of low income countries as South, Korea, Japan, USA, and European countries . policies that could facilitate this switch of destinations might include providing more credit opportunities and also education to acquire the skill required for third country migration. Although policy maker face the challenge of designing effective skill development program for less educated people, these program might have a high return because skilled (even low –skill) might workers might have a better opportunity of obtaining a safe and high-earning job in third .

## **CHAPTER –III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This is a case study of Kusma Municipality of Parbat District. This is analytical as well as descriptive if research design. The study have both an explorative and descriptive research. It have been used both the qualitative and quantitative techniques depending on the nature and sources of data and information.

#### **3.2 Nature and Sources of Data**

The nature of the study is both descriptive as well as analytical. The nature of data have been quantitative and qualitative both. The present study have both the primary and secondary data. The required data are have been collected from primary data and secondary studies for information and observation. Similarly secondary data had been collected from various published and unpublished materials by related organizations. The nature of the study is descriptive as well as analytical. It also about studies for those who are far from those family members, the required data is himself as some data about remittance is taken from the secondary sources of data which are both published as well as unpublished.

The primary data has collected from the field survey though various techniques such as questionnaire, interview with key information and observation method.

##### **3.2.1 Primary Sources of Data**

The primary sources of data have been collected through the household survey, fill up the questionnaires and key information interview. The structured questionnaire is asked directly to the entrepreneur and employees to get information about the utilization of remittance

##### **3.2.2 Secondary Sources of Data**

The secondary data have been obtained from Economic Surveys, collected from Kusma Municipality Office Kusma, Central Bureau of Statistics (CBS) Nepal, Nepal Rastra Bank, Parbat Profile published by Parbat District Development Committee,

Kusma Municipality profiles published by Kusma Municipality Office Kusma, various data received by branch of CBS Parbat and other offices located in Kusma.

### **3.3 Data Collection Methods**

The secondary data have been obtained from different sources. To collect primary data, the following tools and techniques have been adopted during the study area.

#### **3.3.1 Household Survey**

The total number of households of Kusma Municipality is about 8384 as recorded in the population census 2016 there are 925 Emigrants household in the municipality. In their house at least one person has migrated to Malaysia Dubai, Saudi Arabia, Quarter and other countries (field survey 2017), total migrants from the 8384 households are 975. As it becomes impracticable to study all emigrants only 20 emigrants 'households are taken sample. To take sample all 14 wards of the municipality are considered as simple random sampling and the desired sample are taken randomly from each wards of the proportional representation of sample from each wards as follows.

**Table 3.1**  
**Research Design of the Study**

<b>Ward No.</b>	<b>Total Population</b>	<b>No. of Emigration</b>	<b>Sample Emigration</b>
1	4566	115	6
2	3950	105	6
3	3024	100	5
4	2729	85	5
5	4107	110	6
6	3697	95	5
7	1937	55	4
8	1759	45	3
9	2047	50	3
10	2407	38	4
11	2196	42	3
12	2431	45	3
13	2132	38	3
14	2618	42	3
<b>Total</b>	<b>39600</b>	<b>965</b>	<b>60</b>

Sources: Municipalities Record Field Survey, 2017

Table 3.1 shows that total population, numbers of migration and sample of emigration household of Kusma Municipality. The total population of this municipality 39600 out of this population ward number 1 have higher population because it lies in bazaar area. In Kusma Municipality each and every households members are engaged in foreign employment. Ward number 4 have a higher emigrant's population and ward number 8 have least number of population are engaged in foreign employment.

### **3.4 Questionnaires Design**

A survey questionnaires sheet have been prepared and administered to the local people in order to collected quantitative and qualitative data. The questionnaires have been based the structural and semi- structural have also been included for such respondents to collected the information. The questionnaires are based on economic status, utilization of remittance by the remittance receiver family. Some information on remittance has been collected through banks, organization who works in remittance fields (Western Union Money Transfer, Prabhu money transfer city express IME, BOK Remittance Money Gram etc.) Some of the information collected from neighbors of the remittance receiver for actual information of utilization of remittance, like buying land, paying loan. Invest on agriculture and other invests etc. Some information collected from personal observation. So tool of data collection questionnaire, personal observation, neighbor discussion and direct interview.

### **3.5 Sample Selection Procedures**

The study have been carried out the basis of cluster sampling. Under this method 1,2,3 and 4 wards have been selected, from each wards sample methods are systematically simple random sampling and systematic sampling of the study area.

### **3.6 Methods of Data Presentation and Analysis**

Data have been represented in various units and forms depending on its nature to fulfill the set objectives. A number of mathematical tools such as tabulation, percentage, and other graphical presentation such as graph, pie chart, map etc. have been employed as analytical tools. The following steps are used to analysis the data.

- Collected data have been processed by tabulating data by preparing the table
- Cartographic techniques have been used to describe the table in the study.
- Some statistical tools like percentages, average, ratio etc. are used to analyze the Data

## CHAPTER- IV

### INTRODUCTION OF THE STUDY AREA

#### 4.1 District Profile

Kusma Municipality is a municipality and the headquarters of Parbat district in Nepal. This city lies in the western part of Nepal. Just about 57 km from Pokhara and 12 km from Baglung. Kusma falls under western Development Region and Dhaulagiri Zone of Nepal. It is located at 28°23'N 83°39'E at an altitude of 1294 meters. Kusma Bazaar stranding a narrow and high strip of land between the banks of Kaligandaki and Modi is the main market center of Municipality. A bridge joins Kusma with Gyadichour located on the other side of the deep Modi river canyon. There are 14 wards. The total area of this municipality is 93.18 km<sup>2</sup>. According to the municipality office, the total population of the municipality is 39,600 of them 17,739 male and 21,861 females. The population density is 320/km<sup>2</sup>. The population growth rate is 1.0 percent and the total literate rate is 73.9 percent out of 73.9 percent male 84.44 percent and female 64.3 percent. People of the various castes and creeds inhabit in this municipality. (District Profile of Kusma Municipality, 2017)

Majority of the population belongs to ethnic communities of Brahmin, Chhetri Newar, Sunar, Magar, Sarki, Damai, Kami etc. Nepali Language is the medium of general communication Newari language is also spoken by the people of this ethnic groups. The educational organizations are: Government campus 1, higher secondary school 14, and government secondary school 68, Health services facilities are central health care 3, primary health service 1, health post 9, eye care center 3. Telephone line set 1,300 and postpaid mobile 2071 and prepaid mobile service also available, CDMA Phone 1040, sky phone 10843, ADSL service also available. There is no lack of electricity in this municipality. Transportation is available almost all over the wards of this municipality, where has 27 kilometer pitch roads, 11 kilometer graveling and 180 kilometers non graveling road. The main occupation of this municipality trade, agricultural, service and hotel. (District Profile of Kusma Municipality, 2017). The 1,2,3,4,5,6,7 and urban-based and 8,9,10,11,12,13,14 are remote-based area. Market area people are engaged in trade, cottage and industries and remote area people are engaged in agriculture and foreign employment. There is one commercial bank, Rastriya Banijya bank LTd, one Agriculture bank. 14 private commercial bank and

also more than 20 co-operative limited in Kusma. The study area Pipaltari, Khurkot, Katuwachaupari and Durlung which state the map of Kusma Municipality. People of these wards are poor and illiterate. In the recent years many national bank have opened branches and regional office. A large no of people are employed overseas and in neighboring India, people from Parbat and nearby have a tradition of Indian Army, Kusma and the region receives highest amounts of remittance earned from foreign employment in Nepal. (District Profile of Kusma Municipality, 2017)

#### 4.1.1 Age and Sex Composition of Kusma Municipality

The whole population of the Kusma municipality is divided into the three age groups: young, adult and old. Also the population of municipality is divided into dependent and independent population. The table 4.1.1 shows the age and sex composition of population.

**Table: 4.1**  
**Age and Sex Composition of Kusma Municipality**

Age group	Male	Female	Total	
			Number	percent
0-14	6955	7025	13980	32.11
15-59	9599	13511	23110	60.69
60 above	1185	1325	2510	7.18
Total	17739	21861	39,600	100.00

Sources: District Profile, 2017

Table shows that total population 39600 and that 17739 male and 21861 female. In the table 32.11 percent, people are in the age group 0-14. The percent of the age group 15-59 is 60.69 the old group or above than 60 and above age group has only 7.18 percent. The population of dependent has 39.29 and independent population has 60.69 percent. Above table shows non-active population is less than active population. So it affects the economy positively as well as other development workers



#### 4.1.2 Religious Composition of Kusma Municipality

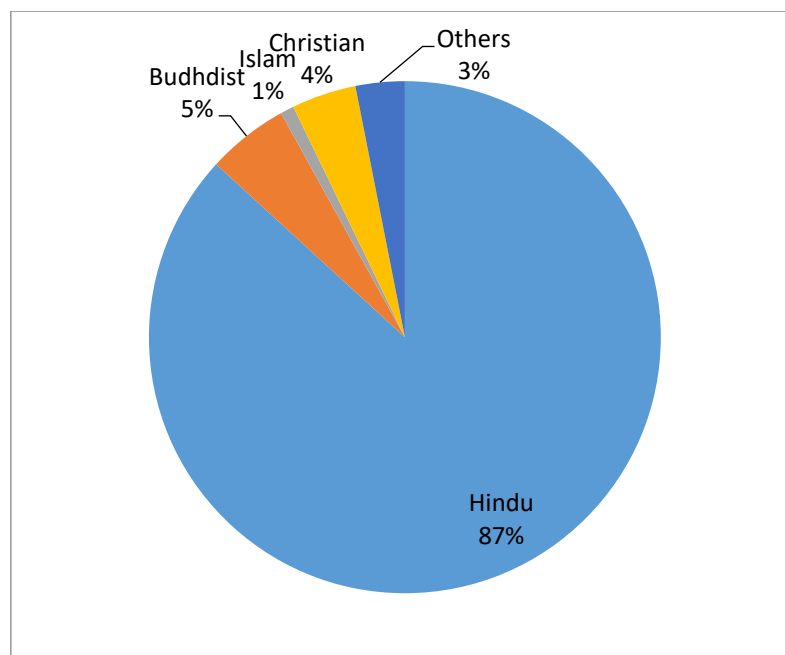
The Kusma Municipality has a Hindu society. In this Municipality 90 percent people follow Hindu religion. The main religious palaces of Kusma Municipality are Gupteshower Gufa, Ram mandir kusma, shiva mandir kusma, etc

**Table : 4.2**  
**Religious Composition of Kusma Municipality**

Religious	Population	percentage
Hindu	34,685	86.81
Buddha	1800	5.16
Islam	380	0.86
Christian	1820	4.08
Others	915	3.10
Total	39600	100.00

Sources: Municipality Record,2017

**Figure: 4.2**  
**Religious Composition of Kusma Municipality**



Sources: Field Survey,2017

#### 4.1.3 Ethnic/ Caste Composition of Kusma Municipality

In Kusma Municipality, various ethnic groups have been found Table 4.2 shows the ethnic composition of Kusma Municipality Bramin, Chhetri, Magar Sarki,Kami, Newar and other have been found in the municipality. The table 4.1.2 shows the ethnic composition of Kusma Municipality.

**Table 4.3**

**Ethnic Composition of Kusma Municipality**

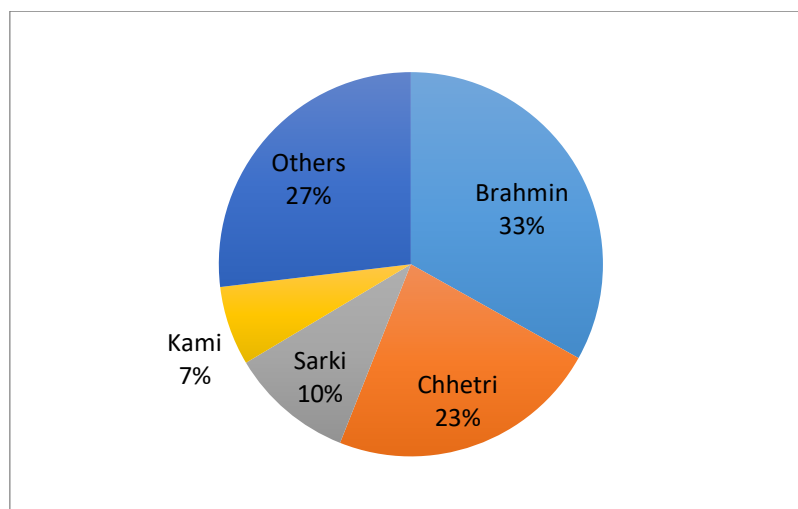
Ethnic Group	Population	Percent
Bramin	15405	33.03
Chhetri	11380	22.83
Sarki	2165	10.39
Kami	1674	6.66
Others	8981	26.82
Total	39600	100.00

Sources: CBS, 2017

Table 4.3 shows that Brahmin has 33.03 percentages of total population in Kusma Municipality Brahmin has followed by Chhetri, Sarki Kami and others respectively.

**Figure 4.3**

**Ethnic Composition of Kusma Municipality**



Sources: Field Survey,2017

#### 4.1.4 Literacy and Education

Kusma started educational steps from 2009 B.S with the established of Balmandir primary school in kusma ward no. 4 which was the first government school of Kusma Municipality. At present this school has become higher secondary school and there are 27 government school and more than 14 private school. The table 4.1.4 represents the educational status of Kusma Municipality.

**Table: 4.4**

**Status of Literacy and Educational of Kusma Municipality**

Status	Male	Female	Total
Literacy	14532	15733	30,265
Illiteracy	1145	2840	3985

Sources: District Profile, 2017

Table 4.4 shows that 34250 out of 14532 male and 15733 female are literate . 1145 male and 2840 female out of 34250 are illiterate. In Kusma Municipality. Female

population is more literate than male population because all municipalities people known that when all female are literate all houses are literate. So, all parents are attendance their child in school.

#### 4.1.5 Occupation of the Kusma Municipality

The main occupation of this municipality is Agriculture, Service sector and foreign employment. A part from this sector, army service, labor service, business etc. are the occupation in which people are engaged. Then are engaged. They are engage in the following occupation shows in percentage.

**Table: 4.5**  
**Occupation composition of Kusma Municipality**

Occupation	population	percentage
Agriculture	12,210	31.70
Foreign Employment	8,516	21.85
Labor	4,957	11.64
Service	4,605	9.21
Business	3,568	9.08
Other	5,744	16.49
Total	39600	100.00s

Sources: District Profile, 2017

Table 4.5 shows that among 39600 population 31.70 percent or 12,210 number of population are engaged in agriculture, 21.85 percent or 8,516 number of population are engaged in foreign employment, 11.64 percent or 4,957 number of population are in labor, 9.21 percent population are service sector, 9.08 percent population are business sesctor and 16.49 percent or 5,744 number of population in other sector.

**CHAPTER -V**  
**DATA ANALYSIS AND INTERPRETATION**

This section provides description about the social characteristics of the respondents, status of economic conditions, occupations that causes to seek foreign employment, medium to obtain foreign employment destination, duration of stay in abroad, income earned in abroad, system of transfer remittance, use of remittance and its trend.

**5.1 Social Characteristics of the Respondents**

The social condition such as caste/ethnic compositions, size of family age, material status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. For the purpose of the study; the sample was classified into four distinct ethnic groups such as Brahmin/Chhetri, sarki, kami and others. The other social characters considered important for these groups are family size, age and material status and literacy rates. The information obtained by interviewing the respondent is presented in the following table.

**Table: 5.1**  
**Information of the Social Status of the Respondents**

<b>Caste/Ethnics Groups</b>	<b>No. of Respondents</b>	<b>Average family Size (number)</b>	<b>Average (Year)</b>	<b>Percent of Married</b>	<b>Percent of Literate</b>
Brahmin/Chhetri	20	3.8	26.6	49.31	71.15
Sarki	15	4.3	28.21	58.55	25.62
Kami	12	3.45	25.2	60.52	28.12
Others	13	3.15	26.14	65.65	37.85
Total	60	3.8	26.6	63.53	40.68

Sources: Field Survey, 2017

Table 5.1 shows that among the workers seeking foreign employment from Kusma municipality is mostly dominated by Brahmin/ Chhetri followed by Sarki, Kami and others are seeking foreign employment but their size is very Small. Average size of family for household is 28.21 members which is higher than national average. Sarki and Kami have higher family size than other groups. Average age of the respondent is

28.21 years. Kami had lower age than other groups. Most of the respondents were married. The percentage of married respondents was 59.52 percent. Kami had highest marital status than other groups. The respondents of Brahmin/Chhetri were all literate and highest percentage of illiterate was from the Kami.

From the above table, the researcher can conclude that foreign employment seeking families from Kusma Municipality have very high family size, most the respondents were married and 59.52 percent were literate.

## 5.2 Status of Economic Condition

Economic condition is one of the most important factors of emigration. It is expected that people from the lower economics condition would seek foreign employment is quite high and poor people may not be able to afford it. In this municipality respondents are classified into lower, middle and high income group according to their economic condition. The information obtained is presented in the following table

**Table: 5.2**  
**Status of Economic Condition**

<b>Caste and Ethnic groups</b>	<b>No. of respondent</b>	<b>Lower</b>	<b>Middle</b>	<b>Higher</b>
Brahmin/Chhetri	20	3	12	5
Sarki	15	10	3	2
Kami	12	6	5	1
Others	13	3	7	3
Total	60	22	27	11

Sources: Field Survey, 2017

Table 5.2 clearly shows that the economic condition of the different caste/ethnic group. This table shows a wide variety in the economic status of the groups in the sense that some groups are of high economic status and some are poor. The Brahman/Chhetri are mostly belong middle-income groups and sarki are low income groups.

## 5.3. Occupational Status of the Respondents

The occupations is one of the important reason for migration. Under employment and low income encourage out migration. White color job with income discourage or band for foreign employment. To find out their occupational background the respondents are asked identify their main occupation themselves into three categories.

**Table: 5.3**  
**Distribution of Occupational Status of the Respondent from Different Ethnic Group**

<b>Caste and Ethnic Groups</b>	<b>No. of Respondents</b>	<b>Agricultural</b>	<b>Labour wage</b>	<b>Business</b>
Brahmin/Chhetri	20	13	2	6
Sarki	15	5	8	2
Kami	12	5	3	3
Others	13	7	4	2
Total	60	30	17	13
Total				

Sources: Field Survey, 2017

Table 5.3 shows that the most of the respondents are identified agriculture as their main occupations. Fifteen out of eighty five respondents thought that main occupation is agriculture and wage labour. Only 13 respondents are involved in business field.

#### **5.4 Causes Seeking to Foreign Employment**

There must be several reason of seeking foreign employment. The reason might be economic, social or political. They may be related to the acquired skills and various other reasons. To find out the causes of seeking employment the respondents were asked to identify the prime causes to go for foreign employment. They gave more than one reasons as follows

**Table: 5.4 Causes of Seeking Foreign Employment in Kusma Municipality**

<b>Caste and Ethnic</b>	<b>No. of Respondents</b>	<b>Unemployment</b>	<b>Debt</b>	<b>Conflict</b>	<b>Earn Money</b>
Brahmin/Chhetri	20	7	7	2	4

Sarki	15	5	3	4	3
Kami	12	5	3	3	1
others	13	7	3	2	1
Total	60	24	16	11	9

Sources: Field Survey, 2017

Table 5.4 shows that the major causes for all respondents for foreign employment are unemployment within the country. Second cause was to debt; around 24 people out of 60 were to go to foreign employment because of unemployment and 9 people interested to earn money. It shows that most of Brahmin and Chhetri are gone abroad because of unemployment followed by earn more money. In field survey respondents said that they or their relative gone abroad in the causes of unemployment, debt, conflict and to earn more money.

### 5.5 Medium used to Obtain Foreign Employment

Individuals who want foreign employment need to know the job, salary, nature of contract and cost for getting the employment opportunity. Generally, government registered man power agencies (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them, individual contracts also play vital costs are related to the medium used. The medium used this was considered to be important and the respondent were asked to identify it. The response is given in the following table.

**Table: 5.5**  
**Medium Used to Obtain Foreign Employment**

Caste and Ethnic	No. of Respondents	By MPA	By Individuals contact	By Friend
Brahmin/Chhetri	20	17	2	1
Sarki	15	10	2	3
Kami	12	7	2	3



others	13	10	1	2
Total	60	44	7	9

Sources: Field Survey, 2017

Table 5.5 shows that among the respondents 44 persons went to seek foreign employment through registered manpower agencies. Thirteen people managed through their own contacts with the help of friends and relatives. It is concluded that majority of foreign jobs seeker use MPAs as a medium to find the job. Some use their friends and relatives as medium and very few choose local agents of gulf firms. Those people who go through MPAs are better than other in earned and security.

### 5.6 Skill Status of Foreign Employment

Skill is one of the most important factors, which helps to find the proper job and increases the bargaining power of labor. Anybody, who is skilled can earn more money and get better job .They do not have adequate skills and educations due to untrained nature and are paid low. The assessment of individual towards their own status of skills development the sources of training are in the interview. The response received are presented in the following table.

**Table: 5.6**  
**Skill status of Foreign Employment of Kusma Municipality**

Cast and Ethnic groups	No. of respondents	Unskilled	institution	Own/friend
Brahmin/chhetri	20	15	4	1
Sarki	15	12	2	1
Kami	12	9	2	1
Others	13	10	3	0
Totals	60	46	11	3

Sources: Field Survey,2017

Table 5.6 shows that 46 respondents of job seekers considered themselves as unskilled before getting foreign employment. Among remaining 13 respondents some had skills related to driving, carpentry, security and electricity wiring. Out of individuals 11 were trained or skilled in training institute 3 individual are skilled by own or friends. Above table shows that most of the foreign seekers were untreated,

<b>Cast and Ethnic Groups</b>	<b>No. of Respondents</b>	<b>Gulf</b>	<b>South –East Asia</b>	<b>Europe</b>	<b>Others</b>
Brahmmin/Chhetri	20	10	5	3	2

unskilled labor. So, their income is very low than skilled labor.

### **5.7 Destinations of the Foreign Employees**

Foreign job seekers in Nepal go and work in several countries. The place of employment depends on level of education, the type of skill learned, the ability to bear the cost of employment and other several factors. Because Nepalese labor force, are unskilled, majority of then get employment in gulf countries, Saudi Arabia and Malaysia. About three lakhs unskilled labor force employed in Saudi Arabia and Malaysia. The destination of employment may show their level of skilled and income. So the destination was considered important and the information obtained in the interview is presented in the table below.

**Table: 5.7**

#### **Destination of the Foreign Employment in Kusma Municipality**

Sarki	15	13	1	1	0
Kami	12	8	2	0	2
Others	13	8	2	2	1
Total	60	39	10	6	5
Total	100%	67.05%	12.94%	11.76%	8.25%

Sources: Field Survey, 2017

Table 5.7 shows that 67.05 percent employers have been chosen gulf country as their destination, which was followed by South East Asia 12.94 percent. Among the Gulf returnees if the individual country was observed it was mostly in Malaysia and Dubai. South East Asia countries seem second choice employers. Third one choice destination is European countries, 6 responded are work in Europe. The table shows that maximum Sarki going Gulf countries.

### 5.8 Cost paid for Foreign Employment

A, sizeable amount of money needs to be invest as a cost of foreign Employment. The costs started from obtaining a passport, medical checkup manpower agency commission, Visa fees, air fare, cost of internal travel and hotel charge in Kathmandu at the time processing the foreign employment. To find out the costs paid by the respondents: they were asked to quite expenses in different categories. The summarized version of the cost paid by different groups are given in the following table.

**Table: 5.8**  
**Average Cost paid and Range Costs for Foreign Employment in Kusma Municipality**

Cast and Ethnic Groups	No. of Respondents	Average Cost (000)	Minimum	Maximum
Bramin/Chhetri	20	90.30	81	420

Sarki	15	89.31	79	150
Kami	12	87.20	82	335
Others	13	91.11	90	550
Totals	60	89.48	83	363.75

Sources: Field Survey, 2017

Table 5.8 shows that average cost of the going abroad is NRs 89.48 thousands but it is huge different between minimum and maximum cost. Minimum cost 83 thousands include mainly those people who goes to gulf countries i. e. Malaysia, Quarter, UAE etc. Maximum cost 363.75 thousands include mainly cost of those people who went European countries. Average cost of the others group are higher than Brahamin, Chhetri, Sarki and Kami. Because most of the Kami persons went in gulf countries, few of them gone European countries. So their cost of foreign employment is lower than others.

### **5.9 Sources of Finance**

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

**Table: 5.9**  
**Sources of Financing for Foreign Employment in Kusma Municipality**

<b>Cast and Ethnic Groups</b>	<b>No. of Respondents</b>	<b>Loan</b>	<b>Sales of Land</b>	<b>Family Saving</b>
Bramin/chhetri	20	16	3	1
Sarki	15	11	4	0
Kami	12	10	2	0
Others	13	9	3	1
Totals	60	46	12	2
Total percent	100%	84.70%	11.76%	3.54%

Sources: Field Survey, 2017

Table 5.9 shows that 46 respondents out of 60 or 84.70 percent person borrowed loan to pay the cost of foreign employment. Another 12 person sale of land to pay the cost only 3 people or 3.54 percent went foreign country by contribution of their internal family savings. It can be concluded that the cost if foreign employment is financed by borrowing, sale of land and family saving. Accept kami and sarki family few number of other cost went foreign by family saving.

### **5.10 Types of Job Performed in Foreign Employment**

Since the skill of Nepalese workers is low most of them get employment in manual job. To find out the types of jobs performed the respondents were asked to give the type is work they did while being employed in foreign country. The response are categorized into five different groups of given in the following table.

**Table: 5.10**  
**Types of Job Performance in Foreign Countries gone From Kusma Municipality**

<b>Cast and Ethnic Groups</b>	<b>No of Respondent</b>	<b>Agriculture</b>	<b>Mechanical</b>	<b>Individual workers</b>	<b>Security guard</b>	<b>Hotel</b>
Brahmin\ chhetri	20	5	4	3	6	2
Sarki	15	8	1	2	2	2

Kami	12	5	2	3	2	0
Others	13	3	4	2	3	1
Total	60	21	11	10	13	5

Sources: Field Survey, 2017

Table 5.10 shows that 21 respondents have done works in Agricultural sector. Most of Kami and Sarki are engaged in this work. Individuals workers is the dominant work of migrants workers. Ten respondents have taken individuals workers. All of caste engaged in the different work. Most of the kami engaged in security guard. This shows that the main job is hotel, mechanical, individual's workers Agricultural sector and Industrial sectors.

### 5.11 Duration of Foreign Stay

Duration of foreign stay of emigrant's workers depends upon availability to work, Facilities provided by company, salary rate, home urgency and several reasons. Sometime the respondents return back their home due to inferior type of job, low salary. Family affairs such as death of family member's sickness and their own bad health. To find out the duration of foreign stay the respondents were asked to provide their length of stay the results are summarized in the following.

**Table: 5.11**  
**Duration of Foreign Stay Gone from Kusma Municipality**

Cast and Ethnic Groups	No of Respondent	Average Stay(in Years)	Minimum	Maximum
Brahmin\ chhetri	20	3	2	3
Sarki	15	2.5	2	4
Kami	12	3	1.5	3.5
Others	13	3.14	2.5	5
Total	60	2.78	8	15.5

Sources: Field Survey, 2017

Table 5.11 shows that average duration of stay in abroad is 2.78 years. The response of all the respondents expect other were stayed more than 3 years. Maximum stay is 5 years and minimum is one and half years. Sarki and others respondents stay maximum 4 years and Brahamin and chhetri are maximum stay 3 years. It can be concluded that the duration of stay in abroad of respondents were around 3 year.

### 5.12 Causes to Return to Work Again

The labor employment about when return back, he has two options. He may stay and take some new profession or continue as farmer or return back to foreign employment. Those who return may be returning for several reasons; such as easy continuation of the job, unavailability of the job at home, avoiding conflict. Those who do not return, may not be returning again with several reasons such as difficulty in job, willingness to stay with family, no urgent to make more money because the debt has been paid, marriage or death of the older members of the family etc. how the sample of individual's respondents to further employment in foreign land was solicited through the questionnaires and the response are summarized to below.

**Table: 5.12**  
**Causes to Return to Work Again From Kusma Municipality**

Cast and Ethnic Groups	No. of Respondent	Causes to Return in Foreign Employmnet		
		Employment Purpose	Conflict	No Plan to
Brahmin\ chhetri	20	15	1	4
Sarki	15	12	1	3
Kami	12	8	0	3
Others	13	9	1	3
Total	60	44(84.70%)	3(3.70%)	13(11.6%)

Sources: Field Survey, 2017

Table 5.12 shows that among the respondents, 44 or 84.70 percent plan to return to foreign employment for which the reasons are unemployment and conflict among them 80 percent want to return to foreign employment again due to employment opportunity. Another 4.70 percent want to return to foreign employment due to, 11.6 percent respondent do not plan to return again because they had difficult, danger and dirty work in abroad.

### 5.13 Income Earned from Abroad

It is often that Nepalese workers get low paying jobs in overseas. So, they earned less money than laborers from the countries. But income earned abroad depends on skills of workers, salary payment by company, working country, types of company, duration of stay etc. to find out the income earned by Nepalese labor in abroad the respondents were asked to give their monthly salary earnings. The responses are given in the following tables.

**Table: 5.13**

#### **Income Earned from Abroad in Kusma Municipality**

Cast and Ethnic Groups	No. of Respondent	Gulf	Income Destination Person Wise (000)			
			Middle East	Europe	other	averages
Brahmin\ chhetri	20	316	300	1000	500	529
Sarki	15	220	360	800	520	475
Kami	12	180	250	-	642	357.33
Others	13	300	290	-	530	373.33
Total	60	254	300	900	548	

Source: Field Survey, 2017

Table 5.13 shows that earned of the respondents who gone abroad or whose family gone abroad. It is shows that in Gulf there is least income (254 thousands per year) among other countries and European countries highest earning (900 thousands per year) in Malaysia they have earned more income than the respondents of other countries. In term of caste wise Brahamin/Chhetri earned more money than other



caste people in abroad they earned 529 thousands in average followed by Bramin/chhetri. Kami earns least in the all around the world, they earned only 353.33 thousands per year. There is huge different between Kami and other group because of other groups gone Europe but Kami group not excess to go Europe because of money problems. Most of the Kami and sarki are lower class family.

#### 5.14 System of Transfer Remittance

Income transfer depends in the availability means of transfer institution and facilities and their reliability. Formal channel used in bank, money transfer agencies etc. uses of informal channels are Hundi, friend, relatives ,and or bringing back by own self. For finding out the channel used, the respondents of this municipality were asked to identify the channel used. The respondents might have sent the remittance several times and the might have used different channels at each time. They were asked to identify the entire channel used. The answer provided by respondents is presented by following table

**Table 5.14**  
**Channel Used to Transfer Remittance by Foreign Employment**

Cast and Ethnic Groups	No. of Respondent	Methods used ( in number)		
		Bank	Hundi	Relative or Friend
Brahmin\ chhetri	20	15	2	2
Sarki	15	10	3	2
Kami	12	8	1	4
Others	13	9	1	3
Total	60	42(77.64)	7(4.70)	11(17.64)

Sources: Field Survey, 2017

Table 5.14 shows that 42 out of 60 or 77.64 percent respondents used formal institution like Bank, 7 or 4.70 percent respondents used Hundi. Most of the respondents except Kami society and their money from formal channel because of

safety and fast medium of send money all over the world. Most of the Kami friend and relatives. Medium of send money by foreign job holder is formal.

### 5.15 Utilization of Remittance

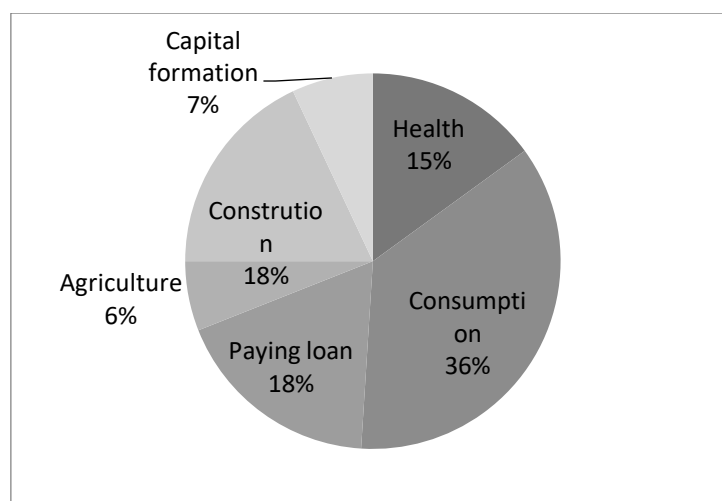
The use of remittance depends on the priority on the priority placed by the individuals on different uses, the size of the remittance, the time of availability, opportunity for investment and several other factors. Majority of foreign employer workers go abroad because of unemployment at home and poverty in the households. Generally the earning made by them are not big, the cost of foreign employment is borne by borrowing. There may be family rituals in waiting keeping all these conditions in mind the respondents were asked to identify the uses they made for the money earned abroad. Each individual spent the earning in more than one uses. To find out the utilization of remittance by respondents they were asked to list the use of money in different headings. The answers given by respondents are presented in the following table.

**Table No. 5.15**  
**Utilization of Remittance in Kusma Municipality**

Caste/Ethnic Groups	No. of Respondents	Utilized Sectors (in%)							
		Education	Health	Consumption	Agriculture	Paying Loan	Capital Formation	Construction	Other Purpose
Brahmmin/Chhetri	20	5.35	1.10	4.50	1.0	3.03	0.72	3.3	2
Sarki	15	1.2	1.50	5.33	0.08	2	1.19	2.4	0.3
Kami	12	1.35	2.03	4.53	0.66	1.3	0.3	1.34	0.49
Others	13	2.44	2.54	2.44	1.96	1.4	1.05	1.03	0.14
Total	60	10.34(3.44%)	7.17(0.78%)	16.8 (29.17%)	3.7(4.44%)	7.73 (14.88%)	3.26 (3.83%)	8.07 (15.37%)	2.93 (3.44%)

Source: Field Work, 2017

Figure:5.1 Utilization of Remittance in Kusma Municipality



Sources: Field Survey,2017

### 5.16 Reasons of Non-Utilization of Remittance into Productive Sector

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

**Table 5.16**

**Reason of Non- Utilization of Remittance for Productive Purpose by the People of Kusma Municipality**

Cast and Ethnic Groups	No. of Respondent	Lack of Sizeable Capital	Lack of Knowledge	Lack of Market
Brahmin\ chhetri	20	8	8	8
Sarki	15	6	5	5
Kami	12	3	3	2
Others	13	5	4	3

total	60	22	20	18
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Source: Field Survey, 2017

Table 5.16 shows that the remittance has many reasons. For the convenience, these factors are termed as the non-utilization of the remittance has been classified into four headings and data compiled in accordance to the number of respondents the cause of non-utilization varies from caste to caste. The Brahamin/Chhetri and Kami think that it is the lack of sizeable capital that causes the non-utilization of the remittance. In the same way, Sarki and others think that it is lack of knowledge which is the main reasons of the non-sector. Going to the table different causes are said to be responsible for non-utilization of the remittance. There is no uniformity in the opinion of the non-utilization of the remittance. There is no uniformity in the opinion of the non-utilization of the remittance.

### 5.17 Changes in Household Economy Due to Foreign Employment

It is often believed that if somebody received foreign employment his household economy will improve. The changing economic wellbeing improved skilled, social status might be same if the areas where the changes take place. To find out the change in household due to foreign employment the respondents were asked to give their own judgment. The answer given by them by them is presented in the following table.

**Table: 5.17**  
**Frequency Distribution of Change in Different Indicators of Respondents**

Indicator	Changing Condition			Total
	increasing	decreasing	Remaining same	
Economic	50(88.23%)	3(2.53%)	7(9.4%)	60(100)
Standard of living	53(92%)	2(4.70%)	5(3.3%)s	60(100)

Social status	35(58%)	7(11.76%)	18(29.4%)	60(100)
skill	25(35%)	0	35(64.7%)	60(100)

Sources: Field Survey, 2017

Table 5.17 shows that the remittance has caused so many changes in the households. In the aggregate 88.23 percent of the respondents said that their economic status has gone up in against of 2.53 percent of decreased. In the same way 92 percent of the respondents said that their standard of living gone up in the against of 4 percent. In the same way, 58 percent of the respondents feel that their social attitude has changed. But unfortunately, the skills of the workers are found to have decreased which is asserted by the 64 percent of the respondents.

## **CHAPTER- VI**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **6.1 Summary of Findings**

Main objective of this study is to identify the identify the impact of foreign employment or remittance in capital formation in the study area. The study also tries to examine the nature and extent of utilization of remittance in the study area, The nature and extent of remittance income in the study area, socio-economic characters of foreign employees, sources of financing and cost for foreign employment, and remittance in household economy and uses of remittance.

The fulfill the above mentioned objects of the present study, Kusma Municipality of Parbat District was selected area and a sample survey was conducted during 2017. The sample size was 60 households were chosen by proportional random sampling method and data were collected through questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance od the national level as well as of the local level in the study. Data are analyzed by using simple statistical tools like mean, percentage and ratio .

The major findings this study are:

- The current state of Nepalese economy it is characterized by unutilized natural resources, miserable and backward agriculture, defect trade, high unemployment rate, mass poverty, illiteracy and so forth. Although agriculture is the main occupation, no scientific methods of agriculture have yet been implemented. The natural resources available here have remained unutilized due to many reasons.
- In FY 20015/16, Nepal's Gross Domestic Product (GDP) growth rate stood at 0.77 percent of which the agriculture sectors growth was 1.3 percent and non-agricultural sectors lowers, at 1.9 percent. And non-agricultural sectors growth rate of constructions, electricity, gas and water, real estate, rent and trading public services, social; and personals services has declined. In non-governmental sectors, mining and exploration is expected to expand by 6.45

percent, industrials production decline by 1.5 percent, electricity, gas and water by 1.20 percent, industrials production decline by 1.5 percent, electricity, gas and water by 1.20 percent, whole some and retail trade by 14.2 percent, electricity, gas and water by 1.20 percent, whole some and retail trade by 14.2 percent, hotel and restaurant sector decline by 4.84 percent causes of earth quake, transport, warehouse and communication by 8.45 percent, financial intermediation by 5 percent, real state and business activities grow by 3.7 percent, public administration and defense by 5.8 percent, education by 6.7 percent, health and social work by 6.91 percent, other community social and personal service activities by 4.3 percent, and that of construction sub sector is estimated to grow by 1.57 percent (MOF, 2015/16)

- The share of investments on GDP in the FY2012/13 increased from 88.3 percent to 90.7 percent share of the private sector and that of the government on GDP respectively, of this share of gross capital formation is 21.2 percent. The share of trade defect to GDP has been growing exports and imports on GDP in FY2012/13 have reached 11.3 percent and 36.3 percent respectively. Inflation rate in the current FY has gone up in comparison to previous year has gone up to 10.2 percent, the Balance of payment (BOP) remained favorable in the current fiscal year.
- Nepal third Living Standards Survey (NLSS-III) that was made public in FY 2010/11 had revealed that 25.16 percent of the total population was living below absolute poverty line. According to same survey, Ginny cofficent that determines in equality declined from 0.41 percent to 0.33 percent which indicates declines in income inequality. The poverty rate was targeted to reduce to 21 percent by the end of current Fiscal year has dropped to 23.8 percent (NLSS-III)
- Human resources are another important economic resources of Nepal. It has increased tremendously in recent years. Unskilled, semi- skilled and skilled people have shown inclination towards foreign employment which has resulted in substantial growth of remittance economy. Since demand for middle level manpower is very high in international labor market and effective demand for domestic employment is extremely low, there is need to the

modulate education policy of GON to develops and export middle level manpower by promoting efficiently building. Currently demand for the Nepalese workers is conspicuously high especially in Gulf countries, Malaysia, South Korea and many others countries in the world. Unfortunately Nepal lacks appropriate utilize human resources to meet domestic as well as global requirements.

- Over the years, the demand for Nepalese workers in the global labor market especially in the gulf countries, Malaysia, South Korea and India tremendously increased, for they available at a relatively low wage rate and they are appraised for honesty and dedication to their work. However, GON lacks policy to plan, development and efficiently utilize man power as per national and global requirements. Therefore, it is necessary to establish ministry of human resource development not only for manpower planning but also for empowering women, Dalit and janajaties.
- Though there are various reports on Parbat District on the various topics, the study of the remittances utilization pattern is not yet carried out by any of the researchers. Parbat District also highest remittance earning district in Nepal So, this study so of vital significance. The inhabitants of the indigenous people in Parbat district is quite interesting in the sense that there total percentage in this district 45 percent. So, this study is significant in terms of this as well.
- Indigenous people are found to have very strong “Demonstration effect” in the sense that their major proportion of the income is found to have spent on the goods and services that can promote their lifestyle. This study will examine whether they are suffered from that tendency or not. What portion of remittance they utilize on capital formation. Defined in this sense this study will examine whether this tendency is right or not?
- For this some social objectives have been considered. The special objectives of this study are find out the utilization pattern of remittance in different sector mainly on productive or unproductive sector by the people of Kusma Municipality. For this purpose primary data collection method is used and the data are collected. While collecting the data, measures were taken in the overall representation of the social caste system as prevails in the Nepalese



society. It has been found that as in the general case the utilization of the remittance has been used properly to the greater extent by Brahmin/Chhetri caste.

## **6.2 Conclusion**

The main objective of this study is to analyze the impact of foreign employment and remittance in utilization of remittance in the study area. Moreover the study also tries to examine the nature and extent of utilization of remittance on capital formation in the study area, the nature and extent of remittance income in the study area, Socio-Economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment in household economy and uses of remittance.

To fulfill the above-mentioned objects of the present study, Kusma Municipality of Parbat District was selected area and a sample survey was conducted during 2017. The sample size was 60 households were chosen by proportional random sampling method and data were collected through questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance of the national level as well as of the local level in the study. Data are analyzed by using simple statistical tools like mean, percentage and ratio .

From the study carried out around the Kusma Municipality, it is concluded that, as the other part of country, the remittance going persons are high in numbers. Though , this study tried to collect the to the greater extent, the data that this study produces are just the representative. From, the analysis of the data, as per the objective, the utilization pattern of the remittances has been tried to present in the most precise way possible.

From the data analysis chapter, it can be concluded that generally, the middle income person prefer to go in the foreign employment for remittance. In the same way, the persons who have been in the business profession are the highest number of goers. In the same way, as per the national tendency, the unskilled persons are found to have gone in to the foreign land for the work. It might be the cause that because of the unskilled labor migration, the amount of remittance that should have been entered in to the country, is not incoming. There are lots of instances that show the general scenario of the remittance going persons.

### 6.3 Recommendations

For the research study some recommendations are as follows:

1. In this study it is shown that remittance earning people haven't saved and didn't invest in the productive sector. For their future security they must have balance and productive investment because remittance is not a permanent source of income.
2. People of Kusma: mainly used remittance in consumption, construction, of house and loan repayment i.e., 61 percentage of total earning and it is unproductive. It is recommended that trend of consumption and construction of house should be reduced.
3. Although, the remittance is not the permanent remedy for removing the poverty, it has been found to have uplifted the economic status of the remittance going people. As the remittance itself can't be the stable source of income for the people. In general, it is recommended that these people are better to be used in the fatherland for development. For this government should develop an especial plan and policies.
4. It has been found that the remittance going persons are unskilled, it is recommended that there should be some institutions that train the remittance going persons. The trained persons will have a higher degree of confidence and skills, which can help them to work with a greater degree of efficiency and earn a high volume of money.
5. From the study found that the major portion of the remittance has been spent on the productive sectors like construction of the house which goes unrewarded. So, it is recommended that the government must develop the plan and policies that can invest the remittance in the most productive sector possible so that next move out of county is almost all undesirable.
6. The remittance going persons are financing with the aid of loan with high rate of interest from the village money lenders. It is recommended that the central bank under the guidance of government should develop the "Remittance Going Loan Program" to facilitate the remittance goers. This can refrain the

remittance going persons from the malicious intention of the village money lenders.

7. Certainly, remittance income is playing very vital and positive role to utilization of remittance on capital formation of the study area and also the social as well as other economic factors of this Municipality are being improvised but this is not satisfactory. Maximum part of the remittance income have been used in unproductive sectors like regular household expenses, loan payment, house improvement and social spending etc. these never give any return in the future. Thus, the policy should be formed to give more information to the respondents in using their remittance income into productive sectors like investment in shares, Business etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.
8. The concept of economic diplomacy should be used from the government of Nepal to increase the demand of Nepalese labor in the foreign employment.
9. The labor desk should be established in the airports of the major labor migrating countries to help the Nepalese labor in various problems.
10. Day by day, the trend of going abroad for employment from Nepal is increasing rapidly. Many youth from rural and urban areas have gone to different parts of the world for making money primarily in order to feed up family. Increased remittance increasing the consumption of rural people.
11. This increase in consumption certainly increases economic activities of people. On the other hand, country is suffering from trade deficit which hugely misbalances the balance of payment. This dangerous trade deficit can also be reduced with the help of remittance by utilizing in establishing cottage and middle industries. In this context, very good research regarding impact of remittance on economy and possibility of remittance income for sustainable development should be done.

At last, one entitled case study of foreign job seekers in Kusma Municipality which is the important recent matter of nation is very crucial, while the study is conducted in

small size and may not be enough to generalize for the whole national about labour migration. By this study, I am confident and want to assure you that it will be definitely beneficial to the people Kusma Municipality and side by side for the people of other neighboring VDC of the entire country.

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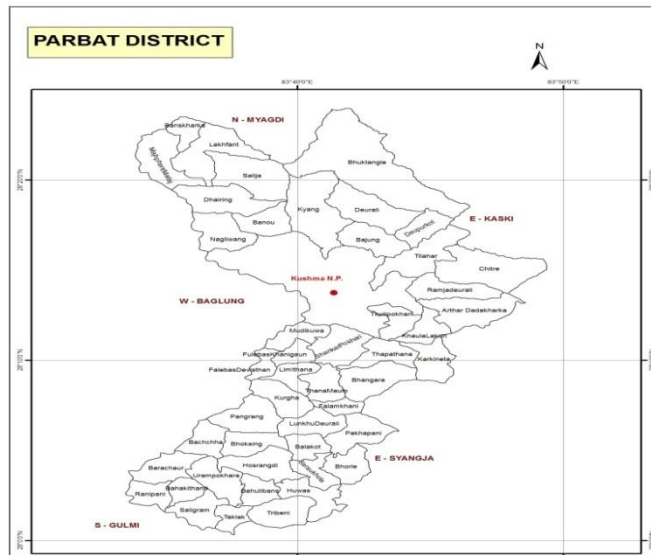


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# Map of Kusma Municipality



## APPENDIX

### Utilization of Remittance on Capital Formation

#### Questionnaire for Returnees of House hold head in case of absence of Employee

1. Background information of Interviewer Person who went abroad for job:

a) Name Title:

b) Age:

c) Education:

2. Family back ground:

No.	Name, Title	Age	Sex	Education	Profession	Marital status	Remark
1							
2							
3							
4							
5							
6							
7							

3. In which class do you belong looking at your economy condition of family?

a) Lower            b) medium-low            c) medium            d) higher

4. Information towards Foreign Employment

a) Gone country

b) Time of leaving country to abroad

c) Time of returning back from abroad

d) Duration of settling down in abroad.

5. What are the causes for going to abroad for employment by you on the basis of primary factors?

a) Unemployment

b) To decrease family loan

c) To earn high amount of money

d) Not appropriate environment to seat in the country due to the country

e) Internally desire to go to abroad

f) Any other to be mentioned.....

6. How much money did you pay for gone abroad?

a) .....in Rs

7. What were the sources from which you collected money to go to foreign country?

a) By loan rate of interest ?.....%

b) By sale of land

c) By family saving

d) Others. Which?

8. Did you get full time to live in abroad as you did agreement before you went or not?

a) Yes b) No

If not .....

If more time stayed, why?

9. How much money did you to save per month?

Answer:-

10 Whether you came with your saved money or sent already through any media before you returned back?

a) Brought money along with you

b) Used media to send money

c) If you media to send money, which are the media that you used?

S.N	Media	Sent Money (in Amount)
1	From Bank	
2	From Hundi	
3	Brought friends/Relative	
4	Brought with yourself	
Total		

11. In which sectors have you utilized your remittance income?

Headings

An Average amount annually (In Rs)

a) House hold consumption .....

b) Education .....

c) Debt repayment .....

d) To purchases land and real state .....

e) Investment in Agricultural and livestock's .....

11. Have you again made plan/thought to go to abroad?

If so, why

- a) For no get job in the country
- b) Because of conflict
- c) Others

12. Has any your family member been to abroad except you?

Answer:-

13. What sort of job did you do? (Any one)

- a) In agriculture
- b) in mechanical
- c) In individual worker
- d) in security guard
- e) In hotel/ household
- f) others

14 Had you obtained any skill before you went to abroad? If yes, what sort of skill did you learn/ gain?

- a) By Institution
- b) By friend/own self
- c) Others

15. What about you're per month income according to time work done in foreign country? (In Nepali Rs. Equivalent)

16. Did you get salary as the agreement did?

- a) Yes
- b) No

17. What about opportunity to invest in indigenous country?

- a) 100% not
- b) 100% yes
- c) Maximally yes

If not, Why? .....

18. Have you ever used/ implemented your skill obtained in abroad to indigenous country?

- a) Yes
- b) No

If yes, what sorts of organization are there?

19. How and which way is appropriate to go abroad?

- a) By MPAs
- b) By friend/relative
- c) By others

20. To be specific, What about changes seen before you went to abroad and after you returned back from abroad?

- a) In economic condition
- b) In daily life spending
- c) In social status
- d) In skill development

c) Others

