

CHAPTER : I

INTRODUCTION

1.1 Background of the Study

Nepal, a small agrarian economy in South Asia having just per capita GNP of around U S. \$ 800, is one of the least developed economies. Due to the low level of economic growth, political instability and the deficiency of socio-economic infrastructure, most of the people are involved in traditional agriculture. According to the latest data of CBS, 25.14 percent of the total population lives below poverty line. Nepal had started planned development efforts from 2013 B.S. by formulating and implementing various development plans with major objectives of poverty reduction, improvement of the living standard of the people, equal distribution of income and wealth and maintaining economic stability with high rate of growth, but these efforts have not been success in achieving the planned objectives (Gaire, 2015).

The share of the agriculture in the GDP has fallen significantly from 72 percent in 1975 to less than 40 percent in 1998 (Upadhyay, 1999). Production and productivity of the farmland is marginal due to the landholding, rare application of modern technology, lack of knowledge about the modern cash crops and its market and transportation problem. However, in the absence of any off-farm activities, people are compelled to rely on agriculture. Since the return from agriculture is limited and employment opportunities are rare in the rural areas, people have to seek for other sources of income for their livelihood. In the process of finding other sources of income of job, the rural people leave their native village and move somewhere within and outside the nation where they get job and earn income which they can either bring home with themselves or send through some means, such as financial agencies, friends, postal services and others. The money income that the people earn outside their native village and send to their families may be defined as remittance which plays a vital role not only the economic life of the rural people but also in the national income of the country. Euphemistically, now-a-days Nepalese economy is characterized by “remittance economy.”

In the past, the size of the population was small and needs of the people were limited. The local production was sufficient to maintain their economic life. As the time went by, the size of the population increased but the farmland did not increase in the same proportion. Similarly, as the size of the population increased, farm production failed to meet the increasing demand for food. Peoples needs and interest changed with time. The limited farm income was inadequate to fulfill these needs of the people. Therefore, rural people were bound to leave their village for gainful job that would generate cash income to support their family. This process had started about fifty years ago in the present study area and is found increasing intensively during the last few years. Now-a-days, this process is directly and indirectly supporting the agriculture economy of the people. It helps them to increase their income and to obtain the services like education, health care etc.

Several non-agriculture activities are conducted in rural areas also due to remittance income which causes to decline in the relative contribution of agriculture to GDP. “The contribution of agriculture sector to the GDP declined from 50 percent in the late 1980s to around 40 percent in the mid-1990s even though about 86 percent of households still cultivate land. Most of the farming has become a part time operation. Their so-called subsistence farming is propped up mainly by remittance” (Adhikari, 2004).

Due to political instability, rare employment opportunity within the country a large mass of rural people is leaving their home in search of livelihood. The Nepalese government has also fully supported this trend. It has explored some nations where people can go out formally to work and earn foreign currency.

Formally, the rural economy was supported by limited extent of remittance but now the situation has changed to a great extent. Now a day, it plays a vital role in rural economy. More than 35 percent household income is contributed by non-agriculture income and has helped to make their living standard above the subsistence level although there is the chronic food grain deficit in the rural areas (Adhikari, 2006). BhalayodadaVDC of Udayapur district, as a rural area of Nepal is not an exception to such phenomena. Like all the rural areas, it is also an agricultural village.

1.2 Statement of the Problem

Nepalese rural economy seems to be fundamentally supported by the external as well as internal remittances. Due to the lack of alternatives sources of the income in their native village, people leave their home and move to other places, such as urban and rural areas within the country and abroad to India, Malaysia, the Gulf nation and others. In these nations, they go as manual workers, soldiers and rarely as the professionals. They send their earning back to their home as "remittance".

People use remittance for various purposes, such as to repay the loan, family expenses, house construction etc. But they spend large portion of remittance on the unproductive sectors. So, there are many issues related to remittance in the rural economy. But only a few studies have been conducted to understand and explore the various dimensions of remittance in the household economy. In such a situation, present study has been conducted to understand and analyze some of the issues of remittance i.e. volume of remittance, role in house hold economy, uses of remittance and problems associated with remittance earning on the basis of comprehensive survey of Bhalayodada VDC , Udayapur. The main research questions of this study are as follows:

- i. How is the remittance contributing to the growth of households socio-economic activities, such as earning, spending, saving, investment, education and poverty alleviation?
- ii. What are the problems associated with remittance earning?
- iii. What are the measures for solving these problems?

These questions require an incentive study of the problems and their solutions. This is done in the study.

1.3 Objectives of the Study

The main objective of the study is to understand and analyze the role of remittance in rural household economy. However, specific objectives are as follows:

- i. To analyze the composition and nature of remittance in the Bhalayodada VDC.
- ii. To explain the role of remittance in household economic activities focusing in consumption, saving and debt.
- iii. To identify the problems associated with remittance and suggest measures to solve them.

1.4 Significance of the Study

The role of remittance in rural economy of Nepal is increasing tremendously. It has been emerging as an alternative source to sustain agricultural activity for the increasing number of households. But there are very few empirical studies that provide the evidence and analysis of the changing aspect of rural economy. In such a situation, facts and figures generated by this study would be useful to understand the nature and role of remittance in rural context. It is also expected that this study will provide some insights for policy formulation related to rural development and foreign employment as well. It may also be useful for the researchers who conduct research in this field.

1.5 Limitation of the Study

Many facts and aspects are involved in rural economy related to remittance. All the issues cannot be included within a single study of this type. This is the case study based on sample survey of Bhalayodada VDC of Udayapur district. The following are the major limitations of the study.

The research work has given more emphasis on comparing income and expenditure pattern of remittance receiving and non-receiving household and the role of remittance to change their living standard of Bhalayodada VDC only. Only annual data have been collected and analyzed. In this study, seasonal variations in remittance income are not taken into account. Only 20 percent households have been taken from the remittance receiving households and remittance non-receiving households. This study is not based on time series data. The data relating to a single year 2010 have been collected and used. They don't reflect the actual trend of remittance.

1.6 Organizations of the Study

The present study has been organized into five chapters. The first chapter presents introduction, objectives, statement of problems, hypothesis, significance, limitation etc. Literature review and research methodology have been presented in second chapter and third chapter respectively. Chapter four deals analysis of data followed by summary, conclusions and suggestions of the study in the final chapter.

CHAPTER : II

REVIEW OF LITERATURE

2.1 Introduction

Remittances are basically foreign exchanges which are remitted by the people who are living abroad to their own countries. The earning of the country by remittances is shown in the balance of payment statistics of each country and accounting is prepared according to the guidelines of the fund. The international monetary fund classifies into three categories; workers remittance from worker who live abroad for more than one year. It is recorded under the headings 'current transfers' in the current account of the balance of the payments. The wages, salaries and others compensations received by border, seasonal and other workers (such as local staff of embassies), who live abroad less than a year are recorded under the 'income' subcategory of the current account. Migrant transfers are reported under the capital transfers in the capital account. The above definition does include transfer through informal channels, such as remittance send through friends, family members, Hundi or remittance send in kind, such as jewelry and other consumer goods. Although the headings migrant remittances go only to the workers who lived abroad more than one year but other heading captures the extend of workers remittance better than the data reported under the heading of workers' remittances alone. For example, Philippines remittances send by the seasonal worker through the banking system exceed the remittance from the workers remittance

2.2 International Context

Berger (1980) made a study on 'patterns of changes in the Hilly Region of Nepal' and found that in the hilly region, the army service has been an important alternative source of income which helps to face economic difficulties.

Blaike (1980) has documented some facts related to remittance in his book entitled "Nepal in Crisis". In this book, he had found that in the rural areas non-agricultural income is preferred as an alternative to agriculture and also found that income from other sector is the main source of remittance which makes their living a little bit easier and higher.

Srivastav (2010) has mentioned that no doubt remittance has contributed substantially to maintain the macro stability of developing economy. In recent year, the remittance has been leading in the external sector .since last few years, remittance income is playing main role for the foreign currency earning and favorable impact on balance of payment. In micro level, the biggest contribution of remittance for Nepal has been reported to be welfare and improvement in the livelihood of remittance receiving household. This indicate that the major parts of remittance income have been utilized for family consumption since Nepal does not have sufficient domestic production, this aspect shows consumption may lead to the trade deficit facing the nation.

Barry and Wahhaj (2000) conclude that remittance has a substantial impact on macro economy of many small countries. In this article several micro studies have also found that large share of remittance is used to purchase non-traded goods. This frequently occurs in the form of housing, investment in education and health care which appear primarily in non-traded goods have also been significant.

Lowell and Findlay (2002) in their article analyze the migrant people's role through political impact. This is particularly evident when assessing migrant's political influence. Migrants encompass all possible political colors. And, clearly there is no objective, scientific yardstick for determining which direction of political change is ultimately desirable.

The United States and Saudi Arabia are the largest sources of workers remittance for developing countries with \$ 31.4 billion and \$ 15.9 billion payment of remittance respectively in 2002. The other top sources of remittance are Germany, Belgium and Switzerland. Until the mid 1990s Saudi Arabia was the largest source of remittance paying countries in the world. Since 1995, as economic activities slowed down remittance from Saudi Arabia also stagnated. But the remittances from the United States nearly doubled driven by the economic boom (World Bank, 2004).

Macfarlane (1972) has made a study about Rai in which he found that most of the Rai migrated abroad. Most of their income has come from remittance and about 80 percent income has derived from external remittance. He also suggested that remittance and pension has helped in lessening the economic disparity in village. He

further has noted that ‘families with little land may still be prosperous if they have a son in the army’.

The largest recipients of remittance in South Asia are India, Pakistan and Bangladesh. Srilanka lags in this pace and Nepal is still behind to that of Silence in 1997/98. India received US \$ 11875 million worth remittance followed by Bangladesh US \$ 1524.4 million. In 2002/03 the remittance amount for India, Pakistan and Bangladesh climbed up to US \$ 15.174 million, US \$ 236.8 million and US \$ 3062 million respectively. Even in the early 1988s remittance from migrate workers abroad accounted for some 9 percent of Pakistan GDP, 4 percent of Srilanka’s GDP, between 3 to 4 percent of Bangladesh’s GDP and over 1 percent of India’s GDP.

Most of the studies which shed light on how remittance receiving households spent their income reread that a large chunk of remittances received in spent on housing durable goods, clothing and health care. The next chunk of remittance is spent on real estate including construction, repair and improvement of houses. It is only a very maglev percentage of total remittance that goes into productive investment such as agro-productive, run medium scale enterprises or commercial investment.

2.3 Nepalese Context

According to Adhikari (2006) the main source of revenue of the poor countries is not the export of goods and services but the export of people who earn foreign exchange and send it as remittance to their country of remittance of origin. Remittances are important for the receiving countries at the macro and micro level. They increase both the income of recipient and the foreign exchange reserves of the recipient’s countries. Remittance generates positive multiplier effects on output if they are consumed and contributed to output growth.

Remittances have become the second largest capital flows after Foreign Direct Investment (FDI) and ahead of Overseas Development Assistances to developing countries. According to the World Bank study, overall remittance constituted 1.5 percent of GDP and 5.1 percent of import to this group of countries in 2002. For developing countries, remittances are also relatively more important by contributing 66.2 percent of FDI inflows and 250 percent of net official finance. In 2002,

remittances were larger than both official and private flows in 36 developing countries.

Regionally Latin America and the Caribbean countries have estimated to receive the lion's share of remittances in nominal terms with \$ 29.6 billion in 2003 followed by South Asia with 18.2 billion. However the South Asia was the largest recipient of remittance receipt amounting to 2.5 percent of GDP in 2002. Till 2002, India was the top country in the world that received highest remittance and Mexico is the second, since 2001. It has outpaced all the developing countries. In 2002, Mexico received \$ 11.0 billion followed by India at \$ 8.4 billion (Pant, 2005).

Remittance received by Nepal in 1975/76 was Rs. 231.3 million which rose by four fold in 1985/86 and reminded Rs. 809.1 million. The remittance began to take shape only after 1986/87. In 1986/87, Nepal received Rs. 1292.6 million worth remittance from India and abroad which ballooned up to Rs. 25501.4 million in 2002/03. NRB's study on remittance depicts that in 1990/91 of the total remittance received by Nepal was Rs. 2129.0 million which came 75 percent from India and rest 25 percent from third countries. This situation changed in 2000/01, the remittance received from India stood at 38 percent while the amount received from third countries reminded at 62 percent. By the middle of 1990s, the value of officially recorded remittance from abroad was around Rs. 2.9 billion. According to economic survey 2006/07 the first 8 month of fiscal year 2006/07 remittance have increased by 5.1 percent and reached Rs. 64.35 billion but most of the remittances enter the country through illegal. Medium instead of registered institution such as bank and money transfer agencies despite the advantage of guaranteed security of the money (NRB, 2005).

Rai (1996) has conducted a study about the role of remittance in the hilly economy based on data generated from Oraste VDC of Syangja, for his M. A. thesis. He state that most of the productive and enthusiastic lifespan is spent in foreign countries and retired in old stage. Therefore, it does not bring any social and technological changes in the village but it has bought some changes in consumption habit in name of so-called modernization. He also concludes that the external remittance is the main source of cash income whose contribution is more than 90 percent to total remittance derived from the different sources.

A study made by Basnet (1996) in ShishuwaAdarsh VDC of Kaski district has indicated that households-involved in foreign labor migration tended to have less agricultural land and to be less food self-sufficiency than those who are not involved in foreign labor. In this research he has found that highest percentage (55%) of remittance is spent in immediate 'food and family requirement' followed by dept repayment (12%) while what might be termed investment (housing, land purchase, bank deposit education and business) accounted for the rest (33%).

Sigdel (2005) in his article 'An overview on Remittance Economy of Nepal' states that skilled labor is the abundant factor in industrial world and un-skilled labor is the abundant factor in the developing world. Therefore, globalization should be associated with an increase in the relative demand for the skilled labor in industrial economies and un-skilled labor in developing economies. Wages and opportunities gaps between rich and poor countries, regional conflicts and political instability in developing countries, the relative shares of young adults in the population in sending and receiving countries etc. are still deriving north-south and south-south migration. In the regions where development has been slower and poverty more obstinate; rising population, dwindling opportunities will combine to impel emigration. Besides, the shrinking share of young adults in developing countries and rising share of young people in Asia, Africa and others parts of the world are the complementary drives of labor movement. Both the developed and developing countries have much to gain from an increased flow of workers. Rich countries benefited because they gain worker whose skill in short supply. Migration allows an influx of younger workers who contribute to pension system. Poor countries gain from higher wages as well as from remittance that accrue from migration.

Shah (2010) has shown the fact remittance on balance benefit developing countries. Most observers have concluded that the balance remittance is beneficial to developing countries. An obvious benefit is that a portion of most funds sent to home countries goes towards the welfare and improved livelihood of the families receiving them.

CHAPTER : III

RESEARCH METHODOLOGY

3.1 Conceptual Frameworks

The source of household income of this study area can be classified into two major sources; local source and remittance source. Local source includes agriculture and related activities (livestock farming) and off-farm activities. The off-farm activities include local services (governmental and non-governmental), local business and others activities i.e. caste based occupation and daily labor wages. The remittance source includes external and internal remittances. External remittance includes the income derived from foreign civil services (excluding India), Indian civil and army service and pension whereas internal remittance includes the income derived from the both types of governmental and non-governmental services, business, pension, and other activities (daily wages) which are done outside the study area.

3.2 Definitions of the Terminologies

The following terms and concepts which are used in the text can be defined as follows:

Remittance:

- i) The sending of money to someone at a distance, (the American Heritage Dictionary, 2014).
- ii) A payment of money sent to a person on another distance, (Legal Dictionary, 2013).

Remittance especially is an income generating phenomenon which is earned and sent back to their family by those people who are far from their permanent residences to satisfy to their daily requirement, such as in the form of salary, pension and gratuity etc. there are two types of remittances-internal remittance and external remittance.

- i. **Internal remittance:** In the context of internal remittance, it refers to that money which is earned from inside the country but outside the native village and sent back to their family by those numbers who are not living at home. The source of internal remittance includes income from governmental service and non-governmental service, pension (native), money earned through business and wage earnings.
- ii. **External remittance:** it refers that money which inflows into the country as well as village from abroad. The sources of external remittance are foreign civil service, Indian civil service and army service and pensions.
- iii. **Remittance receiving households:** The households which get any kind of remittance from outside the village.

Remittance non-receiving households: The households which do not get any kinds of remittance from outside the village.

Labor migrant: It refers to those people who have migrated out from the nation and changed their residence temporarily for economic opportunities.

Civil services: Civil services refer to all type of governmental and non-governmental services that are rendered for money.

Agricultural income: It refers to that income which is derived from agricultural production and its related activities.

Off-farm work: Majority of the people in the village area has small and marginal size of land and the return of the land (food grain production) is also small in quantify which cannot fulfill their hand to mouth problem. Therefore, people of the study area have search alternative source of income. Such types of extra activities are known as off-farm work which helps them to support their household economy.

Local income: Local income refers to that types of income earned inside the village.

Household income: The income of a family derived from agriculture and related activities, off-farm work and remittance (received from various sources).

3.3 Sampling Procedure

In order to conduct this study, stratified random sampling method is applied. Out of the total nine wards of Bhalayodada VDC, first all, five wards, i.e. 1, 3, 5, 7, and 9(odd numbers) were selected purposively. To fulfill the objectives of the study, preliminary survey was conducted to find out the characteristics of households. Data and key information were collected from VDC records, documents, ward leaders, social workers, VDC secretary and local teachers. Through preliminary study, it was found that 129 (40.31%) households are not receiving remittance and 191(59.69%) households are receiving remittance where the total number of households in the study area (1, 3, 5, 7, and 9 wards) was 320. 20 percent households have been selected by random sampling method from each group (remittance receiving and non-receiving) in which total sample units are 64 households. Out of total sample households, 38 are remittance receiving households and 26 are remittance non-receiving households.

In the process of selecting sample households, the remittance receiving households have been classified into groups: external remittance receiving households and internal remittance receiving households.

3.4 Research Design

This is the case study and the data obtain from both primary and secondary sources are analyzed by using both distractive and analytical statistics. It tries to explain the socio-economic status of remittance receiving households and non-receiving households, nature of remittance, uses of remittance and its role in the rural economy.

3.5 Nature of Data

Both the primary and secondary data are used in this study. Primary data have been collected from the sample households by structural questionnaire, interview and observation through the field visit. Secondary data have been collected from the available sources, such as VDC office, economic journals, documents of NRB, books and other associated reports.

3.6 Introduction to the Study Area

The study area, Bhalayodada VDC is situated along the Chure Region in Udayapur district of Sagarmatha zone of Nepal. Generally climatic condition of this area is sub-tropical monsoon climate. Three seasons are realized within a year. Hot season starts from March and ends in July, rainy season starts from July and ends in September and cold season starts from November and ends in February of the year.

The total population of this VDC is 11550 of which 5720 are male and 5830 are female (WSSP, 2004). The distribution of population is heterogeneous. Different physical, social and economic elements have affected the distribution of population which reveals uneven density.

People of different communities and castes live here. Out of the total population, 50percent people are of so-called upper group (Brahmans, Chetri, and Thakuri), 35% people are ethnic group (Magar, Rai and Gharti) and 15% people are Dalit group (B. K., Damai, and Sarki). Brahmans are the largest and Newars are the smallest in number. Therefore, Brahman is the dominant caste group. Most of the people are Hindus but they are guided by their own culture and customs.

Out of the total households (2100), agriculture is the main source of income of 50 percent households and business is the main source of income of 8 percent households. Similarly, internal service is the main source of income of 25 percent households and external service is the main source of income of 25 percent households. Likewise, 2 percent households are earning their livelihood through daily-wages (WSSP, 2004).

The settlement pattern is dispersed. There are mainly two types of houses, traditional type's houses (made of mud, stone, wood and jasta) and modern type's houses (made of cement, stone, jastapata and blocks). Mud, stone, wood, jastapata, cement and blocks etc. are commonly used as building materials. The rectangular shaped houses can be seen everywhere in the study area.

3.7 Methods of Data Collections

In order to achieve the specified objectives of the study, necessary data and information have been collected by using available tools and appropriate techniques, such as preparing and filling the structural questionnaire, direct personal interview, direct field observation etc. here, both primary and secondary data have been used. Primary data have been collected from the concerned households of the study area through the direct field visit and secondary data from national population census, VDC records, planning commission reports, Rastra Bank's reports, books and other published and unpublished materials.

3.8 Tools and Methods of Data Analysis

In order to analyze the collected data, sample statistical tools, such as average, standard deviation, combined mean, percentage, and ratios have been computed as per the need of the study. Tabular method has been applied in the characterization of sample households. To test whether there is any significant difference between two households groups regarding remittance receiving and non-receiving, mean difference test (z-test) has been applied using.

CHAPTER : IV

DATA ANALYSIS AND INTERPRETATION

4.1 Nature and Composition of Remittance

4.1.1 Nature of Remittance

Remittance from the nation and abroad is an important component of the rural economy that has significant impact on the livelihood strategy of the community. Remittance increases the household income of the family to a considerable amount, especially among the middle and the poor class people. It seems more beneficial for those people who have limited farm land and farm production. It has contributed some-how to maintain subsistence level and to postpone general crisis of the rural area. However, the external as well as internal remittance is not a new phenomenon in the rural economy of Nepal. Due to the lack of off-farm works inside village, people are seeking for a good sustainable income generating work outside the village as well as out of the nation. In this process, most of the people migrate somewhere within the nation or abroad for job and make some earning. Most of the internal migrants are involved in governmental and non-governmental services as they are educated. They have higher social status in comparison to external migrants although they earn nominal remittance income. But most of the external migrants are working as porters, guards, sweepers, builders etc. Their social status is low although they earn more income. Most of them are not trained. Although some of them leave and travel abroad individually, most of them visit foreign countries through some manpower agencies and personal contact with their relatives. Except India, they go to other countries through the man-power companies. Generally, the level of wages is low in India, but in other nations, they receive more for the same type of work. Most of the jobs in which migrants are employed fall under the general category.

Out of the total external migrants (153) 20.92 percent are employed in India. The vast majority of those working in India in the private sector are relatively low paid. On the average, each migrant earns approximately Rs. 100,000 per year. Similarly, in total external migrants, 79.08 percent are employed in foreign countries (excluding India). The job holders who work specially in Gulf countries are highly paid. The average

remittance of a migrant in the Gulf countries is Rs. 189230 per year whereas in Malaysia the average value of remittance is Rs. 172800 per person per year.

On the basis of its nature, in rural area, remittance is derived from different sources; urban and rural areas of Nepal, India and other countries of the world. The data reveal that about 20.65 percent remittance comes from internal source, 13.12 percent from India and the rest 66.23 percent come from other countries (especially from Gulf countries). About 60 percent households of the present study area are found influenced by the remittance income. External remittance is more significant than the internal remittance.

External remittance accounts for 97.35 percent of the total remittance whereas internal remittance is only 20.65 percent in total.

4.1.2 Composition of Remittance

In this study, the various sources of remittance are broadly categorized into two years; internal sources (getting from various parts of Nepal) and external sources (getting from outside the nation). These are obviously recorded as the main contributing sources of remittance in the rural economy.

Table 4.1: Composition of Remittance

S.N.	Categories	Sample HHs	Annual remittance	Mean
1.	Internal Remittance	32	9050000 (20.65)	282812.50
2.	External Remittance	96	3,47,55000 (79.35)	362031.25
Total		128	43805000	342226.56

Source: Field Survey, 2017

Note: Figure in parenthesis denotes the percentage of the total.

Table 4.1 reveals that the external and internal remittance accounts for 79.35 and 20.65 percent respectively. The average inflow of remittance is calculated Rs. 342226.65 per year whereas the annual internal average remittance per household is Rs. 362031.25. On the whole, the sample households receive about Rs. 43805000 annually. The share of remittance in total annual household income is 48.73 percent.

4.1.2.1 Internal Remittance

The money income sent by the job holders from outside the village working within a country (urban and rural areas) is known as the internal remittance. It is an important source of the household income. But, in the present study area, its role is only nominal in sustaining the life of people in comparison to external remittance. It accounts for only 20.65 percent of the total remittance. This source of remittance includes business, civil and military sources etc. The civil services include both governmental and non-governmental services. Native pension is also the source of internal remittance. Other activities outside the village are also known as the sources of internal remittance.

Table 4.2: Annual Internal Remittance of sample HHs.

Source of Internal Remittance	No. of HHs	Remittance Annual	Mean
Civil services	14	43,10,000 (47.62)	287333.33
Native pension	8	1220000 (13.48)	152500
Business	8	2990000 (33.04)	299000
Other activities	2	530000 (5.86)	132500
Total	32	90,50,000 (100)	

Source: Field Survey, 2017

Note: Figure in parenthesis denotes the percentage of the total.

Table 4.2 shows the internal remittance Rs. 90, 50,000 as a cash inflow to this study area. This amount comes from different sources of the internal remittance. In this sector, civil service contributes more than other sources. The percentage of the remittance occupied by civil service 47.62 the total. Business occupies 33.04 percent and pension and other activities account for 13.48 and 5.86 percent respectively.

4.1.2.2 External Remittance

The money income sent or brought by the holders from outside the nation involving in any type of work is known as external remittance it is the major source of those households whose members have gone abroad. It plays an important role in the household economy of the study area. The total external remittance is dominated by the income generated by the foreign civil services excluding India. It accounts for about 77.70 percent of the total external remittance. Similarly, the remittance that

comes from the Indian civil services and pension (India and other) is 19.93 and 10.07 percent respectively. The total annual external remittance of sample household is Rs. 3, 47, 55,000.

Table 4.3: Annual External Remittances by Nature

Sources of External Remittance	No. of HHs	Remittance	%	Mean
Foreign civil service (beside India)	90	27005000	77.70	300055.55
India (Civil and Army)	25	4250500	72.23	170202
Pension (India and other)	20	35, 00, 000	10.07	175000
Total	135*	34755000	100	362031.25

Source: Field Survey, 2017

* One household may involve in more than one source of Remittance.

These total households (96) involved in receiving external remittance get Rs. 362081.25 in average annually. The figure differs in terms of average remittance of the three major categories as mentioned in the table. The average remittance is more than the total average in the context of remittance derived from the foreign civil services. But the average remittance of the Indian civil and military services and pension holders seem less than the total average as Rs. 170020 and 175000 respectively.

4.2 Socio- economic Characterization of Sample Households

There are many socio-economic characteristics of households in the study area. Majority of the people is in a low educational status with small medium size of land holding, unseen agricultural dependency with small quantity of production, deficiency of food stuff, lack of off-farm job opportunities etc. due to the short supply of food grain from agriculture and lack of off-farm activities within the VDC, many villagers are compelled to migrate within the country or outside the country to earn remittance income for maintaining their livelihood. However, the socio-economic characteristics of the study area can be discussed in the terms of the following topics.

4.2.1 Caste Structure

People of the various castes are the inhabitants to the study area. The settlement pattern of the people is different from one caste to another to some extent. Generally, Brahmans and Chhetri scattered all over the study area. However, other castes, such as Rai, Magar, Newar, Sarki, Damai etc are segregated to some specific locations. All the sample households have been categorized on the basis of their caste into three major groups-upper group, ethnic group and Dalit group. In the upper group, Brahman and Chhetri are included. Similarly, in the ethnic group, Rai, Magar and Newar are included. The Dalit group includes Sarki, Kami and Damai. The caste structure of sample households is shown in table 4.1.

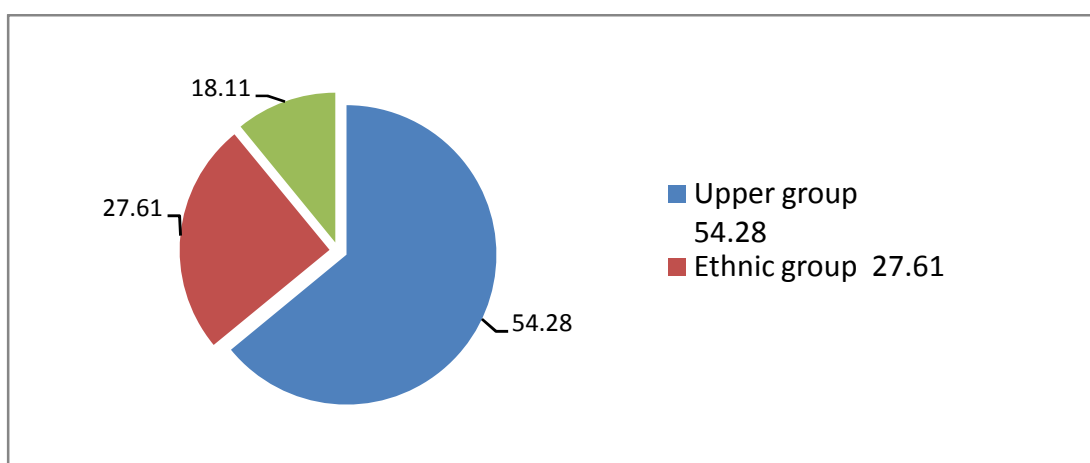
Table 4.4: Caste Structure of Sample HHs

Castes	Ward No.					Total	Percent	Caste group (%)
	1	3	5	7	9			
Brahman	28	35	5	12	12	66	31.43	54.28
Chhetri	0	5	8	7	10	30	22.85	
Rai	10	2	5	7	0	20	9.52	27.61
Magar	0	0	3	4	3	25	11.90	
Newar	0	0	1	3	2	13	6.19	
Sarki	22	0	3	2	4	12	5.71	18.11
Damai	0	0	2	3	2	10	4.76	
Kami	8	6	3	2	7	16	7.64	
Total	65	48	30	40	40	210	100	100

Source: Field Survey, 2017

Table 4.4 and figure 4.1 show the caste-wise distribution of the households in the study area. Out of the total 210 sample households, 114 households (54.28%) belong to upper caste which is the most dominating one. Similarly, the Dalit and ethnic group represents 27.61 and 18.11 percent respectively. The caste structure of the sample households by ward shows that Brahmans live in all the sample wards densely compare to the Dalit and ethnic groups.

Figure 4.1: Major Caste Structure of the Study Area



Source: Field Survey, 2017

4.2.2 Demographic Composition

Table 4.4 reveals the age and sex composition of the study area. Similarly, information given by the same table indicates the family size of the sample households.

Table 4.5: Demographical Composition of Sample HHs

Age structure	Sex composition		Number of population
	Male	Female	
Below 5 years	84	88	172 (11.58)
5-14 years	147	145	292 (19.41)
15-59 years	436	389	825 (55.63)
60 and above	96	97	193 (13.38)
Total	763	720	1483 (100)

Source: Field Survey, 2017

Out of the total population in this study area, the male population is 49.60% and female population is 50.40% of the total population of sample households. The average family size of the study area is 5.83 which are higher than the average family size of Udayapur district (5.5) and national level (5.44).

Out of the total sample population, those groups below 15 years and age of 60 and above are known as dependent population because they mostly depend on other active people for their livelihood. The Economically active population (16-59 years) which is largest portion of the total population in the study area. People of this age group can earn themselves and support other dependent people.

4.2.3 Educational Status

It is considered that education is the third eye of human beings. Education is a lifelong process through which people can improve their social status and standard of living. Educational status is the indicator of socio-economic development of the society and is also a measure of self-awareness, knowledge and environment. Educational status of Nepal has progressed in recent decades. According to the census 1991, the literacy rate of Nepal was 39.6 percent. After a decade (in 2001), it increased by 14.14 percent and reached 53.74 percent. However, literacy rate was only 42.5 percent. The educational status of this study area can be seen in the sample household population data given below in table 4.5 and figure.

Table 4.6: Educational status of sample HHs

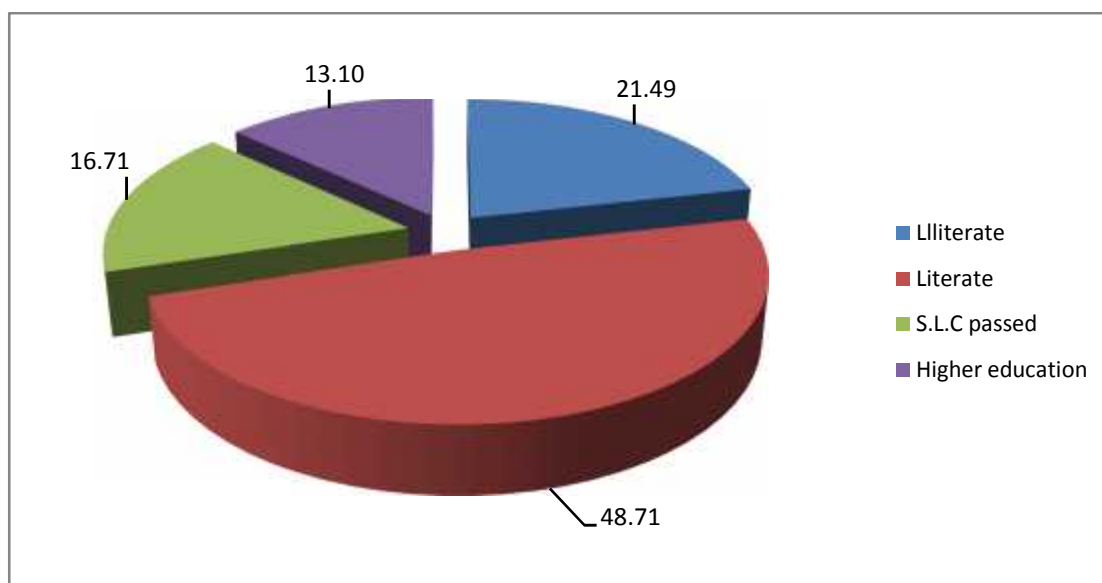
S. N.	Level of education	Number of People	Percent
1.	Illiterate	233(61 male, 172 female)	21.49
2.	Literate	528	48.71
3.	S.L.C passed	181	16.71
4.	Higher education	142(101 male, 41 female)	13.10
Total		1084	100

Source: Field Survey, 2017

Data given in table 4.6 and figure 4.3 reveal that 21.49 percent of the total sample household population is illiterate. Excluding the age group below 5 years, 48.71 percent of the total sample population is literate, 16.71 percent have passed S.L.C and 13.10 percent have gone for the higher education. Out of the total illiterate people, (233) 26.18 percent are male and 73.82 percent are female. Similarly, among total illiterate people, the number of Dalits is more than that of other caste groups. This indicates that the access to education is low for female and Dalits still now. Likewise,

out of the total persons 142 getting higher education, 71.13 percent are male and 28.87 percent are female. It shows the very low access of female to higher education. The calculation states that literacy rate is 78.51 percent. In the study area which is higher than the national level (53.74%). It indicates that the study area is forwarded in education to some extent.

Figure 4.2: Educational status of sample HHs



Source: Field Survey, 2017

4.2.4 Land Holding Pattern

Due to the lack of other off-farm job opportunities, farming has become a major occupation of the people of this study area and land has been regarded as an important asset in maintaining their livelihoods. On the basis of its nature and use, land is divided into three major types, such as Khet, (year-round irrigated or seasonally irrigated land which is mostly used for paddy cultivation), Bari (dry land-mostly not irrigated and used for millet and maize production) and others (grassland, forest, fruits cultivated land etc). In total, the land used for cultivation purpose by the sample households is 2301 Ropanies, out of which 901 (39.16%) Ropanies come under Khet, 771 (33.51%) Ropanies come under Bari and the rest of the 629 (27.34%) Ropanies come under others. Land as an important property inherited from their parents is the indicator of the economic and social status of a family. Since the study area is

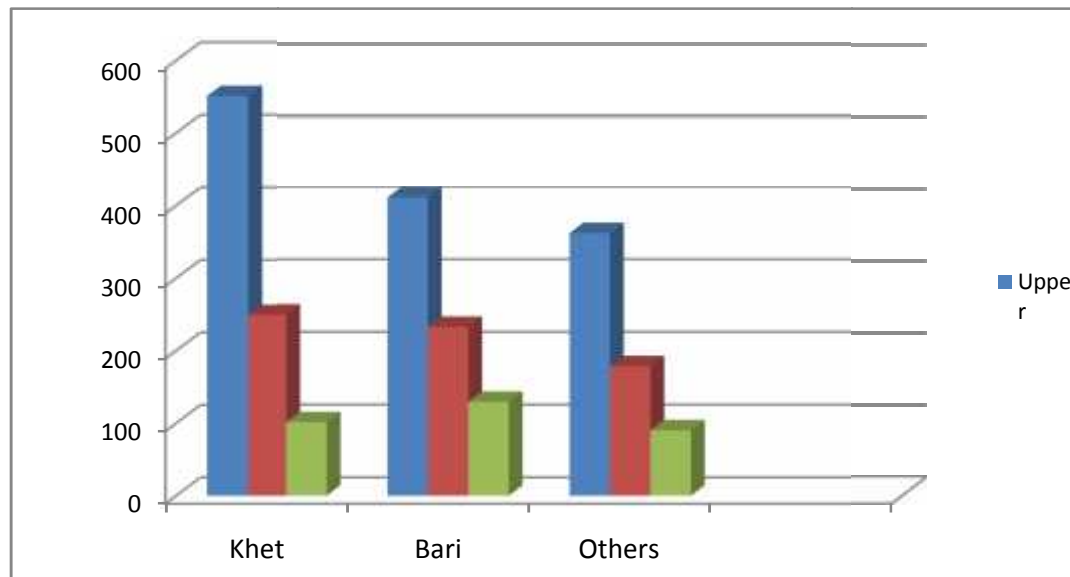
basically agrarian, land is the basic asset and also the basic source of livelihood of the people.

Table 4.7: Land holding of sample HHs by caste group

Caste group	No of sample HHs	Land holding (in Ropanies)				Percent	Mean
		Khet	Bari	Others	Total		
Upper	114	551	410	361	1322	57.45	11.60
Ethnic	58	249	232	178	659	28.64	11.17
Dalit	38	101	129	90	320	13.91	8.42
Total	210	901	771	629	2301	100	10.96

Source: Field Survey – 2017

Figure 4.3: Caste -wise Land Holding of Sample HHs



Source: Field Survey – 2017

Data in table 4.7 and figure 4.3 reveal the distribution of land among people. Generally, those who have a socio-economically higher status hold not only a large area of land but also the fertile land. But those who are socio-economically low in

status hold a small area with low quality of land. As a result, they cannot produce enough to sustain their life.

As mentioned in table 4.4, the total cultivated land that the households have owned is 2301 ropanies. About 57.45 percent is owned by the upper castes. Ethnic group and the Dalits occupy only 28.64 percent and 13.91 percent of land respectively. The average landholding size for all is estimated to be 10.96 ropanies. However, the average landholding size of the upper caste family is 11.60 ropanies per household but it is 11.17 and 8.42 ropanies per household for ethnic and Dalit respectively. This clearly shows that there is high degree of disparity in landholding in the study area that is upper the caste, larger the landholding size and lower the caste, smaller the landholding size. It indicates that upper castes have more land and mostly involved in agriculture whereas the Dalit and the ethnic groups occupy smaller amount of land and involve more of off-farm works. Smaller amount of production does not meet the required amount of food materials for the family. Once there is a shortage of food materials, it compels the members of a family to search for a new job opportunity either within or outside the nation.

4.2.5 Size of Land Holding

Farm size is one of the factors which reveal not only the entitlement of the household but also feasibility to adopt modern technology for higher level of production and productivity.

Looking at this fact, the landholding size has been classified into three categories- small size of land (below 5 Ropanies), medium size of land (5-15 Ropanies) and large size of land (above 15 Ropanies). Under these lands size categories, the number of the caste wise households have been mentioned as follows (table 4.5).

Table 4.8: Land Holding Size of Sample HHs by Caste

Categories	Brahmins / chhetri	Ethnic caste group	Dalits	Total
Small	20 (17.54%)	9 (15.52%)	19 (50%)	48 (22.86%)
Medium	54 (43.37%)	34 (58.62%)	16 (42.11%)	104 (49.52%)
Large	40 (35.09%)	15 (25.86%)	3 (7.89%)	58 (27.62%)
Total	114 (100%)	58 (100%)	38 (100%)	210 (100%)

Source: CBS, 2017

Note: Figure within parenthesis denotes percentage of the total.

The data presented in table 4.5 state that upper caste group have more land than other two caste groups. In upper caste group, only 17.54 percent households have small size of land. But 15.52 percent households of ethnic caste group and 50 percent (most of) households of Dalits have small size of land. Similarly, in upper caste group, 47.37 percents households have medium size of land whereas 58.62 percent households of ethnic caste group and only 42.11 percent households of Dalits have medium size of land. Likewise, 35.09 percent households of upper caste group have large size of land whereas 25.86 percent households of ethnic caste group have large size of land and 7.89 percent households of Dalit group have large size of land. This proves that the land holding size is directly and indirectly related to the social and economic condition of the households.

Out of total sample households (210), 22.87 percent households (48) have small size of land, 49.52 percent (104) households have medium size of land and 27.62 percent (26) households have large size of land. Although most of the households are holding medium and large size of land, the production and productivity of land is low due to the lack of proper irrigation system, use of traditional technology, lack of improved seeds, steep topography and rocky soil, lack of commercialization in agriculture, low involvement of youths in it etc.

4.2.6 Agricultural Production

Agriculture is the major source of livelihood for the rural communities in Nepal. Due to the low existence of other employment generating activities, people and agriculture are inseparable. In this study area, people basically involved in agricultural production and almost all of them are farmers. They cultivate various types of food grains and cash crops. Food grains include paddy, maize, millet, wheat, pulses etc. cash crops include oilseed, potatoes, green vegetable, fruits, tomato etc. The agricultural production of sample households has been shown in table 4.6.

Table 4.9: Annual agricultural product of sample HHs

S.N.	Main crops	Production amount (in Muri)	Market value (in Rs)	Percent
1.	paddy	2330	3495000	52.82
2.	Maize	940	1410000	21.31
3.	Millet	591	709200	10.72
4.	Wheat	366	549000	8.30
5.	Pulses	155	310000	4.69
6.	Others	71.5	143000	2.16
total		4453.5	6616200	100%

Table 4.9 b: Annual agricultural product of sample HHs

S.N.	Cash crops	Production (in kg.)	Market value	Percent
1.	Oilseed	16180	647200	8.12
2.	Potato	54355	1087100	13.63
3.	Green Veg.	34420	688.400	8.63
4.	Orange	136650	97,33,000	34.27
5.	Tomato	1,06,900	2138000	26.81
6.	Others fruits	34050	681000	8.54
Total		382555	7974700	100%

Source: Field Survey, 2017

Due to the absence of commercialization in agriculture and lack of proper knowledge about cash crops, farmers mostly grow cereal crops in this study area. As the dominant crops, cereal crops account for 45.34 percent of the total agricultural production whereas cash crops account for only 54.66 percent in terms of the monetary value.

Major cereal crops of the study area are paddy, maize, millet and wheat, paddy is the dominant food crops that accounts for 52.82 percent of the total cereal (food grain) production in terms of the monetary value. Similarly, maize is the second important crop that accounts for 21.31 percent, millet is the third important crop that accounts

for 10.72 percent and wheat is the fourth important crop that accounts for only 8.30 percent of the total cereal production in terms of the monetary value. Out of all cash crops produced in the study area, citrus fruit is the most important crop that accounts for 34.27 percent in terms of monetary value. Similarly, tomato potato and green vegetables occupy the second (26.81) third (13.63) and fourth (8.63) position respectively, Oilseed and other fruits account for 8.22 and 8.54 percent are respectively are also the important items of the village. The average value of agricultural production is Rs. 69480.476 per household.

4.2.7 Livestock Farming

Livestock is the supplementary part of agriculture. It brings a considerable income to the farmers. People keep livestock for the purpose of milk, meat, manure etc. They sell them in the market which helps them to earn money for buying necessary goods (food, clothes etc). Important domestic animals are buffalo, cow, ox, goat, poultry (birds) etc. There are 479 livestock within the sample households.

Table 4.10 (a) the No. of Livestock Farming

Categories	No. of sample HHs	No. of livestock	Mean
Buffalo	162	263 (19.73)	1.62
Cow	72	198 (14.85)	2.75
Ox	59	65 (4.88)	1.10
Goat/Sheep	146	661 (49.59)	4.58
Others (dog, pig etc)	81	146 (10.95)	1.80
Poultry form (hens)	72	17,600	244.44
Total (except poultry farm)	590*	1333	2.25

Source: Field Survey, 2017

* One household may involve in rearing more than two types of livestock.

Note: Figure in parenthesis denotes percentage of the total.

Table 4.10 (b) the Status of Animal Products

Production items		production unit	price (per unit)	Income lines
Milk	Buffalo	90.000 (lt)	40	11652700
	Cow	402635	20	
Meat	Goat/Sheep	5045	400	6417200
	Poultry farm	3660	120	
Other (manure, oxen/wage etc.)	-	-	-	650000
total	-	-	-	1,8719900

Villagers have goats and sheep which account for 49.59 percent of the total livestock population. The rest of the animals like pigs, dogs etc. represent 10.95 percent in total which have provided low contribution in generating income 72 household have poultry farm and they have 244.4 per household. The average number of buffaloes, cows, oxen, goats/sheep and other are 1.62, 2.75, 1.104.55 and 1.80 per households respectively.

Milk and meat are the main products of livestock farming. All most all households produce milk from buffaloes and cows. The average milk produce is 2345.88 liters per households annually. Similarly 46 households are involved in producing meet from (goats and sheep) and 72 household are in poultry form. They produce 41705 kg meet in total annually. The total income of households earned from livestock farming is accounted for Rs. 18719900 which has contributed in annual income of sample households by 2252 percent. The average income generating form livestock farming is Rs. 89142.38.

4.2.8 Occupational Status

In this study area, people are engaged in various types of occupation. Agriculture is the major occupation but its production is so marginal that the households are not self-sufficient in their farm production. Because of this, people have to find out other off-farm activities. At present, a large number of people are engaged in agriculture; however, some off-farm economic activities have emerged. This fact is displayed by

the data mentioned in table 4.8. In other words, the table depicts occupational structure of the sample households by caste groups.

Table 4.11: Occupational Status

Categories	No. of HHs	upper caste	Ethnic	Dalit	No. of active population	percentage of total
Agriculture	210	255 (57.30)	119 (26.74)	71 (15.96)	445 (100)	53.94
Internal service	59	45 (68.18)	15 (22.73)	6 (9.09)	66 (100)	8.00
External service	96	58 (42.03)	53 (38.41)	27 (19.56)	138 (100)	16.73
Business	43	39 (61.90)	18 (28.57)	6 (9.53)	63 (100)	7.64
Daily wage earning and others	77	43 (38.05)	25 (22.12)	45 (39.83)	113 (100)	13.69
Total	485*	440	230	155	825	100

Source: Field Survey, 2017

*One household may involve more than one occupation

Table 4.11 reveals that agriculture is the main economic activity for the active people (15-59 years) of this study area. Out of total active people (825), 53.94 percent (445) are involved in agriculture and related activities directly and indirectly (because students above 15 years are also included in it as they do not involve in any other economic activities). Among the three caste group, 57.30 percent of the active population of upper caste has been engaged in agriculture. Similarly, 26.74 percent of the ethnic group and only 15.96 percent of the Dalit (active population) has been involved in farm activities. It indicates that there is very low involvement of Dalit in farming activities due to the small size of land holding. However, all sample household are involved in agriculture to some extent.

External service is the second major occupation for the active people of this study area (all types of works are involved within it). As there is rare possibility of getting jobs within the county, it has become a main source of livelihood. Out of total sample population (active), 16.73 percent are engaged in external service. Among them, 42.03 percent from Upper castes 38.41 percent from ethnic group only 19.56 percent

Dalit are involved in different works. It indicates that there is very low access of Dalit in external service due to low investment in developing skills and getting education.

Daily wage earning (and others) is the third major occupational source by which about 15.87 percent households are generating unstable income to minimize their economic burden. Out of total sample (active) population, 13.69 percent are engaged in daily wage earning and other activities in which 38.05 percent are from upper castes, 22.12 percent are from ethnic group and 39.83 are from Dalit. It shows that the access of Dalit in daily wage earning is higher than others due to their low social as well as economic status. Out of total active population, only 8 percent people are engaged in internal service in both governmental and non-governmental sectors. Among them, 68.18 percent people are from upper castes 22.73 percent people are from ethnic group and 9.09 percent from Dalit group in internal service. Similarly, only 7.64 percent of active population is involved in business. Among them, 61.90 percent from upper cast, 28.57 percent from ethnic and 9.53 percent from Dalit group. Due to the low expansion of economic activities only few people are involved in this sector. At last, we can conclude that the upper caste group is a dominating group as it takes part in every occupational work with biggest number.

4.2.9 Food sufficiency Condition

Food sufficiency condition is known as an indicator of observing the poverty level. The major source of the livelihood is agricultural product. Households which have sufficient amount of food production have no problem of food deficit that means they are no poor. Some may have surplus amount of food production as well. However, there are a number of households that do not have food to feed themselves for the year round. To avoid this problem, they are in search of new sources of income. This fact can be explained on the basis of the information given in table 4.9 and figure 4.6.

Table 4.12: Food Sufficiency Condition

Food sufficiency category	Caste group			Total
	Upper	Ethnic	Dalit	
below 3 months	13 (36.11)	6 (16.67)	17 (47.22)	36 (17.14)
3 to 6 month	32 (59.26)	14 (25.92)	8 (14.82)	54 (25.71)
6 to 9 months	21 (42.86)	12 (24.48)	16 (32.66)	49 (23.33)
9 to 12 months	23 (51.11)	18 (40.00)	4 (8.89)	45 (21.43)
Food saving	25 (69.45)	8 (12.50)	3 (8.33)	36 (17.19)
Total	114 (100)	58 (100)	48 (100)	220 (100)

Source: Field Survey, 2017

Note: Figure in parenthesis denotes percentage of the total.

Although majority of people are involved in agriculture, about half percent households are suffering from food deficit in the present study area. Out of total sample households, 38.62 percent can manage their household food consumption either year round or for more than nine months. About 23.33 percent households can manage their food consumption for 6 to 9 months from their farm products. Similarly, 25.71 and 17.14 percent of the total households can manage their food consumption from 3 to 6 months and below 3 months respectively. On the whole, about 61.38 percent households are below the subsistence level and the remaining 38.62 percent households are self-sufficient (including 9-12 months) in food grain production. The households which are suffering from food deficiency attempt to fulfill their food requirements through income earned by family members from other supplementary sources, such as daily wage earning, credit borrowing, services (internal and external), business etc. The level of food sufficiency of the sample households also has been depicted by figure 4.6.

Above data reveal that the case-wise food sufficiency level is differ from one to another. About 42.10 percent (including 9 to 12 months) households of the upper castes have almost sufficient amount of food stuffs and the rest 57.90 percent households suffer from food deficit. In the ethnic group, about 44.82 percent households have sufficient amount of food production and the rest 55.18 percent have

a shortage of food grain because their food can meet their need only below nine months. In the context of Dalits, 18.42 percent households of Dalit have sufficient of food production and the rest 81.58 percent have a shortage of food grain. It indicates that the economic condition of the lower castes is very worse.

4.2.10 Composition of the Household Income

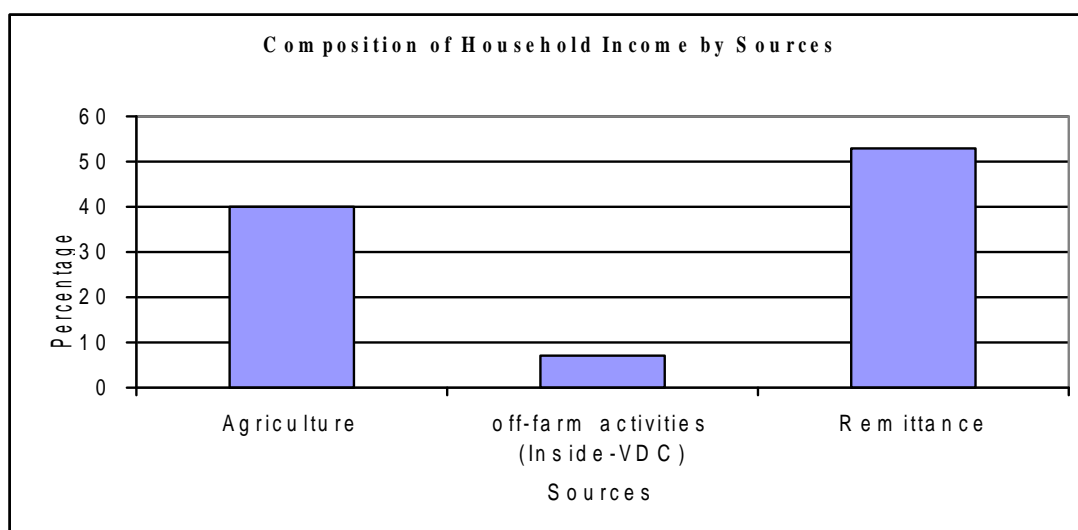
Nepal has an agrarian economy where agriculture sector is employing over 78.0 percent of the total labor force and generating about 40 percent of the gross domestic product. Although it is the main source of income in Nepal, it cannot sustain the life of its people. Due to the increasing population on limited cultivated land, disguised unemployment is increasing day by day. That's why people are seeking off-farm works as an alternative source of income. There are rare off-farm opportunities in rural area that is why, people are compelled to migrate towards urban areas within the country and abroad to overcome their economic problems through remittance income. In addition to this, some of them hold some jobs within their own locality and some start business as a source of additional income. Contribution of these activities explains the economic condition of the family. Data of table 4.10 and figure 4.6 reveal the individual contribution of these activities in the household economy of the study area. The total annual income of sample households is Rs. 83101800 and the average income of a household is Rs. 395722.85. In total income, the contribution of agriculture, off-farm activities (inside VDC) and remittance is 40.07, 7.20 and 52.72 percent respectively. In agriculture, 445 active persons of 210 (total) households are involved in both farming and livestock rearing. In total, the contribution of farming is 17.56 and livestock rearing is 22.523 percent. The average agricultural income of a household is Rs. 1586220.85 annually. Off-farm activities conducted within the VDC(study area) include business, service (governmental and non-governmental) and others In total income, the share of business, service and others is 2.51, 3.12 and 1.57 percent respectively (only within VDC). Only 169 persons of 112 households are involved in off-farm activities inside their own VDC. Similarly, 211 persons of 128 households are involved in earning remittance income (internal and external).

Table 4.13: Source of Household Income of Sample HHs

S.N.	Sources	No. of involves persons	No. of HHs	Annual Income lines	percent	Mean
1.	Agriculture	445	210	33310800	40.08	158622.85
	a) Farming			14590900	17.56	
	b) Livestock Rearing			18719900	22.52	
2.	off-farm activities (Inside-VDC)	169	112	5986000	7.20	53446.42
	a) Business	36	35	2595000	2.51	
	b) Service	41	54	1305000	3.12	
	c) others	92	54	1305000	1.57	
3.	Remittance	211	128	43805000	52.72	342226.56
	a) Internal	58	32	9050000	10.89	
	b) External	153	96	34755000	41.83	
	Total	825		83101800	100%	395722.85

Source: Field Survey, 2017

Note: Others include labor wage, caste base works, interest etc.

Figure No. 4.4 Source of Household Income of Sample HHs

In total income, the share of internal remittance is only 10.89 percent whereas the share of external remittance is 41.83 percent. It shows that the role of external remittance is vital and the role of internal remittance is nominal in contributing in total income. The average annual remitted income of households involved in getting remittance income is Rs. 32226.56. On the basis of above description, we can be concluded that remittance is becoming a major source of household income now-a-days.

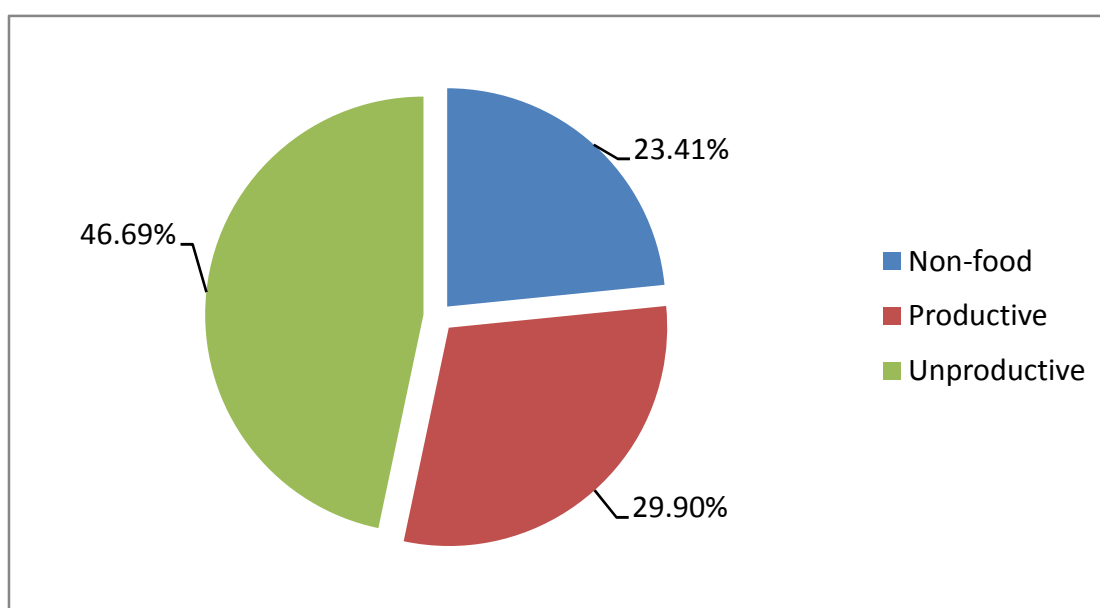
Table 4.14: Expenditure pattern of sample HHs

S.N.	Expenditure Items	No. of HHs	Total expenditure	Mean
1.	Food	210	16830000(23.41)	80143
2.	Non-food	210	55056000 (76.59)	262000
	a) productive		21495000 (29.90)	102000
	b) Unproductive		33561000 (46.69)	1,60,000
Total			71886000 (100)	342314

Source: Field Survey, 2017

Note: Figure in parenthesis denotes the percentage of the total.

Figure 4.5 Expenditure pattern of sample HHs



4.2.11 Expenditure Pattern

In this study area, people spend their income in both food and non-food items. In this study, food expenditure is assumed as a neutral expense because it is compulsory for both rich and poor. It includes all expenses related with food items, such as rice, pulses, vegetables, fruits etc. Non-food expenditure has been categorized into two groups; productive and unproductive expenditure. Productive expenditure includes expenses done on agriculture, education, maintaining expenses, and health care etc. items. Similarly, unproductive expenditure includes expenses done on family needs

(clothes, jewelries, cosmetics etc.) construction of house (residential), marriage, festivals, cultural and religious activities and others. All these expenses on various items are shown in table 4.14 and figure 4.5.

The sample households spend Rs. 71886000 on these three major items annually. Of this, expenditure on food represents 23.41 percent of the total. Likewise, expenditure on productive and unproductive items is 23.90 and 46.69 percent respectively. The average household expenditure on food items accounts Rs. 80143 whereas the average household expenditure on productive and unproductive items accounts Rs. 102000 and Rs. 160000 respectively. On the whole, a household spends about Rs. 342314 on these items annually. The general feature of the data depicts that a large amount (46.69) of their income is spent on unproductive sectors which is not rational from economic point of view. It is necessary to increase their expenditure on productive activities to get economic benefits.

4.2.12 Source of Loan

In this study area, the economic condition of the villagers is found normal. Most of the people do not have sufficient source of income, that's why, they have to take loan for maintaining the daily life. In this process, they have taken loan from various sources which are shown in table 4.12.

Table 4.15: Source of Loan

Source of loan	No. of Households	Percent
ADB	18	21.18
Money lender	30	35.29
Relatives and other	12	14.12
Multi source*	25	29.41
Total	85	100

Source: Field Survey, 2017

* Loan takes from various sources i.e. bank, money lender, relatives etc.

Table 4.15 shows that among the total sample households about 40.47 percent households have taken loan. Out of total, 21.18 percent households have taken loan only from Agriculture Development Bank (ADB) and 35.29 percent of loan is taken from local money lenders. Relatives and other sources have supported by 14.12 percent. Some households have taken loan from multiple sources the share of which is 29.41 percent. The column of loan taken form money lenders is larger than that of other sources. The access of people to getting loan from organized sector is meager due to the rare establishment of financial instantiations in rural area, lack of knowledge and long process of getting loan.

4.2.13 Nature of Migration

Migration refers the movement of people form on place to another for their betterment. Before two decades, people migrated from hilly region to Tarai region for the good cultivable land. But now, the trend of migration is changed. People want to migrate from rural and remote areas to urban areas and to abroad to get job opportunities. The destination of a migrant is determined by his/her purpose this village has both internal and external migrants. Internal migration is basically related with services and business. Compared these two activities, internal migration is related less with labor work. But the external (foreign) migration is mostly related with manual work, though their purposes of migration differ from one another. The study shows that the trend of both the internal and external migration in the study area is increasing. The outbreak of the Maoist insurgency from 2052 B.S. has further intensified this trend in Nepal. Such type of situation in Nepal has raised the number of migrants out of the nation.

The increasing volume of out-migration has affected the volume of remittance. Present study area is not an exception to this trend. Table 4.13 shows the trend and nature of migration found in the study area.

Table 4.16: Migration Pattern

Internal migration					External Migration				
Purpose (Internal)	HHs	%	Migrated No.	%	Destination (External)	HHs	%	Migrated No.	%
Service	18	56.25	37	55.22	India	29	21.64	32	27.88
Business	10	31.25	22	32.83	Gulf countries	55	63.42	100	52.88
Others	4	12.50	8	11.95	Others countries	20	14.94	22	19.24
Total	32	100	67	100	Total	114	100	154	100

Source: Field Survey, 2017

* One household involved in more than one destination.

Out of total migration from the study area, internal migration accounts for 30.45 percent and the external migration accounts for 69.55 percent. Destinations of the external migration are mostly Gulf countries 52.88 and India (27.88%). A small portion (19.24) of the total external migrants goes to other nations, e.g. U.K, and Japan. Likewise, people leave their home and work outside within the nation. People of this group generally leave their home for government and non-governmental jobs. They also run business and other economic activities. Of this group, about 56.25% percent involve in services, 31.25 percent run business and the rest 12.5 percent involve in other of activities (as workers, porters, etc.)

4.3 Role of Remittance in Household Economy

The present area, the Bhalayodada VDC is a rural agrarian village. Due to the lack of other off-farm income generating activities, nearly 55 percent active population has been involved in agriculture directly and indirectly (students above 13 years are included in it as they do not involve in any off farm activities) and earn their livelihood only at subsistence level. They mostly product cereal crops like paddy, maize, wheat, millet etc. due to the lack of knowledge about cash crops and their market. They are also involved in animal husbandry but its business purpose is low although majority of farmers have medium and large size of land, it cannot be used successfully to grow crops that fulfill the required amount of food necessary for the family due to steep and low quality of land. There is a lack of the application of modern agricultural techniques to improve the agricultural sector. In the absence of these things, the return from it is nominal. So, about 43.00 percent households are suffering from food deficit. In order to meet their food deficit, they have searched the

alternative sources of income. As a result, remittance has been become the most important source of income.

Although about cent percent households are involved in agriculture, its contribution in total household income is only 42.37 percent. The second major sector of the people’s involvement is the remittance earning off-farm activities. This sector contributes about 48.73 percent of the total annual household income. Similarly, the share of off-farm income inside the village is so small that accounts for only 8.90 percent of the total (table 4.10). It obviously shows that the rural economy s mostly influenced by remittance at present and the days to come. However, the role of remittance in household economy can be analyzed as follows:

4.3.1 Land Holding and Remittance

The distribution of land among remittance receiving household and remittance non-receiving households can express the role of remittance in rural household economy. As the high difference between their income levels, there is vast difference in land holding between them. Although the average land holding size 10.16 ropanies in the study area, the average size of land holding of remittance receiving households is higher (11.58 R.) than the remittance non-receiving households (8.75 R.). This reality can be shown in the following table 4.17

Table 4.17: Landholding Size by Classification of Land

Landholding Categories	RRHH			RNRHH		
	No. of HHs	Percent	Mean	No. of HHs	Percent	Mean
Small	29	22.65	4.05	19	23.17	4.25
Medium	61	47.66	10.25	43	52.44	9.06
Large	38	29.69	18.75	20	24.39	22.08
Total	128	100	11.58	82	100	8.75

Source: Field Survey, 2017

Table 4.17 shows the average size of land holding according to its different categories. Land holding size seems heterogeneous between two groups; remittance receiving households (RRHHs) and remittance non-receiving households (RNRHHs). Although the small and large farmers of RNRHH group holds larger land (4.25 R. and 22.08 R.) then the small and large farmers of RRHH group (4.05 R. and 18.75 R) in

average the average size of land holding of RRHH group is higher (11.58 R.) than the RNRHH (only 8.75 R.) in total. Similarly, out of total remittance receiving households (128), only 22.65 percent households hold small size of land. 47.66 percent households have medium size of land and 29.69 percent households have large size of land. But, out of total remittance non-receiving households about 23.17 percent households have small size of land, 52.44 percent have medium size and 24.39 percent households have large size of land. From this, we can conclude that there is significant different in size of land holding between RRHHs and RNRHHs due to remittance income.

4.3.2 Food Sufficiency and Remittance

A comparative study of food sufficiency level between RRHHs and RNRHHs shed light on the role of remittance with the help of data given in table 4.18.

Table 4.18: Classification of Sample Household by Food Sufficiency

Food Sufficiency (in Months)	RRHHs	RNRHHs
Below 3	20 (16.95)	16 (19.51)
3-6	31 (26.27)	23 (28.05)
6-9	25 (21.19)	24 (29.27)
9-12	27 (22.88)	18 (21.95)
Food saving	25 (22.12)	11 (13.41)
Total	128 (100)	92 (100)

Source: Field Survey, 2017

Note: Figure in parenthesis denotes the percentage of the total.

Table 4.18 depicts that 19.51 percent of RNRHHs produce the food products that can meet their food consumption hardly for three months. Similarly, among the RRHHs, only 16.95 of HHs are producing the farm products that can meet their food consumption for only three months. Likewise, among the RNRHHs, 28.05 percent HHs meet their food problems by their own farm production for three to six months whereas 26.27 percent RRHHs are able to consume food products only for three to six months. Among the RNRHHs, 29.27 percent households can meet six to nine months of food sufficiency whereas only 21.19 RRHHs fall in it. Besides the food deficiency, in RRHHs 43.99 percent of the sample households are found food sufficient

(including both 9-12 months and food saving) with their own food products whereas only 15.36 percent RNRHHs can get sufficient food products from their own production. It shows that most of the RRHHs are getting food products in sufficient amount but most of the RNRHHs are suffering from food deficiency.

4.3.3 Educational Status and Remittance

Education is known as the indicator of socio-economic development. Without the progress in education, development of a nation cannot be thought. Although it is an important aspect of human life, most of the people of this study area are deprived from getting higher education due to the lack of higher educational and technical institutes, poor economic status, false social values and norms etc. However, remittance is playing an important role in promoting educational status of the people of this area which can be expressed with the help of following table.

Table 4.19: Educational Status by RRNH and RNRHH

S.N.	Level of Education	RRHH (No. and %)	RNRHH (NO. and %)
1.	Illiterate	142 (20.70)	91 (22.86)
2.	General education	334 (48.68)	194 (48.75)
3.	S.L.C. passed	119 (17.35)	62 (15.58)
4.	Higher Education	91 (13.27)	51 (12.81)
5.	Total	91 (13.27)	51 (12.81)

Source: Field Survey, 2017

Data in table 4.19 reveal that out of total sample population 1084 (excluding the age group below 5 years), 686 persons are related with RRHHs and 398 persons are related with RNRHHs. Among 686 remittances receiving persons, only 20.70 percent are illiterate, 48.68 percent are literate (only reading and writing Nepali language), 17.35 percent are S.L.C. passed and 13.27 percent are getting higher education.

From the above analysis, we can find that remittance non-receiving persons are highly illiterate than remittance receiving persons. Similarly, remittance receiving persons have higher access in getting higher education than remittance non-receiving persons. At last, we can conclude that the educational status of remittance receiving households is higher than remittance non-receiving households due to remittance income.

4.3.4 Income and Remittance

Although agriculture is the common source of livelihood for both RRHHs and RNRHHs, it alone could not meet the requirement of the villagers. Therefore, the villagers have taken other activities as a supplementary source of income, such as local economics activities and remittance. Local economic activities are local services, business and other activities which are related with RRHHs. Likewise, internal and external sources of income and pension are known as remittances which are the additional sources of income for RRHHs as non-agricultural income. The sources of income for the RRHHs are more than for the RNRHHs. We can conclude that remittance receiving households have various sources with high income level than in non-receiving households. This fact is illustrated on table 4.20.

Table 4.20: Income Difference between RRHHs and RNRHHs

Income Source	RRHH		RNRHH		Mean Different	S.E.	Z
	n ₁	Mean (&1)	n ₂	Mean (2)			
Agriculture	128	129242.18	82	204485.36	-75243.18	16728.56	-4.49
Non-agriculture	128	338281.5	82	79158.53	259722.97	94687.24	17.64

Source: Field Survey, 2017

Note: n₁ and n₂ denote the number of RRHHs and RNRHHs respectively.

Table 4.20 reveals the difference in income between RRHHs and RNRHHs. For the RRHH, per household agriculture income is Rs 129242.18 whereas it is Rs. 204485.36 for the RNRHH. Similarly, average non-agricultural income accounts for Rs. 338281.5 for RRHH whereas it is Rs. 79158.53 for RNRHH.

To find the income difference, z-test has been calculated (appendix A.1). From this, it is found that there is significant difference in both agricultural and non-agricultural income between RRHHs and RNRHHs due to remittance as the calculated value of is -4.49 and 17.64 for the agricultural land non-agricultural income respectively, at 0.05 level of significance. It means remittance is a dominating source of the total income in household economy.

We know that higher the income level higher the living standard of people and lower the income level lower the living standard of people. Since the income level of RRHHs is higher than the RNRHHs, we can conclude that the living standard of RRHH is higher than the RNRHH.

4.3.5 Expenditure Pattern and Remittance

Each household spends its incomes in different items for maintaining its livelihood. The expenditure items in which people spend their incomes can be broadly categorized into two heads; food expenditure and non-food expenditure. Although the RRHHs and RNRHHs expense their incomes in food and non-food items, their average expenditure ratio is different which is shown in table 4.21.

Table 4.21 reveals the average household expenditure on different items done by both RRHHs and RNRHHs. The average expenditure of rrhhs on food items accounts for Rs.84882.81 whereas it is Rs. 74743.90 for RRHHs. Similarly, average expenditure of RRHHs on non-food items accounts for Rs 293914.06 whereas it is Rs 212621.95 for RNRHHs.

In order to find whether there is significant difference in expenditure behavior between RRHHs and RNRHHs or not, mean difference, standard error and test are calculated. From the calculation (appendix A.2), it is found that there is no significant difference in food expenditures of RRHHs and RNRHHs as the calculated value of z came to be smaller (0.57) than the table value of z (1.96) at 0.05 level of significance. It means remittance does not affect the food expenditure. But, it is also found that there is significant difference in non-food expenditures of RRHHs and RNRHHs as the calculated value of z came to be higher (7.31) than the table value of z (1.96) at 0.05 level of significance. It means remittance has played a vital role in non-food expenditures.

Table 4.21: Differences in Expenditure Pattern of RRHHs and RNRHHs

Expenditure Items	RRHH		RNRHH		Mean Diff.	S.E.	Z
	n ₁	Mean (1)	n ₂	Mean (2)			
Food Expenditure	128	84882.81	82	74743.90	10138.91	17,772.57	0.57
Non-food Expenditure	128	293914.06	82	212621.95	8129.11	11110.30	7.31

Source: Field Survey, 2017

Note: n₁ and n₂ denote the number of RRHHs and RNRHHs respectively.

From the above analysis, we also can conclude that the living standard of RRHH is higher than that of RNRHH, since the RRHH spend more on non-food items due to remittance than the RNRHH.

4.3.6 Saving Pattern and Remittance

Saving is also indicator or prosperity of life which represents standard of living of the household. In this study area, the two groups of households have different levels of saving. The average household saving of RRHHs and RNRHHs is show in the table 4.22.

Table 4.22: Saving Pattern of RRHH and RNRHH

HHs	Total Annual Income	No. of HHs Involved in saving	Annual Saving	Per HH Average Saving	APS
RRHH	5984300	95 (76)	11477000	120810.52	0.19
RNRHH	23258800	30 (24)	1821400	60713.33	0.07
Total	83101800	125 (100)	13298400	106387.2	

Source: Field Survey, 2017

Table 4.22 shows that out of total sample households (210), 125 households do save. Among them, 76 percent households are from RRNH group and only 24 percent households are from RNRHH group. The average amount of saving per RRHH is Rs. 120810.52 and average saving of the RNRHH is Rs. 60713.33 only. Similarly, the ratio of saving to income i.e. average propensity to save (APS) of RRHH is 0.19

whereas it is only 0.07 for the RNRHH (Appendix – A.5). It can thus be concluded that there is significant difference between the saving pattern of the RRHHs and that of RNRHHs of the study area and it is the remittance income that has given rise to the saving difference between the two groups of households.

4.3.7 Poverty and Remittance

The World Bank defines poverty as an unacceptable deprivation in human well being that can comprise both physiological and social deprivation. Physiological deprivation involves the non-fulfillment of basic material or biological needs including inadequate nutrition, health, education and shelter. In other words, a person can be considered as a poor if he or she is unable to secure the goods and services to meet his/her basic needs. The concept of physiological deprivation is, thus, closely related to low income and consumption levels. Social deprivation widens the concept of deprivation to include risk, vulnerability, and lack of autonomy, powerlessness and lack of self respect. However, in the present study, poverty is analyzed on the basis of money income only.

Nepal is an agrarian society with agriculture as the main source of nation income. The majority of the rural people of Nepal, especially farmers comprises of marginal farmers. The average size household land holding is 0.13 hector (fact and figures, Nepal, 2003). The farmers use family labor and the production is only at subsistence level. It is not possible to mechanize the agricultural activity due to several obstacles such as unreliable monsoon, unskilled labor force. Fragmentation of land and other problems stand as a barrier. Production is inadequate to meet the demand for increasing population. Most of the people are unemployed due to the lack of other off-farm activities. That is why; about 31% people lie in below the poverty line.

According to NPC (10th five year plan) of Nepal, a person who earns less than US \$ 1 (NC Rs. 80) per day lies below poverty line. This definition of poverty is used in this study to analyze the poverty situation of the study area.

In this area, about 4.76 percent households are below poverty line. Out of the total (82) sample of RNRHHs, 8 (9.75%) households lie below poverty line. But, out of the total (128) RRHHs, 2 (1.56) households are below poverty line. From this, we can

conclude that remittance has played a significant role in reducing poverty in the rural economy of Nepal.

4.3.8 Debt of Remittance

When expenditure exceeds income, people have to take loan to maintain their economic as well as social status. Loan is taken as a supplementary source by both groups; RRHH and RNRHH but the volume of loan differs widely between them. However, it helps rural people to solve their social customs, to travel abroad and to maintain their family needs. The relative indebtedness of RRHH and RNRHH is shown in table 4.23

Table 4.23: Relative Indebtedness of RRHH and RNRHH

HHs	No. of Indebted HHs	Total Debt	Per HH Average Debt	Mean diff.
RRHH	33	10,25,894	31087.66	11412.34
RNRHH	52	22,10,000	42500.0	
Total	95	3235894	34062.04	-

Source: Field Survey, 2017

Table 4.23 shows that out of the total sample households, 85 households have taken loan. Among them, 61.17 percent are RNRHHs and only 38.83 percent are RRHHs. The average debt of per RRHH is Rs. 31087.66 whereas significant difference in the average volume of debt between RRHH and RNRHH, the number of RNRHHs who take loan is larger than the number of RRHHs due to low income level. It means there is low burden of debt upon RRHH due to remittance income.

4.4 Problems Associated With Remittance

In the process of field visit, it is found that most of the migrants are making earnings to maintain their livelihood. They have been facing several problems at home and during the process of moving outside the village. The main problems that the migrants have faced are mentioned below.

-) Problem of low Income: Nepalese labor force is taken as the cheapest labor force abroad. As they have low skill, they are enforced to do only manual works, such

as carrying loads, guarding houses, sweeping roads etc. So, their salary is low and they send a little amount of money.

-) Problems of Unsuitable Climate: Due to very hot or very cold climate, sometimes they become sick and cannot do work properly due to which their income level is decreased.
-) Vocational Problems: Although the migrants get vacations and holidays but they do not get leave according to their needs due to which they cannot use their income properly in time.
-) Lack of Overtime job for Extra Income: Overtime job is needed to earn more income but some of the migrants does not get overtime work due to which their income is nominal to satisfy their family requirements.
-) Problems of Using the Remitted Money: The remitted money is not productively used by their family members of the migrants that make them disappointed and inactive.
-) Family Disagreement: Sometimes, psychological disappointments are created in mind of migrants by their family disagreement due to which they are compelled to leave the job and return back home.
-) Problems of irregular payment: The migrant get their payments after a fixed time interval, such as weekly, monthly etc. But some migrants do not get their payment in fixed time due to which they cannot solve the household problems that compels them to leave the job and return back home.
-) Problem of Security: In order to do work properly, there must be the guarantee of job, life and property. But, some migrants have faced the problem of security in working abroad, keeping money with them, living freely etc. due to which they are compelled to leave job and return back home.
-) Problem of Racial Discrimination: Since there is racial discrimination with respect to upper and lower caste regarding the priority and salary, the upper caste migrants are getting higher level job and salary than the lower caste migrants

abroad and within the nation also due to which the income level of some migrants is low and they are compelled to leave job.

- J) Problem of Cheating by Nepali Manpower Companies: Most of the migrants have to contact with manpower companies to go abroad. But they tell one things and do another things due to which some migrants have become the victim of the fraudulent behaviors of manpower companies.

A list of problem with their respective percentage has been shown in the table given below:

Table 4.24: Problems of Migrants

S.N.	Problems	No. of person	Percent
1.	Low level of income	39	15.91
2.	Unsuitable climate	28	11.42
3.	Vocational problem	26	10.61
4.	Difficulty in work	34	13.87
5.	Lack of overtime job for extra income	19	7.75
6.	Problem of productive use of remitted money	24	9.79
7.	Family disagreement	16	6.53
8.	Irregular payment	22	8.97
9.	Problems of security	12	4.89
10.	Others (racial discrimination, cheated by Nepal manpower companies etc.)	25	10.20

Source: Field Survey, 2017

Note: The percentage is based on multi problems.

Table 4.24 reveals that 15.91 percent migrants have suffered from low level of income, 11.42 percent from unsuitable climate, 10.61 percent from vocational problem and 13.87 percent from difficulty in work. Some of them (8.97) are becoming the victim of irregular payment. About 7.75 percent are not able to get overtime job to generate extra income. People who involved in manual work have

realized the insecurity of their jobs before the term of contract expires. Many migrants (15.9) suffer from inferior work and low salaries.

Most of the labor migrants who go through the manpower supply companies, the companies do agreement here and they cannot get the same work as per agreement. Some of them are facing the problem of sending money back home due to the lack of knowledge about the proper channel.

CHAPTER : V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The present study was carried out on the basis of field survey of the Bhalayodada VDC of Udayapur district. Although it is an agrarian rural area, the agricultural production is marginal due to many barriers in it. It is not sufficient to sustain people's livelihood. People are migrating from their native village to urban areas within the nation and abroad to earn supporting income their family due to the lack of off-farm activities within this VDC. In this process, they send their earnings back to their home as remittance which has become a well known phenomenon nowadays. This VDC is basically supported by the external as well as internal remittance. People used their remitted money for various purposes. In this process, most of the remittance is used in unproductive activities. It means the large portion of remittance is misused.

There are many issues related to remittance in the rural economy, but a few studies have been conducted to understand and explore the various dimensions of remittance in the household economy. In this context, the present study tries to understand and analyze some of the issues of remittance, its role in household economy and use of the remittance in the basis of comprehensive survey of BhalayodadaVDC . Considering this situation, the following objectives have been determined: to assess the socio-economic status, to analyze the nature, role and use of remittance and to identify the problems associated with remittance.

This study is based in primary data collected through the household survey of remittance receiving and non-receiving household. In this process, five ward (1, 3, 5, 7and 9) have been purposively selected to collected necessary information and stratified random sampling method has been applied. Out of the 2100 households 10 percent (210) households have been selected for the study. Similarly, necessary secondary data have also been collected as per the requirement of the study. Both

descriptive and analytical tools have been used to analyze and reach in conclusion. The findings of the study are given below:

Socio-economic Characterization of Sample Households

-) All different castes like Brahaman, Chhetri, Rai, Thapa (Gharti), Sarki, Kami and Damai are categorized in three major caste groups as upper caste group, ethnic group and Dalit group. Out of the total sample households 54.28 percent household belong to upper caste group, 27.61 percent to ethnic group and only 18.11 percent to Dalit.
-) Out of the total sample population (1226) 49.59 percent are male and 50.41 percent are female. Similarly, 11.58 percent people are below five years of age, 19.41 percents are 6 to 15 years of age, group 55.63 percent are 16 to 59 years of age group and 13.38 percent are 44.37 and above years of age group. Among them, 55.63 percent are economically active. The dependency ration is 79.77.
-) Regarding the educational status, the literacy rate of the sample population is 78.51 percent. Out of the total, 21.49 people are illiterate whereas 48.71 percent are only literate and 16.71 percent people have passed SLC exam. The remaining 13.10 percent have got higher education.
-) The average land holding size is 10.96 Ropanies but among the upper caste group, it is 11.60 Ropanies whereas the ethnic and Dalit groups have 11.17 and 8.42 Ropanies respectively. Thus, the last two groups have the land holding below that of the first group.
-) The sample households have produced 4453.5 Muries of cereal crops and 382555kg of cash crops annually and their market value is Rs14590900 which shares by 17.56 percent in total annual income Rs 83101800.
-) The sample households are keeping 1333 livestock except poultry form. Their annual production is 402635 liters of milk and 41705 Kgs of meat

and their market value is Rs. 18719900 which shares by 22.52 percent in total annual income.

-) Beside agriculture, the active people are also involved in internal and external service, business, daily wage and earning and others. Out of total active population, 53.94 percent are involved in agriculture and its related activities, 8.01 percent are involved in internal services, 16.73 percent are in external services, only 7.64 percent in business and 13.69 percent are involved in daily wage earning and others activities.

-) The total annual income of the sample households is Rs 83101800 in which the share of the agriculture and its related activities is 40.08 percent. Similarly, the share of off-farm activities (inside the VDC) is 7.20 whereas the share of the remittance is 52.72 percent.

-) Concerning the expenditure pattern, the sample households spent Rs 71886000 in the year 2010. Out of the total expenditure, they spent 23.41 percent in food items and 76.59 percent in non-food items.

-) Out of the total sample households, 85 households have taken loan from different sources, like ADB, money lenders, relatives and others. The access of the people to get loan from the organized sector is low due to the rare establishment of financial institutions in rural area, lack of knowledge and long process of getting loan.

-) Out of the total sample population, 211 persons are involved in migration. Among, those 67 persons (31.75%) have migrated to other parts of the nation and 154 persons (68.25%) are found migrated abroad.

Nature of Remittance

1. Most of the migrants who basically are working abroad, involve in manual works, like carrying loads, guarding houses, sweeping streets etc. their working environment is generally unhygienic and difficult.

2. Out of the total HHs, 128 households are getting remittance income in which 96 households are external remittance receiving households and only 32 are internal remittance receiving households.
3. The external remittance is more significant than the internal remittance. External remittance accounts for 79.35 percent whereas internal remittance accounts for only 20.65 percent of the total remittance.
4. The average inflow of the remittance is calculated as Rs 342226.56 in the year whereas the annual internal average remittance per households is Rs 282812.50 and annual external average remittance per households is Rs 362031.25. on the whole, the sample households receive about Rs 43805000 annually.

Role of Remittance

1. The average size of land holding of RRHH is 11.58 Ropanies whereas it is 8.75 Ropanies for RNRHH. It shows that there is significant difference between land holding size of RRHH and RNRHH due to remitted income.
2. About 76.83 percent RNRHHs are suffering from food deficit but only 64.41 percent RRHHs are suffering from it due to their higher access to land holding.
3. In total remittance receiving persons, only 20.70(142) percent are illiterate, 48.68(334) percent are just literate, 17.35(119) percent are SLC passed and 13.27(91) percent have get higher education. Similarly, in total remittance non-receiving persons, 22.86(91) percent are illiterate, 48.75(194) percent are just literate, 15.58(62) percent are SLC passed and only 12.81(51) percent have get higher education. It shows that remittance receiving persons have closer access to education than the remittance non-receiving persons.
4. There is significant difference in income pattern of RRHH and RNRHH. For the RRHH, per households annual agricultural income is Rs 129242.18 whereas it is Rs 204485.36 for the RNRHH. Similarly the average non-

agricultural incomes account for Rs. 338281.5 for the RRHH whereas it is Rs 79158.51 for the RNRHH.

5. The annual average expenditure of RRHH on food item account for Rs 84882.81 whereas it is Rs 72743.90 for RNRHH. Similarly, the average annual expenditure of RRHH on non-food items accounts for Rs 293914.06 whereas it is Rs 212621.95 for RNRHH. From the calculation of Z-test, it is found that there is no significant difference in food expenditure of RRHHs and that of RNRHHs but there is significant difference in non-food expenditure of the two groups due to remittance income.
6. Out of the total sample households (210), only 125 households do save. Among them, 76 percents are RRHHs and only 24 percent are RNRHHs. The annual average amount of saving per RRHH is Rs 120810.52 whereas it is Rs 60713.33 for RNRHH. Similarly, the ratio of saving the income i.e. average propensity to save (APS) of RRHH is 0.19 whereas it is only 0.07 for RNRHH. Thus, the RRHHs save fairly more than the RNRHHs. Thus, the role of remittance is in saving significant.
7. Among the RRHHs, only 1.56 percent of the households are found to be below the poverty line but among the RNRHHs, about 9.75 percent of households are found to be below the poverty line. It shows that the living standard of RRHHs is higher than that of RNRHHs.
8. Out of the total sample HHs, 85 households have taken loan. Among them, 76.92 percent are RNRHHs and only 23.08 percent are RRHHs. The average dept of RNRHH is Rs 42500 whereas the average debt of RRHH is Rs 31087.66. Although there is no significant difference in the average volume of dept between RRHH and RNRHH, the number of RNRHH who take loan is larger than the number of RRHH due to lower income level of the former.
9. The total sample RRHHs receives Rs 34755000 as remittance annually. Out of total annual remittance income. Most of the annual remittance income has been expending on indirectly productive activities such as daily requirements of family, construction house etc.

5.2 Conclusion

This case study based on the data collected from the field survey of BhalayodadaVDC has found that remittance is the most important sources of income in the rural households economy. Although the majority of people in the rural area is involved in agricultural, their farm production is meager due to which their requirement have not been fulfilled from their farm income. In such a situation remittance has become an alternative source of income for villagers to sustain their life. People who are socio-economically poor in status with low level of education are willing to go to foreign countries. In addition these, the highly educated people are also compelled to migrate abroad due to the slow expansion of service sector within the nation. Only few people, mostly of upper caste group, have access to internal service and business. The people who are related with ethnic and Dallit groups have higher access to Foreign Service than to the internal service and business.

Although the majority of the people have medium size of land holding, they are suffering from food deficit due to the low productivity of their farm land. Remittance had played a great role I solving their hand to mouth problems. It is found that remittance is playing important role in increasing the size of farm land and providing education to the family members of migrants to some extent. However, it plays a great role in increasing not only their household income but also their expenditure. It is found that a large portion of remittance has been used in family maintenances. Remittance can be a sustainable source of household income if it is used

Rationally and productively, Remittance also brings some changes in the society. For example, “modernization” to some extent (consumption and expenditure habit)

5.3 Recommendations

1. To the lack of vocational and technical education, the Nepalese educational institutions have become the industries of producing unskilled and unemployed manpower. Nepalese education system is traditionally theoretical with which no one can solve his/her economic problems. Mostly, people of rural communities do not know about modern technology due to which they are compelled to do only manual words. To

overcome these problems, vocational and technical education is essential. It makes them to use the modern tools and ideas properly. It can have a directly impact on farm production which can enable them to maintain the sustainable level of their life.

2. Exporting the unskilled manpower from the nation is no longer a permanent solution of unemployment. The government should think about their problems seriously and formulate such programs that enable too poor to stay at home and work in such a way that helps them to overcome their economic problems.
3. The households which receive remittance should pay attention to utilize the remittance in a productive way so that they will not have to go outside bearing many economic and social costs in the future.
4. The government also should launch suitable programs that help in the productive use of remittance. The proper situation of investing in agro-based industries, mini-hydro power plant, cottage and small scale industries etc. should be created in every corner of the nation by the government.
5. The government should establish large scale industries in the rural area of the nation in which people can get employment opportunities and sustain their lives.
6. Formal channels, like bank and financial intuitions should be established in the rural areas also by which the migrants can send their earnings to their family easily and quickly. This process will help them tin proper and timely utilization of remitted money.
7. In order to overcome the problems of the low income, each migrant must be made professionally trained and skilled in any type of job before they go abroad.
8. In order to overcome the problems of security, Nepal government should make formal agreement with the government of concerning countries.
9. To check the cheating behavior of Nepali manpower companies, the government should formulate and implement strict rules and regulations relating to foreign employment.