

**8SOCIO-ECONOMIC IMPACT OF REMITTANCE
ON RURAL LIVELIHOOD: A CASE STUDY OF
KHAIRAHANI – 9, CHITWAN**

A Thesis

**Submitted to the Department
of Economics of Birendra Multiple Campus,
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**for the Degree of
MASTER OF ARTS
in
ECONOMICS**

By

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DECLARATION

I, [BALARAM UPADHYAYA], declare that this thesis entitled SOCIO ECONOMIC IMPACTS OF REMITTANCE ON RURAL LIVELIHOOD: A CASE STUDY OF KHAIRAHANI-9, CHITWAN] submitted to the Department of Economics of Birendra Multiple Campus is my own original work unless otherwise indicated or acknowledged in the thesis. The thesis does not contain materials which has been accepted or submitted for any other degree at the University or other institution. All sources of information have been specifically acknowledged by reference to the author(s) or institution(s). The results of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other proposes. I assure that no part of the content of this thesis has been published in any from before.

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LETTER OF RECOMMENDATION

This thesis entitled SOCIO ECONOMIC IMPACTS OF REMITTANCE ON RURAL LIVELIHOOD: A CASE STUDY OF KHAIRAHANI-9, CHITWAN has been prepared by Mr. BAL RAM UPADHYAYA under my guidance and supervision. I, hereby, recommend it in partial fulfillment of the requirements for the degree of MASTER of ARTS in ECONOMICS for final examination.

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APPROVAL SHEET

We certify that the thesis entitled “SOCIO ECONOMIC IMPACTS OF REMITTANCE ON RURAL LIVELIHOOD: A CASE STUDY OF KHAIRAHANI-9, CHITWAN,” submitted by Mr. BAL RAM UPADHYAYA to Department of Economics, Birendra Multiple Campus, Bharatpur, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfilment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in the scope and quality. Therefore, we accept this thesis as a part of the said degree.

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This thesis entitled SOCIO ECONOMIC IMPACTS OF REMITTANCE ON RURAL LIVELIHOOD: A CASE STUDY OF KHAIRAHANI-9, CHITWAN is written for the requirement for the Master's Degree in Economics.

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Bal Ram Upadhyaya

ABSTRACT

This thesis entitled “SOCIO-ECONOMIC IMPACT OF REMITTANCE ON RURAL LIVELIHOOD: A CASE STUDY OF KHAIRAHANI-9, CHITWAN DISTRICT has been conducted to study the status remittance inflow in the study area. Remittance income is one of the major factors in our national economy also. This study was conducted to find out the social and economic impacts of remittance in the remittance receiving rural households.

A descriptive research design was used in the study. This study is based on primary as well as secondary data. Primary data has been collected in the field with the help of structured questionnaire and interview and secondary data has been taken through different sources like NRB quarterly report, bulletins, journals, books, magazine etc.

The highest proportion of population is in the age group of 16-59 (48.27 percentage) indicate majority of active age group of population. Most of the (90.68 percent) people are literate. Beside foreign employment, the major occupation of the household is agriculture laborer which covers half of total. During the field survey 32 percent of total households using their remittance on land/house purchase for their settlement (excluding daily consumption) and 22 percent of the households used their remittance income in health and education. Majority of the foreign employment population in UAE is higher as 38 percentage than other countries. The monthly remittance income 44 percent earns between the ranges of Rs. 30000 to Rs 50000 per month. With the improvement of proper house structure, the result also shows that more than three fourth of household have the better condition of education, food sufficiency and significant improvement in health consciousness and sanitation in the study area after receiving remittance.

The study concludes that unemployment and lack of income are the major factors which encourage foreign employment. The study found remittance has contributed in health, education, quality of life, food habit, income level of people. If government make policy for the encouragement of productive use of remittance, then it will be very crucial for economy of household and the country also.

Keywords: remittance, foreign employment, Rural livelihood

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ABBREVIATIONS

GAD	Gender and Development
HDI	Human Development Index
HDR	Human Development Programme
INGO	International Non Government Organization
IRDP	Integrated Rural Development Programme
NGO	Non Government Organization
NPC	National Planning Commission
NRB	Nepal Rastra Bank
RRDB	Regional Rural Development Programme
SBP	Self-help Banking Programme
SFDP	Small Farmer Development Programme
UN	United Nation
UNDP	United National Development Programme
VDC	Village Development Committee
WAD	Women and Development
WDD	Women Development Division
WID	Women in Development

CHAPTER-I :

INTRODUCTION

1.1 Background of the Study

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and poverty and income distribution. Remittances have been crucial in reducing poverty levels in Nepal. Like in the other countries of the world, a large portion of remittance has been utilized in Nepal for consumption purposes, purchase of real estate and house, paying off the loan, purchase of jewelry and as bank deposits (NRB, 2019). Thus, real growth of the economy has not been realized yet due to the remittance flow. Experts still argue, remittance money only supports direct consumption that- very little is actually diverted to development oriented and job-creating investments. Along with agriculture which contributes more than 25.8 percent of the GDP, remittance and service sector have emerged as major contributors to GDP. Remittance has contributed significantly to the reduction of poverty in the last 15 years. The Second Living Standard Survey has shown that remittance is one of the major contributors behind the decline of poverty-rate from 42 to 31 percent (CBS, 2015).

Remittance denotes household income from foreign economy arising mainly from the temporary or permanent movement of people to those economies. Remittance includes cash and no cash items that flow through formal channels, such as via electronic wire or through informal channels such as money or good carried across border. They largely consists of funds and no cash items sent or given by individual, who have migrated to a new economy and become residents there, and the net compensation of border, seasonal other. Short term worker who are employed in an economy in which they are not resident. The World Bank estimated that remittance flows to developing countries reached us\$ 450 billion in 2017.

Remittance has proven to be one of the significant international financial flows in recent years. Workers' remittances have overshadowed traditional sources such as official aid and private capital flows (Giuliano and Ruiz- Arranz (2009)) and currently amounts to US \$444 billion (UNCTAD). This amount is nearly three times the amount of official aid and equivalent to foreign direct investment (FDI) flows to

developing countries, and the remittance income comprises more than 10 percent of gross domestic product (GDP) in many developing countries (World Bank, 2011). Remittances deserve strategic importance both in macro and micro level. On the macro level, the evidences confirm that remittance happens to be an increasingly important and relatively stable source of external finance for the countries afflicted by economic and political crisis (Kapur, 2003). Such countries regard remittances as one of the most secure and reliable sources of foreign currency than other capital flows such as foreign direct investment and official development assistance. On the micro level, remittance has become panacea for the marginalized poor people to enhance their livelihood by providing an alternative source of income.

Nepal has also the long tradition of overseas employment which started particularly after the people started migrating to neighboring Indian cities. The trend now, however, has shifted and the overseas employment has become one of the attractive options for many leaving the country to work abroad. The argument for the people's interest for foreign jobs, be it in neighboring country or overseas, is attributed to low absorptive capacity of domestic economy caused by the sluggish performance of manufacture and non-manufacture sectors, rapid growth of population and labor force, prolonged political instability, changing attitude of the people in their livelihood, and others. With growing number of people leaving for foreign jobs, the remittance has convincingly become one of the reliable sources of foreign exchange for the Nepalese economy.

Nepal in 2019/20 earned remittance income of NRs 875 billion (MoF,2019/20), which amounts to be 23.23 percent of its gross domestic product. This significant share of remittances indicates that any decline in remittance could potentially disturb the functioning of the economy at macro level, particularly in external sector. As per March 2021, the number of workers left for foreign employment with labor permit has reached 4466973, Out of which the number of males is 4248547 and female is 218426 (MoF,2020/21). A majority of them have been to Qatar followed by Malaysia (Department of Foreign Employment, Ministry of Labor and Transportation Management, GoN). A number of villages in rural Nepal have been deserted of young working age individuals, turning the Nepalese economy from rural agro- based economy into the remittance economy. The striking increase in remittances has now

dwarfed the foreign aid, which was earlier thought to be a significant source of development finance for the Nepalese economy.

The increased global integration and the enhancement in communication technology have facilitated the movement of labor from one country to another and, as a result, the flow of remittances started growing at a higher pace. While there is a moderate rise in remittances transmitted to developed countries, the remittances sent by migrants to developing countries has witnessed dramatic surge recently. This happened precisely after 1990s when the migration from developed countries in the North accepted many migrant workers from the poor South.

Remittance is one of the most relevant source of foreign currencies. On the other words it is the process of sending money to remove an obligation. Nepalese economy depends on the remittance income where as Nepal is one of the most labors exporting countries. Labor force is another main resource of Nepal; Due to the high population growth rate 0.93 (CBS 2021) of Nepal population therefore, its role in the development of all sectors is becoming very important in recent years. But due to the lack of opportunities in our country to get employment and earning money skilled, semi- skilled and unskilled all types of people have shown their inclination to the foreign employment because of these reasons, young generations are attracted towards the foreign employment, which has benefited them by rising their living of social prestige. Nepalese economy depends on the remittance income where as Nepal is one of the most labors exporting countries. The total contribution of remittance income is RS. 961.05 billion In the fiscal year 2020/21 (MOF, 2021).

The volume of remittances to developing countries has been growing significantly, particularly over the last twenty years. The total value of remittances flowing through official channels worldwide more than doubled between 1988 and 1999. Most of these remittances are channeled through unofficial means by undocumented migrants. While there is growing realization of its importance as a source of livelihood and development finance, there has not been much focus on remittances from undocumented migrants.

Within the context of deteriorating economic conditions in Nepal, this study shows the impact of remittances from undocumented migrants on household livelihoods in

rural area. While based on a case study of a Khairahani Municipality ward no 9, Chitwan. the study provides material that underscores the significance of remittances from undocumented migrants for household livelihoods and development. The study is a useful addition to the literature on migration, remittances and development, and highly relevant to policy making.

For last few years, total number of population going to foreign countries is increasing year by year. Remittance contribute about 30 percent in GDP of Nepal in 2021. The economic survey of 2020/21 reports that 4466973 people were out of the country for foreign employment. In this scenario 319638 people were taken approval for foreign employment in 2013/14 and 339102 were in 2014/15. Similarly, 403693 people were taken approval for foreign employment in 2015/16 and 382871 people got work permit for foreign employment in 2016/17 and 454098 people were taken approval for foreign employment in 2017/18. In 2018/19 total number of 436208 people took work permit for foreign employment. This show the out flow in the foreign employment is rapidly increasing. The number of non-recorded workers is very high. The search of better opportunity and receipt of remittance is also increasing. Therefore on the one hand, its contribution in BOP is remarkable and on the other hand, the total economic activities within the country are also increased. Labor export is seen in the Gulf, East and South East Asia, Africa, America and Europe. Therefore, remittance has become a necessary part of our economy. Its uses and impacts have been also concentrated from the last few years. Thus, remittance analysis is a burning issue of the Nepalese economy. The main issues of remittance is about its use and productivity. Very less portion of remittance has been used in productive and business sector. Most of the portion of remittance has been spend on consumption of daily goods, vehicles, luxurious goods, cellphone, building house etc. Remittance is increasing the problem of brain drain also.

1.2 Statement of the Problem

In the age of globalization, remittance has become great position of development for any developing country. The developing countries in this age can't even take footpath ahead without external assistance like remittance and foreign aid. Remittance is one of the key to integrate the different countries in terms of labor exchange, skill exchange etc.

Issue regarding the use of remitted money and its impact on rural livelihood is very burning one but very few studies were conducted in the past. While observing the past research documents it is seen that most of the studies have not clearly provided information on socio-economic impact in its specific attention, rather a general survey is found.

In my study area many people have gone to foreign employment are earning money. The remittance has contributed remarkably in the promotion of livelihood condition but it has not yet been systematically estimated. Also local media and some research reports concluded that major portion of the remittance is used for meeting household consumption and paying of loans borrowed while going abroad. Only a few people use remittance in directly productive sectors like agriculture, business and manufacturing.

Main research question of this study is to find out the socio-economic impact of remittance. Study has been conducted regarding remittance issues in this study area. The study done in the ward no. 9 of Khairahani Municipality tries to address the following main questions.

1. How much remittance is inflow in study area?
2. What is the use pattern of remittance in the study area?
3. What is the difference in socio-economic status between the before and after receiving remittance?

1.3 Objectives of the Study

The specific objectives of the study are as follows:

- a. To study the status of remittance inflow in the study area.
- b. To study the social and economic impacts of remittance in the rural household
- c. To compare the socio-economic status of remittance holder households before and after receiving remittance.

1.4 Significance of the Study

The role of remittance in rural economy of Nepalese is increasing rapidly. It has been found that remittance income is the backbone for economy. But most of the part of

remittance is used an unproductive sector such as house building, land purchasing, buying luxurious goods etc. It is necessary to know whether people of the study area only spent on such consumption. Most of the research on macro level has shown that more than 80 percent of the remittance income is used on the consumption (Nepal Rastra Bank, 2020). It is sure that the always use remittance income on such sector therefore it is significance to research. The study tries highlighting the use of remittance income use on livelihood of person employed community in Khairahani-09, Chitwan.

Besides fulfilling the daily needs the remittance have also changed the social status of people in the society. This has drastically changed the living of people in remote areas but most of the remittance income is used in the unproductive field like house building, land purchasing, purchasing of luxurious goods and consumption etc. Therefore, the remittance increase is not playing its actual role for the development of the country as well as the increased the education level of the entire country. In this context, it is necessary to know whether people of this area are spending on unproductive fields or some productive field like on education.

However, remittance income is one of the major sources of foreign exchange earning. The significance of the study of remittance and livelihood is very important though. There are various publication & report on Chitwan district on various topic but the study of remittance & livelihood is not yet carried out by any of the researches. So, this study has become the great significant to analyze and to know the impact of foreign employment remittance & livelihood in the study areas.

This study is important for investigating how the rural livelihood is influenced by the flow of remittance and activities of those who receiving remittance from family member or relatives. Thus, finding of this proposed research helps government or society as a whole in understanding impact and condition of remittance and helps in rethinking and restructuring their existing policy and practices for effectiveness of such program.

1.5 Organization of the Study

This study is classified into five chapters. The first chapter deals with the introduction including background of the study, statement of the problem, significance of the

study, objectives of the study, limitations of the study and organization of the study. In the second chapter of literature review includes. This chapter reviews the related concepts. In addition, the review of the different journals and articles and the past thesis are also presented in this chapter. The third chapter includes research methodology, research design, data collection of population and sample size, and the tools used to achieve the objectives of the study are presented. The chapter four includes the presentation and analysis of data. Chapter five were summarizes the whole works with some recommendations and conclusion. Finally, References and the annexes are presented at the end of the study.

1.6 Limitations of the study

This study is the micro level study of ward no. 9 of Khairahani Municipality of Chitwan District. Every study carries some limitation which is unavoidable.

The main limitation of the study are as follows:

- i) The present analysis is concentrated in particular area of Ward no. 9 of Khairahani, Chitwan.
- ii) This study is based on sample size of study area. It may not be helpful to make general conclusion.
- iii) This study is the indicative rather than all inclusive. So, the generalization could not be applied to the whole nation.
- iv) Most of the analysis is based on primary data including India as foreign destination, so any distortion of the reality from the study may be due to the biasness of respondents.
- v) In this study only the foreign employee are included who spend at least three year time period in foreign countries. So, new workers who have gone in abroad recently are not included in sample size for the study.

CHAPTER II

REVIEW OF LITERATURE

In general, review means a looking back on presentation view of survey, as past event of experience so that every scientific research must be based on past knowledge. Previous studies cannot be ignored because they provided the foundation for present study. Therefore, this chapter contains review of the relevant literature found by the published book, journal, articles thesis, newspaper, report, websites and previous theoretical and empirical research work which are related to support the present study.

Review of literature is an important part of the research study. It is the process of reading and evaluating the existing literature, it helps to increase the knowledge of the researcher in the area of interest. By means of literature review, the researcher can identify what has been studied in the past, and so on. Depending upon the past study, the researcher can design his study. He always tries to study that thing which has not been studies in the past. Review of literature also helps the researcher to select a particular methodology of the study (Bhattarai, 2005).

2.1. Livelihood Concept

A livelihood refers to their "means of securing the basic necessities like food, water, shelter and clothing- of life". Livelihood is defined as a set of activities, involving securing water, food, medicine, shelter, clothing and the capacity to acquire above necessities working either individually or as a group by using endowments (both human and material) for meeting the requirements of the self and his/her household on a sustainable basis with dignity. The activities are usually carried out repeatedly (<http://en.wikipedia.org/wiki/Livelihood>).

A livelihood comprises people, their capabilities and their means of living, including food, income and assets. Tangible assets are resources and stores, and intangible assets are claims and access. A livelihood is environmentally sustainable when it maintains or enhances the local and global assets on which livelihoods depend, and has net beneficial effects on other livelihoods. A livelihood is socially sustainable which can cope with and recover from stress and shocks, and provide for future generations(www.ids.ac.uk).

DFID adapts a version of Chambers Conway's definition of livelihoods: "A livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base" (DFID, 2000).

2.1.1 Rural Livelihood Strategy

Rural Livelihood strategies comprise the range and combination of activities and choices that people make/undertake in order to achieve their livelihood goals. It should be understood as a dynamic process in which people combine activities to meet their various needs at different times. Different members of a household might live and work at different places, temporarily or permanent (DFID, 2000).

Rural Livelihood strategies are direct dependent on asset status and policies, institutions and processes. Hence that poor people compete and that the livelihood strategy of one household might have an impact (positive or negative) on the rural livelihood strategy of another household.

Rural livelihood strategies are often heavily reliant on the natural resource base. For this reason, the IDS research has examined livelihood strategy choices along gradients running from relatively high to low natural resource endowment (IDS, 1996). Such a gradient is also related to the level of risk and uncertainty experienced by resource users, with low natural resource endowment areas being frequently subject to drought, flooding or other natural hazards. But, although such areas may have higher levels of risk relative to income than high resource endowment sites, the absolute income loss if things go wrong in such sites is typically much less, making the potential size of loss, not just the risk of loss is also an important factor differentiating sites along such resource endowment gradients.

2.1.2 Sustainable Livelihood Approach and Analysis

The sustainable livelihoods approach (SLA) is a way to improve understanding of the livelihoods of poor people. It draws on the main factors that affect poor people's livelihoods and the typical relationships between these factors. It can be used in planning new development activities and in assessing the contribution that existing activities have made to sustaining livelihoods (IFAD, 2013).

The livelihoods framework is a tool to improve our understanding of livelihoods, particularly the livelihoods of the poor. It was developed over a period of several months by the Sustainable Rural Livelihoods Advisory Committee, building on earlier work by the Institute of Development Studies (amongst others). This section of the Guidance Sheets provides an introduction to the framework itself. The individual components of the framework are described in more detail in the subsequent sheets in this section. Practical questions and challenges of operationalizing the approach will be covered in following.

a) Vulnerability Context

The vulnerability context frames the external environment in which people exist. Critical trends as well as shocks and seasonality, over which people have limited or no control, have a great influence on people's livelihoods and on the wider availability of assets. Not all of the trends and seasonality must be considered as negative. Vulnerability emerges when human beings have to face harmful threat or shock with inadequate capacity to respond effectively. The difference between *risk* and vulnerability is of crucial relevance for assessing causes of poverty. Risk is defined as the likelihood of occurrence of (external) shocks and stresses plus their potential severity, whereas vulnerability is the degree of exposure to risk (hazard, shock) and uncertainty, and the capacity of households or individuals to prevent, mitigate or cope with risk.

b) Livelihood Assets

As the livelihoods approach is concerned first and foremost with people, it seeks to gain an accurate and realistic understanding of people's strengths (here called "assets" or "capitals"). It is crucial to analyze how people attempt to convert these strengths into positive livelihood outcomes. The approach is founded on a belief that people require a range of assets to achieve positive livelihood outcomes. Therefore the SLF identifies five types of assets or capitals upon which livelihoods are built, namely human capital, social capital, natural capital, physical capital and financial capital.

c) Policies, Institutions and Processes

The importance of policies, institutions and processes cannot be overemphasized, because they operate at all levels, from the household to the international arena, and in all spheres, from the most private to the most public. They effectively determine access (to various types of capital, to livelihood strategies and to decision-making bodies and source of influence), terms of exchange between different types of capitals, and returns to any given livelihood strategy (DFID, 2000).

d) Livelihood Strategies

Livelihood strategies comprise the range and combination of activities and choices that people make/undertake in order to achieve their livelihood goals. It should be understood as a dynamic process in which people combine activities to meet their various needs at different times. Different members of a household might live and work at different places, temporarily or permanent (DFID, 2000).

e) Livelihood Outcomes

Livelihood outcomes are the achievements or outputs of livelihood strategies, such as more income, increased well-being, reduce vulnerability, improved food security and a more sustainable use of natural resources. When thinking about livelihood outcomes, the aims of a particular group as well as the extent to which these are already being achieved has to be understood.

A Sustainable livelihood approach has encouraged to a deeper and critical reflection. The arises in particular from looking at the consequence of development efforts from a local-level perspective, making the links from the micro-level, situated particularities of poor people's livelihood to even international level. Such reflection therefore put into sharp relief the importance of complex institutional and governance arrangements, and the key relationship between livelihood, power and politics.

2.2 Conceptual Overview of Remittance

With the increased emigration of Nepali workers over the past one decade, remittance inflow is a phenomenon that has been receiving attention in the Nepali macroeconomic environment. Apart from eradicating poverty in the Nepali rural

areas, remittance inflow has also maintained the balance of payment situation. In addition, Chenery and Strout's (1966) two-gap model shows the importance of remittance inflow in decreasing the foreign exchange gap. In all, the remittance inflow has been a key to the Nepali macroeconomic stability.

Remittance is financial resource flows arising from the border movement of nationals of a country (Kapur, 2004). Remittance come on form of money, assets or informal or non- monetary forms may include clothing, medicine, gifts, dowries, tools and equipment. In recent years, remittance flows rank behind foreign flows of migrant worker remittances were estimated at US\$182 billion in 2004, up 5.7 percent from their level in 2003 and 34.5 percent compared to 2001 (World Bank, 2004). Remittances to Developing countries from overseas resident and nonresident workers exceeded US\$126 billion or 1.8 percent of GDP in 2004 (Ratha, 2005).

In general use remittance is known as the sending of money to someone at a distance. But usually worker remittances have generally been understood as a portion of earnings migrants send from a country other than their own to a relative in their country of origin for the purpose of meeting certain economic and financial obligations. Remittances are earnings from abroad sent to families of immigrants they are also foreign savings like earnings from trade, or foreign investment and aid. Remittance transfers may be domestic or international. Domestic remittances means when there is migration from rural to urban areas within a country and money transferred between them and international remittance is defined as cross-border payments, i.e., send money to their families in their home country. But usually the term remittance is refers to international remittance.

Remittance are not a new phenomenon in the world since several European countries such as Spain, Italy and Ireland have been heavily dependent on remittances received from their emigrants during the 19th and 20th century. In the case of Spain remittance amounted to the 21 percent of all of its current account income in 1946. All those countries created policies on remittances after significant research efforts in the field. For instance, Italy was the first country in the World to enact a law to protect remittances in 1901 while Spain was the first country to sign an international treaty (with Argentina in 1960) to lower the cost of the remittances received.

Remittances have become a very important component of the balance of payment for developing countries in recent years. Remittances have now drawn attention due to their characteristics of stable sources of external finance. There is a growing interest in finding the impact of remittance transfer on the economy of developing countries. Due to relatively small amounts of money sent and marginal social status of both the sender and receiver in the past, the researchers were rarely interested towards this subject. However, within the last two decades, economists and international financial institutions have become increasingly interested in this sector (NRB, 2020).

The Penguin Dictionary of Economics defines remittance as a useful source of income of developing countries, through the loss particularly of skill workers, which is remitted by emigrants. Remittances are transfers of money by foreign workers to their home countries. Remittance transfers means to transfer money from an individual usually a person who has migrated from his country of origin to another individual, usually a relative who remains at home. Generally remittance transfers can be divided into two basic categories- domestic and international. Domestic remittance transfers are, when an individual sent money within the country and an international remittance transfer means to send money to migrant's home country from host country that is, country of destination. Migrant transfers are the net worth of migrants that are transferred from one country to another country at the time of migration (for a period of at least one year) (World Bank, 2008).

Capital inflow from the external economy provides a great buffer to the economy. It stimulates the economy, and when invested, also leads to the employment generation (Salman, 2011). However, academics have raised concern on the importance of as well as methods of channelizing those funds for productive investment purposes (Pant, 2011).

Relating the remittance inflow to the Nepali economic development, scope is significant in the infrastructure sector. In (Aschauer, 1988), the importance of infrastructure investment is highlighted, and non-military investment by the government has an integral contribution to the economic growth and productivity improvement. Then (Acharya, 2003) discusses the link between infrastructure development and socio-economic development. It also highlights the current trend of

external financing through Official Development Assistance (ODA), which brings our discussion of remittance being the potential mode of financing.

2.2.1 The Remittance and Nepalese Economy

Nepalese economy is largely based on agriculture, however, the large number of people leaving for foreign employment has been significantly increased due to incredible number of unemployment, poor development of industrial sectors, low level of salary and earnings, lack of business environment and so-on. Millions of youth are compelled to heading for overseas seeking employment due to failure in creating employment opportunities within the country. Statistics for the last few years shows on average 350000 people leaving the country annually for foreign employment and the number is on rise. Although foreign employment remains a major source of foreign currency for the country, in the long-run it could fall in the remittance trap. It is another challenge of engaging the youths in the nation's development by creating employment opportunity within the country itself (MoF, 2020/21).

Remittance income in developing countries has become a lifeline for economic development. By remittance we mean sending income in terms of money or goods in home by the migrants or workers who have their earnings outside their home country. Now a day, this source of foreign income has been growing rapidly in each year in developing countries. Since long time in Nepal, many migrants have been transferring their income through the unofficial channels. Today due to the establishment of different agencies like Western Union, International Money Express (IME) etc. in several district headquarters of the country, the remittance flows has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flows in Nepal due to the emergence of unofficial channels even though it has recorded in balance of payments account. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 percent of the recorded flows in developing countries (Ratha, 2005).

The remittance income in Nepal was Rs. 204.3 million in 1974 and Rs. 809.1 million in 1985. It was drastically increased from Rs. 12,662.3 million in 1999 to Rs. 47,216.1 million in 2000. The remittance income remained below Rs.50, 000 million

till the 2001. The trend of remittance income has dramatically increased over the recent decades till 2009 but sharply fell in 2010. The remittance and its contribution on national economy can be measured with remittance to GDP ratio. The contribution of remittances to the GDP has been ranging through 11% to 23% during the period of 2000/01 to 2010/11. The remittance to GDP ratio was higher in 2008/09 (23.06%) but sharply decreased in 2010/ 11(11.81%). This ratio is relatively higher as compared to other South Asian countries. The 28% share of remittance in GDP period of 2014 and 1400 people leave country for overseas jobs over 527,000 in 2013/14(UNDP Nepal Annual Report, 2014).

2.3 Empirical Review on Remittance

Amuedo-Dorantes and Pozo (2006) concluded that the increased remittance in receiving country provide a cushion for income risk for receiving migrants. An increasing number of studies indicate that economic and currency crises in origin countries tend to increase remittance transfers corroborating the idea that remittances serve to spread income risks and smooth consumption (Blue, 2004). Edelman et al. (1988) used a social allocation matrix (SAM) approach for a rural village in Mexico and found that there is a significant role of remittances from both domestic and international migration to affect economic activities in the village.

Bhadra (2007) observed the mixed impacts on the children of migrant mothers in Nepal: positive impacts were seen on the opportunities for education, health care and lifestyle but decline psychology of their children as their mothers apart for a long time. By being able to earn an income, support the family financially and have the freedom of financial decision-making, traveling to foreign countries with new experiences, seeing new places, and meeting with people from different parts of the world and interacting with them brings the feeling of independence and confidence for the migrants and this effect impart to their immediate family as well.

Ghimire (2007) his thesis concludes that – However, plan and polices seem good but the remittance are stilled transferred less by formal channels. The diversion in to productive sector has not been materialized according to desire of Tenth plan. It has only reduced the debt liability of a family of migrant workers.

Hass (2007) shows, the productive use of remittances has been the matter of concern. While the direct economy impact of remittances to alleviate poverty is not much controversial, the non-pecuniary consequences of remittances, such as impact on health, education, gender issues, social participation, politics, women empowerment and cultural and social changes in origin societies have been still under- plough areas. Apparently, for instance, the increase income resulting from remittance inflow urges households to reconsider their decision on health and education expenditure. In addition the increase in household consumption resulting from remittance income, provided that they occur locally, can transmit positive impact to other household in the community through increase economic activities. Besides the increase number of migration help raise local wage rate leading to the direct benefit to the people stay behind in the community.

Pant (2008) has stated that remittances are important financial resources to the receiving countries at the micro and macro level. They increase both the income of recipient and foreign exchange reserve the recipient's countries. Mostly remittances are used for basic subsistence needs and for daily needs such as food, clothing and housing. These three components make up a significant portion of the income of the recipients household. At an individual level remittance increases the income & reduces the poverty of the recipient's. Generally in the developing countries only a small percentage of remittances are used for saving and used as productive investment such as income and employment generate activities as buying land or tools, starting a business and other activities. However the money spent on better education of the children and health is believed to have a favorable effect on growth which tends to help in output production. At the macro-economic level remittance provide significant sources of foreign currency and contribution to the balance of payment. Internal & external employment have contributed to collect remittance which helps to fulfill the basic needs besides secondary needs such as expansion of communication services increase in income generative activities and increase the employment opportunities.

Tandulkar (2010) the study "*Impact of Remittance in Developing Countries: A Study of its Effect on Nepalese Economy*" submitted to the Shankar Dev Campus faculty of Management, TU for Partial fulfillment of MBS. The main objective of the study was

to point out the situation of migration and foreign employment of Nepal. And the specific objectives of this study are evaluating the effect of remittance on developing countries, to study about both micro and macro-economic implication of the inward remittance and its contribution of the Nepalese economy.

Dhakal (2013) conducted a study on “*Inward Remittance and its Impact on Education*” with major objective of exploring the contribution made by remittance income to economic development.

The other specific objectives of this study are as follows:

1. To examine the sources and volume of remittance inflow at the household level in the study area
2. To find out the use of remittance income at household level in the study area.
3. To assess the impact of remittance income on education in study area.

The major findings of the study are:

1. The study shows that almost were engage in foreign employment but not only that, rather they involve in various sector
2. It was found that maximum remittance receiving from abroad were use in land in this study area.
3. The study shows that the main causes to seek foreign employment are job not found in country and to earn high amount of money.

Kshetry (2014) has shown the social cost and benefit of remittance in Nepal. According to him, Remittances are especially important for low-income countries. A remittance transaction is completed in three steps. In the first step, the sender pays the remittance to the sending agent or institution using cash, cheque or money order or debit card using e-commerce and so on. In second step the sending agency instructs its agent in the recipients' country to deliver the remittance. In the third step, the paying agent or union operator makes the payments beneficially. Formal remittances are periodically followed between sending agents and paying agents according to their agreed schedules. However, informal remittances are settled particularly through goods trade. The cost of remittance transaction includes a fee charged by the sending

agent, who is paid by the sender and a currency conversion fee for delivery of local currency to the beneficiary in recipient country in such transaction, money transfer operates require the beneficiary to pay a fee to collect remittances. This fee may be charged to account for frequent exchange rate movements. They may earn an indirect fee in the form of interest by investing funds before delivering the amount of beneficiary.

Shrestha (2015) conducted a study on “*Foreign Employment and Inward Remittance in Nepal*” with major objective of economic impact of the foreign employment and inward remittance contribution made by remittance income to economic development.

The major objectives of this study were as follows:

1. To study the nature and possibility of investment opportunities for families receiving the remittances from abroad and also study about the employment opportunities for Nepalese returning back home from abroad.
2. To study both the micro and macro economic implications of the inward remittances and its contribution in our Gross Domestic Products (GDP)
3. To identify key problems facing the foreign employment industry in Nepal and make suggestions so as to improve it for the betterment of Nepalese going abroad for foreign employment.

The Major Findings of the Study are:

1. Characteristics of Labor Migration Trend
2. Motives behind Labor Migration
3. Benefiting Factors of International Labor Migration
4. Problems of Labor Migrants in Home Country and the Country of Destination
5. Problems in Government and Policy Level
6. The Remittance Network

This study concluded that remittance have indirect impact on economy growth through human capital development and the lack of capital constraints, Its direct

impact is nil, where poverty is concern remittances seems to have direct impact on livelihood and poverty reduction through the direct increase in the economy of the poor, thus smoothening household consumption and eating capital constraints.

The aim of the paper is to study the impact of remittances on livelihood spending in recipient countries. We build a simple theoretical framework where government intervention in livelihood is motivated by the incidence of credit constraints. On the one hand, an increase in remittances relaxes liquidity constraints, which implies a shift from public to private spending. On the other hand, remittances may allow households to send children to school rather than to the labor market. This implies an increase in the demand for livelihood services. In the empirical section we find empirical confirmation of an inverted-U relationship: For small (large) amounts of remittances, an increase in remittances raises (lowers) public education spending. ([http://cream-migration.org/files/Dustmann and Speciale.pdf](http://cream-migration.org/files/Dustmann_and_Speciale.pdf)).

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Research Design

The research design is an organized approach and not a collection of loose, unrelated parts. It is an integrated system that guide the researcher in formulating, implementing and controlling the study. Useful research design can produce the answers to the proposed research questions. The research design is thus an integrated frame that guides the researcher in planning and executing the research works so this research study were followed both descriptive as well as analytical research design.

Descriptive research designs were used in the study. The research was aimed at describing the condition of remittance use and its impact based on information collected using field survey.

3.2 Rational for the Selection of Study Area

As remittance significantly affects the livelihood of Khairahani Municipality Ward no.9, Chitwan districts, where most of the youth from this municipality were going foreign countries in search of job opportunities. This study area is focused on ward no. 09. Many people from these wards have gone abroad in search of good job. Most of them were sending money to their family, relatives to buy their daily consumption goods, investing in child education and few in creating small enterprise or business. The rural livelihood of this municipality greatly influenced and depended upon remittance.

3.3 Nature and Source of Data

The nature of data was both qualitative and quantitative. This Study were based on primary source of information. Interview was the main tool to gather primary information with the help of questionnaire. This was the main component of the study and some data were derived from secondary sources which are both published as well as unpublished like journals, books, magazines & others.

3.4 Universe, Sample and Sampling Procedure

Khairahani Municipality was established on 8 May 2014 as a local level government. The headquarters of this municipality located in Khairahani, Chitwan district of Nepal. The Khairahani Municipality was established by merging the existing Khairahani, Kumroj, and Chainpur VDCs. At the time of the 2021 Nepal census, it had a population of 68675 people living in 12983 households. The total area of this municipality is 85.57 square Km.

As per the decision of the Government of Nepal dated 2072-06-01, Khairhani Municipality is a joint form of the former four Village Development Committees after the Kathar Village Development Committee was included in this municipality.

In Ward no. 9 of Khairahani Municipality, there are 1157 households and total population is 5706. Among 261 household involve in foreign employment 50 households were selected from Ward 9 by purposive sampling method. The purpose of conducting such purposive sampling is to represent municipality . The selection of sample is given in the following table.

In order to gain information on multiple dimensions of socio-economic aspects of the households of both before and after receiving remittance. For data collection Khairahani Municipality ward no. 9 was purposively selected for the purpose of study because Khairahani Municipality contain 66629 total population ward no. 9 contain 5706 total population including 3124 male and 2582 females likewise this ward contain 1157 households according to the census report 2021 from the study, it was found that about 261 households are receiving remittance in the study area which is the universe of the study. Among the total household only 50 household was selected as sample.

3.5 Data Collection Techniques and Tools

The structured and unstructured questionnaire, interview method were applied to generate the primary data. The information on secondary sources of data were received from books, journals, articles and newspaper.

3.5.1 Household Survey

Household survey were conducted as technique for which structured questionnaire were developed as tool. These questionnaires mainly included remittance inflow in the study area, using pattern of remittance and socio-economic condition of remittance holders before and after. The format of the questionnaire is in annex I.

3.5.2 Key Informant Interview

This study were conducted by descriptive method. For the realistic data key informant interview were conducted with three educated persons. They are working at banking and teaching at school. The format of the Key Informants Interview is in annex II.

3.5.3 Case Study

In the study altogether four case studies in the related matter many case studies has been included. They are attached in the appendix.

3.6 Data Processing and Analysis

Collected data had systematically processed through the various tools and techniques. The quantitative were subjected to editing, tabulation classification prior to analysis. All data processing and analysis were done by Excel and MS word. To analysis the quantitative data statistical tools were used as per the nature of data.

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Socio-economic Information of Household

4.1.1 Age and Sex Structure/ Education/ Employment

It is true fact the age of the remittance largely influence the remittance use pattern the age of migration of the respondent was collected which has been presented in the following table.

Table 4.1 Age and sex composition of Household Population(n=261)

Age	Sex			Percentage
	Male	Female	Total	
Below 5	12	13	25	9.58
5-15	38	32	70	26.82
16-59	62	64	126	48.27
60 or 60+	18	22	40	15.33
Total	130	131	261	100

Source: Field Survey, 2021

According to the table, the highest proportion of population in the study area is in the age group of 16-59 was 48.27 percentage. So, we can say 48.27 percentage of people are economically active people. Similarly 26.82 percent of people are in age group of 5-15 which is school age group. Only 9.58 percent of total population are in age group of below 5 and 15.33 percent of population are in age group of 60 or above which is known as economically inactive age group.

4.1.2 Education Status of Households

Many of the people are literature in the surveyed area and males are found to be literature more than the women. The education level of the surveyed households is shown below:

Table 4.2 Education Status of Household Population on the basis of Sex
(n=236)

Particular	Male	Female	Total	Percentage
Illiterate	10	12	22	9.32
Basic Education	48	46	94	39.83
Secondary Education	34	30	64	27.12
High Education	26	30	56	23.73
Total	118	118	236	100

Source: Filed Survey, 2021

Above table shows the educational status of the study area 9.32 percent of the total population were found illiterate. Educated populations with Literate were found 90.68 percentage which is excellent percentage of the education status of household population. Out of total sample population, Basic education holders were found 39.83 percent. Secondary education holder were found 27.12. Similarly, High education holder population found 23.73 percentage. So, more than 50 percent population of the study area has secondary or high education level.

4.1.3 Different Religion

Practice of religion has greater role to shape the life of people. Nepal is a Hindu religion dominated country. Now this country has declared secular for religion but majority of people are Hindu. In this study area, most of the people are Brahmin, Chhetri, Dalit and Janajati groups. All groups are following Hindu religion.

Table 4.3 Different Religion(n=50)

Religion	No. of Households	Percentage
Hindu	40	80
Buddhist	7	14
Christian	3	6
Others	0	0
Total	50	100

Source: Field Survey, 2021

Above the table shows that the 80-percentage sample household were Hindu, 14 percentage of sample household were Buddhist and only 6 percentage households are Christian.

4.1.4 Occupation Status

The surveyed households have been involved in different occupations. What occupation people engage in depends on their interest and sometimes it is obligatory. The following Table shows occupational status of respondent in the study area.

Table 4.4 Major Occupation of Household Level (n=50)

Major Occupation	No. of Household	Percentage
Agriculture	25	50
Job	8	16
Labor	7	14
Business	6	12
Others	4	8
Total	50	100

Source: Field Survey, 2021

Above table shows major occupation of household level which exclude foreign employment as profession of household level. Here we can see 50 percentage of households are engaged in agriculture which is one of the major occupations of our country also. Similarly, 16 percent households are involved in job sector. The table shows that 14 percent of household were depended in labor, 12 percentage of household were in business sector and remaining 8 percent household were depended on others.

4.1.5 Sources of Water

Drinking water is one of the most necessary thing for survival of human being in daily life. It is not sufficient to get drinking water facilities because drinking water is need to be clean and purified. The following table shows status of water facilities in the study area.

Table 4.5 Sources of Water(n=50)

Sources	Households			
	Before Remittance	Percentage	After Remittance	Percentage
Pipe Water	9	18	33	66
Tube well	8	16	4	8
Water Well	24	48	6	12
Others	9	18	7	14
Total	50	100	50	100

Source: Field Survey, 2021

Above table shows that 18 percentage people are using pipe water before remittance and 66 percent use pipe water after remittance due to the flow of remittance in the study area while 48 percent were using water well before remittance and only 12 percent using after remittance.

4.1.6 Condition of Toilet

Sanitation is essential for health of a person. Condition of toilet is one of the criteria to determine sanitation facilities of public. In the study area it is found on improvement on toilet facilities after receiving remittance. The following table shows status of toilet facilities in the study area.

Table 4.6 Condition of Toilet before and after remittance(n=50)

Condition of Toilet	Before Remittance	Percentage	After Remittance	Percentage
Flush	5	10	32	64
Pit	45	90	18	36
Total	50	100	50	100

Source: Field Survey, 2021

The above table shows that 10 percent of household were using flush toilet and 90 percentage of household were using Pit (Normal) toilet but after remittance Flush toilet user house is 64 percentage and 36 percentage of household are using Pit toilet.

4.1.7 Use of remittance

There is huge contribution of remittance in our Nepalese economy. We know the major portion of remittance is used in daily consumption and every households spend remittance amount in daily consumption. So, to meet the objective of the study use of remittance in daily consumption is excluded and only the other sectors has been taken as major portion of household is spending on the respective sector. The following table shows the use of remittance in different sector as major use according to households.

Table 4.7 Use of Remittance(n=50)

Use of Remittance	No. of Household	Percentage
Land /House purchase	16	32
Health/Education	11	22
Paying loan interest	9	18
Deposit in bank	7	14
Miscellaneous	7	14
Total	50	100

Source: Field Survey, 2021

Above table shows that 18 percent of respondent use their major portion of remittance on paying loan interest, majority of the respondents i.e. 32 percent using their remittance on land/house purchase for their settlement. Among the total respondent 22 percent of the respondents used their remittance in health and education.

4.1.8 Causes of Motivation to go Abroad

There are various causes for going abroad for employment in the Nepalese context. Some major causes are lower living standard, insufficiency of food, cloth and lower quality of housing, insecurity and unemployment, landlessness and ineffective education system. Table shows the frequency distribution of important causes of migration found in the study area.

Table 4.8 Causes of Motivation to go Abroad (n=50)

Causes	No. of Households	Percentage
Unemployment	21	42
Less income	17	34
Landless	8	16
Lack of Facilities	4	8
Total	50	100

Source: Field Survey, 2021

Above table shows that 42 percentage people are going abroad due to the unemployment in the study area while 34 percent youth are going abroad due to the family conflict in research area while 16 percent are due to the landlessness and 8, percentage are due to the lack of facilities respectively.

4.1.9 Destination of Foreign Employment

The number of population migrated from study area in Gulf countries like Malaysia, Saudi Arab, Qatar, UAE (Dubai) etc. as working labor to cope with their family's daily expenses.

Table 4.9 Country of foreign employment(n=50)

S.N.	Country	No. of Respondent	Percentage
1	UAE	19	38
2	Saudi Arabia	8	16
3	Qatar	6	12
4	India	6	12
5	Malaysia	6	12
6	Australia	3	6
7	Europe	2	4
	Total	50	100

Source: Field Survey, 2021

According to above table 38 percent of foreign employee are working in UAE which is most number in the study area. Similarly, 16 percent are working in Saudi Arabia, 12 percent in Qatar, India and Malaysia respectively. Only 6 are in Australia and 4 percent are in European Nation.

4.2 Status of Remittance Inflow

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and poverty and income distribution. Remittances constitute an integral part of household livelihood strategies. They make a direct contribution to raising household income, while broadening the opportunities to increase income. They also permit households to increase their consumption of local goods and services.

4.2.1 Amount of Remittance

Income is one of the most important factors and can play a significant role for taking decision to employee. Income gives the higher social status in our society. So, those people are taking decision to foreign employment whose income is lower than other members of the society. In Nepalese context, the major occupation is agriculture and it is seasonal occupation. So, many people are seasonally employed. Directly, it can be seen that people are taking decision for foreign employment because of unemployment and low income. From the surveyed households, people have gone to the different countries for employment. They have different level of income. Since they are employed for different jobs they earn different level of salary as per their jobs which is shown in the table below.

Table 4.10 Amount of Remittance

Monthly Send Money (Rs)	No. of Respondent	Percentage
Below 30,000	6	12
30,000 to 50,000	22	44
50,000 to 1,00,000	16	32
Above 1,00,000	6	12
Total	50	100

Source: Field Survey, 2021

Above table shows that, among the foreign employment about 44 percent sending money between Rs 30,000 to 50,000 per month. Similarly, 32 percent employee sending Rs.50000-1,00,0000 per month. However, 12 percent employee transfer money below Rs 30,000 and above Rs 1,00,000 per month.

The workers from the surveyed households have gone for medium level of salary income jobs. That is why their income is also medium level .Because of this reason the percentage of employees who send more than thirty thousand per month is higher than other category of employees.

4.2.2 Source of Receiving Remittance

Income transfer depends upon availability of means of transfer and facilities, their reliability and awareness of users about the system. The channels are categorized into

different heading such as banking, relatives/friend, brought with yourself and money transfer agencies. To find out the channels used by sample population in the study area, collected data has shown by table.

Table 4.11 Source of Receiving Remittance (n=50)

Medium	No. of Respondent	Percent
Bank	19	38
Relatives / Friends	6	12
Money transfer Agency	25	50
Total	50	100

Source: Field Survey, 2021

Above table shows that most of the household were found receiving through of official channels. Most of the remittance receiving household remittance from money transfer agencies which is 50 percent. Among the total respondents 38 percent of total remit income were found remitted from Bank. Similarly, 12 percent of their remittance income were found from relatives/friends.

Money transfer agencies are easy, fast, reliable and they are in access to everyone. They are available easily. It is found that Bank is also used for sending remittance / money it is because the reliability channels are also working which good for the government revenue.

4.3 Use Pattern of Remittance

4.3.1 Change in Housing Condition

In the surveyed area /field the houses are of different kinds physically. The physically structure of the houses in the area show the income and economic condition before and after receiving remittance of the household's level.

Table 4.12 Change in Housing Condition Before and After Receiving Remittance

Type of House	Before Remittance		After Remittance	
	Number	Percent	Number	Percent
Kachhi	38	76	22	44
Pakki	12	24	28	56
Total	50	100	50	100

Source: Field Survey, 2021

The above given table shows that most of the households have Kachhi house before remittance, these type houses are 76 percent before remittance and 44 percent after remittance at the sample households. This table shows that more Pakki house makes in after receiving remittance.

The above table shows that the structure of the houses have been change after the employment. It is because the economic conditions of the families have been uplifted due to the foreign employment. The number of cemented houses have been more. Which is the positive side of remittance / foreign income.

4.3.2 Change in Imparts on Education

The surveyed households have found to be sent to both public and private schools. They have sent their children to private school more consciously than the government schools. The table below makes the enrolment of the children clear.

Table 4.13 Change in Educational Enrolment(n=48)

School	Before Remittance		After Remittance	
	No. of Family	Percent	No. of Family	Percent
Government School	23	47.91	12	25
Boarding School	25	52.09	36	75
Total	48	100	48	100

Source: Field Survey, 2021

Table shows that the better condition of education then before remittance. 75 percentage people go to boarding school, 25 percent students were go to government school and only 47.91 percent students go to government school before remittance. So we can say that, many students drop the government after receiving the remittance. The high amount of student using to boarding school. Among the household taken for study there were no any children in two household.

The above table shows that the surveyed households have to be found sending their children to boarding schools than the government schools in both of the conditions; before and after going foreign employment. It is because of the negative thinking towards the teaching of government school and also because of the consciousness of their children's education, and also because of improved economic condition.

4.3.3 Change in Food Sufficiency

Food supply is directed connected with economic condition. The fact is that; good food supply depends on good income source. The food supply of the surveyed households before and after the foreign employment has been shown in the table below:

Table 4.14 Change in Food Sufficiency

Food Sufficiency	Before remittance		After remittance	
	Number Respondent	Percent	Number of Respondent	Percent
Yes	6	12	38	76
No	44	88	12	24
Total	50	100	50	100

Source: Field Survey, 2021

Above table shows the comparative condition as impact of remittance on food supply in study area. From the table, it can be concluded that the food condition at study area has been improved. Mainly the households improved their food condition by proper use of remittance. Mostly (76%) households improved food condition after remittance, before remittance there were only 12 percent household having enough food. The all most people improve their food sufficiency after remittance. Finally, we can conclude that food sufficiency improved by the follow of remittance and its use.

There is good food supply in the surveyed households after remittance. It is because of the regular income and increased purchasing capacity. The family economic condition is improved.

4.3.4 Change in Food Habit

Income of remittance has positive impact in food habit. Households have increased food habit and quality along with the increment of income source. The impact of food habit due to the remittance has been shown in the table below:

Table 4.15 Change in Food Habit

Food Habit	Before Remittance		After Remittance	
	Number of Household	Percent	Number of Household	Percent
Yes	18	36	37	74
No	32	64	13	26
Total	50	100	50	100

Source: Field Survey, 2021

Table shows the comparative condition as impact of remittance on food habit in study area. From the table, it can be concluded that the food habitat study area has been improved. Mostly 74 percent households improved food habit after remittance, before remittance there were only 36 percent households having proper food habit. This table further indicates that the remittance has increased food habit level significantly in the study area. The least households found not increased their food habit level, it is because of the lack of good job in abroad and family balance weight. Finally, we can be concluded that food habit improved by the follow of remittance and its use. There is positive impact of remittance in the food habit because of the improved economic condition in the surveyed households.

4.3.5 Change in Health Condition

Health is related to the awareness of the people and also depends on the economic condition, Good economic condition can lead to good health money is needed to care when one gets sick, good income can afford good and healthy food and ensures good health. The table below illustrates the health condition of the surveyed households before and after receiving remittance.

Table 4.16 Change in Health Condition

Regular Health Check Up	Before Remittance		After Remittance	
	Number of Respondent	Percent	Number of Respondent	Percent
	Yes	12	24	40
No	38	76	10	20
Total	50	100	50	100

Source: Field Survey, 2021

In the above table, the health check up habit and health consciousness is shown. After remittance income 80 percentage of families are having their regular check up which was just 24 percent before remittance. 80 percent of families have health consciousness and have access to the private hospital and good sanitation habit.

Because of the regular income, the surveyed households have access to the good and healthy food and they can afford health expenditure. That is why their health condition has been improved after remittance.

4.4 Summary of Findings

A thesis conducted in „Impact of Remittance on Rural Livelihood: a case study of Khairahani Municipality ward no. 9, Chitwan. The general objectives of the study are to analyze the impact of remittance on rural livelihood on society. The specific objectives are status of remittance inflow, use pattern and socio – economic condition of before and after receiving remittance at study area. This study has limited in 50 households. This study has been carried out on the basis of descriptive research design. It is based on the qualitative and quantitative both method. This study has been based on the primary as well as secondary data, the structure questionnaire survey, key informant interview and case study. These methods were applied to the households level than find out the impact of remittance on livelihood.

During the field survey, the total sample households found to be 50, the highest proportion of population is in the age group of 16-59 (48.27 percentage) which is known as economically active group. In other hand, most of the people are literate

only 9.32 percent of the total populations were found illiterate and 23.73 percent of people have high education level. The major occupation in the study area, 50 percent households have dependent on agriculture. And only 12 percent household were depended on Business occupation. On the other hand, the majority of the respondent is Hindu religion (80 percent). Out of total sample household, 42 percentage people are going abroad due to the unemployment in the study area.

During the field survey 18 percentage people are using pipe water before remittance and 66 percent use pipe water after remittance due to the flow of remittance in the study area while 48 percent are using water well before remittance and only 12 percent using after remittance, 10 percent of respondent using flush toilet i.e. flush toilet before remittance and majority of the respondents i.e. 64 percent using flush (modern) after remittance. Among the total respondents 18 percent of respondent use their remittance on paying loan interest, majority of the respondents i.e. 32 percent using their remittance on land/house purchase for their settlement. Among the total respondent 22 percent of the respondents used their remittance in health and education.

In the study area, majority of the foreign employment population in UAE is higher (38) than other countries. 44 percentage of workers send NRs 30000 to 50000 amount per month as remittance. 32 percentage of employee send money between the range of NRs 50000 to 100000 per month.. The most of the respondent money withdraw for money transfer agency (50 percentage) and 38 percent from Banks.

In the study area, the majority of the Pakki houses (56 percentage) after receiving remittance.. The changes in household assets, electronic goods and services which are related to living standards. In the remittance receiving households, consumption of all goods and services are increasing after going abroad.

The better condition of education then before remittance, 75 percentage of students are going to boarding school. Mostly (76 percentage) households having food sufficiency after remittance. The 74 percentage of households were found increased food habit with balanced diet level. At last, health is most important for every human being. In the study area, after remittance 80 percent of people have consciousness about health and they go to hospital for regular health check- up.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

The study concludes that unemployment, lack of agricultural land and low level of agricultural production are the major factor that encourage foreign employment. The agriculture is the main occupation in the study area at household level. In the study area, majority of the foreign employment population in UAE is higher than other countries.

The study concludes that, the remittance is found being used in the sectors like, regular house expenditure, education, health, construction, ornaments, loan payment, land purchase and other individual purposes. Similarly, improvement in food condition, income level, regular check-up, education, as well as the distinction between gender in terms of education has also been improved in the society.

5.2 Recommendation

Remittance can generate a positive effect on the economy through various channels such as saving, investment, growth, consumption, poverty and income distribution. From the present study about the impact of remittance, following recommendations are forwarded for the policy prescriptions.

1. There is a need of policies to increase literacy level and encouraging remittance-recipient households to continue investing in education.
2. Government of Nepal should provide loans to the poor people in the change interest rate so that the people who are unable to afford for foreign employment would reduce And, remittance overflow would increase and the use of remittance can be used in different productive sectors to help in national economic development.
3. Nepalese economy has received large amount of remittance but it is still being transferred through informal channels. So formal channels need to be promoted.

4. Technical training institutions are essential to be established in several areas especially for the language and skill required in foreign destination.
5. Large portion of economically active population of Nepal has engaged in foreign employment for earnings. And remittance income has a positive impact in society to increase the personal income and social prestige. But it has hampered to agriculture production and productivity. So, the government or policy makers should conduct such activities, which promote the agricultural production.

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ANNEXES

Annex I: Questionnaire

1. Name of the Respondent:
2. Age:
3. Total family member:
4. Ward no:....., Village Name:
5. Occupation of household level:

General Information

6. Information of Family Members

Name	
Sex	Female..... 1 Male..... 2 Third Gender..... 3
Occupation	Job..... 1 Business..... 2 Agriculture.....3 Labor.....4 Others5
Religion	Hindu..... 1 Buddhist..... 2 Christian..... 3 Others..... 4

Household Information

7. What are the main sources of income of your family?

- a. Agriculture
- b. Business
- c. Government job
- d. Private job
- e. Foreign employment
- f. Other.....

8. How many members of your family have gone abroad?

Members.....

9. What are the causes that motivate to go abroad?

- a. Landlessness
- b. Less income
- c. Unemployment
- d. Lack of facilities

10. In which country have your family members gone for foreign employment and When?

Name of Country	Date	Time (Year)	Level of Income	Amount of Remittance NRs.

11. Do you have any Loan?

- a. Yes
- b. No

If Yes, where did you get?

S.N.	Heading	Amount
1	Bank	

2	Merchant	
3	Relatives	
4	friends	
5	Co-operatives	

Status of Remittance Inflow

12. What is the monthly remittance income of your family member working abroad?

- a. Less than Rs 30000
- b. Rs. 30,000 – 50,000
- c. Rs. 50,000 – 1,00,000
- d. Rs. Above 1,00,000

13. How much money have you saved (monthly)?

(Rs.....)

14. What is the channel/medium of getting remittance?

S.N.	Media	Sent money (in Amount)
1	From Bank	
2	From Friend/relatives	
3	Money transfer agency	

Use Pattern of Remittance

15. What are the sectors you use money received from Remittance?

S.N	Expenditure & Investment	Amount (Rs)	Percentage (%)
1	Paying loan interest		
2	In Education and Health		
3	Land/House purchase		
4	Deposit in Bank		
5	Miscellaneous		

16. Education status of household member

Education level	Male	Female	Total

Illiterate				
Literate				
Basic Education	Government			
	Private			
	Total			
Secondary Education	Government			
	Private			
	Total			
Higher Education	Government			
	Private			
	Total			

Socio-Economic Status

17. Structure of house:

Types	Before Remittance	After Remittance
Pakki house		
Kachhi house		

18. Do you have any change in your household' s assets after receiving remittance?

a. Yes b. No

18.1 If yes, what kinds of changes have occurred in your household?

19. What is the enrolment of education of child before and after remittance?

Particular	Before Remittance	After Remittance
Government School		
Boarding School		

20. How many children in your family go to School?

Particular	Before Remittance	After Remittance
Boys		
Girls		

21. What is the condition of food supply in the family before and after Remittance?

Month	Before Remittance	After Remittance
0 -3	-	-
3-6	-	-
6-9	-	-
9-12	-	-
12+	-	-

22. Is your household fully food secured with balanced diet and quality of food?

- a. Yes
- b. No

23. Do you get regular checkup in your family for health concern?

Thank You

Annex II

Questionnaire used in Key Informant Survey

Information provided by informants remains fully confidential and the data has been collected for personal use. The information gained through this interview will not be published anywhere.

Description of Informant Name:

Age:

Gender: Male Female

Address:

Educational Qualification: Basic Education
 Secondary Education
 High Education

What is to be done to systematize remittance flow?

What should be done to make the remittance productive?

What are the positive and negative impacts of remittance?

How can be the positive impact of remittance increased?

Case -1

I own a small shop. My father was a farmer. We used to live in Khairahani-9 We were 6 members in our family. But our income was low since we did not have much land. So, it was always difficult for my father to feed us as required. We used to help the villagers to their daily household works to make our living. When I was young, I decided to go to city to earn some money. I worked as labor in various places of Chitwan, Hetauda, Kathmandu, Pokhara and so on. After I collected some money I moved back to my hometown, got married and started small business. I was surprised by my earning with no such hard works. After some years, I moved to Pokhara to start a better business since my children were growing older and I had to raise them properly. I also bought a small land and made a small house in Pokhara for our shelter. So I was in a debt of around five lakh at that time.

After my son Ramchandra passed 10+2, he decided to move abroad for earning. In 2073, I paid around two lakh and Forty thousand to manpower for going to Dubai as a store keeper. I was in high debt during this time since the interest was increasing day by day. My business could not afford the all the family expenses and paying debts. It was very difficult for the few months. Ramchandra also used to complain about the low income of the company. He was struggling for his living during his initial months.

After nine months, Ramchandra shifted to the other company as a store keeper. He was paid seventy five thousand per month in that company. So, he started sending us money right then. After that, I started paying all my debts with the remitted money. Now, the debts have already been cleared. He has already sent more than 10 lakhs in these 4 years of his foreign employment. His income has also increased recently.

The devastating earthquake in 2072 fully damaged my shop and badly affected my source of income. The saved money was used to repair my house and it has again been difficult to run the family. But Ramchandra is hope for us. He has been continuously sending us money to support our living. And I am planning to run my business again.

Sangita Thapa

Case 2

Miss. Ganga Kharel, a respondent from Khairahani Municipality 09, studying Management in reputed private college is paying higher fee by using money sent by his Father Ramesh Kharel from Qatar. She is an educated person as well as a jobholder at co- operative. She is given this questions to answer the following things. Remittance play vital role in every sector such as investment in education sector, agriculture sector/ mainly in cash crops, health sector, used at business etc. which helps make the remittance productive.

Case 3

Miss Sapana Kandel, remittance receiving household respondent from Khairahani, is working for remittance receiving office (Co-operatives limited). She analyzes the various positive and negative impact for remittance. Some of them are economic growth of the home country of the remittance users. The transmitted amount from remittance can fund from the dynamic investment in various sector in the nation. Remittance can make effective contribution to develop the financing capacities of the financial system. Remittance also helps in economic development of the nation. It also helps in easy lifestyle. Some negative impact of remittance is that it affects the several sector such as insensible monetary penalty, increase divorce for married people, increase in migration from one place to another place, and increase in social crime etc.