

**A COMPARATIVE STUDY BETWEEN REMITTANCE AND NON-
REMITTANCE HOUSEHOLDS IN LAKHAURI VDC OF DHANUSHA
DISTRICT**

A THESIS

Submitted to the Central Department of Economics
Tribhuvan University, Kirtipur, Kathmandu, Nepal
in Partial Fulfillment of the Requirements for the
Degree of Master of Arts in Economics

By

SHIV SHANKAR THAKUR

Roll No.: 141/066

Central Department of Economics
Tribhuvan University, Kirtipur, Kathmandu, Nepal
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LETTER OF RECOMMENDATION

This thesis entitled A COMPARATIVE STUDY BETWEEN REMITTANCE AND NON-REMITTANCE HOUSEHODLS IN LAKHAURI VDC OF DHANUSHA DISTRICT has been prepared by Mr. Shiv Shankar Thakur under my supervision. I hereby recommend this thesis for examination by Thesis Committee as a partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS.

.....

Prof. Dr. Sohan Kumar Karna

Thesis Supervisor

Date

APPROVAL SHEET

We certify that this thesis entitled A COMPARATIVE STUDY BETWEEN REMITTANCE AND NON-REMITTANCE HOUSEHOLDS IN LAKHAURI VDC OF DHANUSHA DISTRICT submitted by Mr. Shiv Shankar Thakur to Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of said Degree.

Thesis Committee

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Prof. Dr. Ram Prasad Gyanwaly
Head of the Department

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External Examiner

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Prof. Dr. Sohan Kumar Karna
Thesis Supervisor

Date.....

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This thesis entitled “A Comparative Study between Remittance and Non-remittance Households in Lakhauri VDC of Dhanusha District” has been prepared for the partial fulfillment of the requirements for the Degree of Masters of Arts in Economics.

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Shiv Shankar Thakur

February, 2014

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LIST OF ACRONYMS

BOP	Balance of Payments
CBS	Central Bureau of Statistics
CEDECON	Central Department of Economics
DDC	District Development Committee
GDP	Gross Domestic Production
IMF	International Money Fund
MOF	Ministry of Finance
NRB	Nepal Rastra Bank
SSA	Sub-Saharan Africa
SPSS	Statistical Package for Social Science
UN	United Nations
UAE	United Arab Emirates
USA	United States of America
VDC	Village Development Committee

CHAPTER-ONE

INTRODUCTION

1.1 General Background

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.

The history of Nepalese working abroad started from the recruitment of Gorkha soldiers since April 24th 1815. On the conclusion of the Anglo-Nepali War (1812 to 1815), the British East India Company, impressed by the extraordinary bravery and fighting qualities of the Nepalese, raised the first Gorkha regiments. After the independence of India in 1947, six Gorkha regiments were allocated to the Indian Army while the remaining four to the British Army. With the Hong Kong handover to China and the overall reduction in the strength of British armed forces, the number of British Gorkhas was gradually reduced from 8,000 in 1997 to approximately 3,500 (Panday, 2005).

However, with the drastic cut in the British and Indian Military recruitment and the opening of new job opportunities in overseas countries after 1973 young Nepalese started migrating to the Middle East, and other countries. Initially the Nepalese migrated through Indian labor exporting agencies; but now a day they are canalized through authorized and unauthorized agencies in Nepal. The government of Nepal sees this as a blessing in disguise for it not only absorbs the rising youth population of Nepal but also brings the badly needed foreign currency to the country. Thus, realizing the imperatives of the foreign employment in the economic growth of the country Government of Nepal introduced Foreign Employment Act in 2042 B.S.

(1985 A.D) and joined the employment market by sending its surplus manpower abroad for the employment. But in reality the outflow of the Nepalese workers from the country in considerable number started after 1990 (Panday, 2005).

The foreign employment policy, 2011 has been issued and is in implementation process with the primary objectives of developing competitive labor force by providing knowledge and skill as demanded by the international market and operating safe, organized and dignified foreign employment together with addressing women's foreign employment related issues. Likewise, the three year interim plan has set objectives of reducing country's unemployment situation thereby reducing poverty level, enhancing contribution of foreign employment in strengthening of country's economy and managing safe and dignified foreign employment. The number of countries opened for foreign employment bound workers in an institutional way has reached 109 (MOF/N, 2012/13).

The total number of workers gone for foreign employment during the period between FY 1994/95 and FY 2011/12 has reached 2,437,111. Various reports show that large numbers of Nepalese worker also have gone abroad for foreign employment without securing government permit. Based on official and unofficial records, more than 3 million Nepalese citizens seem to have gone abroad for foreign employment. The number of Nepalese workers who have gone for foreign employment has reached 276,787 by second quarter of fiscal year, 2012/13. Of this number, 16,713 are women while 260,074 are men (MOF/N, 2012/13).

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. The remittance is believed to have direct impact on the poor and thus contributes to alleviate poverty in a significant way than other sources of external finance. The remittance has been

observed as a means to affect well-being and capacities of not only the households getting the remittance but also the sending community as a whole (Hass, 2007).

Till 2011, Nepal stands as the fifth largest country in the world map in terms of the contribution of the remittance to the nation's Gross Domestic Product (GDP). The most visible effect of remittance flow in the country is manifested through its 23 percent share in GDP as stated by "Migration and Remittance Fact book 2011" of World Bank and it is expected to increase with the increasing labor migration (14.5% each year, Nepal Rastra Bank, 2011) particularly in middle east gulf countries like Saudi Arabia which stands as the second largest sources for remittance after US. 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. Recently, remittance had been providing an important safety net for the economy both in terms of bringing stability to the external sector and helping to stabilize consumption levels of a significant number of households in the country. At the household level, remittances had helped to reduce poverty, improve standard of living and attain higher educational levels. Moreover, these inflows had been instrumental in maintaining the current account surplus despite a widening trade deficit. This subsequently had enabled Nepal to maintain a growing level of foreign exchange reserves.

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.

1.2 Statement of the Problem

Despite a constant rise in remittance earnings, the productive use of remittances has been the matter of concern. While the direct economic impact of remittances to alleviate poverty is not much controversial, the non-pecuniary consequences of remittance, such as impact on health, education, gender issues, social participation, politics, and cultural and social changes in origin societies have been still under-

plowed areas. Apparently, for instance, the increased 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 impacts to other households in the community through increased economic activities. Besides, the increased number of migration help raise local wage rate leading to the direct benefits to the people stay behind in the community.

As the number of the foreign employment is increasing, the volume of remittance is also increasing in the national economy which has been one of the important sources of livelihood Nepalese people. Remittance is important for Nepal both as micro and macro levels because remittance generates positive multiplier effects in output if they are consumed and utilized productively.

Yet another less explored area so far regarding remittances is how the people going abroad finance their migration cost. Most of the people going for foreign job belong to the families who are economically very poor and they often live in the areas where there is acute lack of financial services.

Lakhauri VDC has been one of the most remittance-recipient villages in Dhanusha district of Nepal. With large number of people residing outside for the foreign job, however, the question is that

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

1.3 Objectives of the Study

The major objective of this research is to comparative study between remittance and non-remittance households in Lakhauri VDC. The specific objectives are as of:

1. To examine the utilization and expenditure pattern of remittance earnings in the study area.

2. To compare between remittance and non-remittance households in the study area.
3. To suggest possible measures to overcome gaps based on the findings of the analysis.

1.4 Significance of the Study

The remittance is crucial for Nepalese economy; however, the question as to the use of remittance has always been an issue. To identify this issue, it is important to understand how people are expending the remittance income; does it contribute to capital formation or it is spent only on luxuries? So, the present study focuses on current issues of remittance based on the study area. This study help planners in designing their program and policy targeting the various issue presented in this study as well as people who are going for foreign employment.

In addition, this study helps different organizations who are conducting program in related field. Similarly, this study helps further researcher who is interested to research on this field because this study tries to present the various issue on uses of remittance income and expenditure pattern.

1.5 Limitations of the Study

The study has following limitations:

1. Since this study is only concentrated in a particular area of Lakhauri VDC, Dhanusha district and it may not be helpful to make general conclusions.
2. Due to limited budget and time constraint this study takes only few socio-economic variables for the analysis.
3. For comparative judgment this study takes both remittance and non-remittance households in the survey.

1.6 Organization of the Study

This study is divided into five different chapters. Chapter one deals with introduction, which covers background of the study, statement of the problem, objectives of the study, significance of the study, limitations of the study, and organization of the study. Chapter two contracts with review of literatures, that deals the theoretical concepts as well as empirical findings of remittance in both Nepalese and international context. Chapter three explains with research methodology. Chapter four includes presentation and the analysis of the survey result. Finally, the summary, major findings of the study, conclusion and recommendations are presented along with the references and appendix.

CHAPTER □-TWO

REVIEW OF LITERATURE

This chapter begins with the presentation of different literatures available for remittances. It continues on to talk about the theoretical and empirical literatures which includes review of national and international literatures related to this study.

2.1 Review of Theoretical Literatures

The theory of remittance and its relation with different variable has not been yet established because it has no perfect relationship with other variables. Migration is the outcome of human psychology and behavior. Any universal and uniform law can't define human psychology and behaviors. Migration is affected by its cause, place of destination, nature of work in destination, environment of destination, policy of destination, family causes and a lot of others variables. However, there is no any model but different scholars and academicians have tried to theorize their empirical outcome of remittance. They have suggested that remittance can have both positive and negative impact on socio-economy growth and development of receiving countries. In theoretical debates, this study reviews both Nepalese and international context.

International Context

Faal (2013) in his article describes that remittances are particularly important for sustainable development because the process is based on a continuous mode of self-help. In many poor countries, the volume of remittances is several times that of ODA and FDI, accounting for 10-15 percent of the national income of many medium-sized developing nations. He also stated that funds circulate more times in the recipient economy and are made directly to the households of ordinary citizens, thus improving the multiplier effect and increasing financial and civil empowerment. Studies have confirmed that remittances contribute to the relief of poverty and amelioration of human welfare in poor countries because the inflows are spent on food, shelter, education, health services, community projects and other activities in line with Millennium Development Goals (MDGs).

Guruli (2012) in her article reflected that remittances tend to be more stable than private capital flows, thus diversifying the external financing means of the country. Especially if the country of origin and the host country are economic cycles have relatively low correlation – which is the case in Georgia. We argue that when managed and used properly remittances can be used as sources of growth and development, thus overcoming the negative aspects and turning them into a potential growth opportunity. Understanding the effect and importance of remittances and exploring ways of forming a more effective policy for managing them is of vital importance.

Sanderatne (2011) in his article explained that the outmigrations of Sri Lankans no doubt contribute handsomely to the country's economy. However there are both benefits and adverse impacts of outmigration. The main positive impacts are that the remittances strengthen the balance of payments and contribute to GDP. They have also contributed to the improvement of living conditions and livelihoods. No doubt one of the ways by which poverty has been alleviated has been these remittances. These have enhanced incomes of the poor especially those in rural areas. No doubt the poor have improved their living conditions owing to remittances from migration.

Unemployment in the country has been reduced by migration but availability of skilled labor has decreased and labor costs have increased. However there are several problems encountered by the migrants in foreign countries and has led to serious dislocation of family life and caring for children and parents left behind. Therefore national policy towards migration must consider all these facets, both good and bad, in determining policy.

IMF (2011) in its yearbook presents more broad or formal definition of remittances that incorporates “compensation of employees” and “migrants’ transfers” to workers’ remittances. In the IMF statistics, compensation of employees is accounted for in the income components. Migrant’ transfers are included in the capital transfers while workers’ remittances form part of the current transfers.

Haas (2010) in his article argues that Public policies which improve the functioning of social, legal, economic and political institutions, the access of ordinary people to basic

amenities and markets and which restore trust in governments, are crucial not only for creating a fertile ground for development in general, but also for compelling more migrants to return and/or invest in origin countries. Policy and scholarly discourses celebrating migration, remittances and transnational engagement as self-help development “from below” shift attention away from structural constraints and the real but limited ability of individuals to overcome these. This exemplifies the crucial role states have to play in shaping favorable general conditions for human development to occur.

Ratha (2007) in his article stated that a strong flow of remittances can also improve the receiving country's creditworthiness, lowering their cost of borrowing money in international markets. A research and policy agenda to maximize the development impact of international remittances would include the following four elements: a) monitoring, analysis, and projection; b) retail payment systems; c) financial access of individuals or households; and d) leveraging remittances for capital market access of financial institutions or countries.

Nepalese Context

Tripathi (2013) in his article concludes that remittance is just a quick fix to our economic woes; it's not a sustainable solution. Dependence on remittance is going to keep us as consumers forever, never really encouraging us to become producers. But that seems to be the very strategy applied by those at the helms of state affairs.

Sapkota (2012) in his article referred remittance to be induced Dutch disease effects and policy laxity to improve investment climate in Nepal. Since it is costly to sterilize the impact of remittances each year, it might be prudent to learn to live with it and gradually channel remittances to productive usages with a goal to boost productivity.

KC (2012) in his article emphasized that today; remittance has become an important source of revenue for government through tax and fees. These fees include fees paid by manpower companies, passport fees, value added tax and other non-tax revenues. Similarly, remittance has become an important source of revenue for private sector as well. Various recruitment agencies, agents, medical institute, orientation institute,

training institute, advertisement, photograph shop, air-ticketing, local transport, hotels, restaurants etc has been collecting significant amount of revenue – Rs 107 million per day, since the foreign labor migration has become a common phenomenon. On the other hand, through 26 commercial banks, 2 finance companies and 45 money transferring agencies which are endowed with the responsibility of transferring foreign currency in the domestic financial market, vacancies for different senior and junior post are not a new phenomenon in different media. Expansion of airlines network and training institutes are increasing in proportion with increase labor migration. It is roughly estimated that about 0.34 million jobs are created all over the country by the phenomenon of labor migration – Foreign employment, remittance and its contribution to the economy of Nepal. These employment opportunities are to be understood in term of hotel accommodation, transport, recruitment agencies and money transfer agencies etc.

IMF (2012) in its article presents the remittances are the main source of Nepal's foreign exchange receipts, equivalent to about $\frac{1}{4}$ of GDP. The GCC countries, Malaysia and India are the main host countries, although anecdotal evidence suggests that Nepali workers in India receive lower salaries than those in GCC countries and Malaysia. Although remittances are essential to smoothing consumption and supporting Nepal's balance of payments, their impact on potential growth may be less significant. One explanation for the weak link is that the bulk of remittances finance consumption rather than investment and leak out through imports. Although remittances could boost consumption of non-tradable goods, inflationary pressures on these goods tend to rise as a result and jeopardize competitiveness, which are commonly seen in the cases of "Dutch disease".

Khanal (2011) in his article illustrated that households that receive remittance income also experience the "spoil effect". It means that easy availability of remittance money sent from abroad creates distortion in the work efficiency and working mentality of the recipient members. A study in Kosovo showed that remittance made the youths reluctant toward seeking higher education and reduced their incentives to work. Similar results have been observed in remittance heavy economies like the

Philippines, Egypt and Somalia. Are such spoil effects present in Nepali society? Do we risk losing our youths to poor education and poor skills?

Pant (2010) in his article comprised that remittances are a critical lifeline for Nepal. To meet the challenges emanating from the slow growth of remittances, the country needs to a) improve access to remittances in rural areas, b) link remittances to additional financial services and products, c) develop productive rural investment channels for migrants and community-based organizations, and d) promote awareness-creation and foster an enabling environment for rural remittances. Microfinance is quite appropriate for addressing some of the core financial service needs pertaining to remittances, given the relatively poor socioeconomic background of the majority of remittance receiving households, and the small size of most of their financial transactions. Areas where microfinance institutions can contribute to leveraging the development impact of remittances include money transfer services savings and cash management products and remittance linked lending.

Shrestha (2009) in her article discussed that Nepalese migrants used to leave the country for foreign employment with various motives long back ago. The demand for Nepalese labor abroad has relieved the unemployment problem to some extent and the remitted fund has contributed to reduce the poverty level of the country to a larger extent. Among the various uses of remitted fund vary by reducing poverty, creating economic security and enhancing social status within the household and the community. Remittances have been playing pivotal role by relaxing foreign exchange constraint, increasing contribution to GDP and strengthening the balance of payment situation of the country. Various policy measures have been undertaken by the concerned authorities for encouraging remittances through official channels and use of the assets and skills of the returnees for themselves as well as for the economic development of the mutiny. Recent global economic crisis has compelled the concerned authorities to revise policies and programs regarding foreign employment regime of the country.

Bista (2008) in his book has mentioned that remittance is in simple income of out flowing labor from their foreign job. Monetary policy initiates remittance growth per annum for BOP surplus, foreign exchange stability and availability, growth of

deposits in the commercial bank and maintaining market liquidity but remittance completely depends on skill and number of labor, non discriminatory wage rate as well as foreign exchange rate. It is believed that the remittance income of national and household economy will strengthen the expansion of local and national economic activities.

Gaudel (2006) in his article represents the remittance is need for economic development. He argues that many workers from Nepal going abroad for employment are no doubt young, energetic, laborious and enthusiastic. They do hard work for earning large remittance income to support their families. However, the downside of remittances reflects the view that remaining young generation for long time outside without family may increase their vulnerability and ultimately they will have a tendency to leave their homeland. Thus, in order to recover the loss of economically active labor force to the domestic economy, they should be encouraged to come back again with skilled knowledge for utilizing their savings and working experience for development to the productive areas in accordance with the priority of the national development plans.

2.2 Review of Empirical Literatures

Remittance is the money sent by foreign workers to their home country from abroad. It has been proved to be one of the important development tools for developing country. In this regard many researchers have investigated the importance, use and better utilization of remittances. They have concluded the various ideas about the better utilization of remittance. They have presented various principle, logics, concept and current issue relating to impact of remittance in their own way. Here, the study tries to review the national and international literature empirically similar to the objective and topic of this research.

International Context

Skipje (2012) in his study has mentioned the remittances have grown rapidly in recent years and remittances have proved a stable source of finance, which can be of relief during difficult economic times. While remittances can benefit households by lifting

liquidity constraints, migration of a family member may have also a deleterious impact on the household's well-being. The short-term effect of remittances is usually related to increases in consumption, poverty alleviation and income inequality that result in changes in labor market participation. While long-term effect is more pertinent to socio-economic development and specifically on education performance and health status improvement. Because remittances per se do not lower anyone's income, the impact on poverty is believed to be beneficial, but with limited effect to productive investments. There is empirical evidence showing that remittances are spent mostly on basic subsistence needs, and after those are fulfilled, on housing improvement and eventually land purchase. There are also "social remittances", which may include issues such as ideas, behaviors, identities and social capital that flows from receiving to sending country communities with the flow of remittances with various socio-economic implications to migrant sending societies.

Muchemwa (2011) in his thesis initiated to describe how does remittances impact economic growth of recipient countries in Sub-Saharan Africa? He found that, the positive impact of remittances on economic growth in Sub-Saharan Africa happens mainly through the human capital economic channel. When remittances are used for human capital investments in the region, positive and increased economic growth can be realized. There is a possibility that most households receiving remittances in Sub-Saharan Africa are utilizing them for education. When enrolment in primary, secondary and tertiary education is increasing, there is a simultaneous rise in the quality of labor force available for in a particular country. Quality labor force implies improved production which bears a positive impact on overall economic growth.

Stephenson (2011) in his dissertation attempted to study different categories of remittance. Out of them, one interesting category is spending effect of remittances income in Jamaica. He found that, remittances positively affect a household's willingness to spend on luxuries such as eating out and visiting a salon, *ceteris paribus*. He also concludes that the share of spending on vices such as tobacco and alcohol were negatively related to reliance on remittances in Jamaica.

Singh (2011) in his paper states the impact of remittances being tremendous for both the household as well as the economy like India which is characterized by persistence

of abject poverty and lack of opportunity for the able one in every aspect of their life. Remittances, as a result of International migration, have emerged as one of the most fruitful panacea to get rid of such economic problems.

Balde (2010) in his study commented that when remittances are saved or productively invested, they can have an indirect positive impact in economy of the recipient countries. In his argument, he observes that remittances alone do not have a direct positive effect in economy but they do have an indirect positive effect that is channeled through the generation of savings and investments.

UN (2010) in its report depicted that efforts to increase the volume of remittances should also be supported by efforts in channeling the remittances to more productive uses for sustainable reduction in poverty. Apart from providing food security to the households, if remittances are used for improving skills and productivity of the recipients they will have more sustainable impact on improvements of standard of living. Families receiving remittances should be allowed to use future remittances as collateral for procuring loans for education, house building or other activities like procuring fertilizers, machinery, etc for farms.

Duval and Wolff (2009) in their study in Albania found that, transfers are negatively correlated with both the sender's and recipient's levels of education. Remittances have a positive impact on indicators like "satisfaction with current situation", adequateness of food consumption, and purchase of durable goods.

Adams (2006) in his paper found that in Guatemala both internal and international remittance payments reduce the level, depth and severity of poverty. The poorest 10 percent receive between 50 and 60 percent of total household income from remittances. Those households benefiting from remittances are more likely to spend more on education, housing and health, whilst those with no remittances spend higher proportion of their incomes on food and other consumer durables. Those households receiving international remittances spend 58 percent more on education than non-receiving households.

Adams and Page (2005) in their study pointed out the migrant remittances significantly reduce the level, depth and severity of poverty in the developing world. Their results suggest that, on average, and after controlling for the possible endogeneity of international remittances, a 10 percent increase in per capita international remittances leads to a 3.5 percent decline in the proportion of people living on less than \$ 1.00 per person per day.

Nepalese Context

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

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

NRB (2012) in its study revealed that a growing trend of remittances worldwide has drawn attention of both academia and policymakers in recent years. Remittance income is emerging as one of the most significant and reliable sources of external

finances for many developing countries. Not only in the macro level, has the contribution of remittances been direct and sizable in migrant-sending households in micro level as well. A significant number of people in developing world are now receiving remittance earnings to finance their expenditures in home consumption, health and in children's education.

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

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

Dhungana (2011) in his paper stated that Nepal has been experiencing continuous growth in remittance inflow since last few years and as a result its disposable income has continued to rise as well. As per the Nepal Living Standards Survey (2011) 78.9 percent of total remittances are spent in daily consumption whereas 7.1 percent in repaying loans, 4.5 percent in household property, 3.5 percent in education and 2.4 percent in capital formation. The Nepalese economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in savings and investment rates. Consumption oriented remittances

have only increased our reliance on imports. Even if a fraction of remittance gets channeled towards productive sectors such as infrastructure development, it can have multiplier effects and push economic growth to a higher level.

Pant (2008) in his paper argues that bringing recipient households into the formal financial sector is only the first step in using remittances more effectively. Country surveys indicate that, although households typically spend a large proportion of their remittances, their propensity to save can be as high as 40 percent. For policymakers in Nepal, the challenge is to channel these savings into productive uses.

Bhadra (2007) in her paper observed the mixed impacts of the children of migrant mothers in Nepal: positive impacts were seen on the opportunities for education, health care and lifestyle but worsening 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.

Karna (2004) in his study observed that after the Second World War, employment opportunities in India grew significantly and increasing no. of Nepalese went there to find work, mainly in lower paid and menial jobs. This was widely considered a manifestation of Nepal's lack of development and helped encourage an emerging critique of Rana's failure to promote development in Nepal. After Indian independence (1947) and treaty of friendship (1950) with India, there were few travelling restrictions and no. of special permits required. Work could even be found in the public sector in the Indian army, the police force and civil service. Many Nepalese joined the Indian army and police force on even larger no. sought employment in the private sector. He also argues that, there are diverse migration pattern in Nepal.

1. There is substantial internal migration from rural to urban areas and even within rural areas, driven by poverty, internal conflict and a search for jobs and better earnings.

2. There cross-brooder migration mainly to India
3. Nepalese workers move to the Middle East and Asian countries for temporary employment.
4. There is a flow a skilled emigration to more developed countries.

For labor migration is subject to considerable risk and uncertainly and for those with very few resources. It is often more secured to remain at home as lesson from Iraq incident. It is the remittance of Nepalese engaged in dirty, dangerous and demanding occupation that has kept the economy afloat. Only 42 percent remittance enters the Nepal through legal channels.

2.3 Review of Nepalese Case Study

Banjade (2011) in his thesis tried to generalize the nature and role of remittance in Nepalese economy. He has find that to make the remittance income more productive in macro level to carry out effective and efficient public policies to channelize remittance in productive projects, the government has to look at what motives Nepalese to send their money at home particularly beyond individual family remittances, and crafts its policies to take advantage from it. Therefore, to keep sustain foreign employments and income government of Nepal must adopted peace and sound policies to getting multiplier effect from it especially on macro variables like as to maintain BOP, investment, saving and expenditure etc. Its role some extent in rural area for poverty reduction through solving hand mouth problem but it is not sufficient, to make more beneficiaries in nationwide proper channelize needed in it. Thus, government must think to that direction in forthcoming days.

Parajuli (2011) in his thesis conducted the effort to identify the contribution of remittance on poverty reduction based on his study area. According to him, there is no doubt that remittance plays crucial role in Nepalese economy if it utilized in proper and effective way. Hence, the government has to give priority to lunch the program and policy for its proper utilization in different sectors. Capital formation program should be encouraged. State should be create good environment for spending capital and encourage investment in productive sector like agriculture, hydropower plant, tourism sectors, industry etc, for overall economic development of Nepal. It is equally importance from grass root level to national level it has increases the economic

condition and the social condition of all remittance holders, there is positive change in the community level to the national level. Therefore we can say that remittance income is playing vital role to reduce the poverty.

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

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

2.4 Gap in the Literature

From the review of above literature, it is concluded that remittance income is one of the most source of foreign capital inflow for the developing country like Nepal. It has positive as well as negative impact in the recipient country but it depends upon the utilization of remittance income. Most of the studies concluded that the productive use of remittance income has alleviated the poverty either directly or indirectly which is crucial phase of development process. But in developing countries only a small percentage of remittances are used for productive investment such as income and employment generating activities.

The main beneficiaries of remittance are countries having lower and middle level income. They receive nearly half of the remittance generated in the world and use as an alternative for financing the development project on the grass root level. Hence, remittance is effective tool for reducing poverty and enabling better health care nutrition, housing and education.

The relationships between health, education, information access, women empowerment and utilization of remittance income will constitute a vital framework for this study. There are diverse opinions within migration literature when it comes to the question of whether remittances are mainly invested or consumed. The conventional approach presents positive effects of remittances only if they are invested properly. If remittances are only used for consumption then their potentiality of positive impact becomes questionable. There are circles however they argue that remittances can still play a positive impact even if they are used for consumption. Such an argument signifies how the literature is highly contested. This study has scrutinized the available literatures and relates it to the study area context in an effort to fill the gaps on how remittances and its effects are related.

CHAPTER-TREE

RESEARCH METHODOLOGY

3.1 Rationale for the Selection of the Study Area

Dhanusha is one of the southern Terai districts of Janakpur Zone in the central development region of Nepal. The district area covered 1,180 sq km with located latitude 85.5° to 86.2° east and longitude 25.35° to 27.5° north. It is surrounded by Mahottari District in the west, Siraha District in the east, Sindhuli District in the north and Bihar (State of India) in the south. It has one municipality and 101 Village

Development Committees (VDCs). Janakpur is only one municipality in this district which is Headquarter as well (DDC Profile, 2011).

According to the CBS (2011), population of Dhanusha was 754,777 among them 50 percent were female. The age profile of this district reveals a rather young population. The population of males aged 20 to 34 is noticeably smaller than that of females due to the dynamics of migration. The 90 percent of Dhanusha's population is Hindu, 9 percent Muslim and 1 percent Buddhist religions. The main language spoken is Maithili, although there are significant numbers of Nepali speakers also.

The Lakhauri VDC is the main targeted study area of this research. Out of total households approximately 76 percent are remittance holders and only 24 percent are non-remittance holders. This VDC is 10 km far from the district headquarter Janakpurdham. According to CBS (2011), the total area of this VDC is 5 sq km. There are 578 households with population of 3047 among them 1544 are male and 1503 are female (CBS, 2011).

Lakhauri VDC is small and it is backward in the race of its development. But a trend is seen that many youths are out of village for foreign employment and they send their earnings back to their home. This VDC is accessible to the researchers and it is convenient for them to conduct the study at this site to overcome time and resources. So, this area has been selected for the research.

3.2 Research Design

The research design refers to the conceptual structure in which the research is conducted. Designing provides a picture to the entire research has been designed to fulfill the objectives set in the first chapter of this study. This study employs the concept of comparative judgment between remittance and non-remittance households to examine the influence of remittance income in various economic indicators in the study area. While this technique is specifically applied to identify the effects of a particular program, the study adopt this approach assumed that both remittances holder and the counterpart who does not hold remittance income which is provided the comparative judgment.

This study is the case study of Lakhauri VDC considered as a case of micro level study. It has been proposed to comparative study between remittance and non-remittance households in the specific study area. For this, explorative and descriptive research designs have been adopted.

3.3 Nature and Sources of Data

This study is based on the primary data as well as on secondary data. Primary data has composed through the field survey of the study area. The survey was conducted by taking personal interviews with remittance holders as well as non-remittance holders of the Lakhauri VDC by using the structured questionnaire. The secondary data were collected from the sources like NRB, DDC profile, MOF, CBS, etc.

3.4 Population

Lakhauri VDC of Dhanusha District is the field of this study. There are nine wards and 578 households in this VDC. Approximately 440 (76 percent) are remittance holders whereas only 138 (24 percent) are non-remittance holders in this VDC. So, all household has been assumed to universe.

3.5 Sampling Design

To make this study meaningful and advance within the given time period and resources, 72 household (out of 578 households) has been taken as sample size. There are nine wards in Lakhauri VDC and all of them are selected for the universe. Initially, researcher has taken total of 8 households from each ward and categorized into two groups. One is denoted by remittance holder and other by non-remittance holder respectively. Remittance holder consists of 4 household who are getting remittance income and non-remittance holder consists of 4 household who are not getting remittance income. All households are selected randomly for the sample size.

3.6 Methods of Data Collection

This study is a case study which is based on primary data as well as on secondary data. The primary data were collected from field survey of the study area by using a random sampling technique. The data were collected by personal interviews from the all selected 72 households. An appropriate questionnaire was prepared covering all the areas necessary for the purpose of the present study. Because this type of method is necessary and important when detail information of respondent is essential. On the other hand, some data are collected from secondary sources, which are both published and unpublished such as NRB, CBS, MOF, DDC profile and additional information are collected through the concerned websites of the study.

3.7 Data Analysis

The data collected from the field through questionnaire and interviews are sorted out and tabulated in required form and under several columns and rows. The systematic analysis is made using quantitative techniques. To analyze the quantitative data fundamental operations along with simple statistical tools such as percentage, ratio, average, etc has been used. Besides these tables, charts, diagrams etc are also used for the presentation of the findings. Study is mainly comparative analysis of the various economic aspects of remittance and non-remittance households of the study area.

3.8 Tools of Analysis

SPSS computer software has been used for the purpose of the presenting and analyzing the primary data.

CHAPTER-FOUR

PRESENTATION AND ANALYSIS OF SURVEY RESULTS

4.1 Introduction

Nepalese people are highly suffering from political instability which is followed by the insurgency since past years. Facing the absence of friendly environment for investment and cordial relation between the management and workers has generally pushed the Nepalese youth to abroad for foreign job. The higher level of unemployment, lack of security situation, boundary less state and excessive publicity of foreign employment opportunity are another pushing factor responsible to increase the number of worker for this profession.

This section of the study presents comparative judgment of the various socio-economic aspects of migrant and non-migrant households. The comparison is initially based on the simple graphical and tabular presentation of the survey data. It provides

description about the impact of remittance on economic indicators, utilization of remittance income and expenditure pattern of foreign earnings. It also includes discussion of various results being derived from data analysis.

4.2 Average Family Size of Household

The survey data showed that the average family size of migrant and non-migrant households remained closest similar i.e. 6.6 persons in remittance household and 4.9 persons in non-remittance household.

Source: Field Survey, 2013

According to figure 4.1, this comparison is little straightforward with having less chance of distortions in outcome variables emanating from the family size.

4.3 Educational Status of Household

Turning to education level, both migrant and non-migrant households were found to be far different from each other. 11.7 percent of the entire family members in the migrant household, for example, were reported to have School Leaving Certificate (SLC) Examination (equivalent to 10th grade in Nepal) degree whereas 12.4 percent members were found in non-migrant household. It seems that most members of the remittance holder family is not well educated because they have opportunity to get foreign job as an alternative way of earning money after completion of primary or secondary level education. Therefore, Bachelor degree-holders in the entire sample were almost non-existent. In migrant household, such degree holders were 0.0 percent and in non-migrant household they were 2.7 percent.

Table 4.1
Education Status of Household

Particulars	Households Group	
	Migrant	Non-migrant
Not formal education	0.8	1.1
Nursery to KG	3.3	2.4
Primary	22.6	13.4

Secondary	19.2	15.6
SLC completed	11.7	12.4
Bachelor & Above	0.0	2.7

Source: Field Survey, 2013

Beside above facts, the rate of student enrollment from nursery to secondary school is currently higher in migrant households than in non-migrant households due to remittance income of migrant household which is shown in table 4.1.

4.4 Toilet Facility of the Household

The tendency of using toilet facility was observed both in migrant and non-migrant households. 72 percent of migrant households used open toilet in the bushes and fields whereas in the non-migrant households it was 58.3 percent. Only 30.6 percent of households in the study area were using flush toilet which is higher by 26.4 percent than that using pit latrine. The traditional means of using bushes and fields as toilet has been predominant in most rural parts which can be also found to be prevalent in the study area. If total number of toilet user is considered in the study area only 34.8 percent household among 100 percent are using modern toilet and rest of them are not having toilet facilities because of the ground economic condition, awareness and illiteracy. It is shown by the following table.

Table 4.2
Toilet Facility of Household

Particulars	Households Group				Total	
	Migrant		Non-migrant			
	No.	%	No.	%	No.	%
Flush toilet	8	22.2	14	38.9	22	30.6
Pit latrine	2	5.6	1	2.8	3	4.2
Bush/Field	26	72.2	21	58.3	47	65.3
Total	36	100.0	36	100.0	72	100.0

Source: Field Survey, 2013

4.5 Land Purchasing and Purpose of Land Purchasing of Household

Land purchase has been the most favored means of creating wealth by remittance-recipient households. Approximately 39 percent of households in remittance-recipient have purchased land during past three years whereas only 18 percent of households in non-remittance recipient did this during the period.

Source: Field Survey, 2013

In figure 4.3, the purpose of purchasing land by the households in remittance recipient was mostly for the use of home construction purpose (57 percent of households said this) while the rest 43 percent reported that they purchased land for farming. It indicates that, the most of the part of their earnings are invested in unproductive sector. The land purchased for house construction compared to land purchased for farming in village area is relatively unproductive because it only gives self safety not any nominal benefit that can give cash in hand.

Source: Field Survey, 2013

4.6 Fuel Used for Cooking and Sources of Drinking Water

Nearly half of the households in the survey area use traditional source of fuel like wood and straw, shrubs and grass as a major fuel to cook food in their households. As it was expected that animal dung could be the major source of fuel in rural villages but it stood as a minor source of fuel i.e. only 7.2 percent in remittance households and only 6.9 percent in non-remittance households. The use of LPG gas is very low (8.2 percent). Among them remittance households are 4.4 percent and the rest are non-remittance households as shown in the following table.

Table 4.3

Fuel used for Cooking

Fuels	Households Group	
	Migrant (in %)	Non-migrant (in %)
Electricity	2.5	3.0

Biogas	0.0	0.0
Wood	47.8	47.6
Straw/Shrubs/Grass	35.6	36.4
Animal Dung	7.2	6.9
Agriculture materials	2.5	2.2
Total	100.0	100.0

Source: Field Survey, 2013

In table 4.3, major source of fuel used for cooking their food are wood in both remittance recipient and non-remittance recipient households of the study area. Because no nearest markets are available to use liquefied petroleum gas (LPG) even though rural economy are monetized due to remittances.

On the other hand, tube well was found to be the major source of drinking water. 100 percent households in the both remittance and non-remittance households were using this source of water in their livelihoods since other sources of drinking water are not available in the study area.

4.7 Delivery Place of Child Born and Vaccination

The women in a majority of the households in the study area gave birth in home rather than in hospital. 40 percent of child birth in remittance households take place in hospital whereas 50 percent in non-remittance households. In the contrary, tendency of remittance holder households regarding maternal health by giving birth in hospital was not as expected.

Table 4.4
Delivery Place of Child Born

Delivery place	Households Group			
	Migrant		Non-migrant	
	No.	%	No.	%
At Home	3	60.0	1	50.0
At Hospital	2	40.0	1	50.0
Total	5	100.0	2	100.0

Source: Field Survey, 2013

It was frequently heard during the survey that the services of child birth had been provided by well-experienced women working since long time in the villages and people had much reliance on them. In contrary to this tendency, however, a significant number of households in both groups found that they were giving regular vaccination to their children (83 percent of them were remittance households and 75 percent of them were non-remittance households) as shown by the following table.

Table 4.5
Regular Child Vaccination

Child Vaccination	Households Group	
	Migrant (in %)	Non-migrant (in %)
Yes	83.0	75.0
No	17.0	25.0
Total	100.0	100.0

Source: Field Survey, 2013

4.8 Access to Information

It was found that the higher number of migrant households had access to information as compared to non-migrant households. The ownership on media items such as radio, television, mobile and DVD players is higher in migrant households. Mobile has remained to be the most widely used means of communication in the study area, which was 100 percent in migrant households and 91.7 percent in non-migrant households.

Table 4.6
Access to Information

Media Items	Households Group	
	Migrant (in %)	Non-migrant (in %)
Radio	91.7	75.0
Mobile	100	91.7
DVD Player	80.6	27.8
Television	94.4	61.1

Source: Field Survey, 2013

In the above table, the use of television was also found to be higher than that of radio in migrant household due to remittance income. It is indicating that the tendency of using technology by households has switched to adopt the new means of communication rather than relying on the traditional means.

4.9 Decision Regarding Household's Financial Transaction

A marginal increment in women empowerment was also observed in remittance-recipient households. The decision regarding financial transactions, for example, was carried out by both male and female household members. It is observed that financial decisions taken by female are 85.9 percent of migrant households. It is because relatively large numbers of male are far from home country in migrant households. Only 12.8 percent of non-remittance household's it decisions are taken by female. It is because most of the male of this group are stayed in home country.

Table 4.7
Decision Regarding Household's Financial Transaction

Particulars	Households Group	
	Migrant (in %)	Non-migrant (in %)
Female	85.9	12.8
Male	5.8	81.5
Both	8.3	5.6
Total	100.0	100.0

Source: Field Survey, 2013

In other empowerment indicators, such as decisions regarding children's education, child birth, women's health, and involvement in social activities, the migrant group households stood higher in making combined collaborative decisions by both male and female.

4.10 Possession of Bank Account

The use of banking services was also found to be higher in migrant households. 72.2 percent of households in this group, for example, possess bank account whereas non-migrant household possess only 59.7 percent.

Table 4.8
Possession of Account

Bank Account	Households Group	
	Migrant (in %)	Non-migrant (in %)
Yes	72.2	59.7
No	27.8	40.3
Total	100.0	100.0

Source: Field Survey, 2013

In the above table, it is seen that approximately 73 percent are Bank Account holder in migrant households which indicates the migrated people send their earned money through banking institutions. It is because most of the households have access to banking services.

4.11 Expenditure Pattern of Households

In consistent with the belief that the remittance-recipient households use their income mostly in consumption, the size of migrant group households spending their income on consumptions are greater than that of non-migrant group households. The average monthly household expenditure in migrant households, for example, stood approximately five thousands higher than it was in non-migrant group.

Table 4.9
Annual Household Expenditure

Particulars	Households Group			
	Migrant (In Rs.)	%	Non-migrant (In Rs.)	%
Durable goods	38409.09	22.4	26461.54	22.8
Clothing	21583.33	12.6	12722.22	10.9
Food	30305.56	17.7	25416.67	21.9
Alcohol	19500.00	11.4	6640.00	5.7
Tobacco	2942.40	1.7	3031.82	2.6

Festival Ceremonies	23972.22	14.0	15083.33	13.0
Home Purchase/Maintenance	11566.67	6.8	6640.63	5.7
Visiting	4888.89	2.9	4277.42	3.6
Transportation	3762.87	2.2	3472.00	2.5
Other	8968.75	5.2	8256.25	7.1
Total	171,243.5	100.0	115,786.5	100.0
Monthly Average	14270.3		9648.8	

Source: Field Survey, 2013

Item wise, the durable goods stood as the major component on which a significant amount of household budget has been spent by both types of households. It was 22.4 percent for remittance recipient household and 22.8 percent for non-remittance recipient group. The main reason of this fact is wedding cost which is high in the society due to dowry system because these types of properties must be given by a wife or her family to her husband when they get married. The expenditure made on home purchase and maintenance by migrant group households is 1.1 percent greater than that of non-migrant group household which trend is consistent with the tendency of migrant group households to purchased land for the construction of house as explained above. The expenditure pattern of migrant group households indicate that remittance earnings are mostly being used in non-productive areas such as in durable goods, habitual goods, festival ceremonies and real estate.

4.12 Expenditure on Education and Health

The impact of remittance earnings for the creation of human capital such as investment in health and education has taken central space in debates among academia and policy-makers. Many studies, as cited in Chapter 2, have revealed that the remittance-receiving households were intended on spending a significant proportion of their income in health and education- related expenditure. But this survey found that the expenditure on education in non-migrant households, for example, was nearly 3.5 thousand more than in migrant group households.

Table 4.10
Annual Expenditure on Education

Households Group	Average Expenditure (In Rs.)	Members	Total Expenditure (In Rs.)
Migrant	12588.73	71	893800
Non-migrant	15829.69	64	1013100
Total	16292.67	135	3111900

Source: Field survey, 2013

Similarly, annual average expenditure made for health was 16 thousand more in non-migrant group households than in migrant group households i.e. Rs. 9360 in migrant group and Rs. 25051 in non-migrant group in the study area.

**Table 4.11
Annual Expenditure on Health**

Households Group	Average Expenditure (In Rs.)	Households	Total Expenditure (In Rs.)
Migrant	9360.00	25	234000
Non-migrant	25051.72	29	726500
Total	19398.15	54	960500

Source: Field Survey, 2013

According to the above table, expenditure made on education and health is limited in remittance recipient household because most part of their income are either consumed or invested in unproductive sector due to lack of awareness about importance of education and health even though they get remittance.

4.13 Business Ownership

Quite contrary to the general expectation, business ownership was found to be higher in non-migrant group than it was in migrant group households. Only 5.6 percent of households had some sort of businesses in migrant group as opposed to 36.1 percent in non-migrant group. The explanation behind such unexpected tendency could be

that the households in non-migrant group had already owned the businesses that potentially prevented them from going abroad.

Source: Field Survey, 2013

4.14 Agriculture Land Holding and Annual Average Income from Agriculture

Major source of income of most Nepalese people is agriculture which depends on availability of agricultural land, investment in agriculture etc. In the study area, 94 percent of migrant group households have agriculture land which is more than 75 percent of non-migrant group household.

Table 4.12
Owned Agriculture Land of the Household

Own Agriculture Land (in Kattha)	Households Group			
	Migrant		Non-migrant	
	No.	%	No.	%
Less than 5	6	17.6	1	3.7
5-9	4	11.8	5	18.5
10-14	10	29.4	6	22.2
15-19	6	17.6	1	3.7
20 & Above	8	23.5	14	51.9
Total	34	100.0	27	100.0

Source: Field Survey, 2013

According to table 4.12, 17.6 percent of migrant group has less than 5 Kattha land whereas only 3.7 percent belongs non-migrant group households. Similarly, more than 20 kattha land holders are 23.5 percent in migrant household which is less than that of 51.9 percent in non-migrant households. It tendency shows that most of the remittance receiver have land insufficiently in the study area.

Comparatively there are lack of sufficient land despite large proportion of land holders belong to migrant households, hence, annual average income from agriculture

is estimated only Rs. 42111.53 which is Rs.22878.75 less than the average income generated from agriculture by non-migrant households as shown in the figure.

Source: Field Survey, 2013

Figure 4.5 shows that migrant group household annual income from agriculture is less than that of non-migrant household. It happened either due to decreasing tendency of remittance-recipient households to work in field or invest their remittance income in agriculture sector.

A section is placed in the survey to administer questions only to the migrant group households. Based on the information collected from 36 households of this group, it was observed that 41 individuals have gone abroad for foreign employment. It means that 1.1 persons per household depart for foreign employment among this group household. Surprisingly, among total migrant-workers, none of them are female, in contrary to the observation that total number of migrant workers in the country comprises a discernable fraction of women.

4.15 Major Destination of Migrant Workers

Middle East is the most favorite destination of the migrants in the study area. Out of them, 70.73 percent are in Saudi Arabia and Qatar only. Whereas 12.19 percent are in Malaysia and rest of the percentage are in other countries which is demonstrated by the table.

Table 4.13
Major Destination of the Migrant Workers

Country	No. of Respondents	Percentage
Saudi	20	48.8
Qatar	09	22.0
Malaysia	05	12.2
Dubai	04	9.8
India	02	4.9

Bahrain	01	2.4
Total	41	100.0

Source: Field Survey, 2013

4.16 Expenditure to Migrate

The expenditure to migrate per employee has been reported to have NRs 50000 to 100000 & above. 85.6 percent of workers migrate by loan financing and remaining 14.6 percent of them migrate by self financing.

Table 4.14
Expenditure to Migrate

Expenditure in NRs.	No. of Respondents	Percentage
Below 50000	05	12.2
50000-100000	13	31.7
100000 & Above	23	56.1
Total	41	100.0

Source: Field Survey, 2013

The borrowings are reasonably expensive for these households because money is borrowed from moneylenders due to the lack of financial institution and the average interest rate paid by these households is 36 percent per annum i.e. Rs.3 per hundred per month on total borrowings.

4.17 Annual Remittance Income

The remittance income of the household in the study area stood to be NRs 50000 to 250000 and above per year. This income is consistent with the account described by the remittance-sending households who reveal virtually no improvement in their livelihoods even after receiving remittance income. To justify this fact, the majority of the households said that they left the country because they saw other people were leaving their communities (86 percent of them said this).

Table 4.15
Annual Remittance Income

Income NRs.	No. of Respondents	Percentage
50000-100000	01	2.4
100000-150000	12	29.3
150000-200000	10	24.4
200000-250000	10	24.4
250000 and Above	08	19.5
Total	41	100.0

Source: Field Survey, 2013

In the study area, most of the migrants were hardly literate because the average school year of them was 8 years and most of them had passed their school exams in second or third division. Such a low education level of migrant workers justifies the fact that the income of the migrant workers is meager.

So far as the channel by which the workers send money to their homes, 100 percent respondents said that they send money through formal channels such as banks and financial institutions. No one reported that they send money through hundi and with their friends.

4.18 Use of Remittance Income

Use of remittance income is an important factor to contribution national level depends upon the priority of placed by individuals on different uses. The sizes of remittance, time of availability, opportunity for investment and many other factors. Utilization pattern of remittance income can be broadly categorized into two type's productive and unproductive sectors. Unproductive sector means the expenditure on household consumption, loan repayment, cultural expenses, consumer's durable goods, real estate etc. In the same way productive sector means the expenditure on education and health, business and agricultural investments. Majority of migrant's workers go abroad because of unemployment at home country and poverty in the household. Generally, the earnings made by them are not sufficient. However, to find out the uses of remittance by the respondents are present below in the table.

Expenditure of Remittance Income on Unproductive Sectors

The table has shown the remittance income spend on unproductive sector. Unproductive sector means expenditure on regular household consumption, social ceremony, real estate, etc.

Table 4.16
Average Monthly Expenditure on Unproductive Sector

Sectors	No. of Respondents	Average Monthly Expenditure (in Rs.)	Percentage
Household consumption	9	15000	25.0
Loan Re-payment	12	20000	33.3
Social Ceremony	5	12000	13.9
Real estate	8	10000	22.3
Saving	2	5000	5.5
Total	36	62000	100.0

Source: Field Survey, 2013

The table 4.16 shows that 33.3 percent of households used their monthly remittance income to loan re-payment. 25 percent of households expend their monthly income in household consumption which is lower as compare to loan re-payment households. 22.3 percent of households are expends their foreign income to real estate and 13.9 percent of households spent their money to social ceremony and only 5.5 percent of households saved their foreign earnings. Form above table clearly seen that 33.3 percent of respondents are using their foreign earnings to loan repayment it means most of the migrants are poor in study area. The average total monthly expenditure made by migrant households on unproductive areas is equal to 62000 out of total monthly income of these households.

Expenditure of Remittance Income on Productive Sectors

The table shows the expenditure of remittance earnings on productive sectors. The productive sector means expenditure on education, agricultural, business etc. the different households has used their remittance income in different sector which is shown below.

Table 4.17**Average Monthly Expenditure on Productive Sector**

Sectors	No. of Respondents	Average Monthly Expenditure (in Rs.)	Percentage
Education	15	8000	41.7
Agriculture	15	15000	41.7
Business	06	10000	16.6
Total	36	33000	100.0

Source: Field Survey, 2013

From above table clearly seen that 41.7 percent of respondents are used their remittance earnings on education and similar percent of households used their remittance income on agriculture sector. Besides, only 16.6 percent of respondents are used it income on business which is smallest percent of total respondent. The average total expenditure of remittance earnings on productive areas is equal to 33000 thousands. But this expenditure is smaller than as compare to expenditure made by unproductive areas. It indicates that most of the remittance recipient households used their remittance earnings on unproductive areas than productive.

4.19 Land Purchase before and after Receiving Remittance

It is observed that after receiving remittance income, land purchasing power of the households is increased which is shown by table.

Table 4.18**Land Purchase before and after Receiving Remittance**

Land Purchase	Before Receiving Remittance	Percentage	After Receiving Remittance	Percentage
Yes	4	11.2	14	38.9
No	32	88.8	22	61.1
Total	36	100.0	36	100.0

Source: Field Survey, 2013

In table 4.18 before receiving remittance, only 11.12 percent household has purchased the land but after receiving remittance 38.89 households has purchased the land which indicates that after receiving remittance earnings the land purchasing power of the households is increased.

4.20 Main Material of Floor before and after receiving remittance

The main material of floor is changed by the household after receiving remittance which is demonstrated by table.

Table 4.19
Changed in Floor of the House by Remittance

Category	Before Receiving Remittance	Percentage	After Receiving Remittance	Percentage
Natural floor	24	66.7	19	52.8
Rudimentary floor	3	8.3	3	8.3
Finished floor	9	25.0	14	38.9
Total	36	100.0	36	100.0

Source: Field Survey, 2013

The table 4.19 represents that before receiving remittance most of the households were staying in natural floor which is 66.7 percent while after receiving remittance earnings it is decreased to 52.8 percent. Whereas the households staying in finished floor increases from 25 percent to 38.9 percent.

4.21 Main Material of the Roof before and after Receiving Remittance

The main material of roof of the house is generally changed after receiving remittance income by the households which are shown through the following table.

Table 4.20
Changed in Roof of the House by Remittance

Category	Before	Percentage	After Receiving	Percentage
-----------------	---------------	-------------------	------------------------	-------------------

	Receiving Remittance		Remittance	
Rustic mat, Bamboo, Wood, Planks, Thatch, Straw	15	41.7	9	25
Cemented	7	19.4	12	33.3
Tin, Tile	14	38.9	15	41.7
Total	36	100.0	36	100.0

Source: Field Survey, 2013

The table 4.20 shows that before receiving remittance 41.7 percent of households were staying under the roof made by Rustic mat, Bamboo, Wood, Planks, Thatch and Straw. It was larger than those staying under cemented (19.4 percent) and Tin and Tile (38.9 percent) roof. But after receiving remittance, percentage of households staying under cemented and tin and tile roof are increased to 33.33 and 41.7 percent respectively which indicate the changes in the types of roof of the house by remittance.

4.22 Institution of Education before and after Receiving Remittance

The status of quality education has been increased after getting remittance. To some extent positive impacts of remittance seem on educational activities which illustrated in the following table.

Table 4.21
Changes in the Institution of Education by Remittance

Category	Before Receiving Remittance		After Receiving Remittance	
	No.	%	No.	%
Normal education from public school	31	86.1	15	41.7
Quality education from private school	5	13.9	21	58.3
Total	36	100.0	36	100.0

Source: Field Survey, 2013

On the other hand this study shows that after getting remittance, 58.3 percent households head are sending their children in private school for quality education, other things remaining the same. It means most of the remittances receiving households are ready to spend large amount of money for quality education due to increased awareness about the importance of education.

4.23 Food Practices of Family Members before and after Receiving Remittance

Food practices of family members have been changed after receiving remittance in the study area which demonstrated by following table.

Table 4.22

Changes in Food Practices of Family members by Remittance

Category	Before Receiving Remittance		After Receiving Remittance	
	No.	%	No.	%
Lack of sufficiency food & nutrition	25	69.4	10	27.8
Sufficiency food & nutrition	11	30.6	26	72.2
Total	36	100.0	36	100.0

Source: Field Survey, 2013

The table 4.22 shows that the picture of the living standard has increased after receiving remittance. Before receiving remittance, 69 percent of respondents were not maintaining their living standard properly due to lack of sufficient food and nutrition. But after receiving remittance 72 percent of respondents are maintain their living standard properly.

4.24 Clothing Pattern of Family Members before and after Receiving Remittance

Clothing pattern of family members found to be considerable after receiving remittance in the study area. This is also demonstrated living standard of the household.

Table 4.23

Changes in Clothing Pattern of Family Members by Remittance

Category	Before Receiving Remittance		After Receiving Remittance	
	No.	%	No.	%

Insufficiency of clothing	23	63.9	9	25.0
Sufficiency of clothing	13	36.1	27	75.0
Total	36	100.0	36	100.0

Source: Field Survey, 2013

According to table 4.23, before receiving remittance approximately 64 percent of respondents were not maintaining clothing pattern sufficiently rather only 36 percent of them was found it sufficiently. But after getting remittance 75 percent of respondents have maintain this pattern sufficiently and only 25 percent are suffered from it. This tendency indicates that positive change in living standard due to the remittance income.

Conclusion

Impacts of labor migration has social and economic effects as well as positive and negative impacts are occurs there. Increase in income level, changing in consumption level and decrease in unemployment rate are the positive outcomes of the migration in the study area. Foreign employment has helped to increase the economic condition of the households in the study area. From the observation there found more remitting money spend in maintenance of house, purchase of land and construction of new building. All these investment are considered unproductive investment in economic terms.

CHAPTER-FIVE

SUMMARY, MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

A growing trend of remittances over the world has drawn attention of both academia and policymakers in recent years. Remittance income is emerging as one of the most significant and reliable sources of external financing for many developing countries. Remittances not only contribute to the macro level, its contribution has direct and sizable impact on migrant-sending households in micro level as well. A significant

number of people in developing world are now receiving remittance earnings to finance their expenditures in home consumption, health and children's education.

The controversy, however, revolves around how remittances affect households' socio-economic aspects. There is no conclusive answer that remittances always throw positive effects on all dimensions of people's economic and social life. While some studies have shown that remittances directly contribute to reduce poverty level, others point out towards a cost of social and economic distortions that the migration causes. Particularly, remittances contribute positively to the children's better education opportunities in one hand but their education is suffered due to the absence of their parents on the other hand.

In middle of flourishing literatures coming out with diversified results, this study offers a complementary analysis on the existing literatures to add to the evidences presently available. This study is carried out in lakhauri VDC of Dhanusha District, a region where a significant number of people are migrating abroad to seek their better life.

The study applies simple statistical tools called Arithmetic mean, percentage and ratio, etc to evaluate the effect of remittance earnings on various economic dimensions of migrant households. Nine wards were chosen from the Lakhauri VDC and a survey was conducted among 72 households categorized into remittance-holder households and non-remittance-holder households. The survey administered the questionnaire that included a number of socio-economic aspects of households, children's education, family's health, financial access, women empowerment, business ownership, and others.

5.2 Major Findings

1. A preliminary comparative analysis between migrant and non-migrant households revealed that the education level was not found to be much different between remittance-holder and non-remittance-holder households. Because education benefits take a longer time to materialize but the survey showed that all people (zero percent) were found to have collage level degree

in migrant group whereas 2.7 percent people having collage level degree in non-migrant group. It indicates that the people going abroad for foreign employment were mostly low-skilled workers, which raises concern for the policymakers that sending low-skilled workers to abroad do not benefit both to the migrant-sending households and the country in general.

2. The toilet facility of the households in both groups predominantly used the open toilet in bushes and fields due to the lack of awareness even the remittance holder households are economically well. Flush toilets are used only by 34 percent of households both in migrant and non-migrant households.
3. Land purchase is another important transaction that migrant households are found to be involved in during past three years. 39 percent of remittance-recipient households purchased land while only 18 percent belonging to non-remittance-recipient households purchased land. A majority of remittance-recipient households reported that they purchase land for home construction purpose.
4. The effect of remittance was not even seen in fuel used by households for cooking. In both groups nearly half of the households used wood as their major source of fuel. Only about 7 percent of the households were using animal dung as one of the sources of fuel in their households. The use of LPG gas for cooking was very low (trivial 4 percent of households) in both migrant and non-migrant households.

On the other hand it was found that both migrant households and non-migrant households were using only tube well as their major source of drinking water. It was not found any difference in using the different kind of water sources between these two groups because other sources of water are not available in the community.

5. A majority of children receive regular vaccination in the study area and there is no remarkable difference in this pattern between migrant and non-migrant households. 83 and 75 percent of migrant household and non-migrant household children receive vaccination.
6. The important distinction between migrant and non-migrant households was observed in the expenditure tendency in family health and children's education. Non-migrant households spent nearly Rs. 3 thousands more on

children's education than that of migrant households whereas it was Rs. 16 thousands more in health expenditure by non-migrant households. This is inconsistent with the results of many studies that migrant workers spend more money on health and education when they start receiving remittance income.

7. There is significant advancement in information access to the study area. It was higher in migrant household than that in non-migrant household. Households having Television, for examples, were found higher in migrant household than in non-migrant household.
8. The annual expenditure by migrant households was also observed to be five thousand higher than that by non-migrant households. Both of the groups spent a sizable fraction of their income on durable goods (22 percent and 22 percent) and foods. The expenditure on durable goods happens to be high due the prevalence of dowry system in marriage. A close observation on expenditure pattern of migrant households indicates that consumption was mostly on unproductive areas.
9. The use of banking services was more prevalent in migrant households. 72 percent of these households have opened bank account which is 12 percent more than that of non-migrant households.
10. Women empowerments in remittance-recipient households were also higher than in non-remittance recipient households it is because most male member of this household are live in abroad. The decision regarding financial transactions was made by 85 percent women of migrant households and other decisions were made by both male and female in each group households.
11. Annual agriculture income of remittance-recipient households was observed to be smaller than that of non-remittance recipient households which indicates that they do not invest their income in agriculture sector despite they receive remittances.
12. The large numbers of Nepalese workers are compelled to go abroad due to lack of local employment of opportunity. In the study area the main destinations of migrant workers are Saudi, Qatar, UAE, Bahrain and India. This study found that 60 percent of workers are employed in gulf countries.
13. The average cost paid for foreign employment by the respondents of the study area 12 percent paid ranging below Rs. 50 thousands, 31.7 percent paid

ranging Rs. 50-100 thousands and Rs.100 thousands & above paid by 56 percent. Workers are compelled to pay high cost than government limitation.

14. 85 percent migrant workers borrow from moneylenders for foreign employment and only 14 percent of workers go by their savings (self financing) which indicates that most part of remittance income of these households are spent on the repayment to loan.
15. The average annual income of foreign employees in the study area 2% earned ranging Rs 50-100 thousands, 29% earned ranging Rs 100-150 thousands, 24% earned ranging Rs 150-200 thousands, 24% earned ranging 200-250 thousands and 19% earned around Rs 250 thousands & above. The workers are earned more income in developed countries than Gulf country, South Asia and other countries.
16. The impacts of remittance in study area found that positive impacts of remittance on standard of living like as food, clothing and education are highly affected. However on the other hands, remittance has not significant role to encourage saving instead of increases expenditure habits of people on unproductive sectors like as family expenditure, house construction and other rituals and habitual expenditure.

5.3 Conclusion

In conclusions, remittance has emerged as one of the major sources of foreign exchange. In recent years it is being an important avenue of support for family members remaining at home. Form above findings, it is difficult to conclude that remittance has played significant role to enhance the productive cycles of rural economy. For instance, present study found that there is no significant difference between remittance receiving households and non- remittance receiving household through comparative judgment. To be this, there might be several reasons to behind it such as small sample size, proxy response, takes few economic variables and micro level study. Although there is positive impact of remittance on living standards (food, clothing and education) of people, it may be analyze that household receiving

remittance has not shown much response to strengthen their productive activities except than maintain living standard. The remittance has not been properly channelized in the domestic economy productive activities rather than non productive venture buying land, buying durable goods, and to celebrate better fest and festivals.

To make the remittance income more productive in macro level to carry out effective and efficient public policies to channelize remittance in productive projects, the government has to look at what motives Nepalese to send their money at home particularly beyond individual family remittances, and crafts its policies to take advantage from it.

5.4 Recommendations

Based on the analysis above, the following recommendations are forwarded for the policy prescription:

1. The study revealed that the interest rates on borrowing in prevailing migrant-sending communities are significantly high amounting to an average of 36 percent per annum i.e. Rs.3 per hundred per month. These rates were observed to be quite higher in comparison to the interest rates charged by the banking institutions. Due to unavailability of enough formal banking services in rural areas they are bound to take such types of loan. Since, there is a need for the policies that can provide access to the banking services in rural people.
2. Nepal is facing problem of general unemployment among youth. The employment opportunities are virtually non-existent in rural areas and currently it is predominant in city areas as well. This situation led many youngsters to leave Nepal seeking employment in foreign countries with an expectation to betterment of their life. Literally, Nepal is exporting unemployment by just allowing people to leave the country and seek employment opportunities abroad instead of trying to create employment opportunities for them within the country.
3. The question regarding productive use of remittances has long been debated. There are several alternative ways available to use remittances productively. Some of these alternatives are taxing the remittances and disbursing the

revenue for productive use, issuance of remittance bond, outreach through microfinance institutions, and others. Among these approaches, the productive use of remittances through microfinance institutions is considered to be most effective. Since microfinance institutions have deeper penetration in rural areas, Nepal can consider utilizing these institutions to mobilize remittance earning in poverty-stricken areas.

4. The expenditure pattern of migrant households indicate that remittance earnings are mostly being used on non-productive areas such as in durable goods, consumption, festival ceremonies and real estate. This study revealed that there is no significant impact of remittance in the establishment of businesses by migrant-sending households. This trend needs immediate amendment by bringing appropriate policy measures to encourage remittance-recipient households to use their money in productive areas.
5. Even remittances are used mostly for consumption; there is a need of policies that protect local industries. Remittances are likely to have a positive effect for a particular country when they are used to acquire locally produced products.
6. Remittances impact positively through human capital investments such as education. There is a need for policies to increase literacy level and encouraging remittance-recipient households to continue investing in education. Education policies that advocate for the continued and increased enrolment of household members in primary, secondary and tertiary education should be adopted.
7. Most of the respondent in the study area are migrated in unskilled condition, so they can not earn more income than skilled workers. Since, technical training institutions should be established in rural area and a person who wants to go for foreign employment should be given training related to the nature work before sending him to foreign country.

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APPENDIX

A COMPARATIVE STUDY BETWEEN REMITTANCE AND NON- REMITTANCE HOUSEHOLDS IN LAKHAURI VDC OF DHANUSHA DISTRICT

STRUCTURED QUESTIONNAIRE FOR HOUSEHOLD SURVEY

NAME OF VDC.....

WARD NUMBER.....

THIS HOUSEHOLD IS IN MIGRANT OR NON-MIGRANT GROUP.....

(1=MIGRANT, 2=NON-MIGRANT)

ELIGIBILITY:

(The household who falls on migrant group should have been at least for three years in foreign employment and non-migrant group household should not be in foreign employment to date)

NAME OF RESPONDENT.....

SEX OF THE RESPONDENT.....

(MALE=1, FEMALE=2)

INTERVIEW DATE.....

Namaste, my name is Shiv Shankar Thakur and I am working as part of research to fulfill the requirement of M.A. thesis entitled A Comparative Study between Remittance and non-remittance Households in lakhauri VDC of Dhanusha District. We are carrying out a survey of households to assess the socio-economic impact caused by remittances. We would like to ask a few questions about income, expenditure and other relevant information about your household. Please try and answer every question, but if you are not sure then please give the best answer you can. The information you provide will be strictly confidential.

However, I hope that you will participate this survey since your views are important to us.

Before we start, do you want to ask me anything about the survey?

SECTION1: GENERAL INFORMATION OF HOUSEHOLD MEMBER

LINE NO Q.1.1	HOUSEHOL MEMBERS Q 1.1.1	SEX Q 1.1.2	AGE Q 1.1.3	MARITAL STATUS Q 1.1.4	NO. OF CHILDREN Q 1.1.5	EDUCATION Q 1.1.6
	The names of the persons who usually live in your household, starting with household head.	Is (Name) male or female? 1=Male 2=Female	How old is (Name)?	What is (Name)'s current marital status? 1=Married 2=Unmarried 3=Widowed 4=Divorced 5=Separated	Ask only female members Write '00' if the member does not have any children.	Write '00' if member has not ever attended school. Write 97 for Nursery to KG 01-09=Grade 1 to 9 10=completed SLC 11=Intermediate (not completed) 12=Intermediate (completed) 13=Bachelors (not completed) 14=Bachelors completed/Higher 96=Not formal education 98=Don't know
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Q. NO	QUESTIONS	CODING CATAGORIES	SKIP
1.2	What is your religion?	HINDU 1 BUDDHIST 2 MUSLIM 3 CHRISTIAN 4 OTHER5 (SPECIFY)	
1.3	What is your ethnicity/ caste?	ETHNICITY----- CASTE.....	
1.4	What is the major source of drinking water?	TUBEWELL 1 RIVER 2 PIPED 3 OTHER4 (SPECIFY)	

3.6	How many times did you visit health care center for ANC (Antenatal care)?	Visits. _ _ _	
3.7	Where did she give birth?	At home.....1 Health care center.....2	
3.8	What is the total cost for ANC or/and for birth of the last child?	No cost at all.....0 Below NRs. 2000.....1 NRs. 2000 – NRs.4000.....2 NRs. 4000 – NRs.6000.....3 Above NRs. 6000.....4	

SECTION 4: ACCESS INFORMATION

Q. NO.	QUESTIONS	CODING CATAGORIES	SKIP																		
4.1.1	How many times in the last month have you or anyone in your household read newspaper?	Write in Number Didn't read at all=00 Don't know=99																			
4.1.2	Does your household have the following items? Radio Telephone Mobile phone VCD/ DVD Player Television	<table border="0"> <tr> <td></td> <td align="center">YES</td> <td align="center">NO</td> </tr> <tr> <td>Radio</td> <td align="center">1</td> <td align="center">2</td> </tr> <tr> <td>Telephone</td> <td align="center">1</td> <td align="center">2</td> </tr> <tr> <td>Mobile phone</td> <td align="center">1</td> <td align="center">2</td> </tr> <tr> <td>VCD/ DVD Player</td> <td align="center">1</td> <td align="center">2</td> </tr> <tr> <td>Television</td> <td align="center">1</td> <td align="center">2</td> </tr> </table>		YES	NO	Radio	1	2	Telephone	1	2	Mobile phone	1	2	VCD/ DVD Player	1	2	Television	1	2	
	YES	NO																			
Radio	1	2																			
Telephone	1	2																			
Mobile phone	1	2																			
VCD/ DVD Player	1	2																			
Television	1	2																			
4.1.3	How often do you or anyone in your household listen to radio?	Everyday1 A few times a week.....2 Once a week.....3 Less than once a week.....4 Never5																			
4.1.4	What kind of programs do you listen to radio?	News1 Entertaining2 Others3																			
4.1.5	How often do you or anyone in your household watch television?	Everyday1 A few times a week.....2 Once a week3 Less than once a week.....4 Never5																			
4.1.6	What is the total monthly bill of your household for using all these services (Radio, TV, Phone, etc)	No cost at all.....0 Below NRs. 10001 NRs. 1000 – NRs. 2000.....2 NRs. 2000 –NRs. 30003 Above NRs. 30004																			
4.1.7	What are the most important sources of your information regarding government activities, such as Constitution Drafting, Peace Process and other government programs? (Rank the different sources starting 1 for the most important)	Relatives, friends and neighbors _____ Community _____ Local market _____ Local newspaper _____ Radio _____ Television _____ Community leaders _____ An agent of the government _____ NGOs _____ Other _____ (SPECIFY)																			
4.1.8	Compared to the last five years ago, has the access to information improved, deteriorated, or remained same, in general?	Improved1 Deteriorated2 Remained same.....3																			

4.1.9	How long does it take time to reach the nearest market center?	_____	_____
		(Hours)	(Minutes)
4.1.10	How long does it take time to reach the nearest road? (refers to the road where motor vehicles run)	_____	_____
		(Hours)	(Minutes)

SECTION 5: HOUSEHOLD INCOME

5.1 FARM INCOME

5.1.1 How many kattha/ bigha of agricultural land do all the members of the household own?

BIGHA _____ KATTHA _____ DHUR _____ DON'T KNOW _____ (write '00') NONE _____ (Skip to

5.2)

5.1.2 Did the household purchase agricultural land during the last three years?

Yes.....1 No.....2 (if yes, BIGHA _____ KATTHA _____ DHUR _____)

TABLE 5.1 FARM INCOME OF LAST ONE YEAR

TYPES OF CROPS Q. 5.1.3	UNIT (Kg/Qntl.) Q. 5.1.4	TOTAL HARVEST Q. 5.1.5	PRICE PER UNIT Q. 5.1.6	TOTAL INCOME Q. 5.1.7	TOTAL SPENDING INCLUDING SEED, FERTILIZER, PRESTICIDE, HERED LABOR Q. 5.1.8
FOOD CROPS					NRs
PADDY					
WHEAT					
MILLET					
MAIZE					
OTHERS					
CASH CROPS					NRs
OIL SEED					
PULSES					
SUGARCANE					
OTHERS					
VEGETABLES					NRs
1					
2					
3					
FRUITS					NRs
1					
2					
3					
OTHERS					NRs
1					
2					
3					

Q. 5.1.9 Do you use advanced seed and fertilizer in your farm?

Yes.....1 No.....2

Q. 5.1.10 How many hired labor did you use for producing crops?

_____ (no. of persons) wage rate _____ (NRs. Per day)

Q. 5.1.11 Do you or any member of your family work in the farm?

Yes1 No.....2

5.2 LIVESTOCK INCOME

TABLE 5.2.1 LIVESTOCK INCOME

	SALE		
	UNIT	PRICE PER UNIT	TOTAL INCOME

BUFFALO			
COW			
GOAT			
CHICKEN			
FISH			
OTHER (SPECIFY)			

5.2.1 Does this household own any livestock, herds?

Other farm animals or poultry?

Yes1

No2 (skip Table 5.2.1, 5.2.2 and 5.2.3)

5.2.2 Did your household sell any livestock in past one year?

Yes1

No2 (skip table 1)

TABLE 5.2.2 EXPENDITURE ON LIVESTOCK

Write money spent on:

LIVESTOCK	FEED Q. 5.2.6	MEDICINE Q. 5.2.7	VETERINARY SERVICES Q. 5.2.8	TRANSPORT ATION Q. 5.2.9	HIRED LABOR COST Q. 5.2.10	OTHER EXPENDITURE IF ANY Q. 5.2.11
BUFFALO						
COW						
GOAT						
CHICKEN						
FISH						
OTHER (SPECIFY)						

5.2.12 Does your household make any income through the sale of live stock products?

Yes1

No2 (if no, skip table 5.2.3)

TABLE 5.2.3 INCOME FROM SALE OF LIVESTOCK PRODUCTS

PRODUCTS Q. 5.2.13	UNIT Q. 5.2.14	TOTAL PRODUCTION Q. 5.2.15	PRICE PER UNIT (NRs.) Q. 5.2.16	TOTAL INCOME (NRs.) Q. 5.2.17

5.3 SALARY/ WAGE INCOME

Q. 5.3.1 Does any member of your household earn wage?

Yes1

No2 (skip the following table)

LINE NO. OF HH MEMBER WHO ARE INVOLVED IN WAGE EARNINGS Q. 5.3.1.1	NUMBER OF DAYS EMPLOYED Q. 5.3.1.2	CASH WAGE PER DAY Q. 5.3.1.3	WAGE IN KIND PER DAY Q. 5.3.1.4	TOTAL WAGE INCOME PER DAY 5.3.1.5

Q. 5.3.2 Does any member of your household work for government/ salary earned job?

Yes1

No2 (skip the following table)

LINE NO. OF HH MEMBERS WHO ARE INVOLVED IN SALARY EARNINGS 5.3.2.1	CASH SALARY PER MONTH 5.3.2.2	FRINGE BENEFITS 5.3.2.3	TOTAL SALARY INCOME 5.3.2.4

5.4 REMITTANCE INCOME (THIS PART IS ONLY FOR MIGRANT GROUP HOUSEHOLDS)

Line no. of the members who are migrated overseas 5.4.1	Is (Name) male or female? Male=1 Female=2 5.4.2	His or her last degree and division 5.4.3	Years of migration 5.4.4	Country 5.4.5	Expenditure (write '00' for free) (NRs.) 5.4.6	Source of expenditure (separately mention loan and saving in NRs.) 5.4.7	Income (amount annually sent, including goods sent) 5.4.8
		DEG _____ DIV _____				Loan _____ Saving _____	
		DEG _____ DIV _____				Loan _____ Saving _____	
		DEG _____ DIV _____				Loan _____ Saving _____	
		DEG _____ DIV _____				Loan _____ Saving _____	
		DEG _____ DIV _____				Loan _____ Saving _____	

Q.N.	QUESTIONS	CODING CATAGORIES	SKIP
5.4.9	Did the household purchase land or home after migration took place?	Yes1 No2 — — —	5.4.10, 5.4.11
5.4.10	What is the purpose of purchasing land?	To construct house1 To use for farming2	
5.4.11	How much land did the household purchase?	_____ BIGHA _____ KATTHA _____ DHUR	
5.4.12	Are you inspired to go abroad to work when you see other people are doing so?	Yes1 No2 — — — —	5.4.13, 5.4.14
5.4.13	Is that person your relative?	Yes1 No2	
5.4.14	Did you take any advice from your relatives regarding your plan to go abroad?	Yes1 No2	
5.4.15	How do you receive your money sent from abroad?	BFI's1 Hundi2 Friends3 Others4 (SPECIFY)	

5.5 BUSINESS OWNERSHIP

5.5.1 As you know, aside from household work, some people have a small business such as hotel, restaurant, rice mills, etc. Or some make and sell handicrafts such as utensils made from mud, khukuri, etc from which they earn income. Does your household own such business?

Yes1
 No2 (skip the following table)

SPECIFY ACTIVITIES	STARTING DATE	TOTAL REVENUE (monthly)	NO. OF HH MEMBERS EMPLOYED	AVERAGE NO. OF HIRED LABOR EMPLOYED	AVERAGE MONTHLY WAGES PAID TO HIRED LABOR	OTHER EXPENDITURE (monthly)
5.5.2	5.5.3	5.5.4	5.5.5.	5.5.6	5.5.7	5.5.8

SECTION 6: HOUSEHOLD EXPENDITURE

EXPENDITURE ON Q. 6.1	AMOUNT (NRs.) Q. 6.2	EXPENDITURE ON Q. 6.3	AMOUNT (NRs.) Q. 6.4
DURABLES		FESTIVAL CRREMONIES	
CLOTHING		HOME PURCHASE/ MAINTENANCE	
FOOD		VISITING	
ALCOHOL		TRANSPORTATION	
TOBACCO		OTHERS	
ENTERTAINMENT			

SECTION 7: FINANCIAL STATEMENT

Q. N.	QUESTIONS	CODING CATACORIES			SKIP
7.1	Have you had any insurance?	Yes1 No2 — —			7.2, 7.3
7.2	What type of insurance do you have?	Life Insurance1 Health Insurance2 Other3 (specify)			
7.3	How much insurance premium do you pay per month?	NRs.			
7.4	Do you have any account in any bank and financial institutions?	Yes1 No2 — —			7.5
7.5	Please mention your deposit balance.	NRs.....			
7.6	Borrowings	From	Amount (In NRs.)	Interest Rates (% per month)	
		Relatives			
		Friends			
		Saving Clubs			
		Banks			
		Money lenders (landlords, shopkeeper, villagers, etc)			
		Others			
7.8	Lending	Interest-bearing NRs. Interest-free NRs.			

SECTION 8: GENDER EMPOWERMENT

Q.N.	QUESTIONS	CODING CATAGORIES	SKIP
8.1	Who does take the decision regarding the education of your	Male1 Female2	

		Don't know4	
8.2	Who does take decision of women health related problems in your household? (e. g. whether to visit doctor after child birth or give birth of child whether in hospital or at home.)	Male1 Female2 Both3 Don't know4	
8.3	Who does take decision of giving birth of new child?	Male1 Female2 Both3 Don't know4	
8.4	Who does take decision of financial transactions in your household?	Male1 Female2 Both3 Don't know4	
8.5	Who does take the decision regarding the participation in community activities?	Male1 Female2 Both3 Don't know.....4	
(Ask only to the female informants)			
8.6	Do you need to take the permission of your husband or other family members to get out from home? (e. g. shopping, visiting relatives and friends, etc.)	Need to take1 Need not to take2 Need to inform3 Need not to inform4	

