

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nepal has a long history of foreign employment with remittance playing an important role in the livelihood of many people. Poverty is the burning problem in developing countries in this time, only the difference is its magnitude and type. It is a world-wide phenomenon. However, it differs in its magnitude from one country to another.

Migration of people from one place to another is a usual phenomenon from the beginning of human civilization. The migration in the beginning was for the sake of food and exploring new places for security purpose. But gradually the migration took the shape in diverse form and now has become a very essential and common in each and every corner of the world. International labour migration is one of the integral components while talking about international migration. Millions of people from around the world are leaving their usual place of residence for seeking better employment opportunities and supply food for their dependents. Globalization and integration of regional economies have added impetus to the growing mobility workers across borders (ILO, 2003). Poverty and the inability to earn enough or produce enough to support oneself or a family are major reasons behind the movements of work seekers from one place to another. These are not only characteristics of migration from poor to rich states; poverty also fuels movement from one developing country to others where work prospects seem at a distance, at least to be better.

The main resources of the Nepal are also human resource due to population growth rate which is increasing year by year. Therefore, its role in the development of all sectors is becoming very important in recent years. But due to the lack of opportunities in our country to get employment and earning money skilled, semi-skilled and unskilled all types of people have shown their inclination to the foreign employment which has resulted in substantial growth of remittance economy.

In the present situation, Remittance is playing more vital role to reduce poverty, especially in rural areas where there are no other opportunities to earn and get employment. But the lack of government policy to encourage the remittance income is productive sectors; around 80 percent of remittance money is being used in

unproductive sectors like luxury goods, building home. People are going abroad to earn money, which helps to reduce poverty level of rural areas.

In FY 2014 remittance contributed 28 percent to GDP and agriculture contributed to 33 percent. The contribution of remittance to the reduction of poverty has also been significant. In Nepal, poverty has been reduced to 25 percent in 2011 from about 42 percent despite political conflict for decade. Moreover, total remittance mobilized in the first months of 2013/14 is equal to 25.83 percent of the gross domestic product GDP. In 2013, the World Bank ranked in the third position in the world in terms of the contribution of remittance mobilized in the first months of 2013/14 is equal to 25.83 percent of the Gross Domestic Product GDP. In 2013/14, the World Bank ranked in the third position in the world in terms of the contribution of remittance to GDP (MoF, 2014)

Poverty is the well known major problem all over the world. Especially for the countries like Nepal it is the burning issue. From the basic needs approach, poverty is defined as the unavailability of basic requirements like food, shelter and clothes. As for example: a person needs average daily intake of 2220 (CBS, 2011) calories and value of the lowest actually required daily of other basic necessities. If a person can not get that required amount of calories he/she can be rated as poor. Due to the very high level of poverty, the social index of Nepal is also very low in comparison to the world level. Although foreign investment is the main source of development of any economy, because of the lack of sufficient policies and infrastructure the foreign investment in Nepal is not satisfactory.

Poverty in Nepal is a largely problem. Out of total 44 percent of the rural population was living in poverty. Poverty was significantly lower degree, only 23 percent, in urban areas. Indeed in the Kathmandu valley, where the vast majority of the population falls in the upper quantities poverty in other urban areas was about 34 percent, still significantly lower than the national average 42 percent and rural poverty incidence. Judging by the absolute numbers of the poor, the predominantly rural nature of the poverty problem is even striking. When ecological zones are compared poverty in both the Terai and Central Hill is closed to the national average. But poverty in the Mountain region is much higher 56 percent (Upadhyaya, 2007). Now poverty is 23.8 and Three Year Interim Plan is aim to decrease from 23.8 to 18

percent of poverty National poverty is 25.16 in which rural poverty is 27.43 and urban poverty is 15.46(CBS,2011).

In this present situation international remittance has a vital role in reducing poverty level of Nepal to the lower ranges, especially in rural areas where there are no other opportunities without involving oneself in agriculture sector. But due to the lack of proper government policy to encourage the remittance income, almost 80 percent of remittance income is used in unproductive sectors like home building, land buying and other luxurious goods. The people are migrated to other countries for work and earn money, which certainly help to reduce poverty level of rural areas.

Information is lacking in each and every step for potential labour migrants. Most of them are not aware where they are going, what work they have to do, the actual cost they need to spend to go for work and other social and cultural information about the country of destination. As a result, there are numerous realistic stories of the suffering of Nepalese migrant workers abroad. It is believed that Nepalese workers are accepted in East and South Asia as well as gulf countries only because of they are cheap and they do whatever job given. Most of the migrants are educated from middle and lower middle class families who go abroad with the hope of earning much within a short period (Rimal, 2004).

Nepal has become one of the major labour exporting countries in recent years. The history of foreign employment in Nepal dates back to the early nineteenth century when Nepalese soldiers began to work for the British army. In the ensuing decades, hundreds of thousands of Nepalese have worked in British and Indian army. The pace of the foreign employment increased dramatically after 1996 and the consequent of shrinking economic opportunities back home compelled Nepalese youths to look for alternatives elsewhere. The massive unemployment inside the country is the main reason behind this upsurge in venturing out to distant lands. As per the government data among the total population of 23.2 million, 47 percent under employed. According to one estimate, every year 300,000 to 350,000 new Nepalese enter the labour market. Out of these new entrants, 30 to 40 thousand find jobs within the country; 100,000 to 150,000 go abroad and the rest remain in the country with no jobs (Panthee, 2008).

A migrant worker has to face numerous problems while he/she makes decision to migrate for foreign employment. A migrant takes a blind decision to migrate for work without any consideration actual income that he/she receives in the country of

destination. Similarly, he/she has to face problem to find sufficient money that should be spent for going abroad and the only way to get money is through the local feudal with high interest rate. Government, except some cases has not special provision to provide loan in subsidies interest rate (Bhattraai, 2005).

Nepalese are abroad but the economic survey of F/Y (2013/14) shows 3 millions are abroad. Using the Indian airport to go abroad is also popular so the calculating of migrate workers is difficult and it is many times larger than the estimated. According to IMF 2009), remittance denotes "household income from foreign economic arising mainly from the temporary or permanent movement of people of those economics. Remittance includes cash and no cash items that flow through formal channels. Such as via electronic wire or through informal channels, such as money or goods carried across borders. They largely consist of funds and no cash times sent or given by individuals who have migrated to a new economy and become residents there and the net compensation of border, seasonal or other short-term worker who are employed in an economy in which they are no resident" (IMF, 2009).

The proportions of households that receive remittances are 56 percent in Nepal. The average income transfer in the form of remittance is Rs. 80,436 (in nominal terms) per recipient household. Per capita nominal remittance of whole population stands at NRS, 9,245. Remittance flows from internal and external sources. A majority of remittances 58 percent come from within the country and 19 percent from India and 23 percent from other countries. According to NLSS-III, the total amount of remittance in the country is estimated at Rs. 259 billion in nominal terms. The Internal source of amount is 20 percent of this amount. Saudi Arabia and Qatar together account for 26 percent. Malaysia 8 percent. India 11 percent and the remaining is accounted by other countries. Of the total remittances, 77 percent of remittances are transferred by person, 19 percent via financial institution and 2 percent via Hundi and 2 percent from other means. A significant proportion of household income comes from remittances earnings in Nepal. The household incomes are about 31 percent. 79 percent of the total remittance received by the household is used for daily consumption while 7 percent is used for loans repayment. Other uses are household property and education 4 percent, and capital formation 2 percent. Percent of households receiving remittance has increased from 23 percent in 1995/96 to about 56 percent in 2010/11 and the share of remittance in income received by household increased from about 27

percent to about 31 percent during the same period. However, the share of remittances received from India has decreased significantly by 22 percentage points indicating an increase in percent of other countries.

1.2 Statement of the Problem

Growth of population (1.35 percent) in 2001 to 2011 period and unemployment as well as decrease in crop production has made people's way of earning livelihood more complex in Nepal.

The poverty situation of our country, its magnitude is very large especially in the rural areas most of the people are migrated to other countries for work and earn only for existence of their family; in the rural areas we can find that most of the lower and middle class families are drawn in debt. If any member of that family is migrated to other countries, its debt is comparatively less than other families. So remittance income is playing a very vital role in the economic situation.

On the other hand, the contribution of remittances mainly depends on its role-play in increasing employment and on the national income. This crucially depends on the productive use of remittance as investment in the economy. It has been found that about 80 percent of remittance is used on repaying the debt, consumption purpose like purchasing land, more expensive education for the children, expenditure on social functions like marriage and other ceremonies etc. only remaining 20 percent is used for productive purpose like small business, investment in the industries, agricultural, business etc. Therefore some author believes that remittance has a greater negative impact in the economy including the unproductive expenditure and the demonstration effect of the migrants and nationally it affects domestic currency appreciation and inflation. The human and social aspects of migration are also an important factor which should not be neglected (Panta, 2008). On this ground the study areas Gadhi VDC as well as most of the VDC of Makwanpur district are losing their male day by day in rural economy such as security, loneliness, effects on agriculture production etc. are prime problems of the rural area.

Since many years, foreign employment rate is increasing, but most of unskilled labor has gone to foreign land. Nepalese labor forces seeking foreign employment having very low level of technical education and formal training. They are compelled to take risky, difficult and dirty work in foreign country. Slowly, training institutes are being

established in Nepal to develop skills on individuals who are seeking foreign employment so that earning capacity of the employed can be increased and competitiveness in the labor market can be increased. But these institutes are in infancy. Individuals seeking foreign employment have spent large amount of money as a cost for employment. The cost includes passport fee, medical charge, visa fee air fare and commission to the employment agency. To finance the employment individuals have to dependent on several sources of funds which included internal saving, borrowing from the relatives, funds received from the sales of fixed assets like land and animals, borrowing from money lenders etc. Formal financial institution like banks, cooperatives and finance companies do not provide loan easily. It is very difficult to arrange the funds needed to foreign employment by people coming from lower income class (Karki, 2006).

The problem of male labour migration is increasing day by day in Nepal due to lack of employment opportunity, poverty and political instability. In rural area of Nepal, emigration has created a serious problem. Rural areas are becoming youth-less these days. So in the short run emigration may relief the problem of unemployment but in the long run it will create a serious problem for national plan and policies.

1.3 Objectives of the Study

The objective of this study is to analyze the role of remittance in reducing poverty in GadhiVDC of Makwanpur district. The specific objectives of research are:

1. To find the general poverty scenario of the study area.
2. To study the importance of remittance on reducing poverty of the study area.
3. To identify the nature and extent of remittance income in the study area.

1.4 Significance of the Study

Worker remittance has become a major income source national economy in Nepal.

In this regard, the study would be beneficial to take proper initiative by the government or other actor to enhance the impact of remittance. Similarly, It would be give the micro-level information on existing practice, opportunities and possible avenues for the enhancement of the impact of remittance on household as well as society. In the same way, it would be provide significant information to manage the irregular pattern of migration and remittanc to formulate policy options and would be

also be beneficial for formulating interventional program to reduce the existing discrepancies on utilization of remittance in concern area. In addition to these, the outcome of the research would be contributed to enhance policy efforts and to concern researchers and government institutions for policy implications.

1.5 Limitations of the Study

-) The present study does not cover all aspects of remittance.
-) This study is based on sample size of the study area. So, it may not be helpful to make general conclusions.
-) The extent of this study is considered due to time and resources limitation.

1.6 Organization of the Study

The study has been organized in seven chapters. The first chapter is introductory chapter, which include background of the study, statement of the problem, objectives of the study, importance of the study, limitations of the study and organization of the study. The second chapter focuses on review of literature. The third chapter explains the research methodology of the study. The fourth chapter explains the presentation and analysis of data. The fifth chapter deals with the socio-economic and demographic features of the study area. The sixth chapter explains the data analysis and the discussion of the study area. Chapter seventh includes summary of the findings, conclusions based on this research and recommendations. Finally, references and questionnaire follow this chapter.

CHAPTER II

REVIEW OF LITERATURE

2.1 Introduction

The emigration, immigrant working or foreign employee has become the integral part of each society. Furthermore, the massive involvement as the foreign employment from less developing countries to the developed one is a common aspect of today's world. So, being the integral aspect their several studies for causes for emigration, emigrant work and its economical consequences like income generation, remittances and social-cultural and economical transformation. These studies are in the form of either book or articles. The chapter tries to detail the conceptual theoretical concept regarding the definition of emigrant work, remittance and consequences brought by remittance in term of poverty elimination or growth. Remittance is amount transferred by workers abroad to support their families back home. Euphemistically, present day Nepalese economy is characterized by Remittance Economy. Genesis starts from right from the beginning of world war in which Nepalese fought not for the protection of their homeland but in course of fulfilling duty in which they are engaged. At the times of British rule in India, these days when **Nawabs** of Luknow were watching helplessly the loot of their huge wealth. The possessions thus received went to the treasury of the rulers but the salary of the soldiers received formed the part to support the families. Remittance business is created by the foreign employment that the long experience in Nepal. For the foreign employment Nepalese people were earned **Brave soldier** in the history of world before some decades. Nepalese people are earned a name and fame for fighting as **BirGorkhali**. Nepalese migrated people are called **Lahure** because they employed and money in Lahure which is in Pakistan now. Some of the Nepalese were earned money in Malaysia so they were called **MalayakoLahure (Chaulagain, 2015)**.

The volume of remittance income is growing at an exponential rate in recent years. The renewed debate started particularly after 1990 when it was observed that the dependency theory and structural views on remittances, which dominated the debates of the 1970s and 1980s and maintained a pessimistic view on remittances never witnessed a downfall. The dependency theories were of the view that remittance never contributes to the developed underdeveloped countries mainly or reason that

international migration encourages brain drain from the developing countries depriving them of the human capital that they desperately need to meet their development goals. Prior to the dependency and structural views, however, the development list and neoclassical thinkers during 1960 and 1970 had maintained views on remittances believing that capital and knowledge transfer by migrants would help to achieve development need of leads developed countries in the worldwide) is a service to provide access to Nepalese published research, and increase worldwide knowledge of indigenous scholarship. The same views have taken incarnation at the start of this century bringing.

2.2 Theoretical Review

The theoretical investigation in remittances produce highly mixed results. On the positive side remittance contribute to the alleviation of poverty and, in some instances, provide capital to fund households investment and savings. For growth, mostly by increasing national disposable income. For many low income countries, remittances are the most important source of external financing leading FDI and ODA. However, some studies have found that remittances can have a deleterious impact on national economic growth in the medium and longer terms. Remittances can fuel inflation, disadvantage the tradable sector by appreciating the real exchange rate, and reduce labor market participation rates as receiving households opt to live off migrants. To growth and poverty might reduce the incentives for implementing sound macroeconomic policy or to institute any needed structural reforms. So the review of literatures related to the field doesn't give the information to the researcher, reader and the stake holder of the research.

2.2.1 International Review

Lewis (1954) has analyzed that the unlimited supply of labor in the development in the economy. In the other worlds, first is agro-based, unemployed or rural area and second is industrial, developed or urban territory. The prime reasons for migration is due to wage difference. Unlimited supply of labor force prevailing at low wage rate is attracted into industrial sector until subsistence sector provides equal wage rate like that of urban sector, i.e. migration exists whenever wage differential exists and of such differential causes to end labor mobility.

Revenstein (1985) has discussed that the first person to attempt forming migration theory. Revenstein law of migration is also known as push - pull factor of migration, still per dominant form framework of migration analysis, push factor are : land tenure system, unfavorable form of trade, wide dispersion of poverty & income, pressure of rural poverty income, pressure of rural poverty in general & so on. Pull factor are employment, education & other facilities are opportunities known as **bright light** of the towns. On the other land push factor migration from their place of origin & on the other hand pull factors to pace of destination.

(IMF,1993)has stated that workers remittance cover current transfer income by migration who are employed are employed in new economies and considered residents there. A migration is a person who covers to an economy & stay or is expected to stay for a year or more. Workers remittances often involves related person who work for and stay in new economies for a less than a year are considered as non residents. So their transaction are appropriate mainly to the component for compensation of employees.

Lucas & Stark (1985) have expected that the determination of remittance. they have studied and found that remittance on a household level determined by **purealtruism**, **Pure Self-interest** and Tempred Altruism or **enligstned self interest** in their people. Moreover, remittance depend on the migrant`s elasticity of demand. That is, if the migrants demand is elastic, fewer services will be demands and remittance decrease and also found that there is proportional relationship between income and remittance is in flunced by the difference places, the odds, probability of getting job in new area is inversely related unemployment rate in the new and area.

The other types of migration

Todaro (1976) has started that migration is stimulareed primarily by rational economic consideration if relative benefit while are mostly financial. Decision migrate cheriese are connected with economic growth.

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

Elabadawi & Rocha (1992) have found empirical research in six labor exporting countries of Africa and Europe: Algeria, Morocco, Portugal, Tunisia, Turkey, Yugoslavia, in the 1980s and found that the stock of workers abroad, level of income in the host country, proxy for length of stay, domestic inflation, exchange rate premium in the parallel market, special incentive scheme designed to attract IWR (International Workers Remittance) determine the volume of remittances of a country. Remittance means transferring money from one place to another with a way which is also called hundi laundering. Money laundering is the illegal attempt to hide the true source of money. It generally involves money that has been obtained through criminal activity frequently drug dealing money launderer's money so it cannot be easily detected.

Seddon (2000) has examined the how many people were migrated and which destination and how do they organize remittances through official channel or non? Around the mentioned matter he found that 2-3 million need migrants now leave developing each year (legally or illegally). At the beginning of the Millennium, Nepalese workers are employed mainly in Gulf (200,000 plus) and Malaysia (50,000 plus), with at least 500,000 (probably 1 million and possibly 2 million) working in India. Most of migrant people specially Malaysia used informal channel Hundi and also used hand carriage system only few people used formal channel like as banking and financial addressed problem and make appropriate policy towards the benefit of migrant people.

Ale (2004) has found that secondary data found that secondary data mostly used of remittances area to buy essential food and maintain the house expenses of the first priority of remittances user. Only few portion of remittances use in children education and health. Therefore government should create suitable environment as well as policies that may encourage foreign migrant workers to invest their remittances in production.

Sota (2009) has stated that international migration and remittances have on educational attainment and educational mobility of young people in Mexico. The main research questions guiding these dissertations are: what is the impact of US Mexico? And does this impact vary by the social and economic context where these children live? This study is done by using data from 2000 Mexico census of

population and housing. More specially, the 10 percent sample available through IPUMS international with contains information on about 10 million.

Adams (2004) has used the survey data for Guatemala and Ghana to investigate the effect of remittances from domestic and international migrants on poverty and survey and pseudo- panel estimation it is found that international remittances decrease the probability of family being poor. The effect of domestic remittance in reducing poverty is for higher than the effect of domestic remittance in reduction poverty . It concludes than remittances reduce poverty but has no effect on.

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

Tumbe(2011) has conducted a research thata factsheet of domestic and international remittances at the State level and across household characteristics and discusses the extent of remittances dependency, it`s growth since the 1990s, the different uses of remittances across States, the possible impact on source region inequality and its importance in enhancing financial inclusion. Date from the 49th and 64th round migration related National Sample. Surveys, the Reserve Bank of India (RBI) and the 2001 Census were used for the analysis. Some of the finding were : (a) The domestic remittance market was estimated to be \$ 10 billion in 2007 to2008, 60 present being Inter - State transfers and 80 present directed towards rural household (b) Domestic remittances financed over 30 present of household consumption expenditure in remittance receiving households that from nearly 10 present of rural India (c) Domestic remittances dependency was high in Bihar, Uttar Pradesh and Rajasthan and has generally grown since the 1990s, most notably in Orissa . (d) The top 25 present household received around as 50 present of domestic

remittances suggesting that remittances could be increasing source region inequality (e) 70 percent of domestic remittances were estimated to be channeled sector as 25 percent in China revealing a huge opportunity for financial institutions to migrant workers (f) Kerala, Punjab and Goa accounted for over 40 percent of international remittances flows and are among the top remittance - dependent economies of the world.

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

World Bank (2012) has conducted a research on impact of remittances on financial development using both balance of payment statistics for close to 100 countries over the period 1970 -2002 and household survey based data for Mexico (2000) and El Salvador (1995, 1997, 1999, 2001). From the research they showed that remittances, funds received from migrant working abroad to developing countries a proportion of GDP. Furthermore, unlike, other, capital flows, remittances tend to be stable even during periods of economic downturns and crises. The development potential of these flows is increasingly being recognized and therefore interest in organizations, and the private sector. Yet, research on remittances is sparse and on financial development remains largely unexplored, despite the increasing interest on the part of financial institution both in the remittance sourced destination countries to enter this business as a way to expand their customer base. Furthermore this topic is empirically interesting because a priori, the links between

remittances and financial sector development are unclear. Remittances might have positive impact on credit market development if, as individuals receive sizeable transfers from abroad that are shown to be stable, banks become the more willing to extend loans for remittance recipients. On the other hand because remittances might help relax individual financing constraints these flows might also lead to lower demand for credit and have a dampening effect on credit market development. At the same time, whether we observe a positive relationship between remittance and financial development measured in terms of deposits will depend on the extent to which households are able to save of the remittances they receive and do so by depositing funds with bank.

Todaro(1976) has stated that migration is stimulated primarily by rational economic consideration of relative benefit which is mostly financial decision to migrants is influenced by difference between expected income between two places, the odds probability of getting job new area is inversely related to employment rate in the new area.

Zhu & Lew(2008) have examined the impact of remittances on rural and poverty inequality in China. The data used for the analysis was brought from a survey on the resettlement of Shiyuan- manhuan highly project in Hubei province. The survey contained 1208 households with complete information. For the sampling, they used random sampling. Among the 1208 households surveyed, 740 have migrants while 468 do not. The survey included only permanent households, of each household, location, household income and other necessary information concerning transportation, services and other income. At first, research earned from different sources, such as agriculture, forestry, livestock and fishing industry, construction, transportation, service and income. At first, research estimates household income equation from observed value, second, they used the income equation to simulate what household income would have been if the household did not participate in migration. Third, they compared the income distribution of simulated income the household income without remittances but including the simulated migrants home earning with that of observed income the total income with remittance.

Odekunle(2013) has investigated the link between remittance and fixed capital formation in Nigeria. The paper was particularly interested in establishing how country's capacity to utilize remittances was influenced by financial sector

development . The study used time series data between 1977 and 2010 and employed the Dynamic Ordinary Least Squares model the study to control for endogenes occasioned by the use of a lag in the independent variables. The study found a positive correlation between remittances and physical investment . Moreover , the relationship between remittances and author, suggests that financial development compliments remittances in enhancing investment . Therefore, as a policy recommendation , the author argues that for Nigeria to benefit from remittances from emigrants, the government should focus on improving financial development in order to enhance the effect of

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

From this perspective worker's remittances greatly contribute to the country's economic. Worker's remittances increased from a modest \$ 93 million 1967 to a peak \$ 1.4 billion in 1974 to and then declined to y\$ 893 million in 1978 . Tukey showed a more or less consistent level of annual remittances receipts of around \$ 1.5 to 2.0 billion between 1979 to 1988 . In this period, almost a quarter of Turkey's annual total import bill was financed by remittances receipts of about \$ 3 billion , which increased to \$ 3.4 billion in 1995. In the 1990s, remittances were equivalent to around one -third of the trade deficit but were well below 3 percent of GNT. In short, since the 1960s, worker's remittances have greatly contributed to meeting the import bill of the country but their relative importance with respect to NGP has been limited. Another way of worker's remittances is the type of investments made by the migrants. Money coming from abroad often finds its way into the maintenance of the family left behind or spent as investment in equipment, real estate, a car or possibly as part of the migrant's attempt to set him or herself up in a estate, or

another kind of new enterprise .Certainly much of the incoming money has gone directly into the family or local community of a migrant abroad do not return to their place of the new home. It seems that remittance do not help to reduce imbalances region in the country, though it is clear that improvements are made possible by remittances.

2.2.2 National Review

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

Most people simply spend what they earned and migrated in order to bring back food and money to live on for the next 4 to 6 months. The items that remittances were used for are listed in Table 14 from least important. Labor migrants brought new skills like driving , constrution ,cooking , electricasal skill and house painting when they return to the villages. But opportunities these skills , or invest the savings, were very limited . Lack of idea of opportunities for entrepreneurship and of access to markets all discouraged returned migrants from investing even the small sums that they have . The few who did invest or start a business were generally the ones who were not in such a bad **hand- to-mouths** situation and did not have to worry about feeding there families for the remaining month.

Remittance is amount transfore by workers abroad to support their families back home. Euphemistically, present day Nepalese economy is characterized by “Remittance Economy”. Its genesis starts from right from the beginning of world war in which Nepalese tough not for the protection of their homeland but in course of fulfilling duty in which they are engaged. At the ties of British rule in India, these

days when **Nawabs** of **Luknow** were watching helplessly the loot of their huge wealth. The possessions thus received went to the treasury of the rulers but the salary of the soldiers received formed the part to support the families. Remittance business is created by the foreign employment that the long experience in Nepal. For the foreign employment Nepalese people were earned “Brave soldier” in the history of world before some decodes. Nepalese people are earned a name and fame for fighting as BirGorkhali. Nepalese migrated people are called **Lahure** because they employed and money in Lahure which is in Pakistan now. Some of the Nepalese were earned money in Malaysia so they were called **MalayakoLahure**. Pokhara, and other major cities and other popular developed districts.

Transnational labor migration is one of the most prominent forms of migration in today’s world. This form of migration is voluntary and encourage by economic reasons, according to Marx(1954, as cited in Shrestha, 2001) labor migration become a significant type of migration since the “genesis of the capitalistic farmer” in the late 15th and 16th century. He conceptualized migration as a process occurring within Many theories have treated and advocated migration as indispensable part of industrial growth and thus national development. For people of least development country encumbered by high fertility and acute unemployment, international labor migration is a survival strategy, migrants decision to migrate is influenced mosting by their economic positive on and their background and rather than the age or educational attainment. Reflect there strategy choice, where as for the subordinate class if present a survival more (Shrestha, 2001)

Bhadra(2007)has analyzed theinternational labor migration of Nepalese woman and impact of their remittances on poverty reduction. The design of this study is pre- and post recall. In the absence of baseline data and the inability to conduct an experimental study ,research designed this study to measure the impact of remittance on poverty reduction based on retrospective pre-and post recall by there respondents. Among the various methodologies applied in research, this study adopted the quantitative method, a sample survey was conducted for qualitativ method, focus discussions were help and study were done. A purposive sampling was adopted in order the respondents. The total sample size of study was 421 households, comprising 247 returned migrant women and 147 household members of woman. Semi -structure questionnaire, focus group discussion, and case studies were used for data collections.

Karna(2004) has argued 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 patterns in Nepal.

Gurung(2009) has tried to examine the impact of global economic slowdown on remittance inflows and poverty reduction in Nepal. Secondary time series data were taken for analysis. The study found that remittance was invested mainly on household purposes of purchase of land, purchase and maintenance of new houses, paying off loans, deposit cash in bank and finally interest for business purposes. Some returnee migrants have also invested their savings in business ventures. Given the political and economic realities in Nepal and the limited space for expanding employment and income opportunities, foreign employment will remain an attraction for new emigration in the Nepal labor market for long time to come. While the attractions are strong and realistic the foreign labor market local depends on global economic situation. Since the bulk of the Nepali migrant workers consist of unskilled labor, youth are exposed to insecure and low-paid jobs. Lastly they recommended that the private sector should take the initiative to make the most productive use of remittance income, which is now largely invested in land, housing and building. In the long term it would be not sustainable for promoting foreign employment.

Labor migration was a significant type of migration since the "genesis of the capitalistic farmer" in the late 15th and 16th century. He conceptualized migration as a process occurring within capitalism. Lewis(1954, cited in Shrestha,2001) made a very major argument when he discussed migration as a means to draw labor from traditionally labor surplus agriculture sector to modern industrial sector without compromising the productivity of the farmer. Many theories have treated and advocated migration as an indispensable part of industrial growth and thus national development. For people of least development country encumbered by high fertility

and acute unemployment, international labor migration is a survival strategy, migrants decision to migrate is influenced mostly by their economic position and their background and rather than their age or educational attainment. Reflect their strategy choice, whereas for the subordinate class it presents a survival more. (Shrestha (2001).

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

Dhital(2007) has tried to assess remittance current position and its role in the economy on this area to dig out the ground realities. She concluded that remittance generates positive multiplier effects in output if they are consumed and contribute to economic growth if they are invested productively.

Shrestha(2004) has aimed to provide diverse and fragmentary evidences on the macro and micro level information on foreign employment and remittances analyze its importance to the economic and household time. The second round of NLSS was conducted in 2003/04. The NLSS -2010/11 (NLSS-3) is the third round of the NLSS process.

Rajan(2009) has presented a working paper in Colombo about the India (Kerala) experience with using random sampling method with adopted probability proportional to no. of households with sample drawn from 300 panchayats (localities) used mention sample method in fifty households. He found that average age of emigrants 28, average age at return 44, and life in Gulf 16, unemployment rate after return 29. In study found most of the keralian male workers migrant in Gulf countries to search the appropriate employment opportunities and they earned money and sent back their home country its impacts particularly 1.28 times more than the government revenue

recipient 4 times more than the transfer from central government, 1.5 times more than the government expenditure and is 18 times more than the receipts cashew and on products. At last of the study remittance impact on poverty, un employment, standard of living, ownership of houses, consumer durables and social mobility with income distribution, on other hand, impact of migration on women, elderly people and children due to loneliness.

In 56 percent of all households surveyed received remittance. In the rural areas the proportion of households receiving remittances was 39 percent. Similarly, Remittances flow from internal and external sources. A majority of remittances 58percent come from within the country, followed by India 19percent and other countries 23percent. Besides traditional sources like salaries and pensions of Gorkha soldiers servicing in the British and India Army, thousands of Nepalese, some of them engaged in there “D” jobs (that is Dangerous, Dirty and Difficult) are sending billions of rupees back home. This has emerged as a vibrant sector of the country’s economy (NLSS, 2010)

This research report found in its conclusion that the main problems of this foreign employment are lack of proper technical as well as the practical knowledge about the works which he/she had to perform in that countries, lack of required information and help from the manpower agencies, problem of languages, culture and habitual activities, lack of the save and value able financial instructions to send money from abroad. Lack of required for the processing and the tickets for the foreign employment apart from those after reaching to the destination countries the Nepalese workers are financing so money problems like not getting that proper work which was promise Nepal. Requirements before the agreement time, not getting the salaries in time, unnecessary reduce in the salary, not getting the minimum wage level also, not getting the minimum wage level also, not getting bonus and other facilities availavle from the company, extended work time without extra salary or overtime salary etc.

Karki(2006) has attempted to identify the impact of foreign employment and remittance in rural community in the study area. Moreover he also tried to identify the past trend of foreign employment and remittance of Nepal, socio-economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of

remittance. His study is based on both the primary as well as the secondary data. Primary data were collected from the sampled households in the study area and secondary data were collected from the publication of CBS, NPC, and WB etc for the purpose of comparison of the composition of foreign employment and remittance in his study. He has analyzed the collected data by using simple statistical tools like percentage and ratio.

Regmi(2007)has tried to examined the role remittance in rural poverty reduction as a case study of KhiluraliVDC of Syangja district . The research design is per and post recall. For analysis 100 remittance receiving household were taken by using proportional random questionnaire. Simple statistical tools like p ercentage, ration were used for data analysis. In this research income status, education, inadequacy of food, health was taken as indicators of poverty. Data required for analysis were collected through expected to examine the role of remittance in rural poverty reduction. He found that 69 present of sample households improve education of their childernt from remittance income. Still around household as sample out of 797 of study area.Findingof this study are as follows:

1. Major reasons to seek foreign employment include unemployment family debt burden, conflict problems etc
2. Major sector of employment for Nepalese workers were building and mechanical
3. Remittance has increased their household`s economic status and social indicators after returning from employment.
4. 81.73 percent respondents said that remittances have increased their economic status

Kark(2008) has attempted to identify the impact of foreign employment and remittance in rural community in the study area. Moreoer he also tried to identify the past trend of foreign employment and remittance of Nepal, socio-economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance. His study is based on both the primary as well as the secondary data. Primary data were collected from the sampled households in the study area and secondary data were collected from the publication of CBS, NPC, and WB etc for the

purpose of comparison of the composition of foreign employment and remittance in his study. He has analyzed the collected data by using simple statistical tools like percentage and ratio.

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

The study has some recommendations for the betterment of the foreign employment sector. These are : the policy should be made to solve the conflict situation, create good environment and provided sufficient technology as well as market, give more information to the respondents, technical training institutions should be established in rural areas, the required funds should be provided by the govt. sector for the people foreign employment should be declared by the government, etc.

By remittance, the researcher means sending income in term of money or/good in home the migrants income from outside their home country. Now a day, remittance income has been growing rapidly in developing countries. Since long time in Nepal, many migrants have been transferring their income through the official and unofficial channels. Due to agencies like Western Union, International Money Express (IME), and the recipients. However, it is difficult to calculate the exact size of remittances recorded in balance of payments a account. Account in this regard, it is estimated the sender pays the remittance to the sending agent or institution using cash, cheque or money order or a debit card using ecommerce and so on. In step second, the sending agency instructs its agent in the recipients ' country to deliver the remittance.

In the third remittances are periodically followed between sending agents and paying agents according to their agreed schedules. However, informal remittances are settled particularly through goods trade. This scheme of sending money has played an important role to deliver money transfer services in a convenient way. The cost of remittance transaction includes a fee charged by the sending agent, which is paid by the sender and a currency conversion fee for delivery of local currency to the beneficiary in recipient country. If remittance comes through commercial banks or financial institutions, they may earn an indirect fee in the form of interest by investing funds before delivering the amount to the beneficiary.

2.3 Empirical Review

2.3.1 International Review

The remittance - investment nexus is the literature. Some studies have argued that remittances have no impact on private investment levels. In fact before 1990, no positive correlation between remittance and economic development had been established. The prevailing view in the literature was that remittances were primarily spent on consumption goods and repayment of debts. As a result remittances were thought to have insignificant effects on economic growth. Rempel and Lobdell (1978) estimates that remittances were primarily used for consumption expenditures. Mexssey, (1987) found that between 68 percent and 86 percent of remittances from Mexican immigrants to the United States were spent on consumption goods. Carletto, (2004) reported that a one per meager cent of households used remittances on investment activities with the rest going to consumption activities. The author further argues that these low levels investment were contributed by poor rural infrastructure, and low public investment.

Richard (2005) has conducted a research by collecting the data of 71 developing countries about remittances, inequality and poverty and resulted that remittances reduced the severity of poverty in the developing world. They also found that the remittances reduced the poverty through then increased in income and greater investment in physical assets education and health and also enables to larger pool knowledge.

Zabar&Sattar (2005) have studied on found that the real GDP is positively correlated with remittances. He also found that the remittances have the significant impact

on the economic development of the countries after then the reduction of poverty change in to development country.

Tambama(2011) has conducted a research on remittance in which research analysis explored the empirical developmental impact of formal remittance in Zimbabwe, particularly their effect on poverty reduction and human capital. Using a three stage least squares estimation technique to counter the endogeneity problem of remittance, the study provides evidence that a unit increase in the share of remittance on GDP reduces poverty by 52 percent and increase human capital accumulation by 11.5 percent in Zimbabwe. The reverse causality of remittance and poverty reduction has not been supported by the results of study. Thus remittances contribute significantly to development objectives such as those of the Millennium Development goals.

Lili(2013) has presented a research paper in CARIM. The paper looks at the more generally. For Armiresson analysis shows that over the short run 10 percent remittances growth positive affects GDP growth by 0.3 percent points through its multiplying effect on domestic demand. It is also an undeniable fact that. However, a key question is whether remittance also serve to promote long-run economic growth. Empirical results show that a 10 percent point increase in remittances negatively influences GDP growth by 0.2 percent points over the long run. This negative effect can create moral hazard in recipient households.

Osili (2004) has studied on how migrants spend their income in Nigeria found that migrants are more likely to spend their income on investment than on consumption. Specifically, migrants with higher incomes tend to invest in housing. Remittance expenditure therefore is an important part of private investment in Nigeria. Empirical evidence suggests that financial institutions are crucial in enhancing growth. We build on this research and look specifically at investment and not growth per se but focus in particular on one stream of funds remittances. Most of the earlier research about remittances looks at growth and comes to somewhat different conclusions.

Mundaca (2005) has found in a sample of selected central America countries that financial development tends to increase the responsiveness of growth to remittances. However, the works of Giuliano and Ruiz- Arranz (2009) and Fayissa

and Nsiah (2008) suggest that remittances boost growth in countries with an underdeveloped financial sector. In other words, in countries where financial sector is unable to extend credit to the private sector, remittances receipts are a vital source of capital relative to financially development societies. These conflicting empirical finding invite further research of there issues

Mallick(2010) has utilized an error correction model and Dynamic Ordinary Least Squares Procedure (DOLS) development by stock Watson (1998) to investigate the impact of remittances on private investment in India. The paper finds that remittances crowds out private in India with the majority of income including remittances going towards consumption expenditure. In other words, remittance inflows led to a decline in the rate of private investment should formulate policy to encourage the allocation of remittances towards private investment.

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

2.3.2 National Review

Gautam(2011) has studied on remittance income on consumption and found that more the 60 present of remittance income from channels of money transform nageencies,18 percent from banking channel , 5 percent from Hundi ,14,present from their fiends and fiends and 3 present from themselves.

56 percent of all households surveyed received remittance. In the rural areas the proportion of households receiving remittances was 39 percent. Similarly, Remittances flow from internal and external sources. A majority of remittance 58 percent come from within the country, followed by India 19 percent and other countries 23percent. Besides traditional sources like salaries and pensions of Gorkha soldiers servicing in home. This has emerged as a vibrant sector of the country's economy (CBS,2011).

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

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

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

Kapur(2003) has researched paper states that the impact of international remittances on social and economic development in migrant- sending societies have recently inclined toward the positive side ,the impact of remittances on national economic growth and employment are rather unclear. The consequences of remittance

on long-term economic development are not well understood. There seems to be no conclusive evidence to sustain either neoclassical or dependency there, because relevant studies have yielded contradictory findings. In a recent analysis of the effect of remittances on employment performance for Central and East European economies.

Family by relationship quality by analyzing the data from more than 800 Nepali adult men, drawn from a larger survey project in the Chitwan Valley, a southern region in Nepal. Since remittances could improve the living standards of left-behind family and ease financial tensions at home, he anticipated that work migrants have better relationship with their families than non-migrants who cannot offer remittances. The findings show that compared to non-migrant men, labor migrants report significantly higher quality in some of their family relationships, but not all of them. Additionally, he found that those who remit more money do not necessarily have better family relationships than those who remit less. The results represent important initial findings in an understudied area of the research on remittance the sociology of migration. These results also suggest that further research on the causal relationship between remittance and family relationships is warranted.

Bhatta (2013) has conducted a research on remittance and trade deficit using co integration technique and a vector error correlation model (VECM) based on deficit for ten years. The studied showed that there is positive relationship of remittances in to the import and trade deficit in the long run implying that the remittance income seem to have spent mostly on imported goods and services either for daily consumption or luxury and durable items which is accelerating import and ultimately inducing trade deficit to rise. His study also showed that unit raises in remittance cases the trade deficit to increase by 0.296 units.

CBS (1995/96) has carried out that Nepal Living Standards Survey (LNSS) for the first time. The second round of NLSS was conducted in 2003/04. The NLSS-2010/11 is the third round of the survey conducted by the CBS as a follow up of the previous two rounds. All the three survey followed the Living Standard Measurement surveys followed the living standard measurement survey (LSMS) methodology developed and promoted by the World Bank.

Remittances recipients typically say that they invest the money received . Because money is tangible, they simultaneously their total investment many increase by less than the investment from remittance or increase at all Glytsos (2002) find that investment increases countries he analyzes . Similar results are shown by learn Leadman and Piracha (2004) for Eastern European countries running 1990s.

2.4 Research Gap

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

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Nepal would witness a sharp fall in poverty and income inequality if government implemented policies that enabled poor households ton sent their migrants to developed countries instead of low income countries as South, Korea, Japan, USA, and European countries . Plicieas that could facilitate this switch of destinations might include providing more credit opprotunities and also education to acquire the skill required for third country migration. Although policy maker face the challenge of designing effective skill development program for less educated people,these program might have a high return because skilled (even low-skill) might workers might have a better opportunity of obtaining a safe and high-earning job in third

CHAPTER III

RESEARCH METHODOLOGY

A research undertaking must be equipped with research methodology. Research methodology that has to be followed as a guiding principle in a scientific study. It is a science of methods/ rules and it deals with every step of method. Different methods can be applied in various research. In order to achieve the objectives of the research, methodology is necessary. The research also adopted some specific methods. It deals with rationale of site selection needed for the study, the research design, nature and sources of data, sampling procedures, and techniques of data, and limitations of the study (Sharma, 2014).

3.1 Research Design

This is a case study of Gadhi VDC. It is a micro level study. This is analytical as well as descriptive type of research design. The main objective is to review the role of remittance income, therefore, the required data are taken from primary and secondary sources. The simple statistical as well as scientific tools have been used to describe and analyze the result.

3.2 Nature and Sources of Data

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

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

3.3 Primary Data Collection

The primary data has collected from the field survey through various techniques such as questionnaire, interview with key informants and observation method. The structured questionnaire is asked directly to the entrepreneurs and employees to get information about the contribution of remittances.

3.3.1 Structural Questions

The structured questionnaire is used in interview to sample size of respondent foreign employment about their income and life standard or economic condition as well poverty reduction .

3.3.2 Interview with Key Informants

The present study has also conducted by discussing with the sample size of respondents household of GadhiVDC representatives and other workers and employment of economic condition.

3.3.3 Observation

Observation method has used to collect the observable information such as industries to improve economic condition . It has used to know the benefit receive by this society from remittance. The data through collecting observation through has used to support for analyzing the role of remittance.

3.4 Sampling Procedures

Among the total households 999 of GadhiVDC, 99 sample households (10%) has been selected by simple random sampling method. The targeted households were those where at least one family member of household who wear working in the foreign country or who worked foreign country and have returned now as a labor migration (Labor migration means the absence of one household member). In GadhiVDC, there were 999 households and population is 1216. Among the number. of households of 26 households are migrated to another place in FY year 2062/063. Among the total population about 10 percent of the people are migrated to another place. Among them about 36.6 percent of people are migrated for their further studies and about 43.7 percent of people are migrated for work. From 999 total households in study area, 99 households were selected using proportional size with random sampling method. In order to make the study meaningful as well as advanced in the limited time period a larger sample size was not feasible. The sample is more than 2.5 percent of total households, which can consider as the representative of the universe of study. The strata are the nine wards of the VDC; the selection of sample households of each ward was made proportional to size basis. The size was the total number of the households in each ward. This survey was conducted from June 9, 2014 to June 27, 2014. The selection of sample size is given in the following table.

Table 3.1

Sample Size of Respondents' Household of GadhiVDC

Ward No.	Total Number of Household	Number of Sampled Household
1	136	18
2	112	15
3	189	12
4	184	10
5	195	16
6	156	28
Total	999	99

Source: Field Survey, 2015

3.5 Secondary Data Collection

The secondary data collected from various published and unpublished materials by related organizations such as VDC remittance of GadhiVDC . The secondary data should be collection of many kind of collected published data of this VDC and so on.

3.6 Methods of Data Collection

Data for the study is collection from the field survey. This study is mainly based on primary data collection. The data collected through the formal method of interview, observation, structural questionnaire. Further secondary data collected by this VDC profile, DDC profile and yearly statistical report of remittance of this VDC.

Data are to be presented in various units and forms depending on its nature to conduct through analysis on it to fulfill the set objectives. A number of mathematical tools such as tabulation percentage, mean and other graphical presentation has employed as analytical tools. The data and information will also be present in table, pie chart, bar diagram, etc. Also other publication reports and studies performed by various organizations and scholars which are very supportive for the study has reviewed .

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.1 Foreign Employment

Foreign labour employment in Nepal started after the Nepalese army headed by Kajeer Amar Singh Thapa was defeated by the British East India Army in 1814. The convention (May, 1815) between Kajeer Amar Singh Thapa and General Ochterlony of East India Company came to consensus that Nepalese deserved to join the British, East India Company (Karki, 2006). Because of the provision the Nepalese emigration process was initiated for military purpose to outsider the country but as invisible emigration to India as initiated in mid 1800s. Peasantry in eastern hilly parts of India was encouraged by promoting tea plantation and settlement in the forested area. During this period Nepalese migration to India and Nepal in 1950 promoted free movements between two countries and the previous agreements were further consolidated.

It was after the establishment of democratic system in Nepal in 1990 that Nepal integrated itself to the world and then diversities dimension of emigration occurred. Enactment of Foreign Labor Employment Act 1985 realized the importance of emigration through unofficial channel and recognizes the future of foreign labour employment. Search of employment outside the country was entrusted to man power agencies.

Restoration of democracy in 1990s opened the door to international labor market. Labor migration refers to the temporary movement of workers. Migration is increasingly becoming the alternative for many Nepales due to the high rate of unemployment and acute poverty prevalent here. The exodus to India has a longstanding history, but migration to the gulf countries is a relatively new phenomenon which began about 20 years ago (Seddon, 2005). Migration has contributed to the national economy and poverty reduction through remittances, which in turn help the families of migrants to improve their livelihoods. On the other hand, Nepali migrants are facing a number of problems and challenges; they are duped by manpower agents here and then their rights are violated in abroad.

In this present situation, the hardships and sufferings of Nepali migrants are still more miserable. As much as 400,000 young workers enter the labour market for jobs every

year, but the absorption capacity of the economy is insufficient even for a number of 100,000. Thus a considerably high number of person in economically active age are compelled to go aboard in search of a better life (MoF, 2010).

4.2 Growth Pattern of Labor Migration

The Government of Nepal, Foreign Employment Department has opened 107 countries where Nepalese workers can go for foreign employment purposes. Out of them, 91 countries have been recognized after the year 1997/98. Even though all the required data is not available with the official agency and department of the country, the available record shows that Nepalese people have spread all over the world from south Asia to America, Europe etc. According to the report prepared by Labor and Employment Promotion Department of government, the number of people in search of foreign employment can be shown in the following table:

Table 4.1

Number of Nepalese Migrant Workers Employed in Different Parts of the World

F.Y.	Arabian Countries	East Asia	Other Asian Countires	Europe American Australia	Others	Total	Growth
1999/00	34098	171	399	2	873	35543	-
2000/01	42869	11306	448	23	379	55025	35.41
2001/02	50585	52926	574	36	615	104736	47.46
2002/03	59314	43812	692	39	1186	105043	0.29
2003/04	58069	45760	1096	46	1689	106660	1.52
2004/05	71956	6691	633	101	737	139718	23.66
2005/06	89106	75526	309	162	149	16552	15.45
2006/07	128711	74029	1707	86	-	204533	19.21
2007/08	182980	50571	7190	762	7548	249051	17.88
2008/09	172888	35154	10756	502	656	21965	-13.22
2009/10	168618	114019	8335	494	2628	294094	25.21
2010/11	172090	133973	118081	402	3923	294094	14.42
2011/12	240973	118374	111165	0	2578	354716	9.34
2012/13	274464	773940	106538	760	3666	384665	4.05
2013/14	284556	804042	116643	880	3840	394566	6.06
2014/15	304627	834556	127744	920	4042	424667	8.08
Total	2335904	3174850	612310	5215	34509	3185628	-

Source: Foreign Employment Department, FY 2014/15

Table 4.1 shows that from FY 1999/00 to FY 2014/15 total of 3185628 Nepalese people migrated to the different countries of the world in search of employment. Out of that number, more than half of the labors went to the Arabian counties. The major

destination for Nepalese workers is South East Asia, where 3174850 people migrated for working during the period of 13 years. The third main destination of Nepalese workers is other Asian countries, where 612310 people migrated during the same period. These numbers shows that the major destination of Nepalese migrant's workers is gulf region and East Asia. This data doesn't show migrant workers officially unregistered even in the region.

If we look into the growth of emigrated labor force, it seems fluctuating but the trend is increasing each fiscal year except FY 2014/15. In the FY 2001/02, the number of foreign employee was increased 47.46 percent, which is highest growth rate among the selected fiscal year. This is because of the conflict problem of the country. Similarly lowest growth rate is FY 2002/03; in this fiscal year growth rate of foreign labor migration was only 0.29 percent. The FY 2008/09 has a negative growth by 13.22 percent. The reason of negative growth is world's recession emerged from America in 2008. In this period most of the gulf countries reduced Nepalese labor demand due to collapsing their industries. In the last fiscal year foreign labor migration was increases by 25.21 percent. It shows that more and more people are seeking foreing employment which further results in the growth of remittance in the economy.

4.3 Most Favored Destination Countries for Nepalese Workers

The most favored destination countries for Nepalese for foreign employment is defined from the perspective of the number of workers in that country. It might be either related to the level of skill needed to enter into the country for any type of work or it might be related to the conditional ties and the cost to entry that particular country. In other part of this discussion the wage factor might be also the main issue of the workers.

Generally, the Nepalese workers are either unskilled or semi-skilled, so they prefer those countries for the foreign employment where they can adjust with their qualification. So Malaysia and Arabian countries are being the easiest destination for Nepalese workers to get employment and earn some money. Nepalese workers indifferent fiscal year is given in the following table.

Table 4.2**Number of Nepalese Migrant Workers in Different Countries**

FY	S.Arabia	Qatar	UAE	Malaysia	Total
1999/00	17867	8791	6360	171	3189
2000/01	17966	14086	8950	11306	52308
2001/02	21094	19895	8411	52926	102326
2002/03	17990	26850	12650	43812	101302
2003/04	16875	24128	12760	45760	99523
2004/05	13336	42394	12726	66291	134747
2005/06	15813	55892	15317	75526	162548
2006/07	39279	59705	25172	74029	198185
2007/08	42394	85442	45342	50554	223732
2008/09	48749	76175	31688	35070	191682
2009/010	63400	55940	33188	113982	266510
2010/11	492896	690395	313461	773940	2270692
2011/12	60859	55221	38085	102240	256405
2012/13	553755	745616	351546	876180	2527097
2013/14	603846	764410	404026	895180	2867098
2014/15	654253	789005	424035	904240	2998056

Source: Foreign Employment Department, 2014/15.

Table 4.2 indicates that up to FY 2000/01 Saudi Arab received the maximum number of Nepalese and Qatar followed by Saudi Arabia. In 2001/02 Malaysia received the highest number followed by Saudi Arabia. From FY 2002/03 onward Malaysia remains first and Qatar remains second most desired country for the Nepalese worker. The importance of Saudi Arabia has somewhat diminished in the FY 2004/05 and those (2005/06, 2006/07, 2007/08, 2008/09, 2009/10, 2010/11, 2011/12, 2014/15) in these years as a principle employing country for Nepalese workers in Malaysia and Qatar. There is stable demand in UAE. There is same trend between the Saudi Arabia and UAE for Nepalese workers comparing to the workers from other countries, the employment policy of government of Malaysia has decreased the trend for Nepalese workers before the last FY 2014/15.

4.4 Remittance

In the early days remittance brought by British Gorkha soldiers and the wages earned in different parts of India by seasonally employed Nepalese labors were significant in the Nepalese economy, but no due attention was given to it. There was no accounting of Nepalese employed in India. British Gorkhasoldiers brought remittance in the foreign currency and foreign employment increased tremendously and the remittance in hard foreign currency brought by them attracted the national attention. Internal arm conflict started in 1995 had negative impact on several sectors of the economy such as industry, tourism and even in the agriculture. The sustainability of Nepalese economy depends mostly in foreign aid and remittance. This is how remittance got prime attention in Nepalese context and several countries were opened for foreign employment. Nepalese unemployment youth were attracted to foreign employment. The importance of remittance on Nepalese economy can be judged by the growth in the number of persons leaving the country each year for foreign employment.

4.4.1 Growth of Remittance

In the present situation of Nepalese economy, remittance provides not only significant portion of the GDP but it also contributes in saving and investment. The growth of remittance depends on the numbers of labor force working outside the country, the level of earning and the portion of income that is sent back to home. Other sources of remittance are as government transfers, investment made by nations in other countries. The size of remittance also determines the availability of foreign currency in the country. Nepal Rastra Bank, the central bank of Nepal published data related to remittance continuously. The growth of the remittances and sources of remittance is given in the following table. The category of other remittances and sources of remittance is given in the following table. The category of other remittance includes the money remitted by the labor employed in foreign land. It is only the labor employed in foreign land. It is only the money sent through the official agencies (formal channels).

Table 4.3
Status of Remittance

(Rs. inmillion)

FY	Total CFE Receipt	Total Remittance (1)	Gorkha Remittance(2)	Other Remittance(3=1-2)	Share of other Remittance in Total remittance (percent)	Share of Remittance in CFE (percent)	Annual growth Rate of other Remittance
2000/01	55939.8	6520	1627	4898.6	74.04	11.66	-
2001/02	64205	6031	1288.2	4744.2	78.6	9.39	-3.15
2002/03	89823.2	9797	3557.5	6240.1	63.7	10.91	23.97
2003/04	76153.3	14859	4334.2	10525.6	70.8	19.51	40.72
2004/05	98659.8	41630	4221.4	37408.6	89.8	42.10	71.86
2005/06	120643	56629	5404.8	52125	92.04	16.90	28.23
2006/07	123268.8	61784	5012.8	56772.0	91.89	50.12	8.19
2007/08	157297.3	92748	5231.1	87517.5	94.36	58.96	35.15
2008/09	179967.2	107417	5856.3	101561.0	94.55	59.69	13.63
2009/10	2369271.1	142682	7071.4	135611.3	95.04	60.22	25.11
2010/11	314391.9	209698	2753.1	206945.4	98.69	66.70	34.47
2011/12	333637.2	229798	2885.2	226912.8	98.74	68.88	36.40
2012/13	384445.3	249798	4244.5	245553.5	98.30	64.98	40.35
2013/14	424246.4	278886	4645.2	274240.8	98.33	65.74	42.36
2014/15	434237.9	299842	4747.3	295094.7	98.42	69.05	43.44

Source: NRB, 2014/15

Table 4.3 shows that the convertible foreign exchange grew from Rest. 55939.8 million in 2000/01 to Rs. 314391.9 million in 2010/011 which is about 5.62 times more. Similarly remittance increase 32.16 times. It indicates that when remittance is increased then convertible foreign exchange aloes increase, because the increasing rate of remittance contributes to increasing rate of convertible foreign exchange. Initially it was 11.25 percent but highly jumped to 66.70 percent in 2010/11. The

trend of fluctuating after 2003/04 is highly jumped. The other remittance grew from Rest. 4898.6 million in 2000/01 to Rs. 206945.4 million in 2010/011 which is about 42.25 times more. Its share in total remittance is appreciable. Initially the share of other remittance in total was 74.04 percent which grew 98.69 percent in FY.2010/011 It was decreased only FY.2002/03. After 2000/01 it didn't go down from 63.70 percent and later went on the path of increasing trend. Similarly, the trend of Gorkha remittance is increased at increasing rate except the FY 2010/011. The decline of Gorkha remittance in FY 2010/011 is due the British government policy to give the permission to live the Gorkha soldier's family permanently in United Kingdom. The annual growth rate of other remittance, the rate of change is extra ordinary which was 71.86 percent in 2005/06 the rate of change occurred negative once in FY. 2001/02 but in other fiscal years the rate of change was not negative but highly fluctuated. So, the flow of other remittance has been increasing in convertible foreign exchange and in total remittance.

As a summary, the annual growth rate of remittance, total CFE receipt as well as the share of remittance is increasing year by year. Especially after the 2003/04 the value of remittance and the share of remittance had increased dramatically with the increment of Nepalese labor migration in the foreign countries.

4.4.2 Contribution of Remittance to the National Economy

It is known to all of us that role of remittance to the economics growth of the country was not discovered in Nepal before 1990s remittance was viewed as the direct roles to promote the national economy, but we can only study about the direct roles of the remittance income because of the availability of required data. The direct effects of remittance of remittance income to the national economy has been increased in CFE, increase in saving and investment, decrease in the unemployment rate etc. Investment depends on domestic saving and foreign assistance. Since there is increase in domestic saving due to remittance, it has helped in the investment and growth of economy. The data obtained from Economic survey 2009/10 in this regard is presented in the following table.

Table 4.4**Composition of GDP, Saving, Investment and Remittance in Nepal****(Rs.in million)**

FY	GDP in Product Price	Domestic Saving	Investment	Remittance	Remittance as Percentage of GDP	Remittance as Percentage of Saving	Remittance as Percentage of Investment
1998/99	342036	45563	70061	6520.6	1.91	14.00	9.30
1999/00	379488	57577	92272	6031.4	1.59	10.48	6.53
2000/01	441519	51501	98313	9797.6	2.22	19.02	9.97
2001/02	459443	43600	103616	14859.8	3.23	34.08	14.34
2002/03	492231	42141	117504	41630	8.46	98.79	35.42
2003/04	536749	63064	132107	56629.8	10.55	89.80	42.87
2004/05	589412	68110	155906	61784.8	10.48	90.71	39.63
2005/06	654084	58757	175603	92748.6	14.18	157.85	53.96
2006/07	727827	71453	208779	107417.4	14.76	150.33	51.45
2007/08	815663	80193	247277	142682.7	17.49	177.92	57.70
2008/09	991316	96298	316097	209698.5	21.15	217.76	66.34
2009/10	119280	107275.97	330321.37	23170	67.45	64.48	86.89
2010/11	136690	122294.62	345846.47	25360	68.70	65.65	86.34
2011/12	152730	135747.01	362101.25	35960	68.7	65.65	86.34
2012/13	173035	155844.02	384002.25	38870	61.88	58.11	81.93
2013/14	204045	177746.03	404234.24	39990	22.46	24.94	10.12
2014/15	224246	199644.40	444438.34	40842	19.60	22.50	9.89

Souce: MoF, 2015

Table 4.4 shows that the GDP grew from Rs.342036 million in 1998/99 to Rs.991316 million in F.Y. 2008/09, which are about 2.90 more. The saving is also increased by 2.11 times more and investment increased by 4.51 times. If we compare the growth of remittance it is 32.16 times more in the same period. Initially the contribution of

remittance to the GDP was only the 1.91 percent which grew by 21.15 percent providing its importance.

Remittance as the percentage of saving has increased from about 14.0 percent in FY 1998/99 to more than 58.11 percent in FY 2011/021. If we compare the contribution of remittance in the investment portfolio, it has increased from 9.30 percentages in FY1998/99 to 66.34 percent in the fiscal year 2008/09. It indicates if remittance is increased, it supports the increase in domestic saving. If domestic saving increases, investment also increases and if investment increased GDP also increase. Thus the positive relationship of these sectors is fou

4.5 Geographical Background

Makawanpur lies in Narayani zone of Nepal. It has covered 2426 square kilometers and lies west of Lalitpur district, South of Chitwan district and east of Bara district of Seti zone. This park is the largest undisturbed wilderness in Nepal's Terai. It provides forest, grassland and riverine habitat for endangered mammal, bird and reptile species. More than 30 species of mammals and more than 250 of birds have been recorded. Makawanpur district lies in inner part of Madhesh it is a Mediterranean place. This is a tourist destination place like Makawanpur Gadi Durbar, Smarak, Indra Sarawartal, Daman etc.

Most people living in this district are farmers. The headquarter of district named Heutada lies on the bank of the Rapti River. The Narayani one of the Nepal's largest rivers, divided into multiple branches when it reaches to the Terai. The easternmost branch forms the boundary between Bardia and Kailali district. An eastern branch is called the Geruwa.

4.6 Demographic Status

The total population of this VDC is 1216 out of which 614 males and 602 are females. The total households are 999. The following table no. 9 gives the ward-wise and sex-wise distribution of population of the study area. (CBS, 2011)

Table 4.5
Demographic Status in Study Area

Ward No.	Total Households	Population		Total Population	Sex Ratio
		Male	Female		
1	163	102	100	202	102.00
2	112	100	102	202	98.00
3	189	100	91	191	109.89
4	184	105	101	206	103.96
5	195	105	109	304	96.33
6	156	102	99	201	103.03
Total	999	614	602	1216	101.99

Source: Self Calculation by the Record of VDC, 2015

* Average Sex Ratio = 101.99x

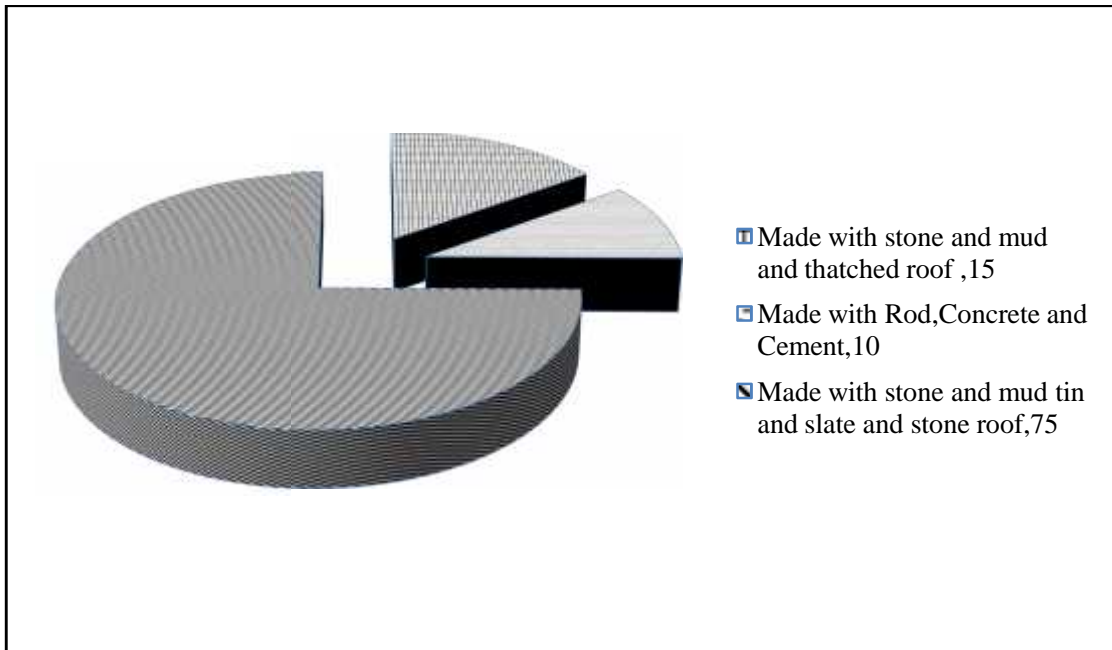
Table 4.5 shows that among the total population of 1216, in all the wards of the VDC, the sex ratio is higher i.e. the number of female population is more than the number of male population. Among the wards the sex ratio is highest in ward number 5, which is 113 and lowest in ward number 2, which is 101. Among all the 6 wards according to the demographic status ward number 2 is the largest ward which has 112 households and total population 205. Among the wards, ward number 5 is the smallest ward with 195 households.

4.7 Household Status

This title gives us the information about the poverty situation of the sample households from the structure and condition of their houses.

Figure 4.6

Sample Households Made by Different Types



Source: Field Survey, 2015

The above figure shows that most of the sample households have made with stone and mud with tin in the roof. These type houses are 74.74 percent. After that type of houses there are 15.15 houses made up with stone and mud and thatched roof. Remaining 10.1 percent are made with concrete.

4.8 Educational Status

It is surely will not be the subject of debate that education is the main factor determining the foreign level employment and the earning from that foreign employment i.e. remittance. Besides that, education also helps to reduce the poverty because of educational employment in the home country also. Thus in the study area realizing the above fact that education is the prime factor for reduction of poverty, there are so many educational institutions. There are 1 higher secondary school, 2 secondary schools, 3 lower secondary school, 7 primary schools. The following table 11 gives us the information about the education status of the study area (sample households).

Table 4.6
Educational Status of Sample Households
(6 years of age and over)

Educational Status	Male		Female		Total Population	Total Percentage
	No.	percent	No.	percent		
Illiterate	70	11.40	89	14.78	159	13.07
Literate	84	14.23	95	15.78	179	14.72
Educated up to SLC Pass	395	64.33	328	54.48	723	59.43
Well Educated (Bachelor level and above)	65	10.84	90	14.95	195	12.74
Total	614	100.00	602	100.00	1216	100.00

Source: Field Survey, 2015

The table 4.6 shows that out of 1216 sample population 9 people are illiterate, 179 people are literate, 723 people are educated up to IA level and 155 people are well educated (Bachelor level above). In the above table it is clearly shows that the number of female illiterate is more than the number of male illiterate. Most of the male population is educated up to SLC and female also. In the sample area literacy rate is quite high in comparison to the national index.

4.9 Family Size

Table 4.7
Distribution of Sampled Households by Family Size

Family Size	No of Households	Cumulative
1-2	4	4
3-4	52	56
5-6	36	92
7-8	5	97
Above 8	2	99
Total	99	-

Source: Field Survey, 2015

The table 4.7 shows that, the highest no of family size is 3-4 member family household, which is 49.54 percent. In the same way the lowest number of family size is above 8 member family household which is only 1.8 percent in the total of 99 households. Now a day, the young and educated parents have not more than two children because of the family planning. But more households have more than two children because of their ignorance, the desire or emphasis on male child rather than the female child and child marriage etc. which is another major factor of poverty in the study area.

4.10 Age and Sex Status of the Study Area

Table 4.8

Distribution of Population by Sex and Age Groups

Age Group	Male Population	Female Population	Total	Percent
Below 15 years	235	123	358	29.44
15-29 years	161	109	270	22.20
30-44 years	82	56	138	11.34
45-59 years	70	290	360	29.60
60-75 years	37	19	56	4.60
Above 75 years	29	5	34	2.79
Total	614	602	1216	100.00

Source: Field survey, 2015

Table 4.8 shows that out of the total population of this VDC about 29.44 percent population belongs to the age below 15 years which means that the dependent population is very high in this VDC. The population of working age (age between 15 to 59 years) is only 22.20 percent. The population above 60 years is 4.60. If the population between the ages of 15-60 years regarded as economically active population than below 15 years and above 60 years are regarded as economically inactive or dependent population. Based on that above assumption, there is very high dependency ratio, which is 29.60 percent. This high dependency rate is also one of the major causes of high poverty situation in the study area.

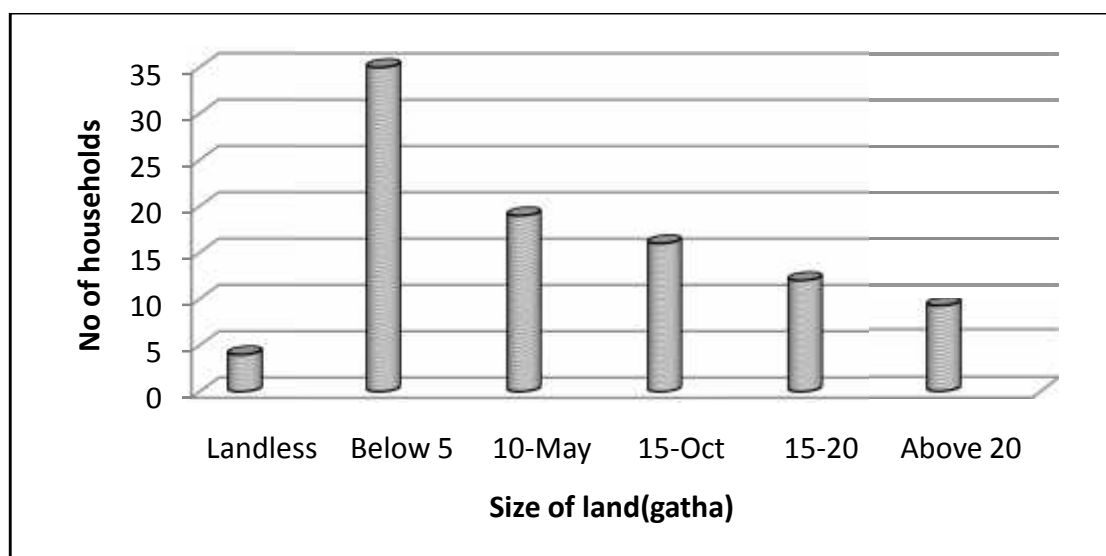
4.11 Size of Land Holding

In the study area, most of the people's main occupation is agriculture. However, there is extreme inequality in the distribution of land. The land is categorized into three forms, i.e. Khet, Bari and Pakho. Most of the poor families don't have Khet. They have only small pieces of land (Pakho and Bari), and few of them have Khet. The following table shows the unequal distribution and holding of land.

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Figure4.10

Distribution of Land among Sample Households



In the study area, most of the people's main occupation is agriculture. However, there is extreme inequality in the distribution of land. The land is categorized into three forms, i.e. Khet, Bari and Pakho. Most of the poor families don't have Khet. They have only small pieces of land (Pakho and Bari), and few of them have Khet. The following table shows the unequal distribution and holding of land among the total sample households. Among the 99 households 4.04 percent households are landless, percentages of land holding households below 5 katha and 5-10 katha are 47.47 and 19.19 percent respectively. Similarly, 10-15 katha is 16.16 percent, 15-20

katha is 12.12 percent, and above 20 katha is 9.04 percent respectively. So, the unequal distribution of land is also playing for the poor families to go to the foreign employment, it can also be said that unequal distribution of land is one of the causes of poverty in the study area

4.12 Occupational Status

The following table 5.6 shows that 81 percentage of sampled population is involved in the agriculture. Rest of the sampled households are involved in the other occupation such as Government job, Business study etc.

Table 4.9

Distribution of Household and Population According to Major Occupation

Main Occupation	No. of Households	Economically Active population (Age 15-59 years)	
		No.	Percentage
Agriculture	84	345	58.47
Non-Agriculture	15	245	41.52
Total	99	590	100.00

Source: Field Survey, 2015

4.13 Ethnic Composition

Table 4.10

Distribution of Total Sampled Population and Household by Cast

S. N.	Cast/Ethnic Group	Total No. of Sampled Households	Total Sampled Population	
			No.	Percent
1.	Tamang	35	358	29.44
2.	Bhraman	25	270	22.20
3.	Magar	20	138	11.34
4.	Damae	10	360	29.60
5.	Newar	3	50	4.11
6.	Kami /Sarki	3	30	2.46
7.	Others	3	10	0.82
	Total	99	1216	100.00

Source: Field Survey, 2015

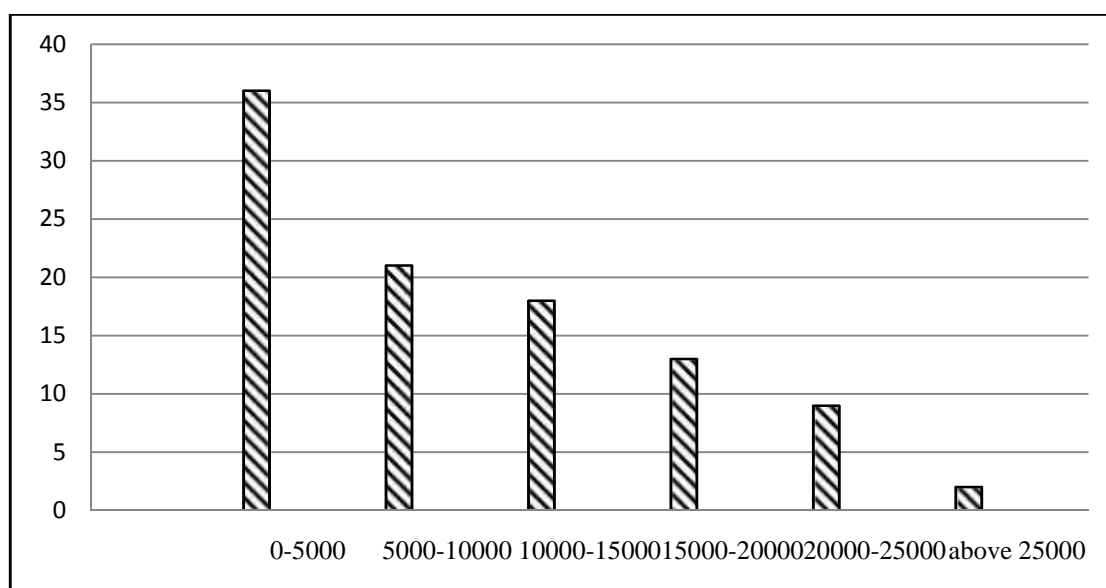
Table 4.9, It shows that, total population of GadhiVDC is divided into different cast such as Tamang, Bhraman, Magar, Kami, Damae, Sarki etc. From the above data the majority of household is found Chhetri which is 29.44 percent of total sampled household and other is minimum they are Newar 4.11 percent, Bhramin 22.20percent, Magar 11.34 percent, Damae 29.60 Kami/Sarki percent and 3.34 percent.

4.14 Extent of Poverty and Unemployment

It is clear to all of us that Unemployment is the main cause of the poverty in any state and the unemployment plays the major role of migration to the other places from their native born place. In this study, we also found that, the main cause of the migration of the youth of the study area is due to unemployment in their country. Most of the workers of the study area are migrated to those countries where they don't need any special qualification to migrate like India, Qatar, Malaysia, UAE, KSA and other Gulf countries and also to other south Asian countries. Their migration to the different countries depends up on the economic condition of their family, and also the regular money income of the members of the family. This is shown in the followingd other Gulf countries and also to other south Asian countries. Their migration to the different countries depends up on the economic condition of their family, and also the regular money income of the members of the family. This is shown in following table:

Figure 4.13

Regular money income of the Sample Households



Source: Field Survey, 2015

The above figure 4.13 presents the fact of the sample households of the study area that about 36.36 percent of the total sampled households receive less than NRs.10000 per month. Only 2.02 percent of the households receive more than 50000 per month as the regular income. Among the 99 households about 36.36 percent of the households receive less than NRs. 5000 per month, which is the low level of poverty for the existence of the family members. The above given table is dependent on the production of agricultural products also therefore if the weather and other factors behave against them, the income condition can also be very less than the stated level. The main occupation of the people of the study area is agriculture. Which means people has disguised unemployment and seasonal unemployment. The occupational dependency is also another cause of the foreign employment of the study area. The kind of unemployment and the level of unemployment are shown in the following table:

Table 4.11

Employment Status of the Sample Households

S.N.	Group of Population	No. of People	Peecent	Employment Status (Employed People)	Percent
1.	Active Population	916	75.32	299	75
2.	Inactive Population	300	24.61	100	25
3.	Total Population	1216	100.00	399	100.00

Source: Field Survey, 2015

The table 4.11 shows that in the sample households of the study area, only about 75.00percent of Active population are employed but as overall situation only about 25.00percent of the population are employed it means that about 75.32 percent of the population of the study area are unemployed which is very higher. Among those employed population about 24.61percent of the population are employed in their own agricultural works i.e. they are also in the form of disguised unemployment and

seasonal unemployment. Therefore to be very specific only about 23.62 percent population of the study area is employed as full employment.

The above table 4.13 says that on the one hand among the total population of 1216 about 75.00 percent of the population are full dependent population and on the other hand among the active population of 300, about only 25 percent of the population is employed it means the rate of employment of the study area is very low and the rate of dependency in the study area is very high.

It is economic growth or economic stability or economic vulnerability of the country in a conflict ridden situation remittance has played a significant role.

4.15 Social Characteristics of the Respondents

Social condition such as caste/ethnic composition, size of the family, age, material status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. In the process of field survey, we found the main casts of the study area are Chhetri, Bhramin, Gurung, Tharu, Newar, Kami, and Sarki etc. For the purpose of the study, the sample households in respect of the above described casts were taken. The main Social characteristics considered important for these groups were family size and literacy rates. The information obtained by interviewing the respondent is presented in the following table.

Table 4.12

Average Family Size and Literacy

Percentage of Different Ethnic Groups of Sampled Households

Caste/Ethnic Group	No. of the Respondents	Average Family Size (No.)	Percent of Literate
Tamang	35	8.97	77.0
Bhramin	25	4.6	73.0
Manger	20	8	69.0
Damae	10	7	51.4
Newar	3	6.76	57.2
Kami /Sarki	3	6.23	43.0
Others	3	5	49.1
Total	99	6.64	60.3

Source: Field Survey, 2015

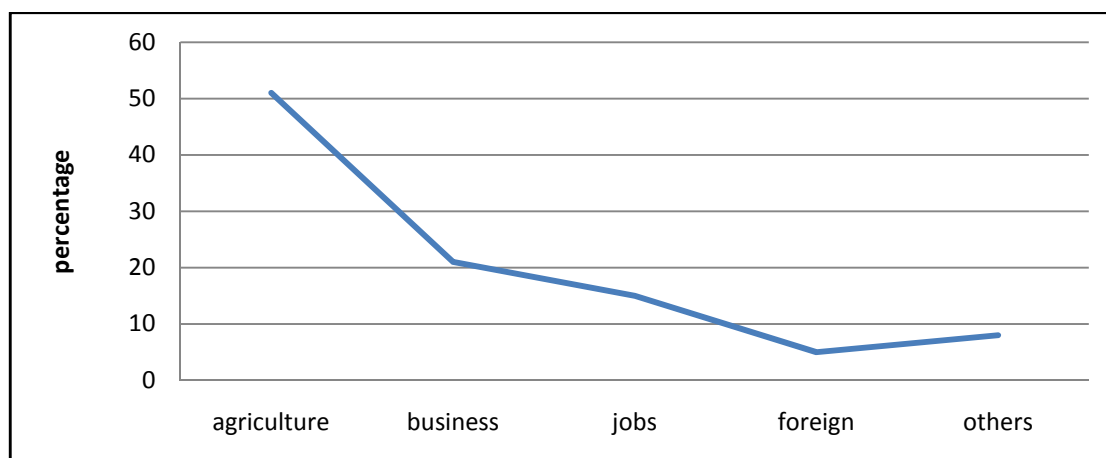
The above table 4.12 shows that among workers seeking foreign employment from GadhiVDC is mostly dominated by Tamang, Bhramin and Magar. Comparing the age of the migrant of the three casts with other casts, the average age of the migrant of these casts is very high while other casts like Dame, Sarki, Kami has very low average age of the migrant workers. On the another aspect of the above table, we can see that the literacy level of the migrant workers from the upper so called upper casts like Bhramin and Chhetri is quite high compared to the another cast's migrants. The literacy level of the migrants of Bhramin is 77 percent where the literacy percentage of the Chhetri is almost 73 percent. The above table presents the another fact that the family size of the respondents from the low casts like Tharu, Sarki, Kami, and other is high compared to Bhramin which is also playing the vital role to foreign employment for the young and dynamic labor forces even they are educated also. Most of the people of the lower cast marries in their childhood, which means that the percent of the married population in the lower cast in comparison to the other cast is very high which is also the another main important aspect as a push factor of foreign employment.

4.16 Sources of Income of the Sampled Households

In the study area, all sampled household's people are engaged in different occupation like agriculture, job, business and foreign employment. Among them maximum people are engaged in agriculture which is the main sources of the income of the respondent family of the study area. The largest sources of the income is Agriculture which is 51percent of households engaged, second largest sources of income is business employment which is 21percent of households are engaged, the third sources of income is job which is 15percent households and last sources of the income is foreign empolyment job which is 5percent household engaged. The situation of the income depending on their sources in the sampled households is shown in the following table.

Figure 4.16

Source of Income of the Sampled Households



Source: Field Survey, 2015

4.17 Status of Economic Condition

One of the most important factors of emigration is economic condition. In this Gadhi VDC, respondents were classified into lower, lower middle, middle and high income group according to their own assessment of their economic condition family used to go India for foreign employment because of the cost of funding. Middle economic condition family used to go gulf country and high economic condition family used to go European countries. The following table shows distribution of economic condition of different Ethnic group of respondents.

Table 4.13

Ethnic Groups of Respondents from GadhiVDC

Cast/Ethnic Group	No. of Respondents	Economic Condition			
		Lower Income Group	Medium Low Income Group	Medium Income Group	Higher Income Group
Tamang	35	6	20	7	2
Bhramin	25	5	10	7	3
Manger	20	7	5	6	2
Damae	10	2	3	3	2
Newar	3	-	1	2	-
Kami /Sarki	3	1	1	1	-
Others	3	1	1	1	-
Total	99	22	41	27	9

Source: Field Survey, 2015

Table 4.13 presents the summary about the economic condition of the respondents and their family. From the above table we can see that among the sample households most of the households are Chhetri, where they are quite strong economic background i.e. 3 household from total of 35 households are from high income group whereas 7 households are from medium income group, 20 households are from medium low income group and only 6 households are in the lowest income group, in percent only the 45.56 percent of the population from Chhetri are in lower income group. After Chhetri, Brahmin are the economically strong cast in which only the 13.79 percent of the total household are in lower income group. Among the sample households kami/Sarki cast is the poorest cast.

4.18 Causes Seeking to Foreign Employment

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

Table 4.14
Frequency Distribution of Causes of Seeking Foreign
Employment from GadhiVDC

Cast/Ethnic Groups	No. of Respondents	Causes		
		Unemployment	Family Debt	Earn Money
Tamang	35	30	20	15
Bhramin	25	25	8	12
Manger	20	7	7	4
Damae	10	5	3	2
Newar	3	3	3	1
Kami /Sarki	3	2	1	1
Others	3	1	2	2
Total	99	73	44	37

Source: Field Survey, 2015

Above table 4.14 shows that unemployment is the main cause of foreign employment for all the castes and ethnic groups. Among all the sample households about 73 of the sample households had stated unemployment as the main cause of foreign employment. The second main important cause is family debt burden which is also playing as the major push factor of the foreign employment. Comparing to the other castes with Chhetri and Bhramin, the percentage of immigrated population is family debt burden quite high in the case of other castes like Sarki, Kami and other castes. Among the total sample households about 44 of the respondent are emigrated due to the family debt burden. Which means that, among the ethnic groups Sarki, Kami, Tharu and other Dalit showed higher percentage of family debt burden than Chhetri/Bhramin. The third reason of foreign employment is to earn money, the percentage of respondents stating the major cause is earn money and family debt burden are quite similar i.e. 37 respondents has emigrated to the foreign countries to earn more money then they were earning in Nepal before emigration to the foreign countries.

It was concluded from our study that employment, Family Debt, Earn money and conflict are the main causes to seek foreign employment.

4.19 Cost Paid for Foreign Employment

A sizable amount of money needs to be invested as a cost of foreign employment. The costs start from obtaining a passport, medical checkup, manpower agency commission, visa expenditure, air fare, cost of internal travel time and again from home area to Kathmandu and also to the district headquarter Gulariya and hotel charge in Kathmandu at the time of processing for the foreign employment. To find out the costs paid by the respondents, they were asked to quote expenses in different categories. The summarized version of the cost paid by the different income groups is given in the following table:

Table 4.15**Average Cost Paid and Range of Costs for Foreign Employment****By Different Ethnic Group from GadhiVDC****(In Rs. '000')**

Cast/Ethnic Group	No of Respondents	Average cost (in Rs. 000)	Ranges of Cost	
			Minimum	Maximum
Tamang	35	105	4	1089
Bhramin	25	67	4	1089
Magar	20	76	4	1089
Dame	10	66	4	80
Newar	3	77	4	1089
Kami /Sarki	3	16.5	4	80
Others	3	14.5	4	489
Total	99	75	-	-

Source: Field Survey, 2015

Table 4.15 shows that Average cost paid for the foreign employment is Rs. 75 thousand. Bhramin, Gurung and Magar had paid high average cost than the other group because they prefer developed countries like USA, UK, JAPAN and Korea etc. for foreign employment where as other lower income groups like Kami, Sarki and others has very low average cost because they usually prefer to go to India and other neighbor countries for foreign employment. The Traveling cost to those countries is very cheaper and in the case of India, there is no any Visa charge to enter. In the case of same countries, Dalit had paid high average cost than other group because they have not more information about foreign employment. The Chettri had paid highest average cost for the foreign employment which is 109 thousand; secondly Brahmin also had paid high average cost for the foreign employment which is 75 thousand. After that Newar and Other casts had paid average of around 77 thousand for the foreign employment. Kami and Sarki Ethnic groups had paid very low average cost of 76 thousand. We can see that there is too much variation in the cost of the foreign employment in all types of cast/ethnic groups. This is because the cost paid to immigrate to India is very low where as the cost paid for the other developed countries are quite high compared to India. The lowest cost paid by the respondents of

the sampled households is 5 hundred rupees which is paid by Sarki cast to immigrate to India whereas the highest cost paid is Rs.1500 thousand to immigrate to USA. It shows that the respondent of this VDC had wide range of cost and it was high variability with the sample.

4.20 Sources of Financing

Most of the rural people of Nepal who want to go for foreign employment use several sources of financing the cost involved. In the study area, the mostly used sources of financing are Loan (from banks as well as from the local merchants), sales of property including land, internal saving as well as funds mobilize through friends and relatives. To find out the extent of sources used by the respondents they were asked to provide their source and the amount with its promised interest amount for the foreign employment. The information collected is presented in the following table.

Table 4.16

**Frequency Distribution of Source of Financing of Cost of Foreign
Employment for Different Ethnic Groups of GadhiVDC**

Cast/Ethnic Group	No. of the Respondents	Sources of Financing		
		Loan	Sales of Property	Family Saving
Tamang	35	27	15	27
Bhramin	25	25	5	20
Gurung	20	10	7	17
Tharu	10	6	4	5
Newar	3	1	2	2
Kami /Sarki	3	5	1	1
Others	3	3	2	2
Total	99	77	36	74

Source: Field Survey, 2015

Table 4.16 shows that 77 respondents of the total borrowed loan to pay for the cost of foreign employment. Another 36 respondents had paid from their family savings and only 74 respondents had paid to the cost of foreign employment by selling their property. Only the low income groups like Kami, Sarki, and others sold their land and other property to pay for the foreign employment. Among the respondents who use family saving the maximum number was from Chhetri/Bhramin categories.

It can be concluded that the cost of foreign employment is financed by borrowing and family savings. Family saving is used by so called upper casts like Bhramin and Chhetri.

4.21 Types of Jobs and Duration of Stay in Foreign Employment

Since the skill of Nepalese workers is quite low; most of them get employment in manual job. To find out the types jobs performed the respondents were asked to give the type of work they did while being employed in foreign country which is categorized into five types, they are Construction, Mechanical, Agricultural Farming, Industrial works and Hotel/Catering.

Duration of foreign stay of imigrants' workers depends upon availability to work, facilities provided by company, salary rate, health of workers, visa permit date, home urgency and other several reasons. Sometimes the respondents return their home before the agreement date due to inferior type of job, low salary, and family affairs such as death of any family members, sickness and their own bad health and also the employer firm expelled them due to the unusual characters of the workers. To find out the duration of foreign stay the respondents were asked to provide their length of stay. The results of both the types of job performed and the duration of stay in the foreign-employment are summarized in the following table:

Table 4.17

Types of Jobs Performed and Duration of Stay in Foreign Country of Respondents from GadhiVDC

Cast/ Ethnic Group	No. of Respondents	Occupation					Average Duration of Stay
		Constr-uction	Mech a-Nical	Agri-Farmin g	Industri al	Hotel/ Catering	
Tamang	35	10	3	15	5	2	3
Bhramin	25	9	6	3	4	3	2.5
Manger	20	7	3	3	5	2	
Damae	10	3	2	2	2	2	
Newar	3	1	1	-	1	-	
Kami /Sarki	3	3	2	1	-	-	
Others	3	1	1	-	-	1	
Total	99	34	18	24	17	10	

Source: Field Survey, 2015

Table 4.17 shows that most of the migrated respondents work in the construction areas in which 35 work in that occupation. Most of the people from lower cast work

in the construction areas due to lack of other technical knowledge to work in other areas. The second most employed area is Industries in which 2 respondents are working and third most employed area is mechanical in which 20.20 percent respondent are working. Other areas of employment for the Nepalese workers are hotel/ catering and agriculture-farming 10. According to the duration of stay from the field survey we know that the respondents from Chhetri and Newarethnic group have longest duration of stay where on an average of 3 years once. After Chhetri, Brahmin spent average of years on foreign employment at a time. The Sarki/Kami and other cast duration of stay around 2.9 years. It means the average duration of stay of the respondents from GadhiVDC is 2.5

4.22 Causes to Return Back to Work Again

The labor employed about when returns back to his/her home he has two options. He may stay in his own native country and have to take some new profession/continue as farmer or return back to the same foreign employment. Those who return may be returning for several reasons such as easy continuation of job, unavailability of job at home, avoiding conflict. Those who don't return may not be returning again with several reasons such as difficulty in job, willingness to stay with family, no urgency to make more money because the debt has been paid, marriage or death of the older member of the family and got another employment in their own native country etc. How the sample households responded to the further employment in foreign land was solicited through the questionnaires and the responses are summarized as below:

Table 4.18
Causes to Return for Foreign Employment for Different Ethnic Group of Respondents

Cast/Ethnic Group	No. of Respondents	Causes of return		
		Employment Purpose	Conflict	No Plan to go
Tamang	35	38	7	6
Bhramin	25	23	3	4
Magar	20	14	3	3
Damae	10	9	1	1
Newar	3	2	1	1
Kami /Sarki	3	6	1	2
Others	3	2	-	1
Total	99	94	16	18

Source: Field Survey, 2015

The table 4.18 shows that among the respondents, 84.65 percent respondents plan to return to foreign employment. For them the most important push factor for sending to foreign employment again is employment purpose i.e. they can't get any jobs in their native country even returning back from the foreign employment, among the total respondents 70 percent of the respondents return back due to the employment problems, other 17 percent of the people said that they can survive in their own country but the conflict problem is pushing them back to the foreign employment. Among the total respondents only 16.21 percent respondents don't plan to return again which may be because they had done difficult, danger and dirty work in abroad. Ethnic groups wise almost all the lower cast are planning to return back to the foreign employment, where as some of the respondents from Bhramin/Cheetri and other casts don't plan to go to the foreign employment again. It can be concluded that continuous foreign employment is means to avoid the unemployment and the conflict in the country.

4.23 Income Earned Abroad

It is often said that Nepalese workers get low paying jobs in overseas. So, they earn less money than labours from other countries. But income earned abroad depends on skill of workers, salary payment by company, rules and regulations of the working country, types of company, duration of stay etc. To find out the income earned by Nepalese labor in abroad the respondents were asked to give their monthly salary earnings. The respondent's answers are given in the following table:

Table 4.19

Income Earned in Abroad for Different Ethnic Group of Respondents

Cast/Ethnic Group	No of Respondents	Average Monthly Income (In thousand)							
		Based on Destination		Based on Skill		Types of Jobs			
		Gulf	Malaysia	Skilled	Unskilled	Mecha.	Hotel	Ind.	Agr.
Tamang	35	17.45	15.12	35	19	33	31	27	8.5
Bhramin	25	15.66	11.59	37	21	34	32	30	-
Magar	20	14.9	13.38	27	13	27	33	33	19
Damae	10	16	12	29	15	25	27	27	19
Newar	3	15.48	16.21	35	17.5	33	35	35	21
Kami /Sarki	3	11.7	11.9	23	16	21	26	26	19
Others	3	12.5	12	25	19	23	21	-	21
Total	99	14.81	13.17	30.14	17.21	28	21.42	27	17.14

Source: Field Survey, 2015

The table 4.19 shows that the respondents who have done the work in Gulf Countries earned more money than the respondents worked in Malaysia. Comparing these two countries the average monthly income of the respondents in Malaysia is Rs.13.17 thousand where the average monthly income in Gulf countries is Rs.14.81 thousand. Comparing the income of the respondents cast wise, we can get the result that the respondents from Cheetri/Bhramin gets more average monthly income than the others because they understand all the rules and regulations of their work and their salary before their departure to the destination country. The monthly average income in Gulf Countries and Malaysia is lowest for the Sarki cast because most of the workers from that cast are Illiterate. In another aspect of this table we can understand that the average monthly income between skilled workers and unskilled workers is very different. The skilled workers are getting the average monthly income of 30.14 thousand whereas the unskilled workers are getting around 17.21 thousand rupees as monthly average income. The average monthly income varies according to the types of jobs also. Among the four types of jobs Mechanical, Hotel, Industry and Agriculture the workers working in Mechanical firms get highest monthly salary which is 28 thousand rupees per month in the Gulf countries also. Cast wise variation is that most of the Cheetri/Bhramin are working in the mechanical firms so their average monthly income is highest than the others. According to the types of jobs, the workers working in Hotel, Industries and Agriculture get Average monthly income of 21.42 Rupees, 25.42 Rupees and 17.14 Rupees respectively. It means that the workers working in Agricultural sector are getting very little money of Rs. 17.14 per month.

4.24 Utilization of Remittance and Skills Learned in Foreign Employment

The use of remittances depends on the priority placed by the individuals of different uses, the size of remittance, the time of availability, opportunity for investment and several other factors. Majority of migrant workers go abroad because of unemployment at home and poverty in the households. Generally, the earnings made by them are not big. The cost of foreign employment is born by borrowing therefore the income earned has to be spent on the payment of the principal and the interest amount. There may be family rituals in waiting. Keeping all these conditions in mind the respondents were asked to identify the uses they made for the money earned abroad. Each Individual spent the earnings in more than one uses. To find out the use

of remittance by the respondents they were asked to list the use of the money in different heads.

Most of the migrant Nepalese workers are unskilled, so the Nepalese migrants' workers have learnt different kinds of skill abroad. When they return back they are expected to utilize those skills back home but they are observed into utilize their skills in home country. It might depend on different conditions. These conditions may be place availability of work, availability of industry, quality of skills learnt, lack of technology, financial availability etc. To find out the perceived reasons, the respondents were asked to provide reasons. The answers given by the respondents are presented in the following table:

Table 4.20

Use of Remittance and the Skills Learnt in Foreign Employment

Cast/ Ethnic group	No of Respondents	Utilization of Remittance				Use of Skills	
		Household Expenses	Loan Payment	Investment (Land, Shares)	Social Activities	Yes	No
Tamang	35	39	29	30	3	20	25
Bhramin	25	22	18	20	1	15	10
mangar	20	11	9	9	-	2	10
Damae	10	9	5	7	-	2	7
Newar	3	2	1	1	-	-	-
Kami /Sarki	3	7	5	-	-	-	-
Others	3	3	3	1	-	-	-
Total	99	91	50	68	4	39	52

Source: Field Survey, 2015

The table 4.20 presents the fact about the utilization of Remittance income as well as the utilization of skills learnt in foreign employment. From it, we can conclude that among all the respondents and their household, 91.91 percent of the respondents uses their income in the household expenses i.e. in food, cloths, health and the education of their family. 50.5 percent of the households use their income in loan payment of their

family which can be taken for the same purpose or which can be the family debt before his foreign employment. Only about 68 households are using their income from abroad in investment purpose i.e. for buying land, Home and Shares or establishing industries. Among all the respondents only the 4 of the respondents are expending some amount of their income in Social activities i.e. in Schools, roads, water taps etc. Only the respondents form Cheetri/Bhramin, Gurungetc are donating some amount of their money to the social activities, apart from those other casts like Kami, Sarki, are using almost all of their income in Regular household expenditure and in loan payment. It concludes that, the big amount of remittance income earned by the respondents in the study area is spending their remittance income in regular household expanses and in payment of loans and their interest.

In another aspect of this table, this presents the utilization of skills earned in foreign employment. Among all the respondents only the 39 of the respondents replied that the skills learned in foreign employment is helping them in their lifestyle after the foreign employment in their native country. Among all the respondents 52 of the respondents replied that the skills learnt in foreign employment is not helpful in their future life after foreign employment in any areas.

4.25 Changed in Household Economy Due to Foreign Employment

It is often believed that if somebody receives foreign employment his household economy will improve. The change is economic wellbeing improvement in living standard; improvement in skill, social status might be same of the areas where the changes take place etc. If the respondents are able to gain more than the income which is needed to run their family and also to pay their loans principle as well as their interest amount then only their economic condition can improve and their poverty problem can be reduced. To find out the change in household economic condition due to foreign employment, the respondents were asked to give their own judgment about their economic condition before foreign employment and after foreign employment and comparison of these two time periods. The answer given by them is presented in the following table.

Table 4.21

**Frequency Distribution of Change in Different Indicators of Respondents
Due to Foreign Employment**

Indicators	Change in Conditions			Total
	Increased	Decreased	Remained Same	
Economic Status	75	13	10	99
Standard Of Living	66	8	25	99
Social Attitude	65	7	27	99
Skills	70	3	26	99

Source: Field Survey, 2015

The table 4.21 analysis is based not on the ethnic composition or group but it is based on the total sample size without categorization. It shows that 75 of the respondents reported that their Economic Status is increased due to foreign employment. 13 of the respondents replied that their economic status is same before and after foreign employment. 10 of the respondent's economic status has decreased due to the foreign employment it means they had increased the sum of family debt for the reason of foreign employment. The decrement in economic status might have been resulted with high cost and low pay in foreign employment or short period of foreign employment. Another 66 of the respondents had increased their standard of living, 8 of the respondents had replied that their standard of living remained same and 23 respondents said that their standard of living is decreased after returning from foreign employment due to increment in family debt. In the context of social attitude and rest 65 respondent's social attitude remained the same. In another aspect of foreign employment, 75 of the respondents had learnt some new skills there either it may be useful here or not. The rest 3 of the respondents replied that they did not learnt any new skills while working abroad.

It can be concluded that most of the respondents felt that there was a positive change in their household economic and social indicators like Economic Status, Standard of Living, Social Attitude and Skills Development etc. after returning from foreign employment.

4.26 Impact on Other Indicators

How the foreign employment and remittance impacted on certain household indicators? Do they live in better house? Do they send their children to better schools? How the health condition of their family changed? Are their family members better dressed? Are they protected from rural indebtedness at the time of need? These were very permanent questions. Positive impact on them dependent on size of income of respondents brought from foreign employment, family size, earlier economic condition of the family, knowledge and education of the respondents, culture of society etc. To find out the impact of an employment on households indicators the respondents were asked to respond on the changes brought by the foreign employment. The answers provided by the respondents are given in the following table.

Table 4.22

**Frequency Distribution of Impact
On Other Household Indicators of the Respondents**

Indicators	Increased	Worsened	Same	Total
Condition of housing	80	3	16	99
Education of children	90	-	9	99
Health of family members	89	4	6	99
Clothing	75	5	19	99
Cash available with them	79	9	11	99

Source: Field Survey, 2015

Table 4.22 shows that 80 of the respondents reported to have improved their condition of housing. It shows that anybody who had returned from foreign employment either have made new house or repaired old house to improve their housing condition. 3 of the respondents had reported that their housing condition is same condition 16 before and after foreign employment but the static condition was not given. It might be low income or other more pressing priorities like loan payment, household expenditure, marriage of a member of their family etc. No any respondent's housing condition is worsened after returning from foreign employment.

Among the total households, 9 of the households reported that the education of their children have improved due to the income earned by their parents from foreign employment. It might be the result of improvement of economic condition of the individuals who could afford boarding school for their children. But no one among the

respondents had reported to worsen the education of their children due to the foreign employment. The rest 10 of the respondents had reported that the education status of their children remained same before and after foreign employment. 89 respondents said that the health status of their family had improved due to their foreign employment where about 7 of the respondents replied that health status of their family had worsened due to the foreign employment either of the respondents himself or of his family members. The rest 6.06 percent of the respondents said that the health condition of their family members remained same even after returning from foreign employment. It might be due to general health condition of the area and health awareness.

More than 75 of the respondents said that household members are using better clothing after returning from foreign employment. It might be related to the increasing purchasing power and cloth after returning with the respondent and also with their family members. The rest 5.05percent of the respondents had replied that their clothing status is same before and after returning from foreign employment. When the availability of liquid cash to meet various household needs was assessed, about 79 of the respondents had increased their cash holding with them, another 9.09 percent of the respondent's cash holding has remained same and the rest 11 of the respondents had worsened their cash holding after returning from foreign employment. It might be due to the low income earned from foreign employment or the income earned from abroad is just equal to the sum of household expenditure and payment of loans and their interest or it might have been the result of high expenses, low income or the high cost of foreign employment. It indicates that foreign employment has increased the liquidity situation of about 75 of the participants of foreign employment.

As a summary, the researcher can say that the remittance income earned from foreign employment is helping the households of the study area in fulfilling their basic needs as well as fulfillment of other social and economic aspects of their life. In another aspect of this survey sswe can see that the remittance earned by the foreign bound labor have benefited other members of his family than the employee himself. Therefore it is clear that the remittance is playing very positive role to the respondents and their family to reduce their level of poverty of the study area.

CHAPTER V

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

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

To fulfill the above mentioned objects of the present study, GadhiVDC of Makwanpur district was selected area and a sample survey was conducted during 2015. The sample size was 99households were chosen by proportional random sampling method and data were collected through questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance of the national level as well as of the local level in the study. Data are analyzed by using simple statistical tools like mean, percentage and ratio. The major Finding this study are:

1. The main destinations of Nepalese workers are Gulf countries and Malaysia. More than sixty percent of the workers are employed in Gulf countries. By country wise Malaysia, Saudi Arab, Qatar, UAE are the main destinations of the Nepalese workers.
2. The average income of the households in this VDC is only around NRs. 5000 per month and only the 36.36 percent of the total active population and only the 23.62 percent of the total population of the study area are employed. It means that the dependency ratio is very high in the study area.
3. Main reasons to seek foreign employment include unemployment, family debt burden and to earn more money than which they are earning in their own country.
4. The means to get foreign employment for most of the sample (85 percent) respondents were Manpower Agencies. Others went either through unregistered agents or personal initiative.

5. Majority of the foreign job seekers (about 87 percent) didn't have skills and took unskilled labor jobs in industries.
6. The average cost paid for foreign employment by the respondents of the study area was Rs. 75 thousand. It ranges between Rs. 5 hundred minimum and to 1500 thousand was maximum.
7. Source of finance for foreign employment for 77.00 percent of the migrant workers was loan, 74.74 percent from family savings and 36.36 percent from property selling.
8. Prime sector of employment for Nepalese workers were building construction (49.00 percent) and Industry (25.25 percent).
9. The average stay duration of abroad of the respondents was 2.5 years. If we classify them cast wise, it ranges between 1.5 years of minimum (Sarki cast) and 3.25 years of maximum (Magar cast).
10. Average family members migrated to foreign countries are two members where Maximum numbers of respondents' family members are five and the minimum of one.
11. The respondents of this VDC want to go again to foreign employment because of the unemployment (94.94 percent). Among the total respondents, 18.00 percent of them have no plan to go abroad again to foreign employment.
12. Above 60 percent respondents used formal channels (banks and registered transfer agencies) to send remittance. Informal channels like hundi, relative and friends and bringing back by themselves were other channels of remittance transfer.
13. The larger amount of remittance income has been used for household expenses (91.89 percent), loan repayment (50.5 percent), investment only of 68.68 percent and social spending (4.04 percent).
14. Among the returnees from foreign employment only 39.39 percent of the workers are using the gained skill in aboard employment whereas the rest 52.52 percent of the respondents have not benefited from that gained skill in

foreign employment. It is because of lack of technology, lack of capital, lack of market and lack of positive social attitude etc.

15. The respondents of this VDC were not utilized their remittance caused by non-availability of sizable investment funds for investing in productive sector of the economy sector.
16. The respondents of this VDC exposed out that remittances have increased their household economic and social indicators after returning from foreign employment. 73.73 percent respondents said that remittances have increased their economic status, 66.66 percent of the respondents said that remittance income have increased their standard of living, 65.65 percent of the respondent's social attitude have increased due to remittance income and 70.7 percent of the respondents increased their skills. But 10.1 percent respondents said that economic status has been same, 23.23 percent have remained same standard of living, 27.27 percent said that their social status have remained same and 26.26 percent said that remained same level of their skill after returning from the foreign employment.
17. The respondents of this VDC revealed out that remittance have also done impact on their other factors. It was said that 80.8 percent respondents improve their condition of housing, 90.9 percent respondents improve their education of children, 89.89 percent improve their health of their family members, 75.75 percent improve their clothing situation and 79.79 percent of the respondents have increased cash available with them. But 4.04 percent respondents have worsened health of their family members and 11.00 percent of the respondents have worsened cash available with them. And 16.00 percent of the respondents have same level of housing, 9.09 percent respondents have same level of education of children, 6.06 percent respondents have same level of health of their family members, 19.00 percent of the respondents have same level of clothing and 11.11 percent of the respondents have constant cash available with them.

In sum up, it can be concluded that the Economic and Social condition of all the families who have involved in foreign employment have increased. It may be in both aspects i.e. economic as well as social but surely there is positive change in the status

of the families of the respondents due to remittance income. Therefore, we can say that remittance income is playing very vital role in reducing the poverty level of the study area.

5.2 Conclusion

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

To fulfill the above stated objects of the present study, Gadhi VDC of Makwanpur district was selected area and a sample survey was conducted during 2015. The sample size was 99 households were chosen by proportional random sampling method and data were collected through questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance of the national level as well as of the local in the study. Data are analyzed using simple statistical tools like percentage and ratio.

Demographic status in study area shows that among total population of 1216 all in VDC male 614 and female 602 and households is 999. Sample of households made by with stone, mud, tin and slate stone roof, 74.74. Age and sex status of this area is 29.94 percent population belongs to the below 15 years which is dependent population is very high of this VDC. Major occupation is agriculture 58.47 percent dependent on agriculture. Regular money income of the sample households less than NRs, 5000 per month.

5.3 Recommendations

From the present study, some recommendations are made as follows:

1. Since most of the migrant workers have gone to Gulf countries so these destinations are congested area of the Nepalese workers. Thus, MPAs, agents and employed companies have been cheated to maximum workers. On the other hand, the workers of these destinations cannot earn much more money than other destinations, like Japan, Hongkong, Korea. Management GON should

make new policy to identify new potential destination and create opportunities to go these destinations where the workers will make more money.

2. Most of the respondents have not utilized their remittance and newly learnt skill when they came back home caused by non availability of sizable investment funds, lack of technology and lack of market. So, policy should be made to create good environment and provided sufficient technology as well as market.
3. Large number of respondents of this VDC has gone in unskilled condition. So, they cannot earn more income than skilled workers. So, technical training institution should be established in rural areas and a person who wants to go foreign employment should be given training before going foreign employment to related work.
4. Remittances have given positive impact on household's economic indicators but this is not satisfactory. Maximum parts of the remittances have been used households expenses like loan repayment, house improvement and social spending. Thus, the policy should be made to give more information to the respondents using their remittance into productive sector and should be given more opportunities to them in using their newly learnt skill.
5. Nepalese economy has received large amount of remittance but remittances are still being transferred through informal channels. Formal channels should be promoted. At least, one formal institution must be established to facilitate transfer remittance in each destination.
6. The higher number of respondents of rural areas came from lower income groups and based on agriculture occupation. So, they cannot easily afford foreign employment. If they go foreign countries for employment, they should borrow money or take loan at the high interest rate. So, the policy should be made to give more opportunities to poor people of rural areas as well as facilitated to them from funds for foreign employment. In the case of this VDC, almost all the workers from the lower income group are migrated to India to work because of lack of money with them where they are earning very little amount of money comparing with the migrant workers to other gulf

countries and Malaysia. Thus, GON should provide loans to the poor people in the cheap interest rate who want to go to foreign employment.

7. Certainly, remittance income is playing very vital and positive role to decrease rural poverty of the study area and also the social as well as other economic factors of this VDC are being improvized but this is not satisfactory. Maximum parts of the remittance income have been used in unproductive sectors like regular household expenses, loan payment, house improvement and social spending etc. These never give any return in the future. Thus, the policy should be formed to give more information to the respondents in using their remittance income into productive sectors like investment in Shares, Business etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.
8. The Bilateral agreement should be done from the ministry level with all the labor importing countries. Agreement done with United Arab Emirates and Korea can be the best examples of positive impact of agreement.
9. There are many people who are found to go in the construction of building and security guard as unskilled labour but their earning on an average is very low so the government should give the training of driving, cook, plumber, carpenter and many more compulsory for all those who want to go abroad and government should establish such vocational institutes where in low fee people from grass root level can be skillful. This results in high volume of remittance.
10. The people who are migrated having higher secondary and the above are found to earn much higher remittance income than other people with primary, lower-secondary and secondary educational level. The government of Nepal should encourage those with higher secondary and above educational level to search foreign employment.
11. The concept of economic diplomacy should be used from the government of Nepal to increase the demand of Nepalese labour in the foreign employment.
12. The labour desk should be established in the airports of the major labour migrating countries to help the Nepalese labour in various problems.

13. Day after day, the trend of going abroad for employment from Nepal is increasing rapidly. Many youth from rural and urban areas have gone to different parts of the world for making money primarily in order to feed up their family. Increased remittance increasing the consumption of rural people. This increase in consumption certainly increases economic activities of people. On the other hand, country is suffering from trade deficit which hugely disbalances the balance of payment. This dangerous trade deficit can also be reduced with the help of remittance by utilizing in establishing cottage and middle industries. In this context, very good research regarding impact of remittance on economy and possibility of remittance income for sustainable development should be done.

At the end, one entitled case study of foreign job seekers in GadhiVDC which is the important recent matter of nation is very crucial, while the study is conducted in small size and may not be enough to generalize for the whole nation about labour migration. By this study, I am confident and want to assure you that it will be definitely beneficial to the people of GadhiVDC and side by side for the people of other neighboring VDC of the entire country.

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Questionnaire

1. General Information:
 - a) Name of household head:
 - b) Age:-----Sex:-----Caste:-----
 - c) Education:-----Occupation:-----
 - d) Name of village:-----Ward No:-----
2. What are the sources of income of yours family?
 - a) Agriculture
 - b) Business ==
 - c) Government Job
 - d) Private Job
 - e) Foreign Employment
 - f) Others
3. Household structure by age/sex

Sex/Age	0-14	15-45	46-60	60 ⁺
Male				
Female				
Total				

4. In which class do you belong looking at your economic condition of family?
 - a) Lower
 - b) Medium-low
 - c) Higher
5. Ownership of houses:
 - a) Self owned
 - b) Shelter on onther house

- c) Rent from others
- d) Without payment

6. Background of the migrated people:

Name	Age	Sex	Quali.	Country	Period of stay	Monthly earning	Whether he is still there or returned

7. What are the causes for going abroad for employment by you on the basis of primary factor?

- a) Job not found in the country
- b) To pay family loan
- c) To increase the family economic status
- d) Internally desire to go abroad
- f) Due to the friends and relatives
- g) Any others to be mentioned

8. What are the items for pre-departure expenditure?

No.	Topic	Amount
1.	Passport Expenditure	
2.	Medical Expenditure	
3.	Visa Expenditure	
4.	Aeroplane Ticket	
5.	Other Expenditure	
6.	Total	

9. What are the items for pre-departure expenditure?

No.	Topic	Amount	Inerest Amount
1.	From own income		
2.	Having loan form a) Bank b) Merchant c) Relatives d) Public institutions		
3.	Friends, Parents		
4.	Selling various things (live assets)		
5.	Total		

10. Information while in abroad:

- a) Time for stay due to agreement.....
- b) Actual time of stay.....
- c) Monthly salary due to agreement.....
- d) Actual salary got.....
- e) Monthly saving
- f) What type of job did you do?
- g) Did you change the job while in abroad?
- h) Daily work hour due to agreement.....
- i) Maximum number of hours you work daily?
- j) Did you get any new skill there?
- k) Can it be helpful to you here also?
- l) Did you plan to go abroad again?
- m) Did your family happy?

11. What are the sectors that you invested money earned from abroad?

S.N.	Expenditure and Investment	Amount
1.	In regular house expenditure	
2.	For paying loan a) To pay old loan b) To pay recent loan	
3.	Building home	
4.	To pay loan/to buy land and to make home	
5.	In education	
6.	In health	
7.	In business	
8.	In social work service	
9.	Saved money	
10.	Total	

12. How much did you spend in Kathmandu?

13. In which way you have sent your earned money?

- a) Brought money alone with you?
- b) From bank
- c) From hundi
- d) From friends/relatives
- e) From other transfer institutions

14. Did you get any opportunity to invest money in our country?

- a) Yes
- b) Little
- c) No

15. What sorts of problems realized in foreign employment?
 - a)
 - b)
 - c)
16. How and which way is appropriate to go abroad?
 - a)
 - b)
 - c)
17. In which opinion what is to be done promote foreign employment?
 - a)
 - b)
 - c)
18. How the remittance income can be made more productive?
 - a)
 - b)
 - c)
19. To be specific, what about the changes seen before you went abroad and after you back from abroad?
 - a) In economic condition
 - b) In daily life spend
 - c) Social status
 - d) In skill development
 - e) Others to be mentioned
 - f) No change before and now
20. Why none of your family visited foreign.....