

# **ROLE OF REMITTANCE IN ECONOMIC DEVELOPMENT OF NEPAL**

**(A CASE STUDY OF DUBACHAUR VDC OF SINDHUPALCHWOK DISTRICT)**

A Thesis

Submitted to the Central Department of Economics,

Tribhuvan University, Kirtipur, Kathmandu, Nepal,

In Partial Fulfillment of the Requirements for the Degree of

**MASTER OF ARTS**

**IN**

**ECONOMICS**

By

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March 2017

## LETTER OF RECOMMENDATION

This thesis entitled **Role of Remittance in Economic Development of Nepal (A Case Study of Dubachaur VDC of Sindhupalchwok District)** has been prepared by Bimala Giri under my supervision. I hereby, recommend this thesis for examination by the Thesis Committee as a partial fulfilment of the requirements for the degree of Master of Arts in Economics.

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## APPROVAL SHEET

We certify that this thesis entitled **Role of Remittances in Economic Development Of Nepal (A Case Study of Dubachaur VDC of Sindhupalchwok District)** submitted by Bimala Giri to Central Department of Economics, Faculty of Humanities and Social Sciences Tribhuvan University in partial fulfilment of the requirements for the degree of Masters of Arts in Economics has been found satisfactory in scope and quality. We hereby accept this thesis as a part of the said degree.

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## ACKNOWLEDGEMENTS

Firstly, I would like to express my sincere gratitude to **Prof. Dr. Sohan Kumar Karna**, Central Department of Economics, Tribhuvan University Campus Kiritpur for providing me an opportunity to conduct this study under her guidance on the subject of my interest. I am very much thankful for her value able suggestion, encouragement and guidance while supervising my research work. Likewise, I am grateful to the respected Head of the Department Prof. Dr. Ram Prasad Gyanwaly.

I would like to express my sincere thanks to the respected teachers and the staffs of this department for their suggestion, help and co-operation I am highly indebted to all the respondents and the key informants of the study area for their kind assistance for providing valuable information during the field survey. I am also thankful to the staffs of the Dubachaur VDC of Sindupalchok for providing me the information for my research work.

I would also like to be grateful to my father, mother and all my friends for their support, encouragement for the accomplishment of this thesis.

Bimala Giri

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## **ABBREVIATIONS/ACRYONYMS**

CBS	Central Bureau of Statistics
DOFE	Department of Foreign Employment
FDI	Foreign Direct Investment
FY	Fiscal Year
GoN	Government of Nepal
GAD	Gender and Development
GDP	Gross Domestic Product
GNP	Gross National Product
HIV	Human Immunity Virus
LDCs	Least Developed Countries
MoF	Ministry of Finance
MENA	Middle East and North Africa
NLSS	Nepal Living Standard Survey
NPC	National Planning Commission
NPR	Nepalese Rupee
NRB	Nepal Rastra Bank
PCI	Per-Capita Income
PSM	Propensity Score Matching
SSA	Sub Saharan Africa
UAE	United Arab Emirates
VDC	Village Development Committee
WB	World Bank

# CHAPTER-I

## INTRODUCTION

### 1.1 Background of the Study

Remittances are the portion of earned income that migrant workers choose to send to the families they have left behind. Migrant workers may move to different regions in their own countries, or leave their countries of origin completely in order to earn more income. This thesis has considered international remittances, the income that migrant workers who have left their home countries send back to their family members. Over the past few years, remittances have begun to receive a great deal of attention, though people have been sending remittances for centuries. There are several reasons why remittances are receiving so much attention now: (1) they are becoming progressively easier to track and record; (2) it is cheaper and safer to send remittances now, so people do not fear sending remittances through official channels; (3) remittances are a large source of income for many nations around the world. For instance. (Amuedo-Dorantes & Pozo, 2004).

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and poverty and income distribution. Remittances have been crucial in reducing poverty levels in rural Nepal. Like in the other countries of the world, a large portion of remittance has been utilized in Nepal for consumption purposes, purchase of real estate and house, paying off the loan, purchase of jewelry and as bank deposits (NRB, 2002). Thus, real growth of the economy has not been realized yet due to the remittance flow. Experts still argue remittance money only supports direct consumption that- very little is actually diverted to development oriented and job-creating investments. Among the least developed countries, Nepal is placed second after Bangladesh. Along with agriculture which contributes more than 30 percent of the GDP, remittance and service sector have emerged as major contributors to GDP. Remittance has contributed significantly to the reduction of poverty in the last 15 years. The Second Living Standard Survey has shown that remittance is one of the major contributors behind the decline of poverty-rate from 42to 31 percent (CBS, 2011).

Pant (2011) argues that, whether remittances are utilized for consumption or purchasing houses, or other investments, they produce positive impact on the economy by stimulating demand for other goods and services. Migrants provide different forms of capital that have developmental impact on their countries of origin. These impacts may be in the form of financial, social, cultural, political and/or economic impacts. The impact can be examined at both micro level, like in case of households, and macro level like impact on GDP growth, poverty and development.

Remittance, as a source of development funding, are directly linked to migration. In many instances, particularly in the vulnerable countries, this migration has been forced either by civil conflict, political persecution or economic hardships. For people from the least developed countries (LDCs), migration is often a case of running away from a very difficult situation, rather than a matter of preference. The irony of it is that having escaped their countries, migrants then assist in sustaining the economies of those very countries through remittances. Remittances can contribute significantly to local, regional and national economic development in migrant-sending countries and also play an instrumental role in reducing poverty as they flow mainly to poor and marginalized families. In many instances, remittances form a significant percentage of total household income, acting as a substitute for earned income lost to unemployment, illness, retirement, emigration, falling wages and crop failure, among others, and ultimately protect poor families against the erosion of what are already basic household assets (Pant, 2011).

The migrant worker is not a product of the twentieth century. Foreign employee and men have been leaving their homelands in search of work elsewhere ever since payment in return for labor was introduced. The difference today is that there are far more migrant workers than any period of human history. Millions of people are now earning their living--or looking for paid employment--came as strangers to the States where they reside. There is no continent, no region of the world, which does not have its contingent of migrant workers (Graner and Seddon, 2005).

Migrant workers are aliens. This may, on this account alone, be the targets of suspicion or hostility in the communities where they live and work. In most cases, financially poor, they share the handicapped economy, society and culture of the least-favored groups in the society of the host state. Discrimination against migrant

workers in the field of employment takes many forms. These include exclusions or preferences as regard the types of jobs which are open to migrants, and difficulty to access to vocational training. Different standards are often applied to nationals, on the one hand, and migrants, on the other, as regards job tenure, and contracts may deprive migrants of certain advantages.

Migrant workers are known to be excluded from the scope of regulations covering working conditions, and have denied the rights to take part in trade-union activities. So far in the Nepalese context, foreign labor occupation has been developed as an emerging business in Nepal. But the business has not remained as a dignified profession at all. The reports about irregularities in foreign labor migration, problems faced by potential labor migrants before and after their departure for foreign employment are not properly addressed from the policy level. Remittance is a sum of money that you send as payment for something”. However, to express the layman’s meaning (for specific purpose) of remittance is a sum of money that is earned by the home workers in host countries in exchange of their services and remitted to the home country. Nowadays, people are even excited to use the jargon as a substitute word for worker’s remittance earning as “Migradollar” (NRB, 2007). Likewise, remittances are “the portion of international migrant worker’s earnings sent back from the country of employment to the country of origin” (Puri and Ritzema, 1999).

Economic growth and development processes affect and are affected by migration of people. In traditional viewpoint, people migrate when they are both pushed by lack of opportunities at home and pulled by the hope of economic gains elsewhere. Thus, the hope that migration will help associate migrants more closely with available economic opportunities, employment and services elsewhere is a major incentive for migration. Arguably, migration is necessarily a part of a family strategy to raise income, obtain new funds for investment, and insure against risks. It is not surprising therefore that thousands of Nepali workers with relevant skill endowments leave their home country yearly to pursue better economic prospects within or outside Africa. However, migration of skilled workers could potentially hurt the sending countries if not well managed by appropriate policies.

As populations in advanced countries continue to age, shortage of labor in sectors such as health care continue to attract relatively cheap but qualified labor from these

developing countries of Africa. Migration of skilled workers in this sense contributes to the economic growth of receiving countries by responding to real labor needs in receiving countries. In addition, migrant workers help fulfill unmet labor requirements in many lower-pay and low-skill jobs such as those associated with domestic and agricultural work in developed countries. Migrants also contribute to the scientific and technological development of host countries. These factors partly provide the necessary impetus for international migration flows to continue to increase,

One of the major sources of economy in the context of Nepal is remittance. In the last few years, demand for middle class manpower is very high in international labor market, especially in the Gulf countries. So, remittance has a vital role for capital-flow or currency-flow in developing countries. The World Bank's new report 2012, Migration and Remittance fact book 2011 has mentioned that Nepal is among the top five countries with remittance amounting to 23 percent of the Gross Domestic Product (GDP). Tajikistan, Tonga, Lesotho and Moldova are ranked ahead of Nepal.

## **1.2 Statement of the Problem**

Statistics show that the remittance sent by the migrant workers is nearly one hundred billion each year and the amount of remittance has kept great importance to the national economy. Some economists have analyzed Nepalese economy as remittance economy, which has played a prominent role to keep the national in balance in the difficult financial situation of the country. The amount of remittances sent through the informal channel are not calculated yet but that is to be estimated as equal to it come from the formal channel. While observing the government policies and programs, it is found several lacking to protect the rights of the migrant workers and assure their safe migration in the country of destination. Government has made promotional policy regarding foreign employment but at the same time less attention has been paid to provide services and facilities in the home ground. Some of the provisions mentioned in the Foreign Employment Act-2042 are like controlling the foreign employment business rather than promotional one.

Despite the great extent, international labor migration has long been paid little attention in Nepal. On the one hand the importance of international labor migration as an income source for Nepal's households and to the economy of Nepal as a whole remained officially invisible. This is due to the fact that the officially registered

international labor migrants only represents a small proportion of the real number, and the value of remittances is not fully recorded in the national accounts. On the other hands, until the late 1990s, most studies of Nepal emphasized the importance of agriculture in the national economy, and the National Planning Commission (NPC) deemed agriculture to be the key to the rural development. But the scenario of economy is changed i.e. agricultural based economy turned toward remittance based economy which has been proved by several studies conducted by governmental and non-governmental agencies. Thus, it is needed to address the issue of international labor migration from the policy level, which could assist to promote safe migration and the management of labor migration in an effective way. This study has explored some of the policy oriented issues that should be improved and amended in the future.

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and poverty and income distribution. Remittances have been crucial in reducing poverty levels in rural Nepal. Like in the other countries of the world, a large portion of remittance has been utilized in Nepal for consumption purposes, purchase of real estate and house, paying off the loan, purchase of jewelry and as bank deposits (NRB, 2002). Thus, real growth of the economy has not been realized yet due to the remittance flow. Experts still argue remittance money only supports direct consumption that- very little is actually diverted to development oriented and job-creating investments.

The remittance has contributed remarkably in the promotion of socio-economic condition of Nepalese societies but it has not yet been systematically estimated. National media and some research reports concluded that major portion of the remittance is used for meeting household consumption and paying of loans borrowed while going abroad. Only a few migrants use remittance in directly productive sectors like agriculture and manufacturing. In this regard, this study mainly attempts to address the following research questions.

- i. What is the status and trend of remittance in Nepal and in the study area?
- ii. What is the socio-economic status of foreign employees in the study area?
- iii. What is the role of remittance in economic development in the study area?

### **1.3 Objective of the Study**

The main objective of this study is to analyze the role of remittance users in the Dubachaur VDC of Sindhupalchok District.

The specific objectives of this study are as follows:

- i. To examine the status and trend of remittance in Nepal and the study area
- ii. To study the socio-economic status of foreign Employee in the study area.
- iii. To analyze the role of remittance in economic development of Dubachaur VDC of Sindhupalchok district.

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

This study may be useful to some extent for the researchers, students and for those who want to carry out further study. This study may be fruitful to government, planners, policy makers, social workers and others. This study has help to supplement source of information to understand the impact of remittance, foreign employment and its cause and process in Nepal. It is also hoped that this study may be able to explore the socio-economic characteristics of foreign migrants.

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

Following are some limitations of the study:

- a) The study has been conducted in a selected Dubachaur VDC of Sindhupalchok District.
- b) The study does not measure the whole country's remittance users.
- c) The study is limited to 80 respondents.
- d) The study covers the period from FY 2005/06 to 2014/15 due to time constant and the field survey was conducted within July to October 2016.

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

This thesis is divided into six chapters as follows:

The first chapter deals with the introduction. Theoretical and empirical literature reviews are included in the chapter two. The Chapter three is research methodology applied by researcher. The Chapter four covers status and trend of foreign



employment and remittance in Nepal. Chapter five consist analysis and presentation of data. Chapter six includes summary, conclusions and recommendations.

## **CHAPTER- II**

### **REVIEW OF LITERATURE**

Various researches have been conducted internationally on the issues of overseas employment and remittance. The primary objective of this chapter is to provide a systematic review of literature relating to migration and remittance income. In this chapter, an attempt is made to review some of the existing book, journal, article, and thesis concerning the remittance and development which help to analyze the present study.

#### **2.1 International Context**

Migration of people is mainly caused by population growth, catastrophes, economic needs and warfare. However, from the 15<sup>th</sup> century onwards, colonialism and industrialization gave rise to rapid growth in migration (Hass 2007).

Ravenstein (1885) has explored the cause of migration and emphasized that there are certain undesirable factors in the place of origin which forces the individuals to migrate to the other places. Likewise, there are certain desirable factors in the destination that attracts the migrants. According to him, the former factors are “push” factors and the later are “pull” factors causing the events of migration between place of origin and destination. Higher distance between the factors lowers the rate of migration and vice-versa. He has said that the migration occurs within streams and counter streams. He has not been sure to say that only the distance between the origin and destination determines the volume of migration.

Todaro (1976) clarified that migration is stimulate primarily by rational economic consideration of relative benefit of which are mostly financial. Decision to migrate is influence by the difference between expected incomes of two places. He adds that probability of getting jobs in new area is inverse related to unemployment rate in the new area.

Haan (1999) have explored the positive contribution of migration to alleviate the rural poverty. However, international migration from the poorest families may be infrequent, because the cost of migration may be too high for them. The poorest, least skilled, and those without network connection have less prospect to migrate abroad whereas better educated and skilled migrants tend to be high.

General economic theory suggests that remittance transfers are mainly used for household consumption and therefore, they have a little impact on investment. Therefore, remittances are considered as transfers of compensations for family members who have lost skilled workers owing to migration. However, Stahl and Arnold (1986) argue that the use of remittance income in consumption may have a positive effect on growth because of their possible multiplier effect. In addition, remittance transfers respond to investment opportunities in the country of origin. Moreover, many migrants invest their savings in small businesses, real estates or other assets in their own country because they know local markets better than those of their host countries. There is also the possibility that the continuous substantial inflows of the remittances to a developing country could result in increasing brain-drain, abandonment of the pursuit of aggressive pro-growth economic policies, inflation, real exchange rate appreciation and a moral hazard when beneficiary households depend on these transfers entirely or partially and thereby reduce the supply of labor (Adenutsi and Ahorator, 2010). Therefore, the net effect of increasing international remittance inflows on the growth and development prospects of developing countries is theoretically unclear.

Rahman (2014) has conducted study on workers remittance and economic development in Pakistan with the objective to examine the role of worker's remittance on the economic development using time series data, co-integration technique. This study indicated that there is long run relationship exist between the worker's remittance and economic development in Pakistan.

Dzansi (2013), in his research study examined the role of institutional and financial development with the objective to investigate the impact of remittance inflow to the developing countries on investment under different levels of institutional and financial development. The empirical analysis is carried on sample of 79 developing countries covering the period 1995-2005. The estimates suggest that remittance inflow, sound institutions and well-develop financial sector increase domestic investment .Moreover, the result also indicate that when the institutional setting and the depth of financial intermediation are such that access to external finance is limited ,remittance inflow are an important source of financing investment. The findings are robust to alternative static and dynamic panel estimators and different measures of institutional quality and financial development. An important implication of these findings is that

the extent to which an economy benefits from remittance inflows is driven by the prevailing institutional environment.

Azam and Muhammad (2011), have presented an article entitled “Worker’s remittances and economic growth: evidence From Azerbaijan and Armenia” with the objective to analyze the impact of workers’ remittances on economic growth. The statistical analysis has been made through simple log linear regression model and the method of least square has been used .The study calculated that workers’ remittances are significant and has positive impact on economic growth and development. These findings suggested that the relevant authorities of both the countries need to formulate appropriate policies in order to encourage worker remittance and such remittances must be utilized more efficiently.

Lahdhiri and Hammas (2012) have established a link between remittance and growth. The study has empirically shown that remittances have a significant and positive contribution to economic growth in the Middle East and North Africa (MENA) region. An increase in remittances led to an increase in the annual growth rate of GDP. The study concluded that the developing countries of the MENA region can improve their economic performance by investing remittance income in the traditional growth resources, such as investment in physical capital, human capital and trade. Remittance also helped in exploiting external capital flows such as FDI and official development assistance. The study suggested that the system of remittance transfers was a fragile and not effective, although the impact of remittances was positive and significant for these countries.

Mim and Ali (2012) have also investigated the effect of remittances on economic growth in the MENA countries. Using panel data techniques the authors estimated several specifications to provide a support of such relationships for over the period 1980 to 2009. The findings provide new robust evidence on how remittances are used and show the main channels which may interfere in this process. Empirical results show that the most important part of remittances is consumed and that remittances stimulate growth only when they are invested. Moreover, remittances can enhance growth by encouraging human capital accumulation. Human capital is therefore, an effective channel through which remittances stimulate growth. Other two indirect effects of remittances are: (i) its effects on human capital formation, through its effect

on education and (ii) its effect on the investment ratio. Both human capital formation and investment ratio are generally seen to have growth effects on output.

Chami et al (2008) have investigated the relationship between volatility and remittances. The findings demonstrate that remittances by reducing volatility indirectly increase the growth rate. Similarly, there is evidence to support that development of the financial sector increases the growth rate and therefore, remittances indirectly increase growth rate by improving the progress of the financial sector. The direct growth effect of remittances is also through its effect on the real exchange rate.

Javid, Arif and Qayyum (2010) have conducted a study mainly focusing on the importance of worker's remittances inflow and its implication for economic growth and poverty reduction in Pakistan. By using the Autoregressive Distributed Lag (ARDL) approach the authors have analysed the impact of remittances inflow on economic growth and poverty. The study found that remittances affect economic growth positively and significantly and thus remittances had a strong and statistically significant impact on poverty reduction and growth in Pakistan. The study found that in the long run, the remittance inflow could lead to sustainable growth and welfare improvement and up gradation of poor households as the impacts of remittances broaden and enlarge over time. So the government should formulate the policy that enhances the amount of remittances by reducing the transaction cost of transferring the remittances through formal channel.

Giuliano and Ruiz-Arranz (2009) have shown the link between remittances and growth, especially on local financial sector development influences a country's capacity to take advantage of remittances. Using dataset for remittances covering about 100 developing countries, the authors found that workers' remittances boosted growth in countries with less developed financial system as it provided an alternative way to finance development and reduce liquidity constraints. Remittances also played an important role in human capital investment in the recipient country through relaxing resource constraints.

Calero, Bedi and Sparrow (2008) have explored that remittances increased school enrollment and decreased the extent of the child work. Moreover, remittances were used to finance education when households were facing aggregate shocks as these

were associated with increased work activities. International remittances also performed an important role in reducing the extent of inequality and poverty in Ecuador.

Jongwanich (2007) has examined the impact of workers' remittances in growth and poverty in Asia-Pacific developing nations. The empirical evidence showed that remittances had a significant impact on poverty reduction however only a minimal impact on growth.

Adams and Page (2005) have used the data of 71 developing countries in their study on remittances, inequality and poverty. Their study concluded that remittances significantly reduce the level, depth and severity of poverty and inequality in developing world.

Gupta, Pattillo and Wagh (2009) have assessed the impact of the steadily growing remittance flows to sub-Saharan Africa (SSA). The study found that remittances have a direct poverty mitigating effect, and promote financial development. The findings hold both way causality between remittances and poverty and financial development. The study suggested that formalizing such flows would serve as an effective access point for channeling the individuals and households in the financial system and that the effective use of such flows could lessen the cost of out migration.

Ang (2009) has investigated the relationship between workers' remittances and growth and development at the regional level, i.e. country side of Philippines. The study found that remittances contribute to national growth, however, it also concluded that remittances deepens income inequalities among the regions. The study has shown strong evidences that most of the remittances are being used to fund conspicuous consumptions and hence provide the ways to harness these resources to funding development needs of the country.

However, contrary to the mainstream empirical researches, there are few studies which have found that the impact of remittances on Economic growth is not significant and even negative.

Bajaras, Chami, Fullenkamp, and Montiel (2009) have shown the effect of remittances on growth to be insignificant. They state that though remittances have poverty-alleviating and consumption-smoothing effects on recipient households

when remittances are properly measured and when the growth equations are properly specified and instrumented the growth effects are insignificant and even negative. The negative effects were owing to the Dutch Disease and deterioration of the quality of governance as many countries did not have the institutions and infrastructures in place that would enable them to channel remittances into growth-enhancing activities.

## **2.2 Review of National Context**

Dhungana (2012) has examined the relationship between remittance and economic growth of Nepal using secondary data, multiple regressions during the 35 years period till 2010/11. This study concluded that the Nepalese economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing decline in saving and investment rates. Consumption oriented economy naturally leads to dependency resulting in the dearth of resources for investment. Consumption oriented remittance have only increase our reliance on import. The study recommended the government agencies for the formulation and implementation of remittance utilization policy for the enhancement of national policy.

Sharma (2015) has analyzed the extent to which the remittance transfers impact on socioeconomic development of rural households. With the data from Puja VDC of Pyuthan district, he found that the reasons to seek foreign employment are unemployment and family debt burden. He also concluded that remittance has increased the socioeconomic condition of the households and played vital role in alleviating poverty.

Shrestha (2008) has analyzed the contribution of foreign employment and remittances to Nepalese economy. He concluded that remittances sent by the migrant worker are an effective tool for poverty reduction. Though foreign employment is boon to the economy, the facilities are in adequate to back up the increasing trend of migration. The government should play productive role to promote foreign employment by inducting and adhering to policy of economic diplomacy.

Gaudel (2006) pointed out remittance as a major source of foreign currency to the developing nation and it has become of substantial components of making current account surplus in the balance of payments. He argues that many workers from Nepal going abroad employment are no doubt young, energetic, laborious and enthusiastic and they do hard work for earning large remittance income to support their families.

However, the downside of remittance reflects the view that remaining young generation for long time outside without family may increase their homeland. Thus, in order to recover the loss of economically active labor force to the domestic economy, they should be encourage to come back again with skilled knowledge for utilizing their savings and working experience for development to the provide areas in accordance with the priority of the National Development plans.

NRB (2004) found that the remittances of foreign employment have been contributing to the Nepalese economy as well as household economy for many years. The traditional of foreign employment also has long history in Nepal. Most of Nepalese used to go abroad to maintain their livelihood and this process is still going on. The remittances of foreign employment has improved economic condition of many household both rural and urban areas of Nepal. The remittances have not only been contributing to house hold economy but it has also been the main source of the foreign exchange earning in Nepal.

Dhungana and Pandit (2014) have tried to explore the impact of remittance on social and economic status at the household level. With 147 households with at least one member being a migrant in Lekhnath municipality of Kaski district using various descriptive and inferential statistics the study found that the remittance in a household is significantly associated with other socio-economic variables. Overseas remittances have brought qualitative changes in children's education and health status, an improvement in the economics status of the migrant households and the involvement of the households in the community development activities. The study concluded that remittances have brought positive change in overall socio-economic status of migrants households.

Srivastava and Chaudhary (2007) have analyzed the direct impact of remittance on three development indicators viz. Gross Domestic Product (GDP), Gross National Product (GNP) and Per-Capita Income (PCI) using the linear and log-linear multiple regression models and found out remarkable impact of remittance on GDP and GNP both in the nominal as well as real terms. The study also concluded the positive impact of remittance on PCI. The study also concluded that the remittance has not been used effectively since the impact of remittance on real variables like Labor, Capital and Export were not much significant.



Dahal (2014) has studied the impact of remittances on economic growth in Nepal by assessing the effects of remittances on financial development, productivity, international trade and human capital accumulation. Based on the secondary data of 15 year period from 1996/96 to 2010/11 the study finds that the increasing inflow of remittances in Nepal have a positive association with financial development and human capital accumulation, but a negative association with international trade. Similarly it found remittances to have a positive association with entrepreneurship and negative association with manufacturing. Overall, the study indicated a mixed impact of remittance inflow on economic growth in Nepal.

Wagle (2012) has explored the socioeconomic implications of the increasing foreign remittance to Nepal using micro-data for 1996 and 2004 based on the Nepal Living Standard Survey (NLSS). The study indicated that foreign remittance has helped increase income sizably and reduce poverty and income inequality marginally. The study also found that smaller families particularly with low asset-holding and socio-economic backgrounds were likely to receive less remittance. The study also suggests policy recommendations to ensure that foreign employment and remittance do not exacerbate the increasingly polarizing economic structure leaving bottom sections of the society further worse off.

Maharjan, Bauer and Knerr (2012) have investigated the impact of international migration and remittances on the subsistence farming in Nepal. Based on a survey conducted with smallholders of land with migrating family members the result demonstrated that international migration and remittance lead to negative impact on cereal production and negative impact on family labor input and do not even contribute to moving subsistence farming towards more profitable commercial farming. Though remittance reduce poverty in the short run and allows for higher daily consumption the study indicated its negative impact on farming and suggests the policy makers to take appropriate steps.

NRB (2012) has conducted an impact evaluation of remittances in Dhanusa district and tried to find out how remittances impact various socio-economic dimensions of remittance-recipient households. Through detailed survey of remittance recipient households and non-recipient households based on Propensity Score Matching (PSM) the study concluded the positive impact of remittances on various variables like land

purchase, agricultural income, education, means of communication, consumption, etc. The study also concluded insignificant impact on the women empowerment and health consciousness and sanitation.

NRB (2016) has conducted a field survey of 320 households from 16 selected districts to explore the saving and investment of remittance receiving households. The study has analyzed the data obtained from the field survey using single equation logit and OLS model. The study has shown that foreign employment has contributed in reducing unemployment rate and has worked as safety valve for Nepalese society. 4.38 million Workers have gone for foreign employment from 1994 to 2016 i.e. the ratio of international labor migrants to Nepal's total population is 15.4 percent. The average annual remittance send by Nepalese workers working abroad is 5 lakh 32 thousand Nepalese rupees. The survey result also showed that 90.9 percent of remittance is coming through official channel. The study revealed that out of total remittance receiving households, 18.8 percent are completely dependent on remittance for their daily expenditure. Out of the total remittance income received, households have used 25.3 percent to pay back the loan, 23.9 percent for food and clothes, 9.7 percent for education and health, 3percent for social activities, 1.1percent on productive use and 28 percent on saving. Also, 66.6 percent of the remittance receiving households saves money from remittance income and 48.8 percent of those households save the money in order to buy land and buildings. The remittance receiving households were found to opt for more leisure than work.

### **2.3 Research Gap**

This chapter briefly reviewed theoretical as well as empirical works with regard to the international migration and remittances transfer in Nepal as well as around the world. From the review of the various studies cited above remittances and international migration has positive as well as negative impacts on various socio-economic indicators. The effectiveness of remittance has not clearly established. The implication of the findings of the study is that other programs and policies are also needed to increase the rate of growth in the long term, instead of depending solely on increased remittances. Meaningful utilization of remittance incomes paves the way for boosting socio-economic activities towards deprived people and remote areas of the nation.

However, the present study has not been conducted in Duhachaur VDC which represents the rural economy of Nepal. Therefore, the need for the study regarding the role of remittance in economic development in the Dubachaur VDC is quite significant. Therefore, the study justifies the present work.

## **CHAPTER - III**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter incorporates the following sub-titles: Section 3.2 justifies rational for the selection of the study area; Section 3.3 presents research design; Section 3.4 provides nature and sources of data; Section 3.5 briefly explains the VDC profile of Dubachaur VDC, the VDC in consideration as well as the sample selection procedure; Section 3.6 describes data collection procedure; Section 3.7 concisely elucidates data analysis procedure and concludes this chapter.

#### **3.2 Rationale for the Selection of Study Area**

The proposed site of the study is the Dubachaur VDC of Sindhupalchok district. The main reasons for selecting this VDC are researcher's familiarity with the study area and none of the study in this subject has been done before in this area. Moreover, a larger number of household members of the VDC are abroad for foreign employment. This VDC is considered to be the representative of rural Nepal.

#### **3.3 Research Design**

The research design applied in this study is descriptive as well as analytical. The descriptive research is generally used to describe characteristics of population being studied. This is a case study of Dubachaur VDC which is a micro level study. This approach to research does not answer questions about how, when and why the characteristics occurred. Rather it attempts to determine, describe, or identify what is.

The characteristics used in this study to describe the situation are some kind of categorical such as income groups, ethnic groups, occupation groups and groups of socio-economic indicators. Descriptive research generally precedes explanatory research. Based on the descriptive design all the primary data are presented in tables and analyzed in the descriptive way using frequencies, averages, ratio and other statistical calculations. Moreover, this study used description, classification, measurement, and comparison to describe the remittance income.

#### **3.4 Nature and Sources of Data**

Basically, the study is based on the primary data concentrated mainly to those emigrant households whose family members are abroad. Some data about remittance

and out migration are also taken from the secondary sources which are both published as well as unpublished.

### 3.5 Sample Selection Procedure

There are 400 emigrant households in Dubachaur VDC. Taking all the emigrant household of the VDC as a population, a sample of 80 households which is 20 percent of the total population were selected as samples from the VDC using two stage area sampling procedure. In the first stage 9 wards of the VDC were taken as cluster. In the second stage proportionally a total of 80 households from all wards were chosen randomly. The units of information were immigrants and/or households heads. The selected respondents were interviewed personally with the help of a specially structured questionnaire. Necessary information including remittance income, ethnicity, household-specific and socio-economic information were collected (For detail see Annex). The field survey was conducted from July to October 2016. Table 3.1 shows the representation of sample households from each ward.

**Table 3.1: Sample Households**

Ward No.	No. of Households	Immigrant Households	Sample Households
1	101	42	8
2	88	25	5
3	171	35	7
4	146	25	5
5	148	46	9
6	204	79	16
7	119	32	7
8	152	55	11
9	246	61	12
Total	1375	400	80

Source: Population Census, 2011, CBS, NPC, GON, 2011; Field Survey, 2016

### 3.6 Tools and Methods of Data Collection

To collect primary data necessary for the study, direct personal interview were taken with the respondents using a structured questionnaire. The researcher had the advantage to recognize some of the emigrants' house with the help of her relatives, friends and the like. The required primary data was collected from the field study by

the researcher herself using the questionnaire method. Finally, the collected data was tabulated in a master table using spreadsheet and the processed according to the need of the study.

### **3.6.1 Primary Data Collection**

All the selected 80 households were requested to fill up the questionnaire. In case of respondents who could not fill up the questionnaire the questions were asked to the respondents and answers were filled up by the researcher herself to collect the required information. The questionnaire included open and closed ended questions. If available, personal interview was taken from each returnee and if not interview was taken from household head. Cross checks, editing and indirect questions were also put sometimes when the answers were thought to be unrealistic and irrelevant.

### **3.6.2 Secondary Data Collection**

Data were also collected from the secondary sources; from the publications of the National Planning Commission, Central Bureau of Statistics, Economic Surveys, Nepal Living Standard Survey, Economic reports and publication reports from Department of Foreign Employment.

### **3.7 Data Analysis Procedure**

Data analysis is the main part of the research study. It is an attempt to fully and accurately represent and summarize the data that has been collected. The quality of any research work depends upon the set of questionnaire, method of data collection and more importantly techniques used to analyze the data. Data analysis is the procedure of evaluating data using analytical and logical reasoning to examine each component of the study.

This form of analysis is just one of the many steps that must be done while conducting the research work. Data from various sources is gathered, reviewed and then analyzed using the various tools. The primary data were tabulated in a master table and then processed and analyzed. Descriptive statistics, tabulation, graphical presentation were made by classifying, identifying, grouping and clustering the data to get the required results about the effect of remittances into different sectors of the economy.

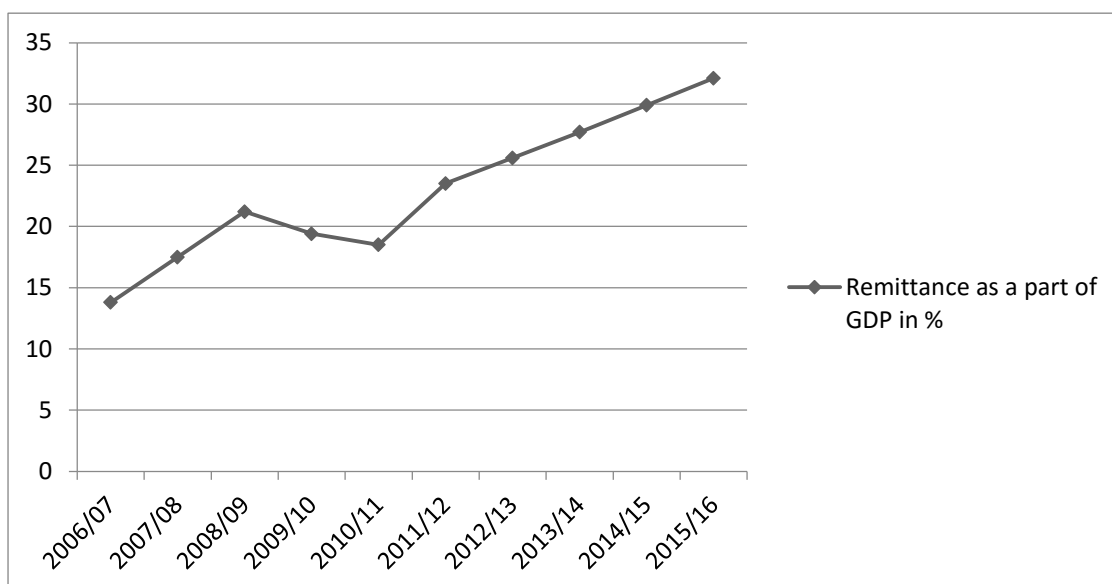
## CHAPTER - IV

### STATUS AND TREND OF REMITTANCE IN NEPAL

#### 4.1 Present Status of Remittance in Nepal

Remittances to Nepal are money transfers from Nepalese workers employed outside the country to friends or relatives in Nepal and forms part of the wider global remittance transfers by migrant workers back to their home countries. It is said that remittances has represented more than 10 percent of GDP in Nepal in the late 1990s. Moreover, it would be highly beneficial to the country, where there is natural calamities, political conflict, people war, low investment in entrepreneurial activities and economic recession. In the fiscal year (FY) 2000/01, the banking sector showed that NPR 15.9 billion was received. (Gaudel, 2006).

**Figure: 4.1 Present Status of Remittance in Nepal**



Source: Economic Survey 2015/2016, MoF, GoN, 2016

Other inflow of remittances (such as from students abroad who work part-time or emigrants who send money home to their parents). Hence, it is difficult to determine the direct remittance from labor migrants in all destination countries.

## 4.2 Status of Foreign Employment by Country of Destination

Nepalese migrant worker has gone different countries for job opportunities. For Nepalese worker Arabian and Malaysia are easiest countries to go because of cost. On the other hand they are unskilled and semi-skilled workers. Data of different fiscal years are given in the following table country wisely;

**Table 4.1**  
**Status of Foreign Employment by Country of Destination**

<b>Countries</b>	<b>Malaysia</b>	<b>Qatar</b>	<b>Saudi Arab</b>	<b>UAE</b>	<b>Kuwait</b>	<b>Other Countries</b>	<b>Total</b>
<b>Fiscal Year</b>							
2005/06	75526	55892	15813	15317	640	2064	165252
2006/07	74029	59705	39279	25172	2441	3907	204533
2007/08	50554	85442	42394	45342	1967	23352	249051
2008/09	578292	483651	359780	216629	24452	91018	1753822
2009/10	105906	102966	71116	44464	15187	15077	354716
2010/11	98367	105681	80455	54482	24575	21105	384665
2011/12	1173607	1062884	705817	471230	77443	18144	3509125
2012/13	158212	103486	96955	58447	17273	19130	453503
2013/14	214149	128874	86876	54965	19353	23597	527814
2014/15	202828	124368	98246	53699	9668	24078	512887

Source: Labor Migration for Employment: A status Report for Nepal 2014/15, DOFE, 2016

Table 4.1 shows that Malaysia is the most favor country for Nepalese workers where largest members of workers have gone and followed by Qatar and Saudi Arabia respectively. On the other hand, Kuwait is the country where only 9668 Nepalese workers have gone and followed by Other Countries 24078 workers.

## 4.3 Growth of Remittance

At present time, remittance income of Nepal is increasing day by day and providing significant portion on GDP. The growth of remittance depends on the numbers of migrant's workers and their wage rate. The government of Nepal has tried to solve



labor wage problem in different countries. The increasing trend of remittance is shown in table below.

**Table 4.2**  
**Growth of Remittance**

Fiscal Year	Remittance Income (Rs. billions)	Annual Percentage Change in Remittance Income	Contribution of Remittance on GDP (Percent)
2005/06	97.70	49.00	14.90
2006/07	100.10	2.50	13.80
2007/08	142.68	42.50	17.50
2008/09	209.70	47.00	21.20
2009/10	231.70	10.50	19.40
2010/11	253.50	9.40	18.50
2011/12	359.56	41.80	23.50
2012/13	434.60	20.90	25.60
2013/14	543.30	25.00	27.70
2014/15	617.30	13.60	29.10

Source: Economic Survey 2015/2016, MoF, GoN, 2016

Table 4.2 shows that the remittance from 97.70 billion in FY 2005/06 to Rs. 617.30 billion in FY 2014/15. It is approximately 4.5 times more within eight years. After analyzing the data, remittance is in the most important source of income in our country, it covers 29.10 percent of GDP in FY 2014/15.

#### **4.3.1 Social Impact of Remittance**

According to World Bank figures, extreme poverty has declined from almost 70 percent to 25 percent in the last 15 years, and the extra billions arriving direct to Nepalese households during this period are undoubtedly part of the story, along with large-scale state investment in social sectors and infrastructure. The social impacts of such migration are likely to be at least as profound as the financial ones, particularly with regard to family and gender relations. In some Nepalese villages, up to 90 percent of the young men have left, returning at most every six months. In a case that hit the Nepalese media, there were not enough men left in one particular village to

carry a coffin, meaning foreign employee had to – foreign employee traditionally do not even attend funerals.

Men (and some foreign employee) who would have previously expected to spend all of their lives in one place are travelling in groups to new areas, and sexual promiscuity is one inevitable consequence. HIV appears to be significantly higher than the national average among migrants and divorces are on the increase. One research demonstrated two important results: (i) migration negatively affects agriculture yield and (ii) remittance-receiving agriculture households have not demonstrated improvements in agriculture productivity despite increased household incomes. This paper recommends the need for measures to incentivize remittance-receiving agriculture households to invest in capital goods and inputs to improve agriculture productivity so that it more than compensates for the yield losses arising from labor migration. On the positive side, it is possible that the ongoing process of foreign employee's empowerment has been speeded up in some parts of Nepal. Fertility has fallen by 30 percent in the last decade, according to the World Bank. With fewer men around, foreign employee are forced to take more of a lead in household and community decisions, including managing limited funds. Foreign employee's increased decision-making control is one key factor in the rapid improvement in maternal health in Nepal in the last two decades, including a halving of maternal mortality. This is despite the "brain drain" of Nepal's trained health workers from Nepalese health facilities, another classic consequence of increased migration (WB, 2012)

#### **4.3.2 Economic Impact of Remittance**

There are number of costs associated with foreign employment. The lack of protection and welfare for workers and the social and psychological costs associated with migration has been of concern for policy makers for long. This is of special concern to housemaids and low skilled migrants with low education attainments. There are numerous instances where these workers have been sexually and physically abused and not properly paid for their services.

Families receiving remittances invest more in housing, education and healthcare, but there are also social costs including child abuse school dropouts and family break ups as a result of family Separation. A large proportion of the migrants are women

domestic workers who have been vulnerable in the countries they work. Therefore, although out migration has economic benefits to the country and families of workers, there are also serious social costs of out migration.

Remittance, on one hand, provides better education and health opportunities to household members. However, migration of parents can leave families of young children with inadequate guidance and an additional burden of household responsibilities which can lead to higher school absenteeism, school dropouts, poor nutrition and health care of children especially younger children, and substance abuse especially older children ([WB](#), 2012).

However, there are both benefits and cost of out migration and remittance in the economy. The main benefits are that the remittances strengthen the balance of payments and contribute to GDP. They have also contributed to the living standard and their livelihood. It has helped to reduce the poverty level and enhanced income of the poor especially those in rural areas. No doubt, the poor have improved their living conditions owing to remittances from migration. However, there are several problems encountered by the migrant's working abroad. There are also social costs associated with the migration of wives and others, such as the breakup of families, domestic violence, and neglect of children. These social concerns must be addressed to minimize the ill effects of out migration. In Nepal, the dollar value of remittances expanded 17 percent, supported in part by vibrant growth in India, a key source-country for Nepalese remittances. Money is sent to Nepal by either electronic funds transfer, for example by SWIFT or by demand draft. By the 2000s many banks and Money Transfer Operators were offering Money transfers and this has grown into a huge business. Remittances in FY 2012/13 contributed around \$3.5bn a year to Nepal's annual income, up from just \$50m in the mid-1990s, and equivalent to almost a quarter of GDP. In fact, the figure is probably substantially higher as remittances are routinely underestimated; the rule of thumb is to add 40 percent to the official figures. Not all money is sent through legal / verifiable sources. (Gaudel, 2006).

**Table 4.3: Country Wise Destinations**

S.N.	Country	Male	Female	Total
1	Qatar	83163	1748	84911
2	Malaysia	148534	4330	152864
3	Saudi Arab	67122	297	67419
4	UAE	31682	5682	37364
5	Kuwait	5932	707	6639
6	Bahrain	2698	416	3114
7	Oman	1166	322	1480
8	South Korea	2670	131	2801
9	Lebanon	116	411	527
10	Israel	88	254	342
11	Afghanistan	966	6	972
12	Japan	1495	56	1551
13	Others	3169	1579	4748
	Total	348801	15939	364740

Source: Labor Migration for Employment: A status Report for Nepal 2014/15, DOFE, 2016

## **CHAPTER -V**

### **DATA PRESENTATION AND ANALYSIS**

All the collected data information were edited, coded and tabulated in presentable form. Then data were subjected form analysis. The chapter has been organized as:

#### **5.1 Socio-economic Status of Foreign Employee of Dubachaur VDC of Sindhupalchok District**

This section represents the socio economic information of foreign employee. Foreign employees as household population, Age, Sex, Occupation, Marital Status, Destination, number of family member going aboard, skill, and cause of foreign employment were discussed in this section. On the basis of this background of the respondents we can discuss how many changes in the level of awareness brought by remittance among the foreign employee.

##### **5.1.1 Household Population of the Study Area**

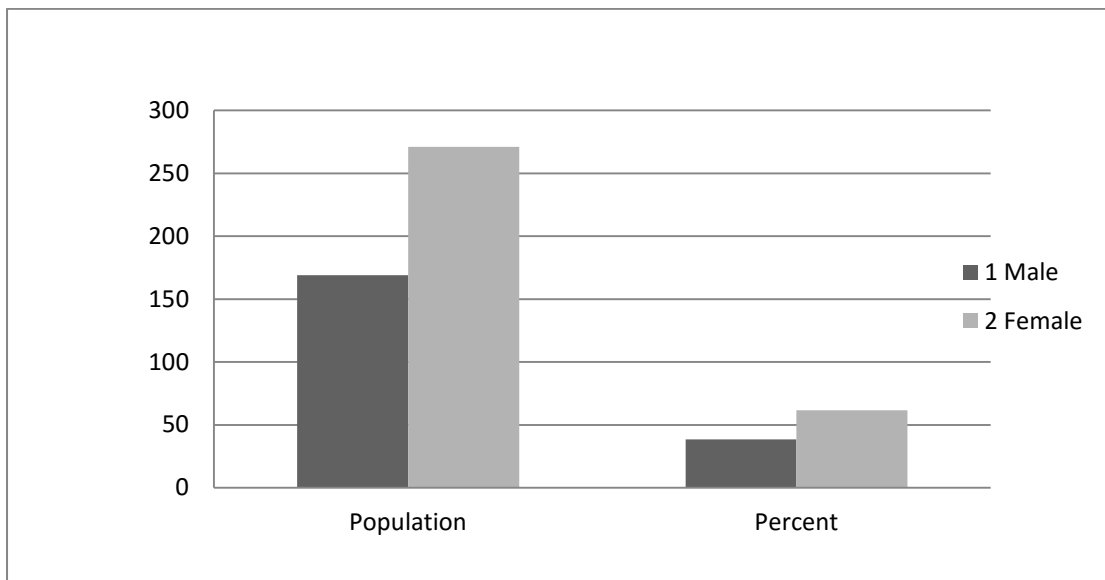
The household population indicates the total population of selected remittance user's households by male and female.

**Table 5.1: Household Population**

<b>S.N.</b>	<b>Category</b>	<b>Population</b>	<b>Percent</b>
1	Male	169	38.40
2	Female	271	61.60
3	Total	440	100

Source: Field Survey, 2016

**Figure 5.1: Household Populations**



Source: Field Survey, 2016

Table 5.1 and figure 5.1 show the total population of the selected remittance users households. The total population is 440 among them about 62 percent female and 38 is male population. There is majority of female population. The average family size being 5.5.

### **5.1.2 Age Structure of the Foreign Employee of the Study Area**

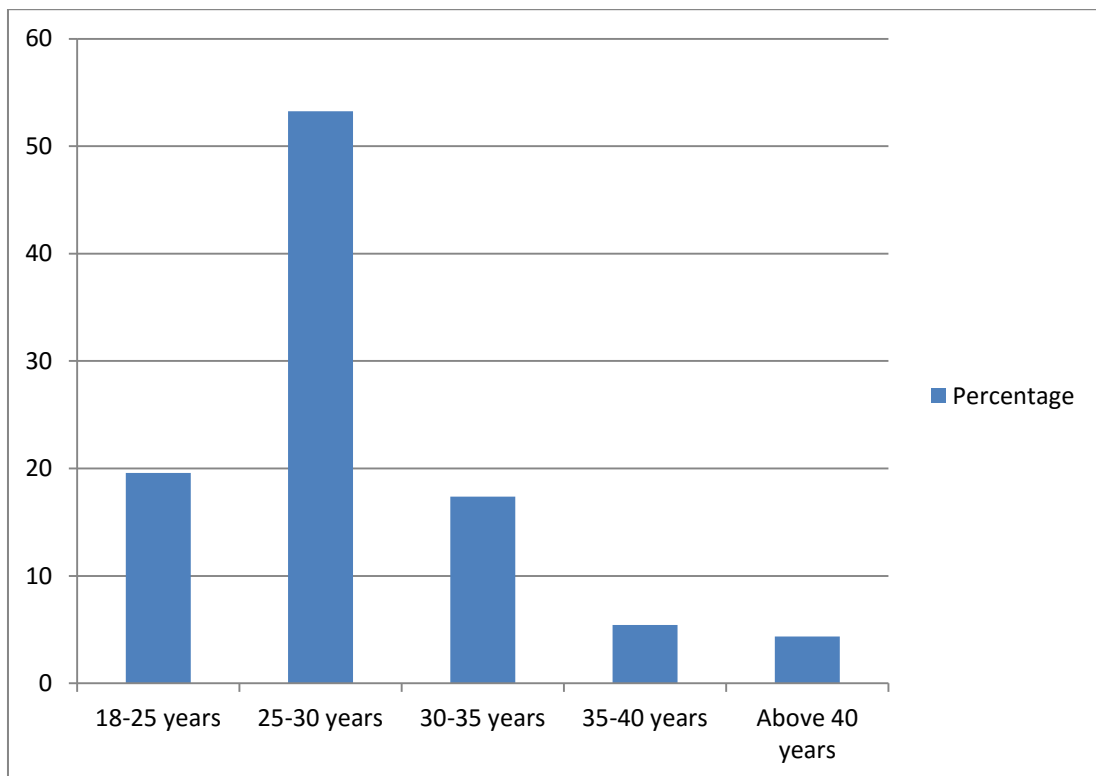
All age foreign employees are not economically active and generate income to the family. Young age was involved in education or household activities such as cooking and taking care of their little brothers or sisters. Foreign employee above 40 years is also less active for income generation because they have household responsibility rather than earning. Their sons and other family members were considered earners. They mostly take care of small children in their home. Age ratio of the selected foreign employee is presented in the table 5.2 and figure 5.2.

**Table 5.2: Age Group**

S.N.	Age Group	No	Percentage
1	18-25 years	18	19.57
2	25-30 years	49	53.26
3	30-35 years	16	17.39
4	35-40 years	5	5.43
5	Above 40 years	4	4.35
	Total	92	100

Source: Field Survey, 2016

**Figure 5.2: Age Group**



Source: Field Survey, 2016

The age distribution ratio of the study area shows that, the highest numbers of the foreign employee are between the ages of 25-30 years with 53.26 percent. The age between 30-35 years constitutes 17.39 percent of the total migrants, between the age 35-40 years constitutes 5.43 percent of the total migrants, at last 4.35 percent of the migrants are between the age of above 40 years. The highest number of the migrants

are of the age group 25-30 years because they are the most economically active people seeking for job and employment opportunities.

So from the above age grouping we can say that foreign employee from 25-30 years ages are mostly responsible for taking care of their family and become more mature to think about their children's future and their responsibility to be a family member.

This table shows that majority of the foreign employee belongs to 25-30 age group because they are more interest to engage in the foreign employment and they are more capable in compare to the other age groups.

### **5.1.3 Sex Structure of the Migrants of the Study Area**

This section deals with sex structure of migrants workers and has been included in the following table no.5.3, which helps to know how many peoples are male and female workers who have gone for overseas employment.

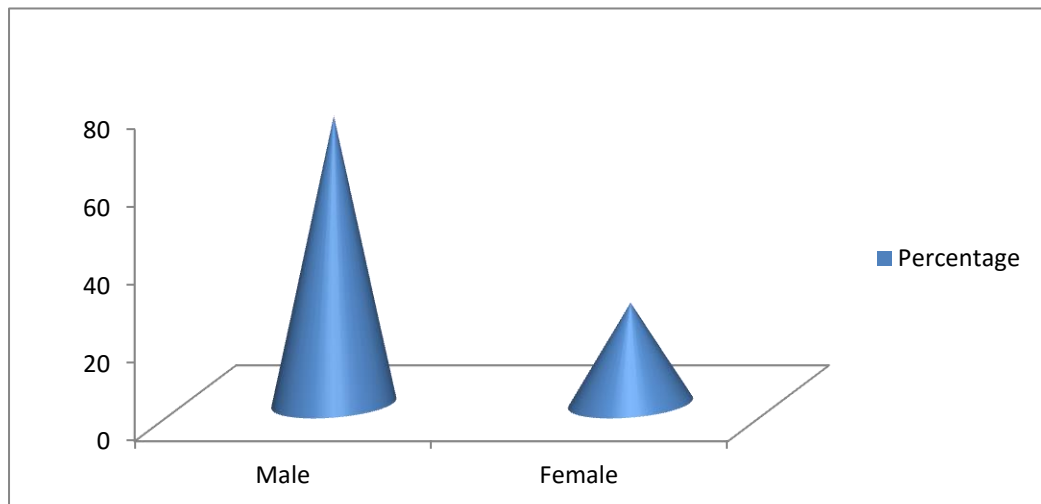
**Table 5.3: Sex Structure**

Sex	No. of Migrants	Percentage
Male	68	73.91
Female	24	26.09
	92	100

Source: Field Survey, 2016



**Figure 5.3: Sex Structure**



Source: Field Survey, 2016

The table 5.3 and figure 5.3 show the gender descriptions of migrants. Out of the total migrants 73.91 percent of them are male and only 26.09 percent of total workers are female. It means only few number of females have gone for foreign employment.

This study shows that most of the migrant workers are male because main responsibilities of family are taken by males and Nepal is a patriarchal society.

There are two reasons of male foreign employee is higher than female: there is restriction of Nepali law and patriarchal structure of Nepali society where females are rarely allowed to work outside the domestic spheres.

#### **5.1.4 Occupational Status of Labor Migrants of the Study Area**

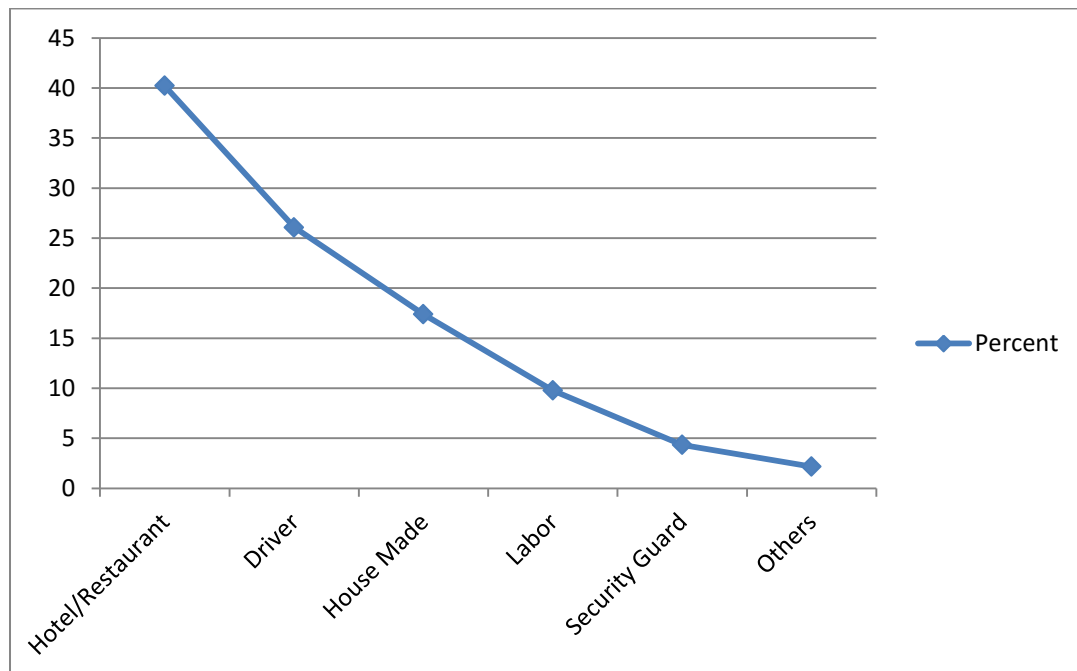
Occupation is another important component of socio-economic factors of migrants. People move from one place to another for better job opportunities. Table 5.4 highlights the occupational status of the labor migrants of the study area.

**Table 5.4: Occupational Status**

Type of Job	No.	Percent
Hotel/Restaurant	37	40.22
Driver	24	26.08
House Made	16	17.40
Labor	9	9.78
Security Guard	4	4.35
Others	2	2.17
Total	92	100

Source: Field Survey, 2016

**Figure 5.4: Occupational Status**



Source: Field Survey, 2016

Table 5.4 and figure 5.4 show that the occupational status of labor migrants engagement in their work in their migrant country. Hotel and restaurant workers are highest than other occupations, which is 40.22 percent. This sector is attractive for the income in compare to other working area; therefore interested labor migrants have

been learning hotel and restaurants skills before they migrated to the concern country. House maid 17.40 percent, security guard 4.35, and others 2.17 percent have these occupations in that foreign country. So, the majority is hotel and restaurant workers due good facility and salary.

### 5.1.5 Marital Status of Migrants of the Study Area

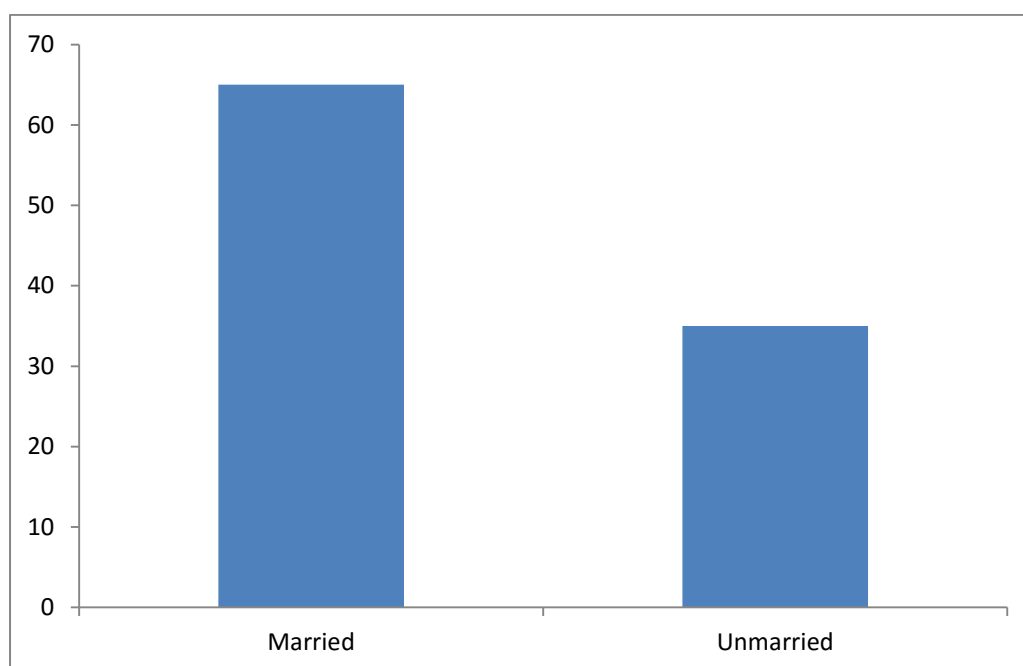
Marital status affects the migratory movement of people. It is found that married are more migrated than unmarried because they are compelled to care after their conjugal and family life.

**Table 5.5: Marital Status**

<b>Marital Status</b>	<b>No.</b>	<b>Percent</b>
Married	60	65.21
Unmarried	32	34.78
Total	92	100

Source: Field Survey, 2016

**Figure 5.5: Marital Status**



Source: Field Survey, 2016

This field Survey shows that, 65.21 percent of the migrant people are married and 34.78 percent were unmarried. It shows that majority of the married people are migrated for foreign employment.

The table 5.3 and figure 5.3 shows that the majority of foreign employee are married, and this also show that married foreign employee are more interested in emigration because they also have to look after their family and children, they have to pay tuition fee of their children and have to meet health budget the sickness for older members of their family, this reason also forced them to go abroad.

### **5.1.6 Educational Status of Migrants of the Study Area**

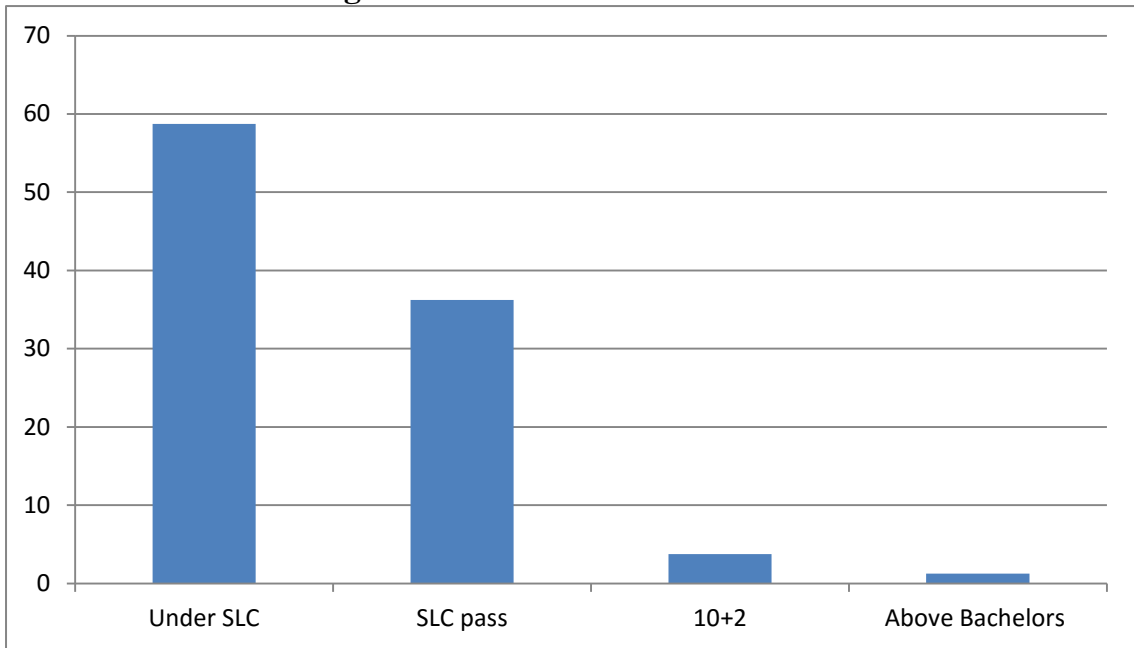
Education is one of the most important social characteristics of population. It is a vital and key factor for foreign employment. The quality of work and wages depends upon the migrant's skill and education.

**Table 5.6: Educational Status**

<b>Level of Education</b>	<b>No</b>	<b>Percent</b>
Under SLC	54	58.70
SLC pass	33	35.87
10+2	3	3.26
Above Bachelors	2	2.17
Total	92	100

Source: Field Survey, 2016

**Figure 5.6: Educational Status**



Source: Field Survey, 2016

Table 5.16 and figure 5.16 illustrate that, 58.70 percent of foreign employee are under SLC who can read and write as well as have passed primary level, out of this 35.87 percent of the foreign employee is SLC passed, 3.26 percent have passed 10+2 level and 2.17 percent was able to complete their bachelors' level. Lack of quality and vocational education is the major cause of the people to seek employment in the foreign countries.

So, the Majority of the respondents are SLC passed and minority is Bachelor passed lack of knowledge, lack of employment opportunities, poverty and unstable political conditions are the major factors of doing labor in foreign country.

### **5.1.7 Destination Country of Migrants of the Study Area**

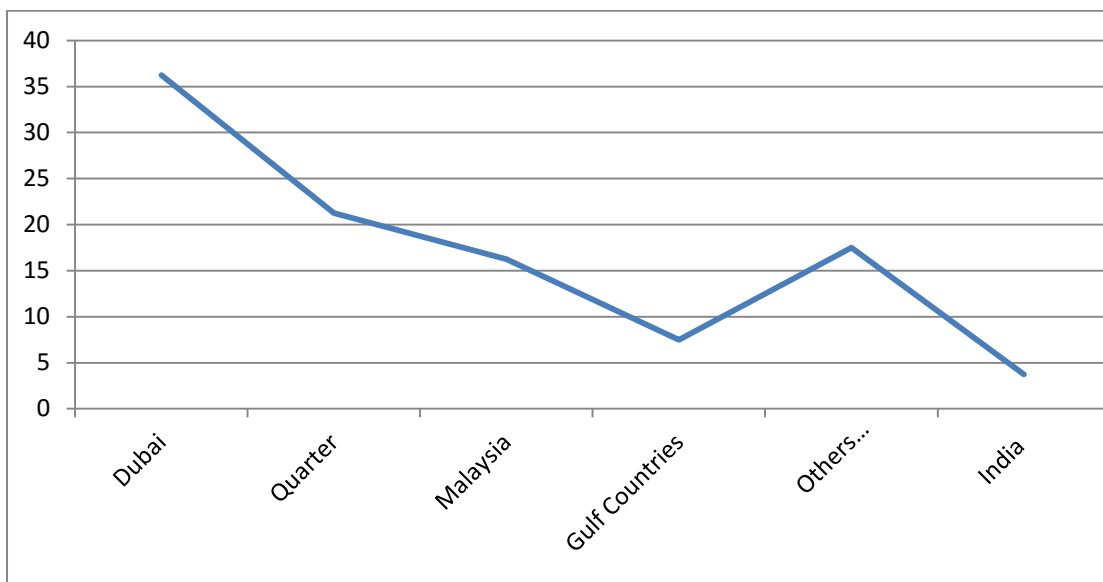
In the process of migration, destination is another important and crucial factor. The destination is that country where migrant workers go for the work.

**Table 5.7: Destination Countries**

<b>Countries</b>	<b>No.</b>	<b>Percent</b>
Dubai	32	34.78
Qatar	19	20.65
Malaysia	15	16.30
Other Gulf Countries	7	7.61
Others (/Us/Europe/Australia)	16	17.40
India	3	3.26
Total	92	100

Source: Field Survey 2016

**Figure 5.7: Destination Countries**



Source: Field Survey, 2016

Table 5.7 and figure 5.7 show the destination countries of Nepalese migrants. Highest proportion 34.78 percent migrants go to Dubai, 17.40 percent migrants go to developed countries and 3.26 percent migrants go in India. The reason of going Dubai is the high demand of workers and easy process of emigration.

### **5.1.8 Number of Family Member/s Going Abroad**

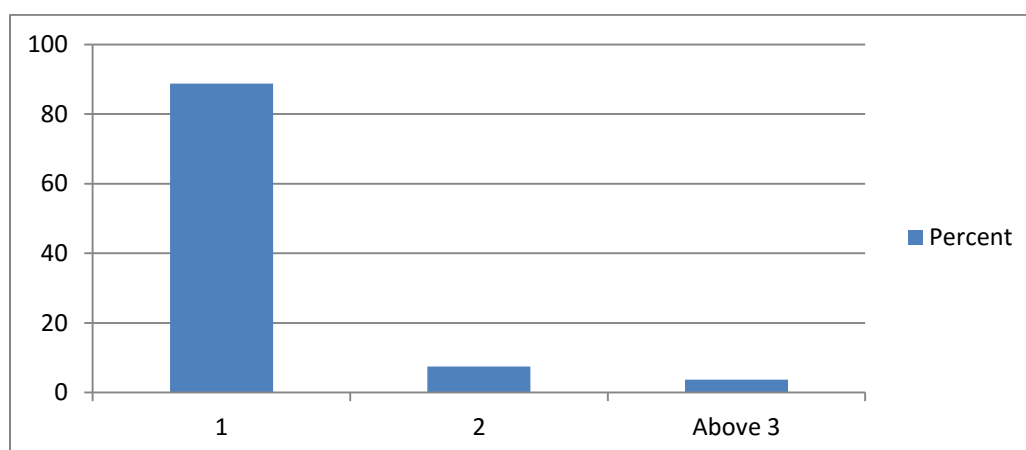
This section shows that the family member going abroad.

**Table 5.8: Family Member Going Abroad**

<b>Member</b>	<b>No of Households.</b>	<b>Percent</b>
1	71	88.75
2		7.5
3	3	3.75
Total	80	100

*Source: Field Survey, 2016*

**Fig.5.8: Family Member Going Abroad**



Source: Field Survey, 2016

Table 5.8 and figure 5.8 show the number of family members going abroad, 88.75 percent was 1 member, 7.5 percent were 2 members and 3.75 percent were 3 members. Total of 92 person have gone for foreign employment from the selected 80 households.

### **5.1.9 Skill of Foreign Employee**

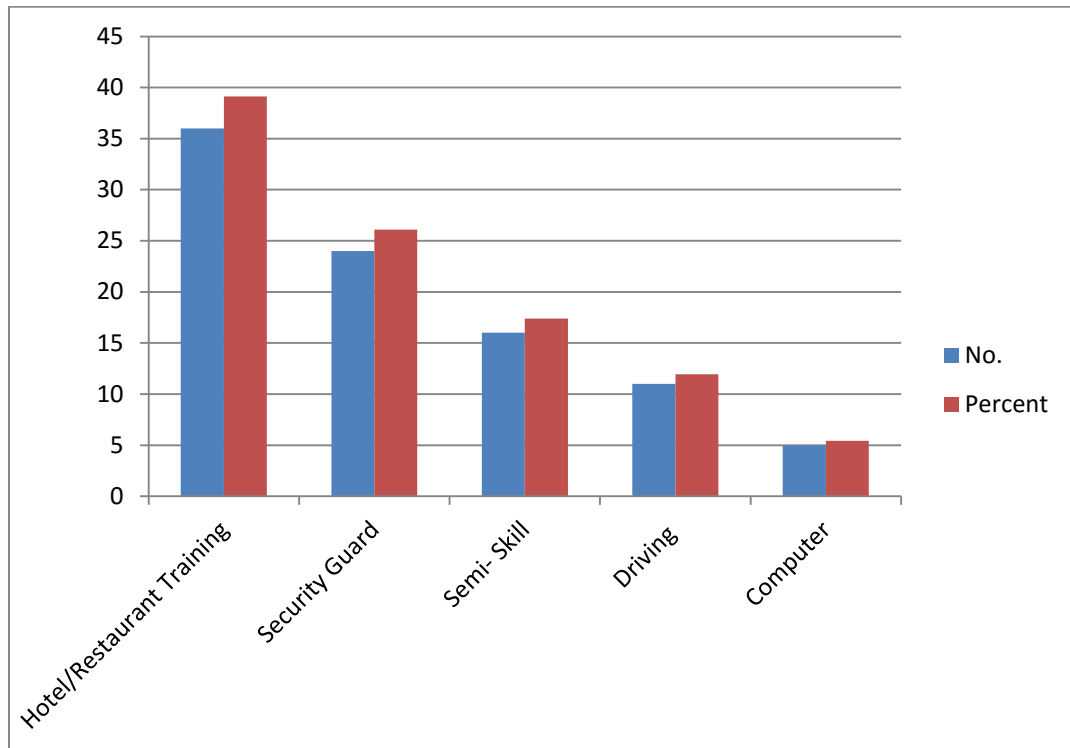
This sub-chapter mentions about the skills of foreign employees.

**Table 5.9: Skill of Foreign Employee**

Member	No.	Percent
Hotel/Restaurant Training	36	39.13
Security Guard	24	26.10
Semi- Skill	16	17.39
Driving	11	11.95
Computer	5	5.43
Total	92	100

Source: Field Survey, 2016

**Figure 5.9: Skill of Foreign Employee**



Source: Field Survey, 2016

The table 5.9 and figure 5.9 show the skills of foreign employee working in the overseas. 39.13 percent have a hotel and restaurant training, 26.10 percent have a security guard training, 17.39 percent migrant are semi-skilled, 11.95 have a driving training and remaining 5.43 percent have computer training.



So, the majority of the respondents have hotel training and minority have computer training because the most of the foreign employees are working in hotel and restaurant and less is working in office. There is high demand of unskilled and semi-skilled labor while not much demand of highly skilled manpower, Highly skilled manpower further have opportunities in the country.

### 5.1.10 Causes of Foreign Employment of the Study Area

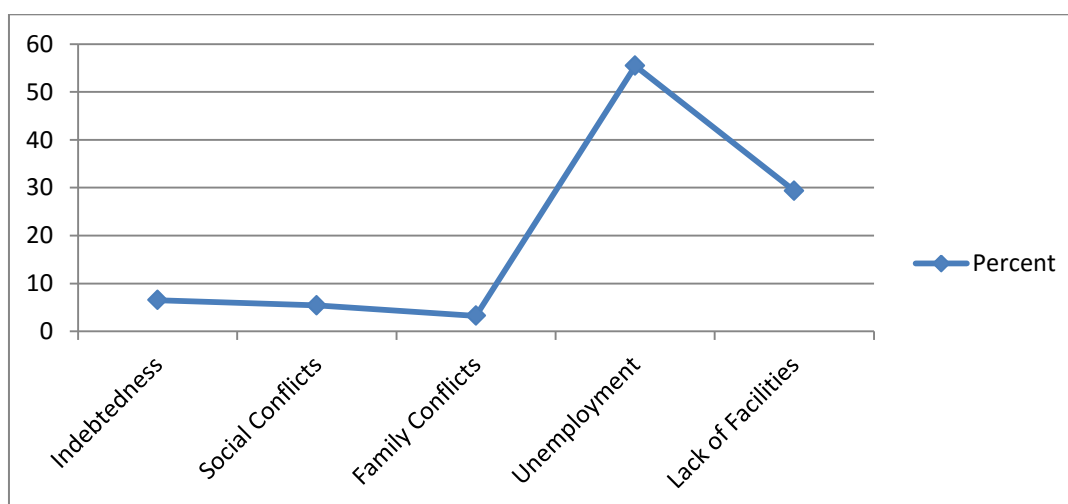
There are various causes for going abroad for employment in the Nepalese context. Some major causes are lower living standard, insufficiency of food, cloth and lower quality of housing, insecurity and unemployment, landlessness and ineffective education system.

**Table 5.10: Causes of Foreign Employment**

Causes	No.	Percent
Indebtedness	6	6.52
Social Conflicts	5	5.43
Family Conflicts	3	3.26
Unemployment	51	55.44
Lack of Facilities	27	29.35
Total	92	100

Sources: Field Survey, 2016

**Figure 5.10: Causes of Foreign Employment**



Source: Field Survey, 2016

The table 5.10 and figure 5.10 show that, 55.44 percent youth are going abroad due to the unemployment in the VDC while 5.43 percent are gone abroad because of social conflict, 29.35 percent found going out due to lack of facilities and 3.36 percent youth were found gone out due to the family conflict and 6.52 percent went out because of indebtedness.

So, the majority of the youth of VDC is going abroad due to unemployment and minority due to conflicts and indebtedness. In my study area there is lack of basic facilities like: computer, Latest accessories, furniture or other equipment etc. Unemployment is the major cause of migration which is the prevalent trend all over the country.

## **5.2 Present Status of Remittance of Dubachaur VDC of Sindhupalchok District**

Remittances contribute largely to the national economy. The remittances sent home by the migrants affect development at both the household and national levels. At the household level, remittances help to reduce poverty, improve standard of living and attain higher educational levels. At the macro level, remittances could be used for entrepreneurship and productive investment which in turn increases job opportunities and income of the people. At the same time, remittance inflows help to augment foreign exchange reserves and improve the current account position.

### **5.2.1 Present Monthly Salary of Migrants**

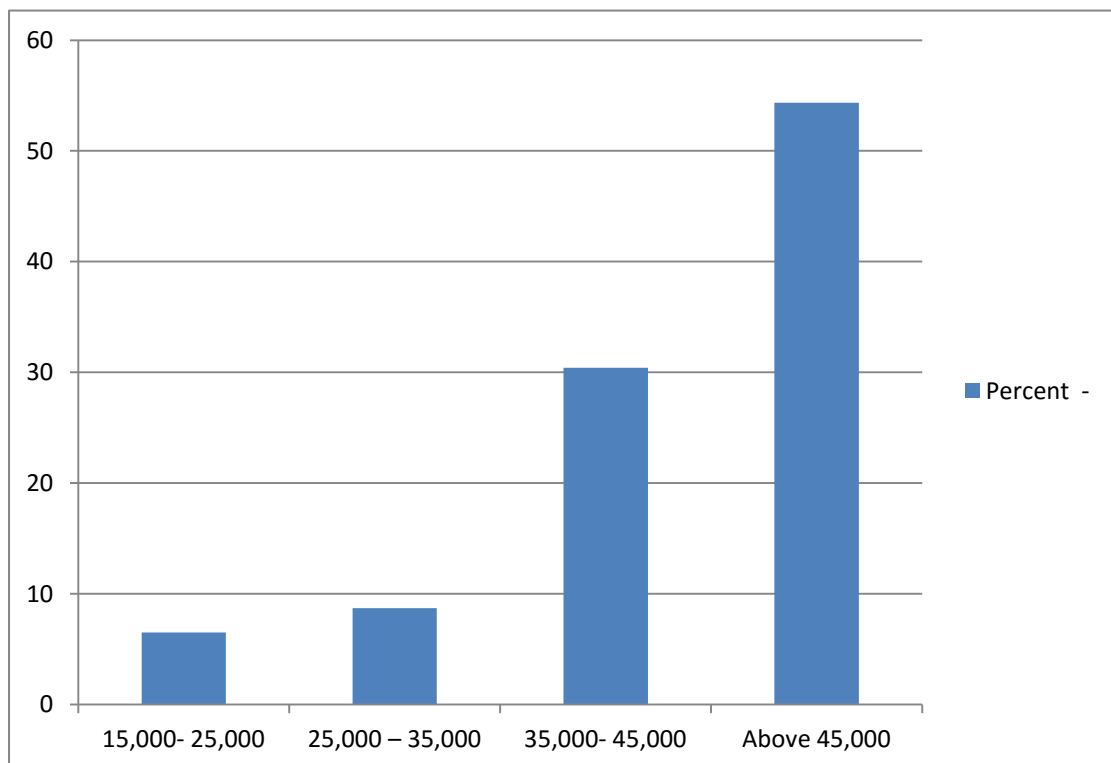
Income is one of the most important factors and can play a greater role for taking decision to migrate. Income gives the higher social status in our society. So, those people are taking decision to migrate whose income is lower than other members of the society. In Nepalese context, the major occupation is agriculture and it is seasonal occupation. So, many people are seasonally employed. Directly, it can be seen that people are taking decision for labor emigration because of unemployment and low income. The present salary of migrant is shown in the table 5.11 and figure 5.11

**Table 5.11: Income of Labor Migrants**

Monthly Income (NPR)	Migrant Workers	
	No.	Percent
Below 15,000/-	0	0
15,000- 25,000	6	6.52
25,000 – 35,000	8	8.70
35,000- 45,000	28	30.43
Above 45,000	50	54.35
Total	92	100

Source: Field Survey, 2016

**Figure 5.11: Income of Labor Migrants**



Source: Field Survey, 2016

The study shows that, among the labor migrants, 6.52 percent have a monthly salary of NPR 15,000- 25, 000, 8.70 percent have 25,000 to 35,000 salaries, 30.43 percent have 35,000 salary and 54.35 percent have above 45,000 salaries.

The scale of salary is NPR 45,000 so the many workers are received around this.

### 5.2.2 Medium of Remittance

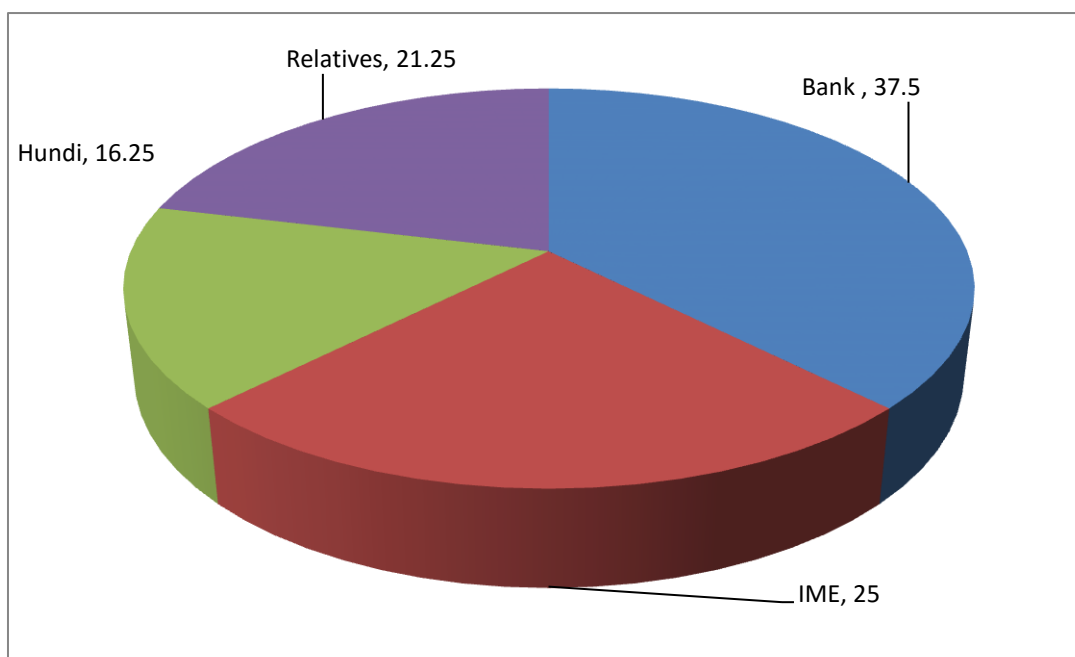
Most of the people do not know the formal process of foreign employment. Some youths are cheated by the brokers. In the process of foreign employment, some people do not have any ideas for going abroad. So they have to depend on brokers. Some time, the broker demand pre-payment from emigrant and deceive amount. The brokers deceive them in different ways. In this case, people are compelled to go abroad depending on assurance of salary, type of work, facilities as provided by the brokers without taking full information. In this study, area, some migrants have cheated in the process of foreign employment.

**Table 5.12: Medium of Remittance**

<b>Medium</b>	<b>No. of recipient Households</b>	<b>Percent</b>
Bank	30	37.5
IME	20	25
Hundi	13	16.25
Relatives	17	21.25
Total	80	100

Source: Field Survey, 2016

**Figure 5.12: Medium of Remittance**



Source: Field Survey, 2016

The table 5.12 and figure 5.12 reveal that the 37.5 percent household receive money through bank, 25 percent through IME, 16.25 percent receive through hundi services and 21.25 percent family receive through relatives.

The majority of the respondents receive by banking channel services and minority is hundi services. It shows most of the migrants depend on IME services. IME is an excellent money transfer and it is easy to received money as well as quick customer service. The establishment of banking services has eased remittance facilities. Yet unavailability of easy banking channel, lack of knowledge leads to transaction via illegal means.

### **5.2.3 Duration of Sending Remittance**

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and income distribution. These inflows can also contribute to stability by lowering the probability of current account reversals. Since they are a cheap and stable source of foreign currencies, remittances are likely to stem investor panic when international reserves are taking a downward trend or external debt is rising. At the community level, remittances create multiplier effects in the domestic

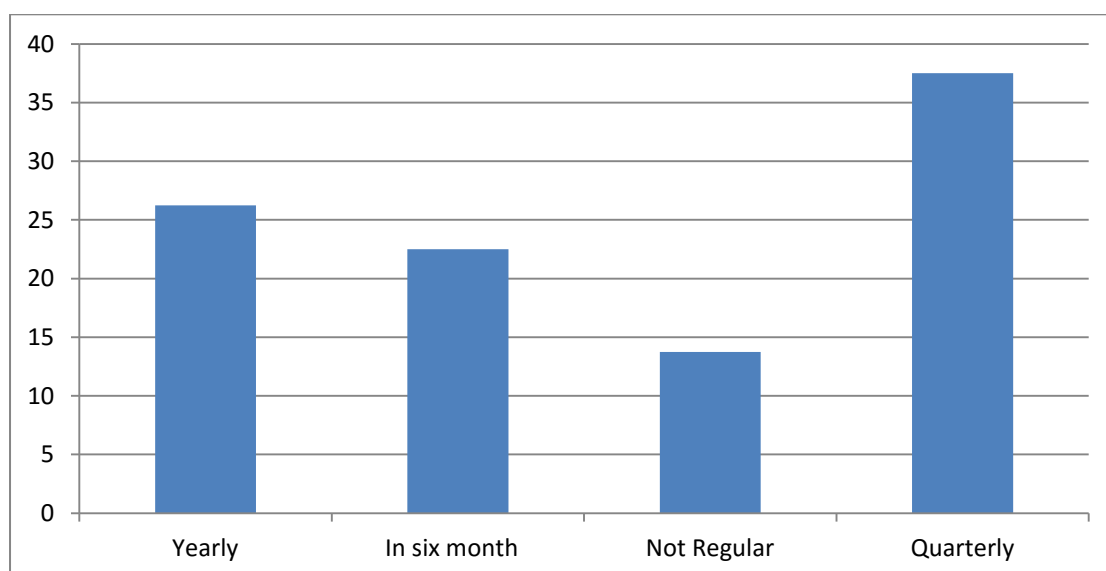
economy, producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective structures and institutions have been set up to pool and direct remittances. The duration of remittance is stated in the table 5.13 and figure 5.13.

**Table 5.13: Duration of Remittance**

S.N	Duration of Remittance	No. of recipient Households	Percent
1.	Yearly	21	26.25
2.	In six month	18	22.5
3.	Not Regular	11	13.75
4.	Quarterly	30	37.5
	Total	80	100

Source: Field Survey, 2016

**Figure 5.13: Duration of Remittance**



Source: Field Survey, 2016

In this study area, 26.25 percent households receive money yearly, 22.5 percent receive in six months, 13.75 percent don't receive regularly, and 37.5 percent households receive remittances quarterly.

So, the study demonstrate that the majority of migrants send money quarterly and minority proportion not regularly due to the lack of time, not receiving salary in time and language problem etc. of the members working abroad.

#### **5.2.4 Receiving Amount as Remittance**

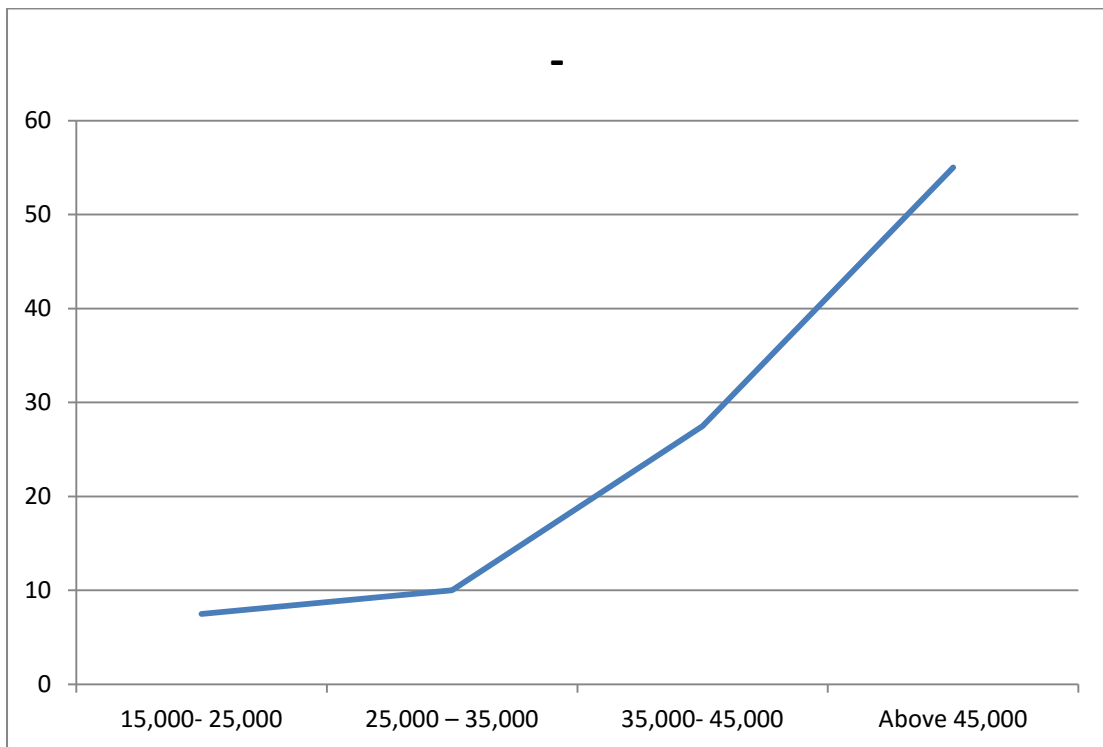
Remittances can contribute significantly to local, regional and national economic development in migrant-sending countries and also play an instrumental role in reducing poverty as they flow mainly to poor and marginalized families. In many instances, remittances form a significant percentage of total household income, acting as a substitute for earned income lost to unemployment, illness, retirement, emigration, falling wages and crop failure, among others, and ultimately protect poor families against the erosion of what are already basic household assets.

**Table 5.14: Amount of Remittance**

S.N	Amount of Remittance ( NPR )	No. of Households	Percent
1	Below 15,000/-	0	
2	15,000- 25,000	6	7.5
3	25,000 – 35,000	8	10
4	35,000- 45,000	22	27.5
5	Above 45,000	44	55
	Total	80	100

Source: Field Survey, 2016

**Figure 5.14: Amount of Remittance**



Source: Field Survey, 2016

The table 5.14 and figure 5.14 illustrate that, of the total remittance receiving households of foreign employee, 7.5 percent households receive 15 to 25 thousands NPR monthly, 10 percent receive 25 to 35 thousands, 27.5 percent get 35 to 45 thousands and 55 percent above 45 thousands monthly when calculated the average.

The majority of migrants send money above 45 thousands and minority send 15 to 25 thousands because the most of the migrant's salary is above 45 thousands.

### **5.2.5 Remittance Receiver**

Remittance, as a source of development funding, are directly linked to migration. In many instances, particularly in the vulnerable countries, this migration has been forced either by civil conflict, political persecution or economic hardships. For people from the least developed countries (LDCs), migration is often a case of running away from a very difficult situation, rather than a matter of preference. The irony of it is that having escaped their countries, migrants then assist in sustaining the economies of those very countries through remittances. The family member of migrants were received the money in Nepal.

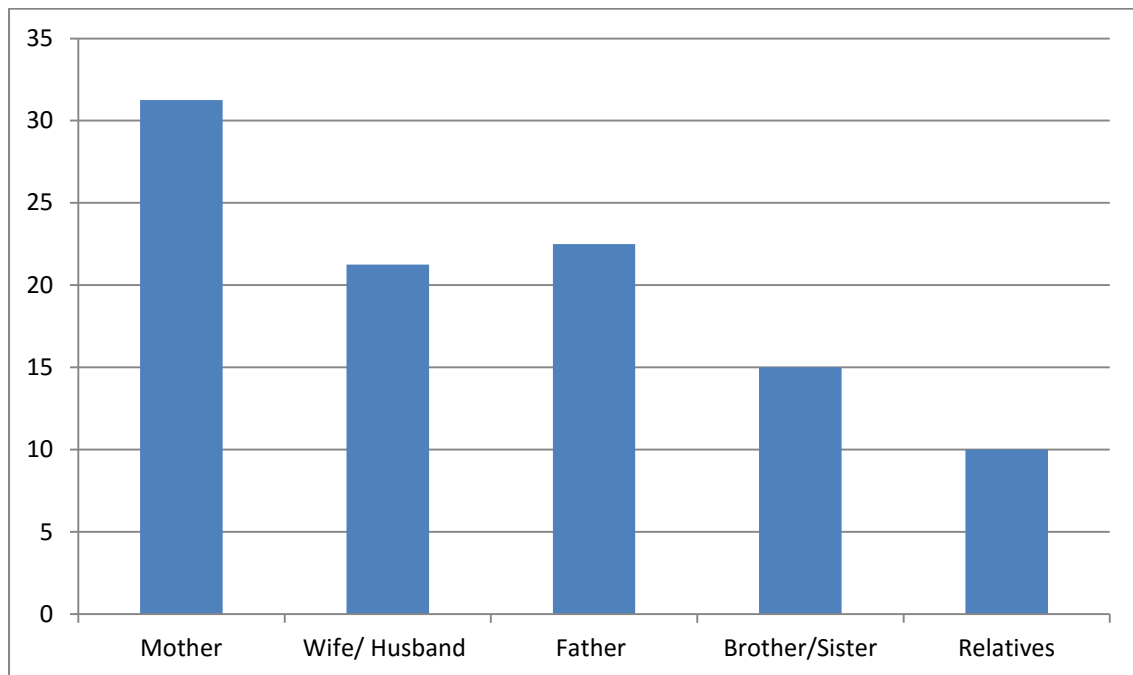


**Table 5.15: Remittance Amount Receivers**

<b>Receiver</b>	<b>No.</b>	<b>Percent</b>
Mother	25	31.25
Wife/ Husband	17	21.25
Father	18	22.5
Brother/Sister	12	15
Relatives	8	10
Total	80	100

Source: Field Survey, 2016

**Figure 5.15: Remittance Amount Receivers**



Source: Field Survey, 2016

The table 5.15 and figure 5.15 show that, mostly the mother received remittance money. 22.5 percent father, 21.25 percent wife/husband, 31.25 percent mother, 15 percent brother/sister, 10 percent relatives received remittance.

The majority of remittance receivers are mothers and minority are relatives. Most families have mothers as household head, she control the all family so she received money. Mothers are more loved and trusted than others.

### **5.2.6 Purpose / Use of Remittance**

The recognition that only a small proportion of remittances are utilized to establish small businesses, improve agricultural practices, or on other forms of ‘productive’ investment created disillusionment over the development impact of remittances among researchers and policy makers in the 1970s and early 1980s. In recent years, the distinction between consumption and investment has been criticized by researchers that expenditure on these beneficial impacts is particularly strong for countries. ‘Consumption’ items such as health and education should be understood as investment in human capital. As an example, in both the short and long run, investment in education denotes an improvement of the educational infrastructure of the labor exporting economy.

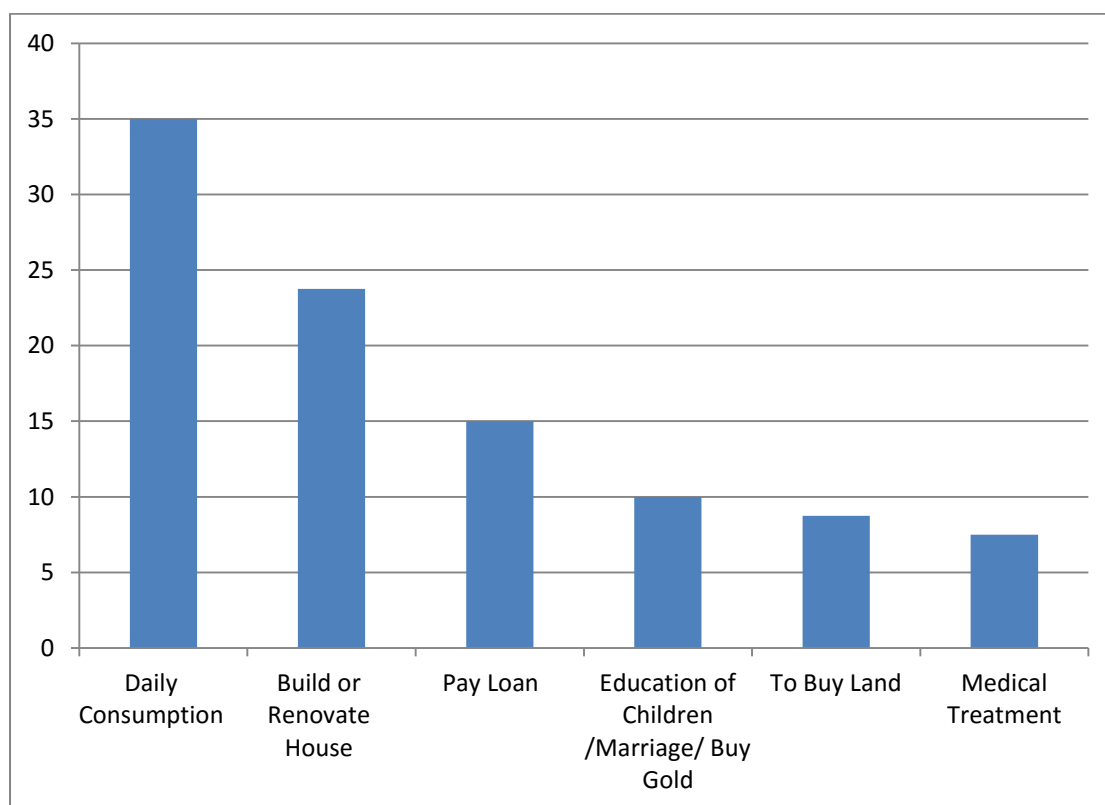
Migrants, in combination with high productive physical capital, yield returns that are normally much higher than they would have been if the migrants were employed in their home country. The migrants’ family members, who stay behind in their home country, enjoy a higher standard of living through the migrants’ savings. Hence, expenditure on consumption and housing produces indirect multiplier effects, which encourage investment and output in related industries. Thus, making a distinction between the productive and unproductive remittances seems quite blur, and both contribute to livelihoods and development, with productive uses contributing more.

**Table 5.16: Use of Remittance**

S.N	Use of Remittance	Households	Percent
1	Daily Consumption	28	35
2	Build or Renovate House	19	23.75
3	Pay Loan	12	15
4	Education of Children /Marriage/ Buy Gold	8	10
5	To Buy Land	7	8.75
6	Medical Treatment	6	7.5
	Total	80	100

Source: Field Survey, 2016

**Figure 5.16: Use of Remittance**



Source: Field Survey, 2016

The table 5.16 and figure 5.16 show use of remittance income. 35 percent households use money for daily consumption, 23.75 percent used to build or renovate house, 16.66 paid loan, 10 percent use for education of children /marriage/ buy gold, 8.75 used to buy land and remaining 7.5 percent used for medical treatment.

So the majority is of expenditure is on consumption and minority is medical treatment. Here some households are solely dependent on the foreign employee for fulfillment of basic needs, they consume the daily good and services through remittance money so the remittance money used in consumption.

### **5.3 Role of Remittance in Economic Development of Dubachaur VDC of Sindhupalchok district**

In the study area, there are modern facilities like furniture, gas, stoves, television electricity and vehicles. The living standard of some household is like those of the urban areas. The living standards of the households have changed dramatically after the involvement of their family members in the foreign employment. Remittances have numerous economic and social benefits which are analyzed below:

#### **5.3.1 Housing Condition of the Study Area**

Housing generally refers to the social problem of insuring that members of society have a home to live in, whether this is a house or some other kind of dwelling, lodging, or shelter. The house structure shows the economic and social status of respondents in the society in Nepalese context. The types of house structure in this study area are shown in the table 5.17

**Table 5.17: Housing Condition**

Types of House	Before Earthquake		After Earthquake	
	Number	Percent	Number	Percent
<i>Pakki</i>	29	36.25	30	37.5
<i>Ardha-Pakki</i>	51	63.75	34	42.5
<i>Tahara</i>	0		16	20
<i>Total</i>	80	100.0	80	100

Source: Field Survey 2016

The study reveals that, no body have *tahara* in the past and 20 percent have *tahara* in present time due to earthquake disaster. After foreign employment 37.5 percent have *pakki* house and in the past only 36.25 percent and 42.5 are *ardha pakki* in after the remittance.

This shows that construction of *pakki* houses are increasing trend. The people's income is high by receiving remittance. They are able to build new *pakki* house whose family members are in foreign country. Remittance income also served to build new houses and renovate houses after the earthquake.

### **5.3.2 Change in Facilities of the Study Area**

Remittances generate a positive effect on the economy thorough various channels such as savings, investment, growth, consumption, and income distribution. These inflows can also contribute to stability by lowering the probability of current account reversals. Since they are a cheap and stable source of foreign currencies, remittances are likely to stem investor panic when international reserves are taking a downward trend or external debt is rising. At the community level, remittances create multiplier effects in the domestic economy, producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective

structures and institutions have been set up to pool and direct remittances. The following table shows the facilities of migrant:

**Table 5.18: Changes in Facilities**

Particulars	Number of Households using the service	
	Before	After
Motorcycle .....	21 (26.25)	38 (47.5)
TV / Radio.....	80	80
Mobile/ Camera.....	80	80
Furniture.....	80	80
Solar / Refrigerator.....	0	7 (8.7)
LPG/Bio Gas	14 (17.5)	44 (52.5)
Computer	5 (6.25)	19 (23.75)
Washing Machine	0	0
Others.....	0	12 (15.0)

Note: figure in parenthesis denotes value in percentage

Source: Field Survey, 2016

The table 5.18 shows that the change in facilities of foreign employees households. 21 respondents have motorcycle in past and now 38 respondents, 80 respondents have TV/ Radio in past and now 80 respondents but the version of TV were changed nowadays they were used latest televisions like: LCD, LED. Similarly, the using patter of mobile/ camera and Furniture were changed. There is no any households were used solar in past and nowadays 7 family were used. The number of household

family using LPG and bio gas has increased very significantly from 17.5 percent to 52.5 percent. Families using computer has also increased.

After receiving remittance the facilities of migrant's family were changed day to day. They consumed Vehicle, TV, Mobile, Camera, Solar, Refrigerator etc.

### 5.3.3 Change in Education of the Study Area

Education empowers the human being; it increases the status of living. Education provides people with the knowledge and skills to contribute and take benefits from development efforts. Education is a key indicator of human development. It has a positive role in the success of life. Primary education is a principle mechanism of fulfilling the minimum learning needs of the people needed for effective participation in the economic, social, political and civil activities. The following table shows changing educational status of the children of respondent's households after using remittance:

**Table 5.19: Educational Status**

Type of School the children of the HHs go	Before	Percent	After	Percent
Government School	50	62.5	39	48.75
Community School	20	25	25	31.25
Private School	10	12.5	16	20
Total	80	100	80	100

Source: Field Survey, 2016

The table 5.19 shows that, the educational status of children of the households of remittance users before and after. Before going abroad the majority of the respondents family go to government schools i.e. 62.5 percent, 25 percent in community school and minority in private schools i. e. 12.5 percent.

After the remittance the children going to private English medium school and community school increased. The children from the household receiving remittance going to Government school has decrease from 62.5 percent to 48.75 percent. So, the

study shows that quality of education is increased gradually in the remittance receiving households.

### 5.3.4 Change in Use of Health Facilities in the Study Area

Health check-up is necessary from the conception to everyday life. Due to the lack of awareness, poor economic condition, lack of facilities, etc. most of the persons don't go to check-up their health regularly. There were some changes in their life related to health status. The status of health check-up is presented at follows:

**Table 5.20: Distribution of Respondents Changing Health Status**

Health Institution	Before	Percent	After	Percent
Health Post/Medical	43	53.75	48	60
Hospital	12	15.00	23	28.75
<i>Dhami/Jhakri</i>	25	31.25	9	11.25
Total	80	100	80	100

Source: Field Survey, 2016

The table 5.20 shows that, the distribution of respondents changing health status. Before receiving remittance 53.75 percent checked up in health post or medical clinic, 15 percent checkup in hospital and 31.25 percent used to go to traditional Dhami Jhakri and after the remittance 60 percent households are checkup in health post and 28.75 percent checkup in hospital. The number of households going for traditional methods have declined from 31.25 percent to 11.25 percent.

So, the study finds that the there were changes in health status of foreign employees households.

### 5.3.5 Change in Economic Status of the Study Area

There are both benefits and cost of out migration and remittance in the economy. They have also contributed to the living standard and their livelihood. It has helped to reduce the poverty level and enhanced income of the poor especially those in rural areas. These social concerns must be addressed to minimize the ill effects of out



migration. The following table shows that the distribution of respondents by change in economic status:

**Table 5.21: Economic Status**

Households	Number	Percent
Increase in Land Occupancy	14	17.5
Increase in furniture and other assets	80	100
Bank Account	77	96.25

Source: Field Survey, 2016

The table 5.21 shows that, the change in economic status of the household's respondents. They have changed their daily life style and extra property. The research shows that, economic status is in increasing trend. The poor have improved their living conditions owing to remittances from migration. However, there are several problems encountered by the migrant's working abroad. There are also social costs associated with the migration of wives and others, such as the breakup of families, domestic violence, and neglect of children.

### **5.3.6 Change in Household Income of the Study Area**

Remittances denote "household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies. Remittances include cash and noncash 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 noncash 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 workers who are employed in an economy in which they are not resident. The comparisons of household income were explained below table:

**Table 5.22: House Hold Incomes (Per Month)**

Amount(NPR)	No. of Households			
	Before	Percent	After	Percent
Below10000	8	10	0	
10000-20000	21	26.25	0	
20000-30000	22	27.5	12	15
30000-40000	17	21.25	23	28.75
Above 40000	12	15	45	56.25
Total	80	100	80	100

Source: Field Survey, 2016

The table 5.22 shows the household income comparisons before and after the foreign employment. Before 27.5 percent households had 20,000/- to 30,000/- income, 21.25 percent 30,000/- to 40,000/- income, 15 percent above 40,000/- income. After remittance 56.25 percent have above 40,000/- income and 28.75 percent have 30,000/- to 40,000/- income.

This research shows that after the remittance the income of households are in increasing trend.

### **5.3.7 Change in Household Expenditure of the Study Area**

The relationship between remittance and expenditure can be explained theoretically treating remittance as a source of income of remittance receiving households. Consumption models such as the life-cycle hypothesis and permanent-income hypothesis maintain that source of income does not matter in consumption behavior. The only objective of the household is to smooth income and consumption. Since remittances are a source of income among many sources for a household, the survey does not ask how households spend income according to the source. Moreover, since remittance income is fungible, it does not make sense to ask questions regarding which source of income is used for purchasing of what kind of goods. The expenditure of foreign employment in the study area is presented in the table.

**Table 5.23: Household Expenditure (Monthly)**

Expenditure (NPR)	No. of Households			
	Before	Percent	After	Percent
Below 10000	48	60	23	28.75
10000-20000	23	28.75	29	36.25
20000-30000	9	11.25	24	30
30000-40000	0		4	5
Above 40000	0		0	0
Total	80	100	80	100

Source: Field Survey, 2016

Table 5.23 shows that household expenditure of remittance users. The study compares the expenditure condition of family before and after. The table shows the household income. Earlier, 60 percent households had expenditure below 10,000, 28.75 percent had between 10,000/- to 20,000/- Nepalese Rupees, 11.25 percent spent 20,000/- to 30,000/- rupees.

After the foreign employment, 28.75 percent households have expenditure below 10,000, 36.25 percent spend 10,000/- to 20,000/- rupees, 30 percent spend rupees 20,000/- to 30,000/- income and 5 percent have household expenditure of above Nepalese Rupees 40000. This clearly shows that the remittance has helped to increase the purchasing capacity of the families of the households and the expenditure has increased significantly.

The majority of the research on remittances is devoted on for what purpose the remitted money is used. The thesis also tries to identify the uses of remittances by classifying the household expenditure mainly on three sub headings: expenditures on food, expenditures on non-food items and expenditures on education. The expenditure on food is assumed to be consumption expenditure while the expenditure on non-food and expenditure on education is assumed to be investment expenditures...

Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and income distribution. These inflows can also contribute to stability by lowering the probability of current account reversals. Since they are a cheap and stable source of foreign currencies, remittances are likely to stem investor panic when international reserves are taking a downward

trend or external debt is rising. At the community level, remittances create multiplier effects in the domestic economy, producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective structures and institutions have been set up to pool and direct remittances.

A significant portion of relevant literature on remittances argues that they are primarily spent on consumption, housing and land, and are not utilized for productive investment that would contribute to long-run development. In this context, the distinction between “productive and non-productive” uses of remittances needs to be reexamined.

#### **5.4 Effects of Earthquake**

An earthquake is the shaking of the surface of the Earth, resulting from the sudden release of energy in the Earth's lithosphere that creates seismic waves. Earthquakes can be violent enough to toss people around and destroy whole cities. The seismicity or seismic activity of an area refers to the frequency, type and size of earthquakes experienced over a period of time. Earthquakes are measured using measurements from seismometers. The moment magnitude is the most common scale on which earthquakes larger than approximately 5 are reported for the entire globe. The more numerous earthquakes smaller than magnitude 5 reported by national seismological observatories are measured mostly on the local magnitude scale, also referred to as the Richter magnitude scale.

On April 25th and 26th there was a strong earthquake in Nepal measuring 7.9 in magnitude. The earthquake affected Sindhupalchok district most. Dubachaur VDC was also affected completely. All houses either severely damaged or completely destroyed and their communities are suffering a lot. Resulting a great loss in life and property. However due to remittance inflow people are able to make houses quickly. Some are waiting for government subsidy and adding the remittance income to build house. Some have already constructed houses.

The following Table shows that the status of selected households suffered by Earthquake:

**Table 5.24: Earthquake Status of Households**

Household Suffered	No. of respondents	Percent
Yes	80	100
No	0	
Total	80	100

Source: Field Survey 2016

The table 5.24 shows that, the 100 percent respondents were suffered by Earthquake in the selected VDC.

## **CHAPTER - VI**

### **FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **6.1 Major Findings of the Study**

A thesis entitled 'Role of remittance in economic development of Nepal: A case study of Dubachaur VDC Of Sindhupalchwok District has been conducted, The general objectives of the study are to find out the various socio-economic impacts of the remittance on rural livelihood on society. The specific objectives are to examine the socio-economic status of foreign Employee to examine the present status of remittance in the study area, to analyze the role of remittance in changing socio-economic status and to explore the challenges of remittance for its productive use. This Study has been limited to 80 households. This study has been carried out on the basis of exploratory research design. This study has been based on the qualitative and quantitative both methods. This study has been based on the primary as well as secondary data, The structures questionnaire or unstructured interviews and observations methods has been applied to generate the primary data. The major findings of the research are as follows:

- i. The age distribution ratio of the study area shows that, the highest numbers of the foreign employee are between the age of 25-30 years with 53.26 percent. The age between 30-35 years are constitutes 17.39 percent of the total emigrants, those between the age 35-40 years constitute 5.43 percent of the total outgoes, at last 4.35 percent of the migrants are of the age of above 40 years. Economically active youth are highly migrating.
- ii. According to the gender descriptions of migrants, out of the total migrants 73.91 percent of them are male and only 26.09 percent of total workers are female. This shows the male dominance and patriarchal society of the rural households.
- iii. As per the occupational status of labor migrants engagement in their work in their migrant country. Hotel and restaurant workers are highest than other occupations, which is 40.22 percent. This indicates a major demand for semiskilled job in such countries.

- iv. 65.21 percent of the migrant people are married and less than 35 percent were unmarried. It shows that majority of the married people are migrated for foreign employment. Married people have to bear more responsibilities for their families.
- v. The research shows that, 58.70 percent of foreign employee are under SLC who can read and write as well as passed primary level, out of this 35.87 percent of the foreign employee is SLC passed, 3.26 have passed 10+2 level and 2.17 percent are able to complete their bachelors' level. Lack of education is highly related with foreign employment.
- vi. Highest proportion 34.78 percent migrants go in Dubai, 17.40 percent migrants go others developed countries and 3.26 percent migrants go in India. Majority of migrants still go to gulf countries for employment opportunities.
- vii. 88.75 percent of households have 1 member, 7.5 percent have 2 member and 3.75 percent have 3 members of household for foreign employment.
- viii. Regarding skills of the migrants 39.13 percent have a hotel and restaurant training, 26.10 percent have a security guard training, 17.39 percent migrant are non-skilled, 11.95 percent have a driving training and remaining 5.43 percent have computer training.
- ix. 55.44 percent youth are going abroad due to the unemployment in Nepal while 5.43 percent are gone abroad because of social conflict, 29.35 percent of the households found going out due to lack of facilities and 3.26 households were found gone out due to the family conflict and 6.52 percent went out because of indebtedness. Unemployment is still found to be the major cause of migration.
- x. 6.52 percent of the overseas employee has monthly salary of NPR 15,000 to 25, 000 while 8.70 percent have 25,000 to 35,000 NPR salaries, 30.43 percent have salary of NPR 35,000 and 54.35 percent have above NPR 45,000 salary.
- xi. 37.5 percent households receive money through bank, 25 percent through IME, 16.25 percent send through hundi services and 21.25 percent households receive through relatives. Unavailability of easy banking channels and ignorance has led to the prevalence of unauthorized remittance service like hundi.
- xii. 26.25 percent migrant Households receive money yearly, 22.5 percent receive in six months, 13.75 percent are not receiving regularly, 37.5 percent

households are receiving quarterly. Fluctuations in salary and other technical difficulties faced by the emigrants are the major reasons for this.

- xiii. The remittance receiving amount of foreign employee (salary). 7.5 percent migrants receive money 15 to 25 thousands monthly, 10 percent were 25 to 35 thousands, 27.5 percent were 35 to 45 thousands and 55 percent above 45 thousands receive money monthly on an average basis.
- xiv. 35 percent of the households used that money for daily consumption, 23.75 percent used to build or renovate house, 16.66 percent to pay loan, 10 percent used remittance income for education of children /marriage/ buy gold, 8.75 used to buy land and remaining 7.5 percent used for medical treatment.
- xv. Nobody had *tahara* in the past and 20 percent have *tahara* in present time due to earthquake disaster. After foreign employment 37.5 percent have *pakki* house even after earthquake and in the past only 36.25 percent had *ardha pakki* house. All such houses were destroyed and 42.5 percent households have again constructed *ardha pakki* house. Remittance have helped constructing new house after earthquake.
- xvi. Regarding the change in facilities of foreign employee's households. 21 respondents have motorcycle in past and now 38 respondents, 80 respondents have TV/ Radio in past and now 80 respondents but the version of TV were changed nowadays they were used latest televisions like: LCD, LED. Similarly, the using pattern of mobile/ camera and Furniture have changed. New brands and good quality is used. There was no any household using solar in past and nowadays 7 family are using. The number of family using LPG/Bio gas has increased to 52.5 percent.
- xvii. 27.5 percent households had NPR 20,000/- to 30,000/- income, 21.25 percent had NPR 30,000/- to 40,000/- income, 15 percent households had above 40,000/- income. After remittance 56.25 percent have income of above NPR 40,000/- and 28.75 percent have income of NPR 30,000/- to 40,000/- .
- xviii. The household expenditure, before foreign employment, 60 percent households had below NPR 10,000 while 28.75 percent had expenditure of NPR 10,000/- to 20,000/- and 11.25 percent spent NPR 20,000/- to 30,000/- . However, the level of expenditure and purchasing power of the households have increased after the remittance inflow. The monthly expenditure of majority of households increased above NPR 10000.



- xix. The quality of the education of the children increase after receiving remittance. They are sending their children to English medium school and Community school.
- xx. The number of people going for checkup in health post and hospital increased and going to traditional *Dhami/Jhakri* decreased.
- xxi. Land occupancy, Bank accounts, Furniture and other assets have increased.

This research shows that the after the remittance the income of households were increasing trend. Remittances do not automatically contribute to national development. To carry out effective and efficient public policies to channel remittances into productive projects, the government has to look at what motivate the use of remittance like exercising the learned skill in the home country.

## **6.2 Conclusion**

Remittances contribute largely to the national economy. The remittances sent home by the migrants affect development at both the household and national levels. This study shows that most of the migrant workers are male because main responsibilities of family and also shows there is male dominated society. Majority of foreign employee in the samples are married, and this also show that married foreign employee are more interested remittance Because they also have to look after their family and children, they have to pay tuition fee of their children and have to meet health budged the sickness for older members of their family, this reason also forced them to go abroad. In recent years, the distinction between consumption and investment has been criticized by researchers that expenditure on these beneficial impacts is particularly strong for countries. ‘Consumption’ items such as health and education should be understood as investment in human capital. The study finds that the three were little change in health status of foreign employee’s households. In general the positive impact has seen in the socio-economic development of the VDC through the remittance income. Increase in quality life, education, health facilities have improved. However no strong impact of saving and channeling remittance to production and investment seen. Longer term impact may not be good.

Receiving remittance and its use is very challenging and risky because of robbery of crime, unequal wages, increasing alcoholism, conflict etc.

### **6.3 Recommendations**

Based on the above analysis, the following recommendations are forwarded for the policy prescriptions.

- i. A study that sheds more light on the poverty reducing role or potential of worker's remittances is suggested. Analytical tool involving the use of a poverty transition matrix for the affected community is highly recommended. What this means is that the research should be conducted within the framework of a household survey.
- ii. A future research on the developmental impact of worker's remittances to developing countries is suggested and such study should specifically cover other indicators of growth and development such as health, investment in human capital, housing, etc.
- iii. Most of the respondent in the study area are migrated in unskilled condition so they cannot earn more income than skilled workers. Since, technical training institutions should be established in rural area and a person who wants to go for foreign employment should be given training related to the nature work before sending him to foreign country.
- iv. Remittances impact positively through human capital investments such as education. There is a need for policies to increase literacy level and encouraging remittance-recipient households to continue investing in education. Education policies that advocate for the continued and increased enrolment of household members in primary, secondary and tertiary education should be adopted.
- v. Nepal is facing problem of general unemployment among youth. The employment opportunities are virtually non-existent in rural areas and currently it is predominant in city areas as well.
- vi. This situation led many youngsters to leave Nepal seeking employment in foreign countries with an expectation to betterment of their life. Literally, Nepal is exporting unemployment by just allowing people to leave the country and seek employment opportunities abroad instead of trying to create employment opportunities for them within the country.
- vii. Harnessing the remittance in small entrepreneurship and saving policies should be adopted by the government.

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## Annex

### HOUSEHOLD QUESTIONNAIRES SURVEY

#### A.1. Personal Information (One who receive remittance):

Name:

Age:

- a. Below 30 Years      b. 30 - 40 years      c. 40 – 50 Years      d. Above

50 years

Sex:

Occupation:

Marital Status:

Education:

Relationship with the foreign Employee:

#### A.2. Household Information

SN	Name	Relationship with the household head	Age	Sex	Education	Occupation	Marital status
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							

#### Age

- A= Below 15 years  
B= (15-30) years  
C= (30-45) years  
D= (45-60) years  
E= 60+ years

#### Education

- Illiterate = I  
Who can read and write= N  
Primary = P  
Lower Secondary= L.S.  
Secondary=S  
Higher Secondary = H.S.  
Bachelors and above = B+

#### Occupation

- Farmer = F  
Teacher = T  
Business = B  
Student = S

#### Marital Status:

- Married = M  
Unmarried = U

#### Sex:

- M = Male  
F= Female

Widow = W

Separated = S

**A) Number of family members going abroad;**

- A) One
- B) Two
- C) Three

**B) Details of Foreign Employee:**

**1) Personal Information**

**Age:**

- a. 8-25 years
- b. 25-30 years
- c. 30 –35 years
- d. 35-40 years
- e. Above 40 years

**Sex:**

- a. Male
- b. Female

**Marital Status:-**

- a) Married
- b) Unmarried
- c) Widow
- d) Separated

**Destination:**

- a) Malaysia
- b) India
- c) Qatar
- d) Dubai
- e) Other Gulf Countries
- f) Others.....

**Educational Qualification:**

- a. Under SLC
- b. SLC pass
- c. 10+2
- d. Above Bachelor

**Skills:**

- a. Computer
- b. Hotel Training
- c. Driving
- d. Semi-skill
- e. Security guard training
- f. Others.....

**2.) Which medium was used as a means to go abroad for foreign employment?**

- a. Employment agency.....
- b. Local broker.....

- c. Family members.....
- d. Relation/neighbor.....

**3) In which sector does your migrated member work?**

- a) Hotel/Restaurant
- b) Labor/Construction
- c) Driving
- d) Security Guard
- e) House-maid
- f) Other Specify...





## D) Role of Remittance :

### 1 Change in Housing Structure

Types	Before	After	Cause
Pakki (made by Stone, cement block and Break)			
Ardha Pakki (House roofed with tins, Khar etc)			
Kachhi (House made by wood, grass, mud etc.)			
<b>Tahara/Hut</b>			

### 2. Change in Facilities:

Particulars	Before	After	Contribution by remittance?(Yes/No)
Vehicle.....			
TV / Radio.....			
Mobile/ Camera.....			
LPG/ Bio Gas			
Furniture.....			
Solar / Refrigerator.....			
Washing Machine			
Land .....			
Others.....			

### 3) Change in Education

Institutions	Before	After	Cause
Government school			
Community school			
Private school			

#### 4) Change in Health

Health Institution	After	Before	% Share of remittance	Cause
Health Post/ Clinic/Medical				
Hospital				
Traditional (Dhami/ Jhakri)				

#### 5) Change in Economic Status:

Posseson	Yes	NO	Cause
Increase in Land Occupancy			
Increase in Furniture and other assets			
Bank Balance			

#### 6) Change in Household Income

Income (Rs.)	Before	After	Cause
Below10000			
10000-20000			
20000-30000			
30000-40000			
Above 40000			

