

# CHAPTER – I

## INTRODUCTION

### 1.1 Background of the Study

Remittance has become one of the significant international financial flows in recent years. Remittance as a major source of foreign currency to the developing nation has become a substantial component of making current account surplus in the balance of payment. The term "Remittance" basically refers to the transfers in cash or kind, from a migrant to household resident in the country of origin. The IMF considers a wider definition and incorporates three categories that is (a) workers remittance or transfers in cash or kind from migrants to resident household in the country of origin (b) compensation to employees or the wages, salaries and other than where they legally reside and (c) migrant transfers which denote capital transfer of financial assets made by migrant as they move from one country to another and stay for more than one year (NRB, 2008).

The current economy of developing countries is depending upon remittance send by migrated household member to the remaining household member. The total remittance income of the developing and developed countries reached US\$ 550 billion in 2012. The remittance income of developing countries, and that of the developing and developed countries will grow by nine percent on an average annually and reach US\$ 540 billion and US\$ 707 billion in 2014 and 2016 respectively (World Bank, 2013).

Human resource is another main resource of Nepal. Due to the high population and low access of employment opportunities most of the youths are compelled to go for foreign employment. In the current situation the magnitude of remittance is estimated to excess Rs. 100 billion which is coming through the registered sources, if all the unregistered sources (illegal sources and with their friends also) has to be counted it is estimated to exceed Rs. 125 billion ([www.ekantipur.com](http://www.ekantipur.com)). If this present trend continues, it is speculated that remittance economy will substitute many other sectors of Nepalese economy.

A remittance is a transfer of money by a foreign worker to an individual in his or her home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. Workers' remittances are a significant

part of international capital flows, especially with regard to labor-exporting countries. A remittance is the funds an expatriate sends to their country of origin via wire, mail, or online transfer. These peer to peer transfers of funds across borders are economically significant for many countries that receive them. Remittances are seen as an important part of form of disaster relief, and exceed official development assistance (ODA). Those living in a /country struck by a disaster benefit from receiving money via remittances, especially when the disaster is of kind that has temporarily put people out of work and tied up money. Remittances are also seen as away to get those living poorer countries to get bank accounts, in turn helping to promote economic development in a region. In 2014, \$436 billion went to developing countries, setting a new record. Overall global remittances also totaled \$583 billion. Some countries, such as India and china, receive tens of billions of US dollars in remittances each year from their expatriates. In 2014, India received an estimated \$70 billion and china an estimated \$64 billion.

In Nepal the unemployment rate is 2.1 percent as given in the NLSS 2008. Initially the contribution of the remittance on GDP ratio 11 percent in FY 2002/03 and the ratio increased from 17.4 percent in 2007/08 to 19.3 percent in FY 2009/10. In present context remittance contributes 23.6 percent of the GDP. Poverty has been reduced 25.4 percent from 31 percent and remittance contributed much. The government of Nepal has given permission for foreign employment on 107 countries from 29 November 2004 (NRB, 2010). Per capita income is increased US \$ 645 from US \$ 561, which is only due to the increasing trend of remittance income (MoF, 2010).

Remittance economy is directly related to human resource and human resource is the wealth of Nation. Its importance has tremendously increased in Nepal in recent years since other sectors of income generation have slackened. The current scale of foreign labour migration from Nepal is unprecedented, providing an alternative to hundreds of thousands of youth who are unable to find satisfactory, or even any, employment within the country. Foreign labour migration is now an intrinsic part of everyday life for a majority of Nepalese, with its impact clearly visible in every sphere of society – social, economic, cultural and even political. It has also become a source of lucrative business for those involved in sending workers abroad. Foreign labour migration, hence, has multi-dimensional implications and is of significance to all concerned, including, but not limited

to migrant workers and their families; foreign employment entrepreneurs; government agencies; and employers in destination countries (Sijapati and Limbu, 2012).

All incomes transferred from a single source (individual/household) are counted as remittance. The proportions of households that receive remittance are 56 percent in Nepal. The share of remittance received from abroad comprised 13.4 percent from India and followed by 19.2 percent, 21.3 percent, 2.2 percent and 29 percent from Malaysia, Saudi Arabia, Qatar, United Kingdom and other countries respectively. Moreover the per capita remittance for the entire country is NRs 4042. The current state of Nepalese economy is characterized by unutilized and underutilized natural resources, backward agriculture, deficit trade, mass poverty, illiteracy and so on. Although agriculture is the main occupation but no scientific methods of agriculture have yet been implemented. So, the nation is suffering from the problem of unemployment and under-employment. Due to the lack of employment opportunities in the nation, skilled, semi-skilled, and unskilled all of people have shown interest for foreign employment to search for better opportunities (NRB, 2008).

### **1.2 Statement of the Problem**

This is the fact that remittance has larger benefit to the receiving country in an aggregate level as well as in household level. There is growing evidence that remittances have reduced poverty in several developing countries like Nepal. However an important discussion regarding remittance in several parts of the country is still rare. The contribution of remittance in economy mainly depends on the role it plays in national income. This crucially depends on the productive use of remittance or investment in the economy. The national survey has shown that 80 percent of remittance is used on repaying the debt, consumption purpose, purchasing land, education of children, expenditure on social functions like marriage and other ceremonies etc. only 20 percent is used for productive purposes like small business, investment in the industry, agricultural sectors etc.

Remittance is the major source of income of many households of rural areas. Through remittance people have increased their life standard, economic position and the level of consumption. In Nepal, remittance has played a major role in maintaining an overall economic stability in face of low economic growth and sluggish performance of other sectors such as industrial sectors, tourism and exports.

In my study area many people have gone to foreign employment and earning money. The remittance has contributed remarkably in the promotion of livelihood condition but it has not yet been systematically estimated. Also local media and some research reports concluded that major portion of the remittance is used for meeting household consumption and paying of loans borrowed while going abroad. Only a few people use remittance in directly productive sectors like agriculture, business and industries (CBS, 2011).

Thus the steeply increasing trend of remittance is being a serious issue in the implementation of development plans and policies. No past study has been conducted regarding remittance issues in Lumde VDC. The study will be carried to find out the answer of the following questions

- ) What are the situation inflows of remittance at household level?
- ) Find out remittance use pattern?
- ) What is the socio economic status of the remittance recipients before and after receiving remittance?

### **1.3 Objectives of the study**

The general objective of the study is to analyze the impacts of remittance on rural livelihood in rural society.

The specific objectives of the study are as follows;

- ) To analyze the situation inflows of remittance at household level.
- ) To analyze the remittance use pattern in study area.
- ) To compare the socio economic status of the remittance recipients before and after receiving remittance.

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

The problem of foreign employment is serious in Nepal. This type of study is the first attempt ever made in Lumde VDC. It may be useful to some extent for the researchers, students and for those who want to carry out further study. Similarly, this study may be fruitful to government, planners, policy makers, social workers and others. This study will 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 Limitation of the Study**

Every study had some limitations which are the conditions beyond the control of researchers that may be place restrictions on the conclusion of the study and their application to others. This study was based on both primary data and secondary data. This study had been based on limited to the foreign employment of Lumde VDC of Ilam district. It didn't cover the people who go abroad, illegally, that was, without approval of labor department. It was also very difficult to record the data of people going to India by the way of open border.

### **1.6 Chapter Organization**

This study is classified into five chapters. The first chapter deals with the introduction including background of the study, statement of the problem, significance of the study, objectives of the study, limitations of the study and organization of the study. In the second chapter of literature review includes. This chapter reviews the related concepts. In addition, the review of the different journals and articles and the past thesis are also presented in this chapter. The third chapter includes research methodology, research design, data collection population and sample size, and the tools used to achieve the objectives of the study are presented. The chapter four includes the analysis and interpretation of data. Chapter five were summarizes the whole works with some recommendations and conclusion.

Finally, References and the Appendices are presented at the end of the study.

## **CHAPTER- II**

### **LITERATURE REVIEW**

#### **2.1 Livelihood Concept**

Livelihood is defined as a securing the basic necessities -food, water, shelter and clothing etc of life. Livelihood is a kind of set of activities, involving securing water, food, medicine, shelter, clothing and the capacity to acquire above necessities working either individually or as a group. The concept of livelihood is an attempt to go beyond the conventional definitions and approaches to poverty eradication. These had been found to be too narrow because they focused only on certain aspects or manifestations of poverty, such as low income, or did not consider other vital aspects of poverty such as vulnerability and social exclusion. It is now recognized that more attention must be paid to the various factors and processes which either constrain or enhance poor people's ability to make a living in an economically, ecologically, and socially sustainable manner (Chamber & Convey, 1991).

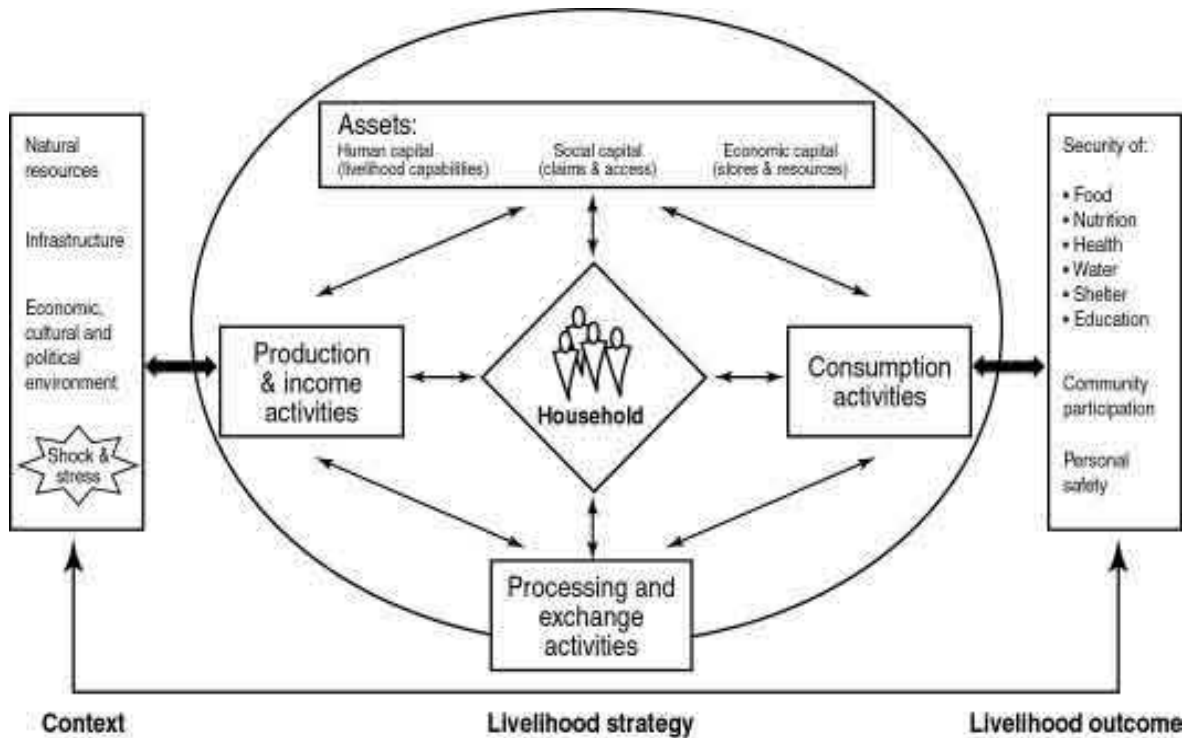
##### **2.1.1 Sustainable Livelihood Approach and Analysis**

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

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

Figure 2.1

Sustainable Livelihood Approach and Analysis



Source: CARE, 2000

CARE seeks to operationalize its livelihood approach through a dynamic and interactive programming process which includes the following steps:

- ) Identify potential geographic areas using secondary data to find where poverty is concentrated;
- ) Identify vulnerable groups and the livelihood constraints that they face;
- ) Collect analytical data (guided by CARE’s overall livelihood model), taking note of trends over time and identifying the indicators that will be monitored; and
- ) Select the set of communities for programme interventions. (Carney et al., 1999).

Over the past five years, Rapid and Participatory Livelihood Security

Assessments (RLSA or PLA) have become a major tool for the collection and analysis of information at the community level. The main purpose of these participatory assessments is to understand the nature of livelihood strategies of different categories of households (social differentiation), their levels of livelihood security, and the principle constraints and opportunities to address through programming. This information is also disaggregated by Gender and generation (Franken Berger et al., 2000).

As mentioned, CARE puts particular emphasis on strengthening the capability of poor people to enable them to take initiatives to secure their own livelihoods. It therefore stresses empowerment as a fundamental dimension of its approach. Two levels of empowerment are distinguished:

Personal empowerment, which refers to enhancing people's confidence and skills (i.e. their human capital) to overcome constraints, principally in the economic sphere. This may include the formation of mutual support and interest groups to commence savings activities, to improve existing income-generating activities, or to identify and start-up more profitable new activities. Addressing gender relations within both the household and community may be an essential part of the strategy.

Social empowerment, which refers to the establishment and/or strengthening of existing, representative, community-based organizations to build up the capacity for community members to plan and implement priority development activities which emerge from participatory needs assessments, and in so doing, to provide communities with the means to develop their own principles and structures of democratic representation and governance (Drinkwater and Rusinow, 1999).

### **2.1.2 The Remittance and Economy of Developing Nations and South Asia**

There are more than 215 million or 3 percent of the world populations are the International migrants in the world, Recorded remittances received by developing countries, estimated to be US\$ 325 billion in 2110, far exceed the volume of official aid flows und constitute more than 10 percent of gross domestic product (GDP) in many developing countries. The Top migrant destination country is the United States, followed by the Russian Federation, Germany Saudi Arabia and Canada. The top immigration countries, relative to population, are Qatar (57 percent), Monaco (72 percent), the United Arab Emirates (70 percent), Kuwait (69 percent), and Andorra (64 percent) (The World Bank, 2013).

High-income countries are the main source of remittances. The United States is by far the largest, with \$48 billion in recorded outward flows in 2009. Saudi Arabia ranks as the second largest, followed by Switzerland and Russia. In 2010 worldwide remittance flows are estimated to have exceeded \$440 billion. From that amount, developing countries received \$325 billion, which represents an increase of 6 percent from the 2009 level. The



true size, including unrecorded flows through formal and Informal channels, is believed to be significantly larger (The World Bank, 2011).

In 2010, the top recipient countries of recorded remittances were India, China, and Mexico, Philippines and France. As a share of GDP, however, smaller countries such as Tajikistan (35 percent), Tonga (28 percent), Lesotho (25 percent), Moldova (31 percent), and Nepal (23 percent) were the largest recipients in 2009. Nepal is the highest remittance recipient country in terms of percent of GDP in 2009, having 22.9%. It shows the Nepalese economy is largely dependent on the remittance. Since a large number of Nepalese are employed in foreign lands, a substantial amount of remittance is sent to Nepal. This heavy reliance in foreign employment has shifted the Nepalese economy from an agriculture based economy towards remittance-based economy. As per the size of US dollar (in billions), India is the top remittance recipient country in the South Asia where as Nepal lies in the fifth position and had received US \$ 3.5 billion in 2010.

### **2.1.3 The Remittance and Nepalese Economy**

The remittance income in Nepal was Rs. 204.3 million in 1974 and Rs. 809.1 million in 1985. It was drastically increased from Rs. 12,662.3 million in 1999 to Rs. 47,216.1 million in 2000. The remittance income remained below Rs. 50,000 Trillion till the 2001. The trend of remittance income has been dramatically increased over the recent decades till the 2009 but sharply fall in 2010. The trend of remittance income in Nepal has been depicted. The average remittance income is Rs. 34,22,3 million and standard deviation is Rs, 60,227 million. The correlation between remittance income with GDP, gross capital formation, total merchandised exports and: foreign exchange earned through tourism is significant with positive correlation (MoF 2014).

The remittance income and GDP has been depicted through the figure 4. The average GDP is Rs. 235,767 million and standard deviation is Rs. 345,121 million. The correlation between remittance and GDP is significant. The remittance income and gross capital formation has been depicted. The average gross capital formation is Rs. 80,149 million and standard deviation is Rs. 1,09,291.1 million. The correlation between remittance and gross capital formation is significant. There is positive correlation between them. Similarly, the correlation between GDP and gross capital formation is significant and positive correlation (Economic Survey, 2010/11).

The remittance income and foreign exchange earned through tourism has been depicted. The average foreign exchange earned through tourism is Ks. 7,268 million and standard deviation is Rs. 7,336 million. The correlation between remittance and foreign exchange earned through tourism is significant. There is positive correlation between them. Similarly, the correlation between GDP and foreign exchange earned through tourism is significant and positive correlation.

The average total merchandise exports is Ks. 24,843 million and standard deviation is Rs. 25,485 million. The correlation between remittance and total merchandise exports is significant. There is positive correlation between them. Similarly, the conflation between GDP and total merchandise exports is significant and positive correlation. The excessive liquidity in the financial system due to remittance and lack of other investment opportunities in the nation leads the investment into the unproductive sectors. Remittances are generally not intended to serve as investments but rather as social insurance to help family members finance the purchase of life's necessities. Remittance led consumption growth in Nepal has also increased our overall import in recent years. As a result, the Nepalese economy has been gradually becoming consumption oriented due to remittance income that naturally leads to dependency resulting in the dearth of resource for investment (Economic Survey, 2010/11).

The remittance and its contribution on national economy can be measured with remittance to GDP ratio. The contribution of remittances to the GDP has been ranging through 11% to 23% during the period of 2000/01 to 2010/11. The remittance to GDP ratio was higher in 2008/09 (23.06%) but sharply decreased in 2010/11 (11.81%). This ratio is relatively higher as compared to other South Asian countries (MoF 2015).

## **2.2 Empirical Review on Remittance**

NRB (2007) Remittances are basically foreign exchange, which is remitted by people who are living abroad to their own countries. They have become a very important component of the balance of payment for developing countries in recent years. Remittances have drawn now attention due to their characteristics of stable sources of external finance. There is a growing interest in finding the impact of remittance transfer on the economy of developing countries. Due to the relatively small amounts of money sent and marginal social status of both the sender and receiver the researchers were rarely interested to this subject. However,

within the last two decades economists and international financial institutions have become increasingly interested in this sector.

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Lewis (1954) distinguished an economy with subsistence sector and developed sector. In the other words, the first is agro-based, unemployment or rural area and second is industrial, developed or urban territory. The prime reason for migration is wage difference.

Unlimited supply of labor force prevailing at low wage rate in subsistence sector. They attracted into industrial sector. It mean migration exists whenever wage differential exists and of such differential causes to end labor mobility.

According to study and research conducted by Ganesh Gurung (2000), it has been noted that the preferences of Nepalese workers for their destination country are dependent on their socio-economic condition, education status, extent of access to information, and their existing networks. For example, the poorer they are, the more likely they are to work in countries nearer home, such as in India. Further, individuals often select the cities of destination based on the experience of people they know who have already migrated to the same location. Above all however, Nepalese workers, given the choice and opportunity, gravitate towards destinations that offer the highest salaries.

Pant (2008) Remittances can generate a positive effect on the economy through various channels such as savings, investment, growth, consumption, and poverty and income distribution. Workers' remittances flow in as a component of foreign savings and as such complements national savings by increasing the total pool of resources available for investment. Remittances constitute an integral part of household livelihood strategies. They make a direct contribution to raising household income, while broadening the opportunities to increase income. They also permit households to increase their consumption of local goods and services.

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. Where these have been set up and encouraged, and where the state is cooperative, remittances can bring about a change, especially in remote rural areas where state resources have not been effective.

The poverty reducing and income distribution effect of remittances is also significant. This case is based on the fact that the recipients of remittances are often low-income families whose offspring left the country to work abroad. In this situation, migration is taken as a response to escape poverty at home and improve the income-earning capacity of the migrant by attempting to enter foreign labor markets in richer countries. Again, remittances

assist in alleviating poverty of the family of migrants in the home country by supporting their income through transfers. Remittances assist in augmenting national income by providing foreign exchange and raising national savings and investment as well as by providing hard currency to finance essential imports hence curtailing any BOP crisis. 10 since they bear no interest do not have to be repaid, and their utilization is not tied to specific investment projects with high import content, they have a more positive effect on BOP than other monetary flows such as direct investments or loans.

Gaudel (2006) the income of migrants from the foreign employment has not only increased their personal income but also their social prestige. The rural people lying below the poverty level have succeeded to uplift their economic standard receiving the opportunity of foreign employment. Moreover, the downside of remittance reflects the view that the shortage of labor due to emigration has not only compelled to keep barren land in rural areas but also hamper agricultural productivity and ultimately the country would be liable to import the large quantity of food grains.

Despite these, remaining young generation from the families for long time may affect their reproductive age and their vulnerability may be subject to communicable diseases. It is also possible that if they come back with good skills and earnings, they may not normally cope with the environment of the homeland and consequently they will have a tendency to leave the country again. Thus, the remittances from foreign employment on the one hand, has played an important role to increase their personal income and thereby improve standard of living and a risk of diseases like HIV/AIDS through migrants on the other may enter into the country. More specifically, this type of communicable disease may be due to poverty, illiteracy, gender discrimination, women exploitation, insecurity, and the lack of legal advice as well as proper treatment. Thus, to minimize this problem, especially rural people should be made aware of the communicable diseases through mass media, education, health care and training cum workshops. Furthermore, a part of remittance income should set aside by the government through welfare scheme that may become the long run solution to the problem of communicable diseases. Recently, the decision made by British government has provided the permission for the permanent residence in U.K. to the ex-army of Nepal retired before 1997. From this decision, remittance as a major source of the Nepalese economy will have negative impact on the long run.

Pant (2006) Explored remittance inflows in flows to Nepal: economic impact and policy options. The remittance has been an important avenue of support for family members remaining at home. As the number for workers going abroad for employment continues to rise, the corresponding growth for remittance has become of critical flow of foreign currency in to Nepal. This has been partly the result of measures undertaken by the concerned officials to streamline financial systems, dismantling controls and creating incentives, with the aim of attracting remittances particularly through the official channels. Economic growth, interest rate and exchange rate policies are crucial determinants of remittance inflows. In order to further encourage the inflow of remittance to the country through official channels, and to promote the tendency to exchange these remittances of fore exchange into local currency, it is imperative that these policies be conducive to the inflow remittances.

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

Kandel (2008) has studied the cause and effect of foreign employment Mithukaram VDC of Nawalparasi District. The main objectives of this study were to describe the causes and socio-economic effects of the foreign employment in the study area. The study comprises 70 of returned emigrant workers representing all wards of the VDC and different caste and ethnic groups. All the immigrants were found to be male. All the represented households were engaging in subsistence farming. Foreign employment or labor migration had been an important occupation among males in the village to maintain the household. Remittance was used for immediate food and other household's requirements, pay debt, buy new lands and house. There were various push and pull factors for foreign employment. The volume (trend) of labour migration was increased due to increasing population pressure, unemployment and prevailing political conflict.

Dhital (2007) explains the potential positive effect of remittance the country has accorded priority in promoting overseas employment and mobilizing remittance so as to maximize

the benefits from these transfer. But informal sectors has been developed and flourished due to ineffective commercial systems most of the Nepali workers who went abroad used to send remittance through informal channel as humid need for a quick and effective money transfer system gave rise to informal Hundi system. Since, when such informal sector is utilized any direct or indirect tax revenues the government would gain from these transfers are lost. Except Hundi the usual ways to send money are through friends and relatives and carrying it by one self.

Kanskar (1982) has reviewed proceeding of migration with reference to remittance. He found the origin of Nepalese emigration to be after the Anglo Nepali war in 1814 and was totally for recruitment in the army. The Indian Army was not only open to Nepalese soldiers for recruitment but also managed for their permanent settlement. Government had no official policies to encourage it the Prime Minister, BirSamsar JBR, encouraged the people to join the British recruitment. About 200,000 Nepalese males we jointed the British regiment even during the First World War. The Anglo Nepal convention held on 15th May 1815, created alternative labor market to the Nepalese in India. The emigration to India accelerated because of disequilibria in labor growth and employment opportunity growth and miserable day to day life of Nepalese hill area.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

Descriptive research design was used in the study. The research aimed to describing the situation of remittance use and its impact based on information collected during field study.

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

Remittance largely affected the livelihood of Lumde VDC of Ilam district, where most of the youths from this VDC were in foreign countries in search of job opportunities. This study area focused on ward no. 5 and 7. Most of them were sending money to their family, relatives for different purpose, like investing in child education, buying lands, starting business and investing on agriculture etc. The rural livelihood of this VDC significantly influenced and depended upon remittance and agriculture.

#### **3.3 Nature and Sources of Data**

The nature of data was both qualitative and quantitative. The primary data collected from the field investigation. Similarly, the secondary data also used for the study which were collected from published and unpublished document (books, journals, articles, news papers etc.) from individuals, experts and organizations regarding remittance.

#### **3.4 Universe, Sample and Sampling Procedure**

All the receivers are the respondents for collecting information. Lumde VDC consists of eight wards from VDC profile 2011; it was found that among them ward no 5 and 7 selected because most of the household from these wards are dependent on remittance. The total population of ward no 5 was 241 and ward no 7 was 403, that was selected purposive sampling. The remittance users' households were 45 out of 53 from ward 5 and 52 out of 69 household in ward seven. From ward no seven 18 households and ward no five 17 households' altogether 35 households was taken as random sampling. From the study, it was found that about 97 households are receiving remittance in the study area which is the universe of the study.



### **3.5 Data Collection Techniques and Tools**

The structured and unstructured questionnaire, interviews methods applied to generate the primary data. The secondary sources of data were information received from books, journals, articles and newspapers.

#### **3.5.1 Household Survey**

Household survey were conducted as technique for which structured questionnaire was developed as tool. These questionnaires were mainly including situation inflow of remittance; remittance use pattern and socio-economic status of remittance receivers (see annex-1).

#### **3.5.2 Key Informant Interview**

This study was conducted by descriptive method. For the realistic data key informant interview conducted with educated person, remittance receiver, people returned from abroad and key person of financial sector (annex-2).

### **3.6 Data Processing, Presentation and Analysis**

Data were analyzed with the help of computer programme. Simple statistical tools like tables, graphs used for data analysis. Descriptive methods used for qualitative data.

## **CHAPTER IV**

### **ANALYSIS AND INTERPRETATION OF DATA**

The collected data and information edited classified and tabulated in presented form for data analysis. The chapter has been organized as:

4.1 Description of the Study Area

4.2 Socio- economic Information of Respondent

4.3 Inflow Situation of Remittance at Household Level

4.4 Remittance use Pattern

4.5 Change in Socio-economic Status due to Remittance

#### **4.1 Description of the Study Area**

Ilam district is a hilly district located at Mechi zone in the Eastern Development region of Nepal. Ilam is called 'Hill Queen'. It is the most beautiful district of Nepal. The district lies on 260-40' to 27008' north latitude and 870-40' to 88010" longitude in the global position. The District is bordered with India in east Panchthar District in the north, Morang district in the west, Jhapa district in the South.

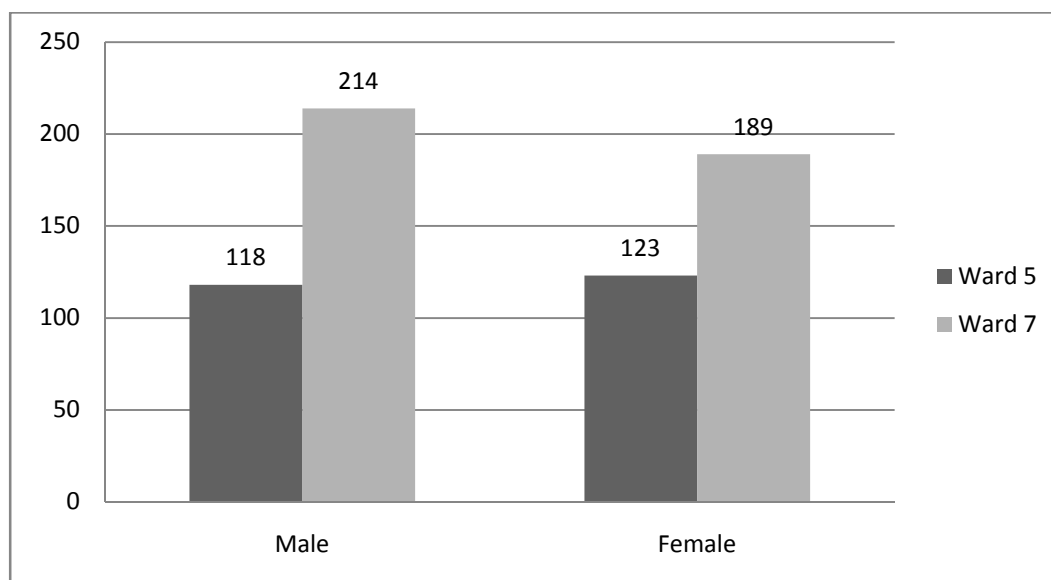
The district is administratively divided into 48 VDCs, one municipality and 3 electoral constituencies. The topographical settings of the district comprises with the high hill, mid hill and some river basins. The elevation is 140 m to 3636 m with different terrain and land scrapping. The total area of the District is 1703 sq.km. Ilam is rich in its own diversity, natural landscape, good sanitation and agriculture; it has made its own identity by producing the crops. It is widely famous for 7 major cash crops as potato big cardamom, ginger, round chilli, milk, tea; broom etc. Lumde is a village and village development committee in Ilam District in the mechi zone of eastern Nepal. At the time of 1991 Nepal census it had a population of 2,473 persons living in 449 individual households.

## 4.2 Socio-economic Information of Remittance Receivers

### 4.2.1. The Population of the Study Area

This figure shows that the population of ward 5 and ward 7.

**Figure 4.1 the Population of the Study Area**



Source: Field Survey, 2016

The study areas taken were ward no. 5 and 7. The population of the study area ward no 5 and 7 with male population were 118 and 214 respectively whereas the female population were 123 and 189 for ward no. 5 and 7 respectively. The population of ward no. 5 was low and it was densely populated in ward no. 7. The land was fertile and plain in ward no. 7.

### 4.2.2 Age Structure

The age of respondents was collected and presented in table below.

**Table 4.1 Age Structure**

Age Group	Male	Percent	Female	Percent	Total Percent
15-30	4	23.52	3	16.66	20
30-45	6	35.29	4	22.22	28.57
45-60	5	29.41	7	38.88	34.28
Above 60	2	11.76	4	22.22	17.14
Total	17	100	18	100	100

Source: Field Survey 2016

This table 4.1 shows that a total 35 households were taken among them four age groups were divided as: 15-30, 30-45, 45-60 and above 60. It was 23.52 percent male and 16.66 percent female in 15-30 age groups. Similarly 35.29 percent male and 22.22 percent female in 30-45 age groups, 29.41 percent male and 38.88 percent female in 45-60 age group and 11.76 percent male and 22.22 percent female were above 60.

Male respondent of group 30-45 was highest which was 35.29 but the female percent was highest in the category 45-60 with the percentage 38.88. Rather the lowest percent of male in the category above 60 was 11.76 whereas the female lowest percent was 15-30 with 16.66 percent.

#### 4.2.3 Educational Status

Table 4.2 represents the educational status of respondent in two different categories of male and female and their literacy and illiteracy.

**Table 4.2 Educational Status of Male and Female**

Education Status	Male	Percent	Female	Percent	Total%
Literate	20	95.23%	13	92.85%	94.28
Illiterate	1	4.76%	1	7.14%	5.71
Total	21	100	14	100	100

*Source: Field Survey, 2016*

Male literate number was 20 whereas female literate number was thirteen which were 95.23 percent and 92.85 percent respectively. Illiterate male number was 1 and female was 1 of which 4.76 percent male and 7.14 percent female.

Total literate percent of respondent was 94.28 whereas total illiterate percent was 5.71. The literate and illiterate percent of male and female respondent were almost similar. This was the sign of equality between male and female.

#### 4.2.4 Religions Structure

Practice of religion has greater role to shape the life of every people. Nepal is a Hindu religion dominated country. Now this country has declared secular for religion but majority of people are Hindu. Latest census shows that around 80 percent of the Nepalese people

follow Hindu Religion (CBS, 2012). In this study area, most of the people are Buddhist, Hindu and Kirat.

**Table 4.3 Religions Structure**

<b>Religion</b>	<b>No. of Respondent</b>	<b>Percentage</b>
Hindu	7	20
Buddhist	25	71.43
Kirat	3	8.57
Total	35	100

*Source: Field Survey, 2016*

In this study the total respondents are 35. Out of total 71.43 percent are Buddhist, 20 percent Hindu and 8.57 percent are kirat. The study area was covered by highest percent of Buddhist. Kirat occupied lowest percent. It was due to the settlement of more Mongolian.

#### **4.2.5 Sex Structure**

In this study total respondent are 35. This table shows that the male respondents are more than female respondents in this study.

**Table 4.4 Sex Structure**

<b>Particular</b>	<b>No. of Respondent</b>	<b>Percentage</b>
Male	21	60
Female	14	40
Total	35	100

*Source: Field Survey, 2016*

Male respondents occupied 60 percent and the remaining 40 percent was female. Because most of the head of household were male. Respondents male are above 50(age).

#### **4.2.6 Caste /Ethnicity**

Caste plays an important role in social development. To some extent, the socio-economic activities are confined in accordance with their castes. Respondents of different castes are found in different numbers in the study area.

**Table 4.5 Castes /Ethnicity**

<b>Particular</b>	<b>No. of Respondent</b>	<b>Percent</b>
Brahmin	1	3
Cheetri	1	3
Janajati	31	88
Dalit	2	6
Total	35	100

*Source: Field Survey, 2016*

The total respondents were 35 in this study. Out of total, 88 percent was Janajati's population those who were remittance-recipients. Similarly, Braman and Chhetri was 3 percent each receiving remittance. Out of the total respondents 6 percent were Dalit.

#### **4.2.7 Occupation Status**

Occupation is most important for every one. Employment and low income was the main cause of youth going to foreign country. To find out their occupational background the respondent were asked to identify their main occupation themselves into five categories below.

**Table 4.6 Major Occupation of the Respondent**

<b>Occupation</b>	<b>No. of Respondent</b>	<b>Percent</b>
Government job	1	3
Agriculture	16	46
Housewife	12	34
Foreign employment	5	14
Unemployment	1	3
Total	35	100

*Source: Field Survey, 2016*

About 46 percent of respondent were involved in agriculture, 34 percent were housewife, and 14 percent were involved in foreign employment, 3 percent were involved in job and 3 percent respondent were unemployed. Major occupation was agriculture. The highly paid occupation was foreign employment and I was studying on it.

### 4.3 Inflow Situation of Remittance at Household Level

Inflow situation which I did were the destination for foreign employment, Family Member goes to Foreign Countries for Employment, Monthly Income for Employee, Duration to Receive Remittance and Sources of Receiving Remittance were the influencing factors for the inflow of remittance at household level.

#### 4.3.1 Destination of Foreign Employment

The number of population migrated from study area in Gulf countries like Malaysia, Saudi Arab, Qatar, UAE (Dubai), Oman, United Kingdom, India, Japan, USA and Kuwait as labour and to cope with their family's daily expenses.

**Table 4.7 Destination of Foreign Employment**

Countries Name	No. of Respondent	Percent
Malaysia	15	30
Qatar	7	14
Dubai	7	14
Saudi	15	30
Oman	1	2
UK	1	2
India	1	2
Japan	1	2
USA	1	2
Kuwait	1	2
Total	35	100

*Source: Field Survey, 2016*

Above table shows that the foreign employed population in Malaysia and Saudi was highest (30 percent) than other countries. In the other countries like Dubai and Qatar was 14 percent. Other remaining countries hold only 2 percent each, they were Oman, UK, India, Japan, USA and Kuwait. Those employees in European countries were in student visa and from affluent households, mainly from such family who separents can afford high amount for abroad study. But in this study area, most of the people went there in labour visa and only few people went European country for studies.

The employment trend was related to skills, economic conditions and access of the people. The surveyed households were unskilled in majority and no easy access to highly

paid jobs in advanced countries. They couldn't pay high amount of money and had no access for the American and European countries. So the best alternatives for them were mainly Saudi, Malaysia and Dubai for employment as shown in the above figure.

#### 4.3.2 Entry Processes for Foreign Employment

The table below shows the entry processes for foreign employment. Those were by agent, through visa sent by their relatives and direct contact to Manpower Company.

**Table 4.8 Entry Processes for Foreign Employment**

Particular	No. of Respondent	Percent
By Agent	17	48.58
Through visa by relatives	7	20
Direct contact manpower	11	31.42
Total	35	100

Source: Field Survey, 2016

People entered the foreign countries by agent were 49 percent which was highest due to inaccessibility to reach far away bigger cities but the agent were available excessively in the remote village . It was 20 percent through visa sent by relatives and direct contact with Manpower Company was 31 percent.

#### 4.3.3 Monthly Income of Employee

High income is the manipulating factor for the people to choose the highly paid employment. Income gives the higher social status in our society. So, those people decide to go for foreign employment whose income is more than other occupation in the society. In Nepalese context, the major occupation is agriculture and it is seasonal occupation too. Many people are seasonally employed. It can be clearly seen that people are taking decision for foreign employment because of unemployment and low income. The income for foreign employment going abroad is shown in table 4.9.

**Table 4.9 Monthly Incomes of Employee**

Monthly Income	No. of Respondent	Percent
Less than 15000	3	8.58
15000-30000	10	28.57
30000-50000	18	51.42
More than 50000	4	11.43
Total	35	100

Source: Field Survey, 2016



Above figure 4.8 shows that, among the foreign employment about 51 percent (highest percentile) earn income between the ranges Rs. 30000 to 50000 per months. Similarly, 29 percent earned income Rs. 15000 to 30000 per month. 11 percent employee earned income Rs .more than 50000 per month. 9 percent employee earned less than 15000 per month which was the lowest in my study.

Similarly, the table indicates that the income from remittance in the surveyed households increased day by day. The workers went in different type of jobs such as security guards, factory workers, cook man etc. The salaries for these types of foreign workers were highly paid.

#### **4.3.4 Remittance Receiving Duration**

In the surveyed households, they had different level of income and also were employed for different jobs they earned different level of salary as per their jobs which is shown in the table below.

**Table 4.10 Remittance Receiving Duration**

<b>Time Period</b>	<b>No. of Respondent</b>	<b>Percentage</b>
1-2 Month	-	0
2-3 Month	-	0
3-6 Month	24	68.57
6-9 Month	11	31.42
9-12 Month	-	0

Source: Field Survey, 2016

Above table 4.3 shows that, among the foreign employment about 68.57 percent (highest percentile) sending money in between 3-6 months. It was followed by time duration of 6-9 months with the second highest percent of 31.42. Household did not receive any remittance in time duration such as 1-2 months, 2-3 months and 9-12 months. They need time to collect little more amounts.

#### **4.3.5 Source of Receiving Remittance**

Income transfer depends upon availability of means of transfer and facilities, their reliability and awareness of users about the system. The channels are categorized into three heading such as IME, Hundi and Finance& Bank. To find out the channels used by sample population in the study area are shown below.

**Table 4.11 Source of Receiving Remittance**

<b>Medium</b>	<b>No. of Respondent</b>	<b>Percent</b>
IME	27	77.14
Hundi	3	8.57
Finance and Bank	5	14.28

Source: Field Survey, 2016

The table shows that most of the remittance receiving household remitted from IME (International Money Express) which was 77.14 percent as this was the reliable means of sending and receiving money. The second popular means was finance and bank which covers 14.28 percent of total remit income were found remitted. Finally the last was Hundi. It holds 8.57 percent of total income of the study.

IME are easy, fast and reliable and they are in access to everyone. They are available easily. It is found that Finance and Bank is also used for sending remittance / money it is because the reliability channels are also working which are good for the government revenue. Hundi is the illegal means of transferring money which was very less in my research but it need to be stopped.

#### **4.4 Remittance Use Pattern**

Here the use of remittance in different sector such as shop, dairy, tailoring, hotel, tea industry, cardamom and buying land were studied. Household expenses such as Lodging, Food, Clothing/Daily Consumption, Transportation, Telephone/ Television/Mobile/ Gadget, Medicine for family members, Entertainment, Education for Children, Further Investment in economic activity and others, education expenses such as fee, dress, books, snacks, computer/email/internet, tuition fee and others were found in the study area.

##### **4.4.1 Use of Remittance in Different Sectors**

The remittances used in the sectors were shop, dairy, tailoring, hotel, tea industry, cardamom and buying land. These are represented in the table below.

**Table 4.12: Use of Remittance in Different Sectors**

Particular	No. of Respondent	Percentage
Shop	5	14.28
Dairy	4	11.42
Tailoring	3	8.57
Hotel	5	14.28
Tea Industry	3	8.57
Cardamom	10	28.57
Buying Land	5	14.28
Total	35	100

Source: Field Survey, 2016

Respondents use their remitted money in shop with the percent 14.28. 11.42 percent was utilized in dairy. Tailoring was of 8.57 percent in the same way hotel occupy 14.28 percent. Tea industry, cardamom and buying land carried 8.57, 28.57 and 14.28 respectively. Maximum amount of remittance was used in cardamom production and earned good profit. Secondly remittance was invested in shop, hotel and buying land. Lastly tailoring and tea industry figured out the lowest investment. There was scope of dairy and tea industry but investment was less.

#### 4.4.2 Household Expenditure

In ward no. 5 and 7 of Lumde VDC, the remittance are utilize for their basis need such as, food, clothes, transportation, television ,mobile, medicine, education etc. In the study areas respondents were asked what kinds of things they do for their families from remittance. The respondents have given the responses presented in the following table:

**Table 4.13: Household Expenditure**

Description	Total Amount	Amount in Per House (Year)
Lodging, Food, Clothing/Daily Consumption	982000	28057
Transportation	339000	9685
Telephone/ Television/Mobile/ Gadget	225000	6428
Medicine for family members	583000	16657
Entertainment	161000	4600
Education for Children	589000	16828
Further Investment in economic activity	6230000	178000
Others	149500	4221
Total	9258500	264476

Source: Field Survey, 2016

This table shows annual expenditure in Lumde VDC the remittance were utilize for their basis need such as, food, clothes ,Transportation, Television ,mobile medicine, education etc. The table shows that out of their total expenditure 178000 amount spending on further investment in economic activity which is the highest amount of share comparing with other expenditure of sample household. Similarly, out of their total expenditure, 28057 amount spending on lodging, food and clothing. They spend 16828 on education and 16657 amounts out of their total expenditure on medicine for family members. They spent 9685 amount of total expenditure on transportation. They spent 6428 amount and 4600 amount of total expenditure on telephone, television, mobile and entertainment. And 4221 amount spent on others.

#### 4.4.3 Expenditure on Education (Annually)

Education expenditure plays significant role to develop education status. Educational expenditure provides glowing picture of the education. Various factors influence the educational expenditure patterns such as income, family size, geographical situation etc. Here an attempt is made to illustrate the education expenditure in the study area. The result shows below table.

**Table 4.14 Expenditure on Education (Annually)**

<b>Particular</b>	<b>Total Amount (Annually)</b>	<b>Amount in per House</b>
Fee	579300	16551
Dress	112500	3214
Books	111000	3171
Copy/Pen	215200	6148
Tuition Fee	121300	3465
Computer/Email/Internet	50000	1428
Snacks	142320	4066
Others	80000	2285
<b>Total</b>	<b>1411620</b>	<b>40328</b>

*Source: Field Survey, 2016*

The table shows that, out of total education expenditure in the sample households on various heading. The table shows that, out of total education expenditure, 16551 amounts spending on Fee which are the highest amount of share comparing with other heading. Similarly, 3214 amounts and 3171 amounts are spending on dress and books respectively, Out of total educational expenditure 6148 amount spending on copy/pen. They have spent 3465 amount of tuition fee and 1428 amounts spend on computer/email/internet

respectively. Similarly, out of total educational expenditure 4066 amounts are spending on snacks and 2285 amount spending on other.

#### 4.5 Change in Socio-economic Status due to Remittance

The differences I could find in the study area were change in housing condition, change of schooling, Impact in Agricultural Product in Family Involvement of Foreign Employment, Change in Education, and change in assets structure.

##### 4.5.1 Changes in Housing Condition

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

**Table 4.15 Changes in Housing Condition**

Type of House Particular	Before Remittance		After Remittance	
	Number	Percent	Number	Percent
Khar roof	19	54.28	2	5.71
Jasta roof	16	45.71	33	94.28
Total	35	100	35	100

*Source: Field Survey, 2016*

The above given table shows that most of the sample households have Jasta roof. These type houses are 45.71 percent in before remittance and 94.28 percent in after remittance at the sample households. This table shows that more Jasta roof house makes in after receiving remittance.

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

##### 4.5.2 Change in Schooling

Numbers of students enrolling in school were increased between after and before remittance this is tabulated below.

**Table 4.16 Change in Schooling**

Before Remittance			After Remittance	
Particular	Number of Student	Percent	Number of Student	Percent
Boys	20	62.5	26	61.90
Girl	12	37.5	16	38.09
Total	32	100	42	100

Source: Field Survey, 2016

Before remittance number of boys student were 62.5 percent and girls were 37.5 percent. But it was 61.90 percent for boys and 38.09 percent for girls before and after remittance respectively. Number of girls' students increased after remittance, because most of the parents were awareness to send their daughter in school after remittance.

#### 4.5.3 Impact of Remittance in Agricultural Production

Agriculture is the main occupation of Lumde VDC. The following table shows that the increase and decrease impact in agriculture. People left village for foreign employment so the worker from village were less and children and aged group could not work in the agricultural field. This was the vital factor for the decline of agricultural products.

**Table 4.17 Impact of Remittance in Agricultural Production**

Before Remittance			After Remittance	
Particular	Number of Respondent	Percent	Number of Respondent	Percent
Increase	6	35.29	4	22.22
Decrease	4	23.52	5	27.77
As usual	7	41.17	9	50
Total	17	100	18	100

Source: Field Survey, 2016

Agricultural production before remittance was increase for 35.29 percent of respondents. It was decrease for 23.52 percent and as usual for 41.17 percent. After remittance, the agricultural production was 22.22 percent increase, 27.77 percent decrease and 50 percent as usual. After remittance agricultural production was lowest due to less availability of working age groups in the village.

#### 4.5.4 Change in Education

The surveyed households found to be sent to both government and private schools (boarding schools). They have sent their children to private school than the government schools. The table below shows the changes.

**Table 4.18 Change in Education**

Particular	Before Remittance		After Remittance	
	Number Respondent	Percent	Number of Respondent	Percent
Government School	14	48.27	7	24.13
Boarding School	15	51.72	22	75.86
Foreign	-	-	-	-
Total	29	100	29	100

Source: Field Survey, 2016

Table 4.18 shows that the condition of education was 48.27 percent for government school and for boarding school it was 51.72 percent in the case of before remittance. More than 75.86 percentage people went to boarding school, 24.13 percent students went to government school in the case of after remittance. So we can say that, many students drop the government school after receiving the remittance. Student in boarding schools increased.

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

#### 4.5.5 Change in Assets Structure

In the study area, after remittance households are using modern facilities like gas stoves, furniture, television, radio, mobile and vehicles. The living standard of some households is similar to those of the urban area. The living standards of the households have changed significantly after the involvement of their family member in the foreign employment which is shown in Table 4.19.

**Table 4.19 Change in Assets Structure**

<b>Particular</b>	<b>Before Remittance</b>		<b>After Remittance</b>	
	<b>Number Respondent</b>	<b>Percent</b>	<b>Number of Respondent</b>	<b>Percent</b>
Television	8	16.32	22	24.71
VCD	2	4.1	2	2.24
Radio	13	26.53	14	15.74
Camera	1	2.1	6	6.74
Telephone	2	4.1	3	3.37
Laptop	2	4.1	5	5.61
Mobiles	21	42.85	37	41.57
<b>Total</b>	<b>49</b>	<b>100</b>	<b>89</b>	<b>100</b>

*Source: Field Survey, 2016*

Table 4.19 shows the changes in household assets, electronic goods and services which are related to living standards. In the remittance receiving households, all goods and services are increasing after going abroad.

Surveyed household have been able to spend money for different assets after the remittance. It is because their economic condition is uplifted. They have regular income source.

#### **4.5.6 Change in Family Structure**

'Family' is a single word, with many different meanings. People have many ways to defining a family and what being a part of a family means to them. Families differ in terms of economic, cultural, social and many other facets, but what every family has in common is that the people who call it a family are making clear that those people are important in some way to the person calling them his family. The table shows the changes of family structure before and after remittance.

**Table 4.20 Change in Family Structure**

<b>Family Type</b>	<b>Before Remittance</b>		<b>After Remittance</b>	
	<b>Number Respondent</b>	<b>Percent</b>	<b>Number of Respondent</b>	<b>Percent</b>
Nuclear Family	11	31.42	17	48.57
Joint Family	15	42.85	7	20
Extended Family	9	25.71	11	31.42
<b>Total</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100</b>

*Source: Field Survey, 2016*

Table 4.20 shows that the condition of family. Before remittance nuclear family 31.42 percent, joint family 42.85 and extended family 25.71. It shows that before remittance joint family was the highest percent. After remittance nuclear family occupied 48.57 percent,



joint family occupied 20 percent and extended family occupied 31.42 percent. After remittance nuclear family is the highest percentile of my study.

## CHAPTER-V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary

A thesis conducted in 'Impact of Remittance on Rural Livelihood: a case study of Lumde VDC of Ilam District'. Remittance economy is directly related to human resource and human resource is the wealth of Nation. Its importance has tremendously increased in Nepal in recent years since other sectors of income generation have slackened. The current scale of foreign labour migration from Nepal is unprecedented, providing an alternative to hundreds of thousands of youth who are unable to find satisfactory, or even any, employment within the country. Foreign labour migration is now an intrinsic part of everyday life for a majority of Nepalese, with its impact clearly visible in every sphere of society – social, economic, cultural and even political. It has also become a source of lucrative business for those involved in sending workers abroad. Foreign labour migration, hence, has multi-dimensional implications and is of significance to all concerned, including, but not limited to migrant workers and their families; foreign employment entrepreneurs; government agencies; and employers in destination countries.

The objectives of the study are to analyze the situation inflows of remittance at household level, Analyze the remittance use pattern in study area and to compare the socio economic status of the remittance recipients before and after receiving remittance. This study has limited in 35 households. This study has been carried out on the basis of descriptive research design. It is based on the qualitative and quantitative both method. This study has been based on the primary as well as secondary data, the structure questionnaire survey and key informant interview. These methods were applied to the households level than find out the impact of remittance on livelihood.

This study find out the foreign employed population in Malaysia and Saudi was highest (30 percent) than other countries. In the other countries like Dubai and Qatar was 14 percent. Other remaining countries hold only 2 percent each, they were Oman, UK, India, Japan, USA and Kuwait. Those employees in European countries were in student visa and in this study area, most of the people went there in labor visa and only few people went European country for studies. Maximum amount of remittance was used in cardamom production and

earned good profit. Secondly remittance was invested in shop, hotel, buying land and low investment in tailoring and tea industry. There was scope of dairy and tea industry but investment was less .After remittance agricultural production was lowest due to less availability of working age groups in the village. The surveyed households have to be found sending their children to boarding schools than the government schools in both of the conditions; before and after going foreign employment. It is because of the negative thinking towards the teaching of government schools and also because of the consciousness of their children's education, and also because of improved economic condition.

## **5.2 Conclusion**

This study brings out the analysis and comparisons which was the main objective of proposed research study by the researcher from the very beginning. In the study area, majority of the foreign employment population in Malaysia and Saudi Arabia is higher than other countries. The employee send money, among the foreign employment about 68% sends money between the ranges above 30,000 (3-6) months.

The large part of remittance is used in the sector like regular house expenditure, education, health, building home, buying land and other individual purposes. Maximum amount of remittance was used in cardamom production. Secondly remittance was invested in shop, hotel, buying land and low investment in tailoring and tea industry. There was scope of dairy and tea industry but investment was less. After remittance agricultural production was lowest due to less availability of working age groups in the village. Similarly, most households are found being improved in livelihood ways, education, as well as the distinction between genders in terms of education has also been improved in the society.

### 5.3 Recommendation

From the present study about the impact of remittance on rural livelihood in Lumde VDC, some recommendations are follows:

- J Most of the respondents of this VDC have gone to foreign employment in unskilled condition. So they cannot earn more income than skilled workers. So, the technical training institution should be established in rural areas and a person who wants to go to the foreign employment, should be given training related to the work has to be done in abroad and also the language of the migrating country before going to foreign employment.
- J The remittance income is playing very positive role, it is improving the social as well as other economic indicators of this VDC but this is not satisfactory. Maximum part of the remittance income have been used in unproductive sectors like regular household expenses, loan payment, house improvement and social spending etc. this will not give any return in the future. Thus the policy should be made to give more information to the respondents on using their remittance income into productive sectors like investment in Agriculture, Shares, and Business etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.
- J There is a need for policies to increase literacy level and encouraging remittance-recipient households to continue investing in education.
- J Government of Nepal should provide loans to the poor people in the change interest rate so that the rate of people who are unable to afford for foreign employment would reduce and, remittance overflow would increase and the use of remittance can be used in different sectors to help in national economic development.
- J Nepalese economy has received large amount of remittance but it is still being transferred through informal channels. So formal channels need to be promoted.