

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

‘Remittance denotes household income from foreign economic arising mainly from the temporary or permanent movement of people to those economics. Remittance includes cash and non-cash items that flow through formal channels such as via electronic wire or through informal channels such as money or goods carried across the border. Then legally consist of fund and non-cash items sent or given by individuals who have migrated to a new economy and become resident there and the net compensation of burden seasonal or other short term workers who are employed in the economy in which they are resident’ (IMF, 2009).

Migration has come into existence since the beginning of human civilization. People used to migrate or move from one place to another for survival. Migration, theoretically, happens due to various causes, which are categorized as push factors and pull factors.

The Nepalese geographical territory was confirmed after the Sugauli Treaty of 1815 A.D. which defined its relation with India, particularly the British India. Then after, the Nepalese youths were recruited formally to serve the interest of the East India Company. As India became independent, the recruited Nepalese armed forces were kept by both India and Britain. In this way, the 'British Gorkha' (UK) and the 'Indian Gorkha' (India) were formal labor migration destinations from Nepal (Kayastha, 2002).

The remittance has convincingly become one of the reliable sources of foreign exchange for the Nepalese economy. Nepal in 2012/13 earned remittance income of NRs 434.58 billion which amounts to be 25.0 percent of its gross domestic product. (NRB, 2015) This significant share of remittances indicates that any decline in remittance could potentially disturb the functioning of the economy at macro level, particularly in external sector. A total of 2.4 million people went abroad as migrant workers, which is a significant number for its total 26.6 million people in the country (CBS, 2011).

A majority of them have been to Qatar followed by Malaysia (Department of Foreign Employment, Ministry of Labor and Transportation Management, GON). A number

of villages in rural Nepal have been deserted of young working age individuals, turning the Nepalese economy from rural agro- based economy into the remittance economy.

Human resource is very powerful resources for a country. It is only resource to mobilize natural resources in proper way to achieve socio-economic goals of a nation. It is equally important for idea creation, policy formulation, technological innovation, as well as resource mobilization, implementation, and benefit distribution. A rational government should make effective policy to mobilize human resource in proper way for socio-economic development of a country. Human resource of Nepal is still underutilized due to lack of effective government policy. So, human resource is moving towards international market, especially for employment.

Nepalese economy has been passing through the critical phase with various constraints like wide spread poverty, small size of labor market, low level of industrial development, heavy dependency upon agriculture, huge inequality, large no of unemployment and disguised employment, imbalance regional development, continuous conflict in society, poor economic and political situation etc which have made weak economic condition of our country. In the period of last decade, there was no any new industries were established though it is the main source of employment of an economy. Due to this reason the human resource of Nepal has been rapidly flowing out of the country.

Generally, Remittance is the monetary value of foreign labor which is transferred in home country in GNP. It is being very helpful to increase socio-economic condition of a nation with its proper utilization. In the developing countries like Nepal it is helpful to reduce poverty, to support women empowerment, to develop cottage and small scale industries and to increase in living standard of people etc.

Foreign employment for Nepalese people has a long history. It was started before early nineteenth century, when the first Nepalese traveled to Lahore to join army of Sikh Ruler Ranajit Singh. Foreign labor employment started after Anglo- Nepal Friendship Treaty of 1816 that recruited 3,000 Nepalese soldiers in British Gorkha Regiment (Dahal, 2005). Friendship treaty between India and Nepal in July 1950 gave a movement of workers on reciprocal basis and the Nepalese labors needed no work permit to work in India. They were recruited in Army, police force and civil service as well as private sector. With the enactment of foreign labor employment act 1985, Nepalese labor started getting employment beyond India particularly to the gulf,

where oil boom created massive demand for foreign labor. There was significant growth of Nepalese labor in East Asia, South East Asia and Gulf Countries etc.

For foreign employment government has formulated different programs, plans and policies. Government of Nepal introduced the Foreign Employment Act 1985 for regularities and controls the activities of manpower agencies related to foreign employment. The Ninth Plan launched a long-term strategy to reduce unemployment and increase competitiveness of Nepalese labor in international market and the Tenth Plan aims at creating opportunity for foreign employment and improving capacity for income generation by developing skilled manpower, design pragmatic policies to regulate and provide security to foreign employment (Kayastha, 2002).

For last few years, the volume of emigration has rapidly been increasing. The economic survey of 2011/12 reports that 19, 64,383 people were out of the country for foreign employment. In this scenario 2, 94,094 people were taken approval for foreign employment in 2010/11 and 4, 53,543 were in 2012/13. Similarly ‘Current Macroeconomic Situation of Nepal’ report that 5, 12,887 people were taken final approval for foreign employment in the year 2014/15(Department of Foreign Employment, Nepal). This show the out flow in the foreign employment is rapidly increasing. The number of non-recorded workers is very high. The search of better opportunity and receipt of remittance is also increasing. Therefore on the one hand, its contribution in BOP is remarkable and on the other hand, the total economic activities within the country are also increased. Labor export is seen in the Gulf, East and South East Asia, Africa, America and Europe. Therefore, remittance has become a necessary part of our economy. Its uses and impacts have been also concentrated from the last few years. Thus, remittance analysis is a burning issue of the Nepalese economy.

1.2 Statement of the Problem

Foreign labor employment and remittance are the important contributors for Nepalese economy. Large volume of remittance is being entered regularly into national economy for last few years and demand for unskilled and semi-skilled human power is ever being increased in international labor market especially in the Gulf countries, Malaysia, Hong Kong, South Korea etc.

The wave of globalization has induced the Nepali youths for better living standard, which is the important pull factor for migration. Similarly, unemployment, scarcity of

food, household causes, insecurity etc. are the strong push factors. Maoist insurgency started in 1995 A. D. and it has not only dissuaded the local employment opportunities in different fields but also distorted peace and social order. Therefore, the rate of emigration is highly increased due to higher unemployment, lack of peace, safety and security, and thinking of future settlement. Under such circumstances foreign employment is considered as the only suitable remedy to solve the problem of growing unemployment (Mishra, 2007).

Nepal receives remittance through formal and informal channel such as Bank, Hundi, Friends, or self-carrying. The remittance is also transferred in the form of goods like different consumers durable goods, garments etc. The official record doesn't show unofficial cash transfer, personal imports of the foreign workers and their net saving which they brought home on return. But due to ineffective commercial systems, most of the Nepali workers who went abroad used to send remittance through informal channel as Hundi, friends, relatives and own self. When such informal sector is utilized, any direct or indirect tax revenues of government from these transfers are lost. Nepal labor force seeking foreign employment has low level of technical education and formal training. They are compelled to take D3 (dirty, difficult and danger) work in foreign country. But slowly, training institute are being established in Nepal to develop skill on individual who are seeking foreign employment so that earnings capacity can be increased but such skill providing institutes are limited in number and mostly situated in Kathmandu(Kshetry, 2004).

Most of the workers after returning from foreign jobs are migrating to the urban areas from rural areas. Urbanization is increasing in small town as well as regional centers. On the other hand, there is scarcity of skilled labor force in the rural areas. Absents of male workers in rural areas has forced females to take the responsibilities of male member which might have increased their total work load. It might cause the decrease in agricultural production which has given birth to different socio- economic problems. However, the worker has sent remittance to their relatives back home. It has positive impact on improving the living standard of their family. Around 550 foreign employment agencies have been registered under the Department of Labor to facilitate foreign employment. Most of the time there is dispute between manpower companies and prospective job seekers. There is widespread complains of exploitation and cheating. Government has no mechanism to solve the problems of labor seeking foreign employment.

Mostly remittance is used to meeting subsistence needs such as food, clothing, education, health etc. It is also used for improving housing, purchasing land in well facilitated areas, purchasing cattle, durable consumer goods, as well as performing socio-cultural ceremonies like birth, wedding, funeral and repayment of debt of the family. No doubt, the contribution of remittance in the Nepalese economy is very high but it has not been systematically estimated and properly analyzed yet. It is necessary to calculate and analyze the contribution of remittance in the micro level to make effective plan and policies. Less risk involved in the purchase of land and house or construction of home, political instability, lack of knowledge about investment.

In this condition specific research questions are as follow:

- a) What are the economic impacts of remittance in the rural areas?
- b) What is the positive impact of the remittance?
- c) How is the remittance being utilized in rural areas?

1.3 Objectives of the Study

The main objective of the study is to analyze the use of remittance and its impacts as well as changes brought by it in rural community of Nepal. The specific objectives include:

- a) To assess the status of foreign employment in study area.
- b) To find out the economic impact of remittance in study area..
- c) To examine the utilization of remittance at household level.

1.4 Significance of the Study

This study tried to suggest on proper and optimum utilization of the remittance in local level. If it can, it brings positive changes in society. This study is about Dhunibeshi Municipality of Dhading. This is a local level of the government, so the government can make a proper and effective utilizing policy by attracting the private sector. In them it will support to planner and decision-maker to formulate appropriate policy for its productive use.

The single most important aspect of emigrant worker is the remittance that they send to the home country. Nepal has been enjoying the remittance from the British Gorkha serving UK government as well as Indian, Singapore Police force and Brunei. Beside these, Nepalese have managed to go for work especially in Gulf countries, Europe, America and some South East Asian nations. According to labor and employment promotion department Rs.97.7 billion remittance was received in Fiscal Year 2005/06

which was 16.8 percent of GDP. NRB report shows that Rs.107.41 billion remittances were received in Fiscal year 2006/07. Similarly Rs.142.68 billion remittance has been received in Fiscal Year 2007/08 which was 17.4 percent of GDP (NRB, 2007); and Rs.542.0 billion remittances was received in Fiscal Year 2012/13 which was 26.2 percent of GDP (NRB, 2013). Thus, the remittance in flow over last few years is increasing year after year and its share in GDP is also increasing significantly. It is true that remittance is important component and has become the backbone of national as well as household economy. Similarly since last few years, it has the significant sharing in the Nepal's foreign exchange reserve also.

In the past, the kind of job of Nepalese workers in abroad was only the armed forces. After the restoration of democracy in 1990, international job market was opened and the Nepalese labors were hired especially in the Gulf, East and South East Asia for D-3 (dangerous, dirty, difficult) jobs. Now situation has been changed, Nepalese workers are performing in the different countries as professionals too. Not only this, foreign labor markets however also changes fast and Nepali migrants will need to be adaptable if they are to respond to rapidly shifting demand for their labors. They will have to seek new markets and comparative advantages even to maintain and certainly to increase their market position. Thus in the new phenomenon of entering into the WTO, efficient and skilled labor force is required and diversification in the skill and destination are equally important. Getting all these scenarios, potentialities of foreign employment and remittances need to be properly estimated, utilized and reduced drawbacks as well. The analysis of it is getting higher importance nowadays.

One of the important foundations of Nepalese economy is human resource. Due to lack of industrial development most of the people are unemployed. So the government has permitted to go foreign countries for better opportunity and income.

1.5 Limitations of the Study

Any research study is limited by the time space as well as data. This study also has the following limitations.

- a) This study is focused on only Dhunibeshi Municipality of Dhading district. Therefore, the findings of the study may not provide the whole picture of the country.
- b) This study focused only on socio-economic aspect of the study area.

- c) This study is mainly based on primary data but the secondary data is also used as per requirement of the study.
- d) Simple statistical tools are used to analyze the obtained data.

1.6 Organization of the Study

This study is classified into five chapters. The first chapter is introduction mainly deals with the subject matter, statement of the problem, Research question, objectives, and Importance of the study, limitations of the study and organization of the study. The second chapter includes the brief history of review of literature about the previous research works, which they are related to contribution of tourism aid and tourism development process. The third chapter includes the research methodology with its various sub-chapters as like research design, sampling Method, sources of data, data collection Techniques and tools and data analysis. Fourth Chapter presents the collected data and analyzes them as per the research objectives. Fifth chapter is summary and conclusions derived from the data analysis.

CHAPTER – II

REVIEW OF LITERATURE

2.1 Theoretical Concept

Remittance means the transforming money from one place to another. Remittance is the amount transferred by workers from abroad to their families in own nation. Nepalese economy is characterized by remittance economy. Nepal has been facing transitory period for a long time and remittance has been the main pillar of its economy. It starts from the beginning of the World War in which Nepalese fought not only for the protection of their homeland but for the fulfilling of their duty in which they were engaged with together, with under or disguised unemployment in agriculture.

Remittances account for 23 percent of the total value of goods and services produced in the country (generally termed as gross domestic product- GDP), according to estimates by World Bank economists. Remittance has been the backbone of our economy, especially after 2000 when remittance inflows started to skyrocket. So far the extent of its impact has been discussed based on anecdotes and observations. Lately, its true reach and impact at household and national levels are estimated in two forthcoming studies based on surveys, namely Nepal Living Standard Survey 2009 and Nepal Migration Survey 2009.

Human resource is very powerful resource but migration of youth for foreign employment is the panic situation for the development of a country. The indication of youth labor migration for foreign employment is not good sign for the sustainable development of the country. Developing countries like Nepal where labor market is not enough have chronic problem. Thus exporting labor for remittance can be a developing strategy of a country. In average 20-30 years old unemployed, comparatively more males than females belongs to remote areas are more attracted towards foreign employment due to violence and conflict in the society. Generally youths seek foreign job to secure better future and prosperous life. Political instability, continuous conflict poor economic condition of rural areas laid people no choice but to go for foreign job.

Various causes influence the migration of an individual. It has positive as well as negative impact on both origin and destination of a migrant. The current major issue

and the impact of migration is remittance. It is the sum of money sent from one place or person to another. The remittance has done well in these days to a recipient country in the process of economic prosperity.

The theory of remittance or its relations with different variables has not been established yet. This is because there is no perfect relationship of it with other variables. The causes of migration, place of destination, types of work engaged in destination, environment of destination, family cause and a lot of variables affect volume of remittance and its use and impact.

2.2 International Context

Anyanwu & Erhijakpor (2010) tried to seek the answer to question: “Do international remittances affect poverty in Africa?” The data set consists of 33 African countries and 75 observations. The poverty measures of use here from the World Bank’s percale database which incorporates their measure of income poverty first poverty incidence (headcount poverty) which measures the percentage of population living on less than one ppp dollar a day. Second is the poverty depth (poverty gap) which is the means distance below the poverty line as a proportions of the poverty line. Third is poverty severing (squared poverty gap) which is the means of squared distance below the poverty line as proportions of the poverty line and is more sensitive to the distribution of the poor below poverty line. The main finding of this study was firstly, international remittance have strong statistically significant impact on reducing poverty in Africa. After incrementing for the possible indignity of international remittance, a 10 percent increase in official international remittance as a percentage of GDP will lead on average to a 2.9 percent decline in the share of population living in poverty. Secondly, per capital strongly reduce all measures of poverty in Africa. Thirdly, income inequality appears to the strongest factors influencing all three measure of poverty in the continent. Fourthly, both tread openness and inflation tend to reinforce poverty in Africa.

Combes, & Ebek (2010) have analyzed that the impact of remittances on household consumption instability in developing countries on a large panel of developing countries. The four main results are the following: Firstly, remittances significantly reduce household consumption instability. Secondly, the insurance role played by remittances is highlighted: remittances dampen the effect of various sources of consumption instability in developing countries (natural disasters, agricultural shocks,

discretionary fiscal policy). Thirdly, the insurance role played by remittances is more important in less financially developed countries. Fourthly, the overall stabilizing effect of remittances is mitigated when remittances over GDP exceed 8.5 percent and to weaken when inflows exceed this threshold due to the positive effect on output instability.

Elbadawi and Rocha (1992) synthesized the old researches in two categories : indigenous migration approach to international workers' remittance concerns the income differential and wage rate between two places; three is 'required' level of remittance which must be equal to average income of family and community; on the other hand portfolio approach to international workers' remittances suggests volume of remittances depend upon decision whether to save in host country or remit to the home country; the volume of remittances is affected by relative rate of return of interest rate, foreign currency, real estate and inflation and difference in the black market exchange rate and official exchange rate. In a nutshell, the first approach considers income and demographic variables as the main determinant but economic policy influences less and so it is long run analysis; and second insists on macroeconomic policies, economic and social environment for higher remittance and is short run treatment.

2.3 National Context

Buddha (2012), in his article Hidden Aspects of Remittance in Republica, 26 Nov 2012, identified that; remittances are private intra-family or intra-community income transfers that directly help to reduce poverty, especially rural poverty, in Nepal. Remittances augment recipient households' resources, smoothen consumption, provide working capital, and have multiplier effects through increased household spending. For the most part, these are used to finance consumption or investment in housing, education, health care, and nutrition. In Nepal, the poverty headcount declined by 16.6 percent points between 1995 and 2011, with a third to a half attributable to remittances. Cross-country analyses have shown that a 10 percent increase in officially recorded per capita remittances may lead to a 3.5 percent decline in poor people. It has provided a lifeline to the poor during the conflict in the past, continues to do so in the current transitional phase.

New Business Age 2012 deliberates that, Remittance is one of the important sources of income. The contribution of remittance on Gross National Product is 23.6 per cent.

In some cases, it seems that the process of remittance is lengthy and costly. The government should prepare proper plans and policies in order to encourage the migrant workers to use formal channels for remittance purpose. It should provide orientation classes and distribute booklets mentioning the disadvantages of using illegal banking channels like Hundi, for instance. The government should also support the recruitment agencies in receiving recruitment charges; visa charges etc through proper banking channels and thereby automatically reduce the use of illegal banking channels. Currently, about 25 per cent of remittance flow is being carried out through Hundi. The only way we can control Hundi transactions is through easy banking access and close monitoring.

The Himalayan Times (2011) focuses that, remittance is widely spent on daily consumption, followed by loan repayment and household property instead of capital formation, according to third Nepal Living Standard Survey published today. Some 78.9 per cent of the remittance is used on daily consumption, whereas 7.1 per cent of the remittance is used to repay loans followed by 4.5 per cent on household property, 3.5 per cent on education and only a minimal 2.4 per cent is used on capital formation, stated the survey published by the Central Bureau of Statistics here today. That reflects the migration has not only increased the average income of a Nepali and consumption pattern but changed the social structure too.

NRB (2012) Banking development and research unit have studied about 'Impact and evaluation of remittance: A case study of Dhanusha district' focused on to analyze the socio-economic impact of remittance on receiving households of Dhanusha district. The socio-economic aspects include education, health, information access, and income and expenditure pattern and women empowerment, to identify how migrant workers send their money in their country of origin and to identify whether migrant workers use their remittance earnings in productive or non-productive areas.

This study is based on cross sectional interview where the whole sample universe/household had been divided into two group treatment and control households. The households who had been abroad for foreign employment they belonged to the households in the treatment group. The households who did not go for foreign employment belonged to the comparable control group. The questionnaire method was conducted for collecting data.

This study focused that the comparative analysis between treatment and control households revealed that the education level was not found to be much different

between migrant-sending and non-sending households but the important distinction between treatment and control households was observed in the expenditure in family health and children's education. The migrant workers spend more money in health and education when they start receiving remittance income. Access to information was found to be higher in treatment households than in control households. A majority of remittance-recipient households reported that they purchased their land for agricultural purpose. A close observation of expenditure pattern of treatment households indicates that consumption was mostly on unproductive areas. The decisions regarding financial transactions, children's education, child birth, women's health and involvement in social activities were made both by male and women, which was in greater extent in treatment group than in control group

Sapkota (2011), in his article Cost and benefit of remittances' identified the massive jump in average household income-particularly that of the poorest households which make up the most of the 55.8 percent of households that receive remittances has nothing to do with the policies that were implemented in the last six years. So much resources and efforts have been invested to reduce poverty but its effect seems to have faltered in the face of the impact of remittance at the household level. In reality, the Nepal Living Standard Survey(NLSS) III results indicate a policy failure and a resounding victory of remitters in reducing income poverty and inequality directly and most efficiently than any initiative carried out in the past six years. Now, some might argue that access to roads, services (education and health) and wage increase might have led to that. But, the impact of these factors is not as fast and as deep as that of remittances, which 'directly bumped up household income. Also, since these factors have not contributed to boosting economic growth, it appears poverty has decreased without a convincing growth rate. May be it is about time to change policy strategies to fight poverty in Nepal.

Pant (2011), in 'Harnessing Remittances for Productive Use in Nepal' has defined that Remittance flows are a crucial policy concern since they are very large in size, are relatively stable and provide a cushion for economic shocks, and are unique in providing direct benefits for households. The main objectives of his study were capturing a share of remittance for developing purposes, Stimulating investment of remittances and Influencing consumption patterns of remittances.

However, 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 Nepalese to send money home particularly beyond individual family remittances, and craft its policies to take advantage of it. While the policies and initiatives undertaken so far to augment the impact of remittances are primarily aimed at encouraging the sending of remittances through official channels, the utilization aspect of remittances has been largely ignored by the government authorities.

Further he concluded that directing remittances to productive investments is a challenge for the government. Families of migrant workers should be encouraged and trained so that they are able to undertake small businesses. This will generate jobs and help improve the domestic economy. In the long run, migrant workers can come back and be reintegrated in the country, bringing in better skills and technology.

Major factors could include the lagged impact of sending remittances as well the lack of awareness for sending money through the official channel. Moreover, a large number of manpower agencies hold workers' money for overseas agents that assist them in securing job orders.

Similarly, many Nepalese have been ruined economically after returning back to their country due to improper utilization of remittance. Instead of investing it in productive sector, they have habit to spend it on luxurious and showy goods; and they can't come out of the economic problem. Not only this, but he also writes that the family members misuse it for alcoholism, drugs etc. According to Pokharel, we can also get positive impacts of remittance. The human resource, after returning back to nation, involves in cottage or small scale industries. The main role played by remittance is the investment in education, health facility which increases awareness for people in rural areas. The people who return from foreign countries have achieved skill, knowledge about science and technology, experience etc. which gets the place to be frosted with the capital brought by remittance

Ghimire (2011), in his article 'Productive use of remittance' The Kathmandu Post, 19 July 2011, Families receiving remittance are enjoying a comparatively better quality of life now than in the past. One can observe that these families have been slowly overcoming the debt burden, relatively comfortable houses with good toilets are being constructed, children are studying in private schools if they are available nearby, and televisions and mobiles have become common amenities. New market centers are emerging in the periphery; new kinds of small businesses such as public telephone booths and cyber cafes; beauty parlors and cosmetic shops, readymade garment

outlets and stationery stores have increased; employment opportunities in private schools and colleges has expanded and families are shifting from rural areas to cities and new market centers.

Nepal receives 48.9 percent of the remittance from the Gulf and 10 percent from Malaysia. A Nepali worker in these regions normally earns about Rs. 15,000 monthly. And they have their own expenditure priorities at home-repaying loans, kids' education fees, financing social rituals such as marriages of family members and other family obligations. Due to the rising and higher rate of inflation prevailing in Nepal for the last few years, spending on consumption, clothes and houses is very large and rising. Thus, foreign employment for them is a means of livelihood that is helping to improve their living conditions but not giving much.

Sherpa (2010) has studied on 'Labor Migration and Remittances in Nepal'. His studied mainly focused on to identify the wider impacts of social and financial remittances on poverty; the skills migrants bring back to their origin communities and the use of these skills, investment opportunities for remittances in the mountains; the perceived impacts of climate change on migration patterns; the impacts of migration on women's workload, decision making, and the gender, better institutional arrangements for sending and receiving remittances.

The study was conducted in three districts Dailekh, Bajhang, Jumla. The study was conducted in six village development committee areas (VDCs), two in each of the three districts of Bajhang, Dailekh, and Jumla. The impact of labor migration on social, economic, and gender inequality and on community cohesion in origin communities was still rather ambiguous, and efforts to understand these need to be continued.

Remittance has a major impact on the welfare of recipient households, although the reliance on remittances varied between people depending on their wealth. Remittances were the main source of income for most people in the study areas. Remittances were spent on food, education, health and consumer goods. The opportunities for investment of both skills (e.g. driving, cooking, and electrical repair) and money were limited, partly as a result of the lack of support infrastructure, capital or awareness.

Pokharel (2009), in his M.A. dissertation entitled 'Foreign Employment and Remittance Economy of Nepal (A case study of Arupokhari V.D.C. of Gorkha district)', has concluded that remittance has positive effect in the society. People have

used most of foreign income to purchase land, make a house, repayment of debt, and to purchase of other luxurious goods such as T. V. computer, mobile etc. in the same way, the purchasing power of people is increased and they have spent their income for better education to their children, family health and consumption of better goods and services in their livelihood.

Sharma & Gurung (2009) try to examine the impact of global economy slowdown on remittance in flows and poverty reduction in Nepal. Secondary time series data were taken for analysis. The study found that the remittance income rent invested mainly on household purposes of purchase of land, purchases and maintenance of new house, paying off loans, deposit cash in bank and finally interest for business purposes. Some returnee migrants have also invested their savings in business ventures. Given the policy and economy realities in Nepal and the limited spaces for expanding employed and income opportunities, foreign employment will remains an attraction for new entrance in the Nepal labor market for long time to come. While the attractions are strong and realistic the foreign labor market remains fragile subject to different factor, including local demands and global economy situation. Since the bulk of the Nepal migrant workers consist of unskilled labor, young are exposed of unsecured and low paid jobs. Lastly they recommended that the private sector should take the initiative to make the most productive use of remittance income, which is now largely invested in land, housing and buildings. In the long term it would be not sustainable for promoting foreign employments.

Pokharel (2008), in his article 'Influence of Remittances in Nepalese Economy' concluded that remittance is used on daily spending, debt repayment , buying house and land, repair and build of house, education and health of children. Remittance has reached to the poor people directly, thus, it has helped to improve their status. According to macroeconomic approaches, it plays the vital role in foreign exchange, balance of payment, internal rate of interest, saving and investment, economic growth and reduction poverty and income inequality.

He further argues that Almost all the share of remittance expend on household consumption, debt repayment, buying home and land, repair and build of house, education and health on children and small trade due to ignorant, demonstration of effect and conflict large share of remittance is spending on unproductive section thus, in the long-term it may not be benefited for the economy.

NRB (2008) focus that analysis of remittance tendency of Nepal, to find out medium of getting remittance and its use as well as formal medium of remittance. The study has concluded that most of the foreign workers have used informal source to send their remittance. About 97 percent workers have used informal source and only 3 percent worker have used formal source. They have no any knowledge to send their income through bank and financial institution, service charge in bank was very high, and bank and financial institution are far from their access are the main responsible to use informal sources among them in India.

NRB (2008) concluded that under 'NRB Paints Grim Remittance Picture Likely to fall to 40 percent by Mid-November' in the Kathmandu post, Tuesday December 16.2008, p-7. The remittance growth rate is likely to decline to 40 percent by mid-November this year, although it grew by 80.7 percent by mid-October against the corresponding period last year. The construction works in the Gulf are unlikely to suffer badly as Gulf Countries make enough profit even if the oil price drops below US\$ 40 per barrel and Malaysian economy has not been hit hard yet by the global slowdown. As jobs are being cut in the Western Countries, Gulf Countries and Malaysia and even in India, Nepalese working there will surely have to suffer from this trend.

Limbu (2008), in his article 'Contribution of Foreign Employment to Increase each Nepalese Monthly Income' argues that foreign employment has the various effects in Nepalese society such as family change, social change, positive effect on economy, poverty alleviation, city oriented migration, women right on property etc.

Misra (2007) concluded that remittance has emerged as an important source of income for households, in particular in developing countries. The flow of remittances is least influenced by economic downturn and remain a stable source of income. Analytical studies have shown that remittances contribute to poverty reduction in home countries. The understanding of the micro as well as macro impact of remittances on home countries is only now emerging. This is a relatively new area of research however it is fast gaining prominence with the growing magnitude of remittances.

NRB (2007), 'SAARC Finance Seminar on Management of Workers' Remittances in SAARC Countries' concludes that remittance has opened a new area of research to the economists and politicians. As its share and volume keep on growing, economic and financial model builders have got a strong ground of empirical testing of hypothesis as 'remittance led growth'. So, remittance has a greater scope of expansion for a 'role

play' in the socio economic development of developing countries. Nepal has an encouraging picture towards this direction. However, because of the lot of traditional or emerging new reasons, the remittance sector also would go in jeopardy if timely and proper policy measures and strategic actions are not adopted. Temporary inflow of such remittances cannot serve the long-term objectives of a country. For this, our initiations and drives need to be directed to a safe, reliable, diversified and sustainable remittance system.

Pant (2005), in his report titled 'Remittances and Development in Developing Countries' has stated that remittances are important financial resources to the receiving countries at the micro and macro level. They increase both the income of the recipient and the foreign exchange reserve the recipient's countries. Mostly remittances are used for basic subsistence needs and for daily needs such as food, clothing and housing. These three components make up a significant portion of the income of the recipients household. At an individual level remittance increases the income and reduces the poverty of the recipient's. Generally in the developing countries only a small percentage of remittances are used for saving and used as productive investment such as income and employment generating activities as buying land or tools, starting a business and other activities. However the money spent on better education of the children and health is believed to have a favorable effect on growth, which tends to help in output production. At the macroeconomic level, remittance provides significant sources of foreign currency and contribution to the balance of payment. Remittance also contribute to the expansion of communication services courier companies as well as money exchange services, which contribute to the expansion of economic activities and increase the employment opportunities.

Kshetry (2004) has studied the impact of foreign employment in national economy and conclude that the single most important aspects of emigrant workers are the remittance they send to the country. He has also identified transfer of technology and management skills as another positive aspect that emigrating workers usually bring into the country. Nepal has not been able to demonstrate such benefits distinctly. Mostly very few who have the experience of foreign job up to stay back and start their own enterprise based on work experience. Otherwise they are tempted to go overseas again. The changes in socio- demographic and management skills were another positive aspects that emigrating workers noticeably showed. Nation is devoid of the

labor of prime age because of foreign employment. It has been distinct in the farm sector labor is becoming scarce in rural areas because of the able people leaving the rural area either for overseas jobs or for urban work. It has mixed implications both positive and negative. The plus point is that as deforestation has been reduced though there is large population pressure on forest based resources. Negative aspect of emigration was noticed from increased small plots of land as well as reduced productivity in rural agricultural farms.

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.

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 2 percent. 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 Kathmandu Post(2008)concluded under the title 'Cheap crude may cause fall in remittances' 20 percent share of remittance to GDP in Jordan last year (2007 A.D.), 23 percent share of remittance in Lebanon and Egypt had 5 percent share of remittance to GDP, in the same year. The impact of an economic downturn in Gulf countries could

be even worse for millions of South Asian workers, who make up the bulk of the labor force in the area. There could be a loss of jobs as lower oil prices cause producer countries to scale down their investment plans.

CHAPTER – III

RESEARCH METHODOLOGY

3.1 Research Design

This study is an analytical and a micro level study of Dhunibeshi Municipality. This study is carried out based on descriptive and survey research design. The list of respondent is taken from Dhunibeshi Municipality office. For the representation of homogeneity character of society, Data were collected on the basis of nature, behavior and characteristics of respondent. Respondents are categorized in Dalit, Janajati and Brahmin /Chhetri and sample will be selected randomly but in equal number. The unit of information is household survey and type of data collection for the study area cross-sectional. The collected data are processed according to the need of the chapters, as finding total, averages, percentages, ratios etc. This type of research design is used to make the analyzed facts more meaningful and useful for the purpose.

3.2 Selection of the Study Area

The study area is Dhunibeshi Municipality of Dhading district which is situated in the central Development Region of Nepal. It is the hilly region among three ecological zones. It is bordered by Kathmandu, Nuwakot, Gorkha, Chitwan and Tibet in the north. Dhunibeshi is one of the municipality of Dhading district where the study is done. Dhunibeshi Municipality is located in the middle part of, central Development Region. It is about 20 km west from Kathmandu.

In Dhunubeshi Municipality, there are 2138 households. Maximum number of the household undertakes agriculture profession. The main crops of this Municipality are paddy, maize, wheat, millet etc. Some cash crops are tomato, potato, cucumber, cauliflower, ginger etc. and fruits crops are banana, mango, lemon, guava etc. Dhunibeshi Municipality is linked by road and electricity and drinking water. The main purpose of selecting of this Municipality as area of study includes Municipality officials reported that maximum numbers of youth are going foreign market. This Municipality is accessible to the researchers herself and at represented a typical multiethnic Municipality of Nepal

3.3 Nature and Source of Data

This study is mainly based on primary data collection. Secondary data are also used to compare result if it is necessary. Primary data was collected from the sample households by the field survey. Beside primary data some required data related to the study has been collected from secondary sources available from official and unofficial sources. The relevant data are compiled from publications of the National Planning Commission Secretariat, Central Bureau of Statistics, Budget Speeches of GON, Economic Surveys, annual publications of Nepal Rastra Bank, different records of Labor and Employment Promotion Department and other periodical journals, books, reports, magazines, seminar papers, research reports of donor agencies like WB, ADB, IMF, UNDP etc.

3.4 Universe, Sampling Procedure and Sample Size

The study is made on two wards of Municipality, other relevant people and stakeholders, specially the units of analysis were the members of Municipality. In Dhunibeshi Municipality, there are 2138 households and total population is 11335. Among these foreign employment and their families of two wards (8 and 9) were selected for the study. Out of these households 10 percent i.e. 40 households were selected in equal number from each 2 wards by purposive sampling method. The purpose of conducting such purposive sampling is to represent municipality and focus to include Brahmin/Chhetri, Dalit and Janajatis. To get accurate result from each ward, equal number is chosen. The selection of sample is given in the following table.

Table 3.1
Sample Size of Respondents' Household of Dhunibeshi Municipality

Ward No.	Respondents household	Sampled household (10 Percent)	Household of Brahmin/Chhetri	Household of Janajati	Household of Dalit
8	189	20	7	10	3
9	196	20	6	12	2
Total	385	40	13	22	5

Source: Field Survey, 2019.

The ward no. 8 and 9 were selected purposively because the number of foreign employee in the ward is considerably more when compared to the rest of wards. Sample structure can be classified into different strata to represent caste and ethnicity by using stratified sampling. The following table represents the different combination of sample on the basis of caste such as Brahmin/Chhetri, Janajati and Dalit of Dhunibeshi Municipality.

3.5 Data Collection Techniques and Tools

All the 40 households are interviewed and relevant information is collected through the medium of questionnaires. The questionnaire includes open and close-ended questions. Personal interview is taken and the questionnaire are filled, cross checked, editing and indirect questions are also put sometimes when the answer is expected to be unrealistic and irrelevant.

3.6 Data Processing, Analysis and Presentation

After the completion of field work, all the information are compiled and documented for qualitative analysis. All the information of the filled up questionnaires were presented in a master table to identify the respondent's number and the variable related. Some variables are described after editing and cross checking. Those data's are tabulated manually. Data processing is done with the help of a scientific calculator and computer frequency tables and other statistics such as percentage, average, ratio, graphical presentation are used to make comparisons of different groups of the respondents. The respondents are grouped according to ethnic composition such as Brahmin/Chhetri, Janajati and Dalit. Janajati has included mostly Tamang with few Magar. Similarly, Dalit has included Pariyar, Nepali and Sunar.

CHAPTER - IV

PRESENTATION AND ANALYSIS OF DATA

Economic growth of the country remained hobbled by the long running insurgency and political instability. The status of the Nepalese economy reveals that the state has been unsuccessful to foster development. In such miserable situation, remittance has been playing a pivotal role in the country's economic development by relaxing the foreign exchange constraints. The inflow of remittance not only fulfilled the economic needs of the country but huge amount of foreign currency was also gathered. Thus, it won't be an exaggeration that the country's economy was regulated by remittances. Remittance inflow has not only increased the foreign exchange earnings and regulating

the current economy, but also due to the strong base of remittance income, Nepalese industry, internal trade, business, banks and other financial institutions, import trade etc are regulated. The nation is earning revenue from this source too. In such adverse situation of the national economy, total GDP growth has been increased positively due to remittances inflows. Remittance income is playing a crucial role in minimizing the vulnerability of the economy and also supporting long term growth to some extent. Thus, various uses of the remitted funds are very significant to reduce poverty and create economic security for the household and community.

4.1 Remittance Inflow and Share of GDP

Remittance holds great significance in Nepal where one-fourth of the population lives below the poverty line. According to World Bank, Nepal is among the top five countries in the world with remitted income amounting to 23 percent of the national GDP. Statistics show that remittances bring in one hundred billion rupees each year to Nepal. In 2010, Nepal received \$3,507 million (The World Bank, 2011). According to World Bank, remittance has definitely reduced headcount poverty rate in the country. It has been stimulating much needed economic development.

The amount of remittance received by Nepal every year has been increasing. The figure below shows the amount of remittance received each year.

Table 4.1**The Flow of Remittance and its Contribution on GDP in Nepal (* in billions)**

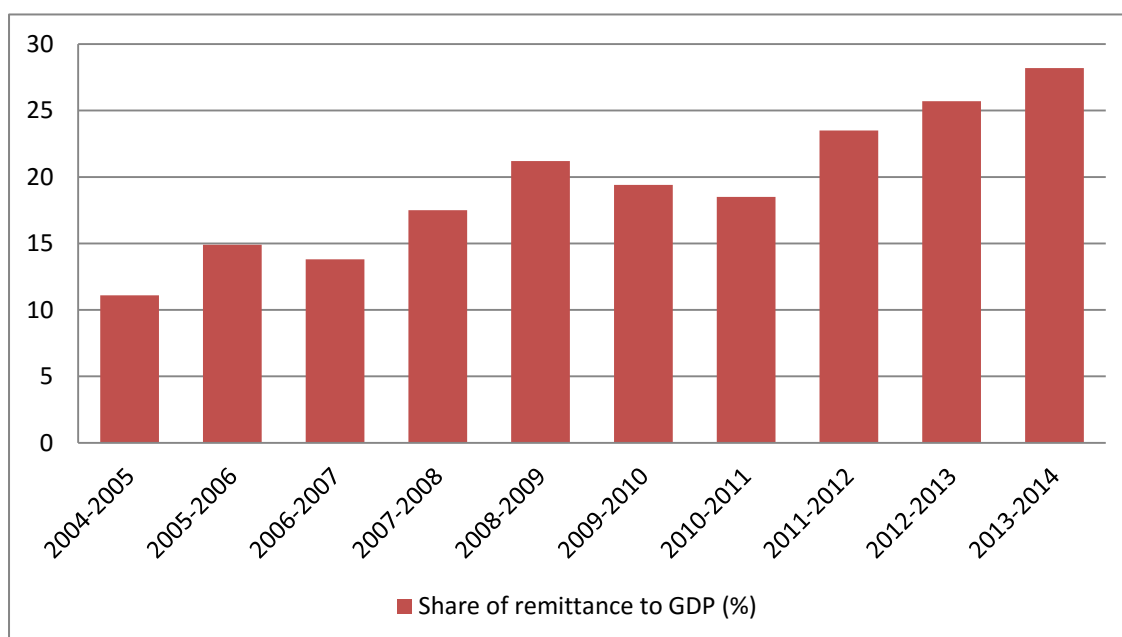
Fiscal Year	Share of remittance to GDP (%)	Remittance*
2004-2005	11.1	65.5
2005-2006	14.9	79.7
2006-2007	13.8	100.1
2007-2008	17.5	142.7
2008-2009	21.2	209.7
2009-2010	19.4	231.7
2010-2011	18.5	253.6
2011-2012	23.5	359.6
2012-2013	25.7	434.6
2013-2014	28.2	543.3
2014-2015*	-	321.0

Source: Nepal Rastra Bank, 2015.

*Included only seven months of the year 2014-2015.

Table 4.1 shows the inflow of remittance which is increasing every year. Nepal had received remittance Rs. 65.5 billion in fiscal year 2004-2005, whereas the remittance received in 2013/14 is Rs543.3 billion which is 8.29 times greater than 2004/05. The share of GDP of remittance is increased with the increment in remittance. In the end of 2013/14, the share of remittance in GDP is 28.2 percent which is 8.29 times higher than fiscal year 2004/05. In the fiscal year 2014/15 Nepal had received 321.0 billion remittances which is seven month data only. It is estimated that the percentage share of remittance in the GDP will increase to 30 percent by the end of this fiscal year 2014/15.

Figure 4.1
Share of GDP in Different Fiscal Years in Nepal



Source: Nepal Rastra Bank, 2015.

Figure 4.1 indicates inflow of remittance in different fiscal year. The amount in flow of remittance is gradually growth this causes share of remittance in GDP also growth in each year.

4.1.1 Trend of Remittance

Remittance provides not only the significant portion of the GDP, but it also contributes in savings and investment. The growth of remittance depends on the number of labor forces working outside the country, the level of earnings, and the portion of income that is sent back to home. Other sources of remittance such as government transfer, investment made by nations in other countries, the size of remittance etc. determines the availability of foreign currency in the country. Nepal publishes data related to remittances continuously. The growth of the remittances and share of remittances is given in the following table. The category of remittance includes the money remitted by the labor employed in foreign country.

Table 4.2**Share of Remittance in Convertible Foreign Exchange and its Growth in Different Fiscal Years***(in Millions)*

Fiscal Year	Total CFE Receipt	Remittance	Share of Remittance in CFE (%)	Annual growth rate of remittance (%)
1997/98	44,983.9	4,084.2	9.08	-
1998/99	57,939.8	6,520.6	11.25	59.65
1999/00	64,250	6,031.4	9.39	- 7.5
2000/01	89,823.2	9,797.6	10.91	62.44
2001/02	75,153.3	14,859.8	19.51	51.67
2002/03	98,681.8	41,630.0	42.19	180.15
2003/04	120,643.2	56,629.8	46.94	36.03
2004/05	123,268.5	61,784.8	50.12	9.10
2005/06	157,297.3	92,748.6	58.96	50.12
2006/07	179,967.2	107,417.4	59.69	15.82
2007/08	236,927.1	139,421.5	58.85	29.79
2008/09	324,391.9	194,215.6	59.88	39.30
2009/10	346,370.7	213,998.9	61.78	19.45

Source: Nepal Rastra Bank, 2012.

Table 4.2 delicate that, foreign exchange has been grown form Rs 44983.9 million in 1997/98 to Rs. 346370.7 in 2009/10, which is more than 7.5 times higher. Similarly, remittance has been increased 52.39 times. It indicates that increase the remittance increases the convertible foreign exchange too. Increasing rate of remittance contributes to increase the convertible foreign exchange. Initially it was 9.08 percent

but it was highly jumped by 61.78 percent in 2009/10. The annual growth rate of remittance is high in 2002/03 by 180.15 percent. The rate of change occurred negative (7.5 percent) once in 1999/00. Other fiscal years were positive but highly fluctuated. So, the flow of remittance has been favorable to increase convertible foreign exchange too.

The main objective of this study is to analyze the economic impact and utilization of remittance on recipient households. So this study goes through the study area Dhunibeshi Municipality to interperate the various indicators such as social characteristic, economic condition, occupation, cause to seek foreign employment, the medium used to obtain foreign employment, destination, and skill status to meet our objective. These show the background and deep introductory characteristics of respondent. The use of remittance and its change and over all consuming patterns of remittance in recipient households has analyzed in different segments.

4.1.2 The Trend of Remittance Inflow

Remittance holds great significance in Nepal where one-fourth of the population lives below the poverty line. According to World Bank, Nepal is among the top five countries in the world with remitted income amounting to 23 per cent of the national GDP. Statistics show that remittances bring in one hundred billion rupees each year to Nepal. In 2010, Nepal received \$3,507 million (The World Bank, 2011). According to World Bank, remittance has definitely reduced headcount poverty rate in the country. It has been stimulating much needed economic development. The amount of remittance received by Nepal every year has been increasing. The figure below shows the amount of remittance received by respondent in Different fiscal year.

The amount of remittance received by Nepal every year has been increasing. The figure below shows the amount of remittance received by respondent in Different fiscal year. The growth of remittance depends on the number of labor forces working outside the country, the level of earnings, and the portion of income that is sent back to home. Other sources of remittance such as government transfer, investment made by nations in other countries, the size of remittance etc determines the availability of foreign currency in the country. Nepal publishes data related to remittances continuously.

Table 4.3
Remittance Obtained by Different Ethnic Group.

(in Millions)

Ethnic Group	Fiscal year				
	2011/12	2012/13	2013/14	1014/15	2015/2016*
Brahmin/Chhetri	1.22	2.94	12.43	18.21	9.82
Growth (%)	-	140.98	322.79	46.50	(46.07)
Janajati	0.81	1.80	4.48	6.39	7.07
Growth (%)	-	122.22	148.89	42.63	10.64
Dalit	0.37	0.78	2.05	3.26	0.81
Growth (%)	-	110.81	162.82	59.02	(75.15)
Total	2.40	5.52	18.96	27.86	17.70
Growth (%)	-	130.00	243.48	46.94	(36.47)

Source: Field Survey, 2016.

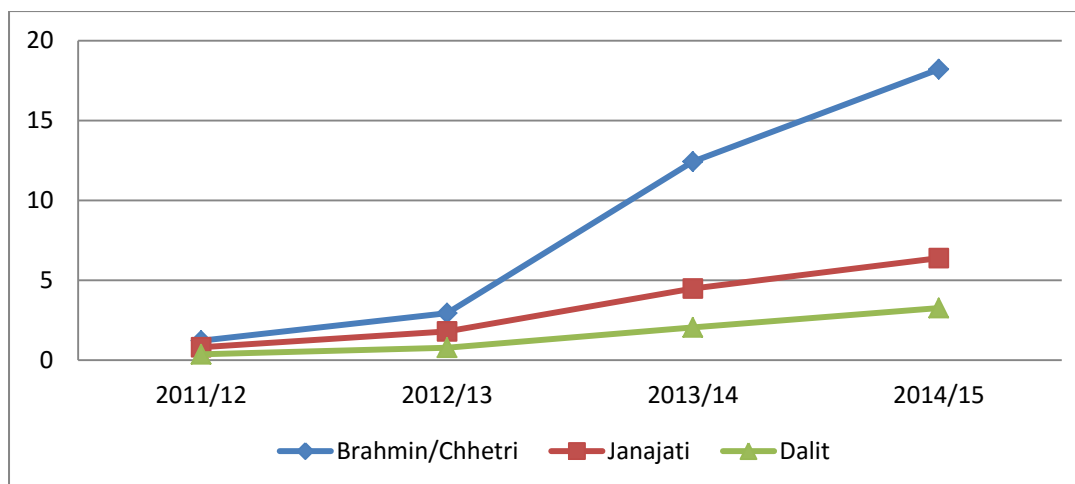
**included four month only.*

Table 4.3 shows that the inflow of remittance of different ethnic group in different year. In the year 2011, very few numbers of workers has gone to abroad for employment. So that in this year 2.40 millions of remittance has been received from abroad. In the year 2012/13 it has been growth by 130 percent and received amount of remittance is 5.52. Similarly in 2013/14 the receive amount is Rs 18.96 million and growth percent is 243.48. In the fiscal year 2014/15, 27.86 millions remittances are received by the household recipients and 46.94 % growths. So that inflow of remittance has been growth every year. It is concluded that each year the flow of

remittance has been growth and number of workers has gone to the foreign country for the employment simultaneously.

Figure 4.2
Remittance Obtains by Different Ethnic Group.

(In Millions)



Source: Field Survey, 2016.

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4.2 General Background of Respondents

The main objective of this study is to examine the economic impact and utilization of remittance on recipient households. So, study go through the study area Dhunibeshi Municipality to intemperate the various indicators such as caste/ethnic composition, size of family, age, marital status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. For the purpose of this study, the sample was classified into three distinct ethnic groups such as Brahmin/ Chhetri, Janajati and Dalit. Other social characters considered important for these groups were age, marital status and literacy rate. The information obtained by interviewing the respondent is presented in the following table.

Table 4.4

Average Age and Percentage of Married Respondents from Different Ethnic Groups of Sampled Households

Caste/Ethnic Groups	No. of Respondents	Average Age of Respondent	Married Respondent (%)
Brahmin /Chhetri	13	27.69	61.53
Janajati	22	28.27	63.63
Dalit	5	27.43	60
Total	40	27.79	61.72

Source: Field Survey, 2019.

Table 4.4 shows that, workers seeking foreign employment from Dhunibeshi Municipality are mostly dominated by Janajati, followed by Brahmin/Chhetri. Dalits are also seeking foreign employment but their size is very small. Average Age of the respondents is 27.7, which shows that young people are mostly in foreign employment.

61.72% of respondent are married. From the table we can conclude that Age of foreign employment seeking respondents from the study area is 27.79 and 61.72% of the respondents are married.

4.3 Status of Remittance

4.3.1 Destination of Foreign Employment

Foreign job seekers in Nepal have been going and working in several countries. The place of environment depends on level of education, skill, the ability to bear the cost of employment and other several factors. Because the Nepalese labor force is being unskilled in majority; they are compelled to go for employment in Gulf countries and Malaysia. The destination of employment may show their level of skill and income. So the destination was considered as important factor. The information obtained in the interview is presented in the following table.

Table 4.5**Destination of Different Ethnic Groups of Migrant workers**

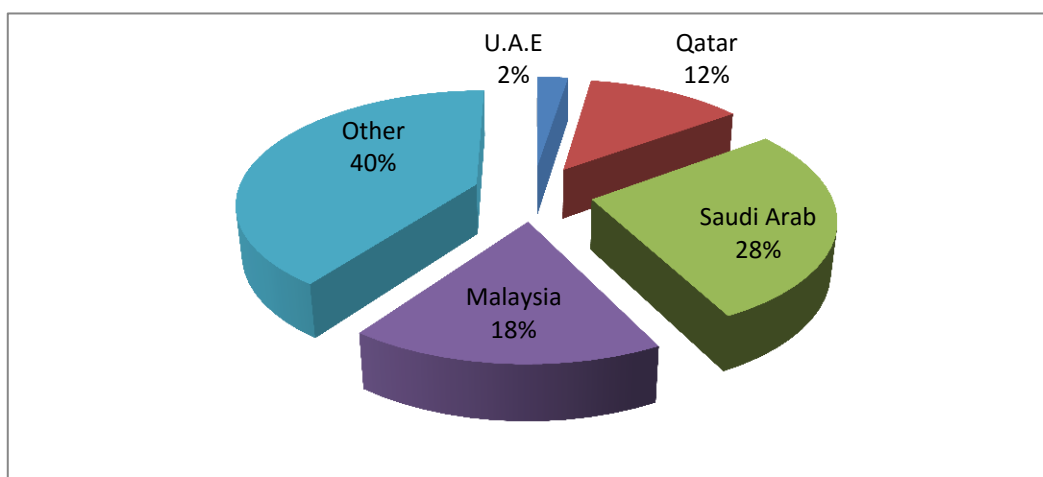
Caste/ethnic groups	No. of respondent	Destination				
		U.A.E	Qatar	Saudi Arab	Malaysia	Others
Brahmin/Chhetri	13	-	3	3	2	5
Janajati	22	1	1	8	4	8
Dalit	5	-	1	-	1	3
Total	40	1	5	11	7	16
In percent	100	2.5	12.5	27.5	17.5	40

Source: Field Survey, 2019.

The table 4.5 shows that among the 40 respondents, 40% of employees have gone to other countries. Saudi Arab (27.5%) is the second destination followed by Malaysia (17.5%). The fourth destination is Qatar (12.5). U.A.E (2.5%) is negligible. Almost all Dalits are gone to other countries though the foreign employment of Dalits is very minimum. Janajati too chose other countries and Saudi Arab for the first destination. Minimum persons are only going for U.A.E.

It is concluded that other countries and Saudi Arab are the most dominated destination for the Dhunibeshi Municipality migrant workers. It can be presented in pie diagram for the specific study of the destination of respondents in Dhunibeshi Municipality.

Figure 4.3
Destination of Different Ethnic Groups of Migrant Workers



Source: Field Survey, 2019.

Figure 4.4 shows different combination of respondent who are going various country according to their skill, interest, afford of money and contact. Maximum number of foreign employ has chosen the other countries due to the good literacy in Dhunibeshi Municipality. So that 40% of foreign worker have to other countries. Similarly, 28 % have to go Saudi Arab and 18% in Malaysia. 12% and 2% have to go Qatar and U.A.E respectively.

4.3.2 Skill Status before Going Foreign Employment

Skill is one of the most important factor which helps to find the proper job and increase the working capacity of labor. Anybody, who is trained can earn much more money and get better job than unskilled labor. Most of the Nepalese, seeking foreign employment are said to be untrained. They do not have adequate skills. Due to this, they are employed in menial work and are paid low. The information of respondents is given in the following table.

Table 4.6

Skill Status before Going Foreign Employment from Different Ethnic Groups

Caste/Ethnic groups	No. of Respondents	Unskilled	Skilled
Brahmin /Chhetri	13	9	4
Janajati	22	8	14
Dalit	5	4	1
Total	40	21	19
In percent	100	52.5	47.5

Source: Field Survey, 2019.

The table 4.6 shows that 52.5 percent of job seekers are considered as unskilled before getting foreign employment and 47.5 percent workers are skilled: waiter, cook, security guard, driving, carpentry, electricity wiring, plumbing etc. But, the almost households from Dalit are unskilled. It shows that foreign job seekers are both skilled and unskilled equally.

4.3.3 Causes of Seeking Foreign Employment

There must be several causes to seek foreign employment. In the context of Nepal, main cause of seeking foreign employment is the problem of unemployment. Most of the developing country has faces this problem. The reason might be economic, social, political etc. They may be related to the acquired skills and various other reasons. To find out the causes of seeking foreign employment, the respondents were asked to identify the prime causes to go foreign employment. They gave more than one reasons as follows.

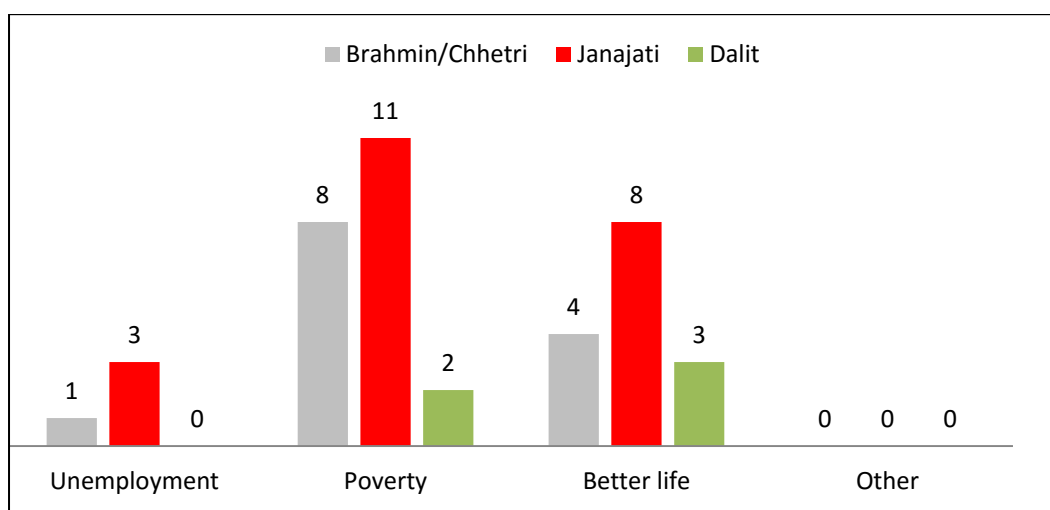
Table 4.7
Causes of Seeking Foreign Employment by Different Ethnic Groups of Respondents

	No. of respondents	Causes			
		Unemployment	Poverty	Better life	Other
Brahmin /Chhetri	13	1	8	4	-
Janajati	22	3	11	8	-
Dalit	5	-	2	3	-
Total	40	4	21	15	-
Percent	100	10	52.5	37.5	-

Source: Field Survey, 2019.

Table 4.7 shows that, Poverty has been the main cause for foreign employment among the respondents. Due to this, 21 respondents went to foreign employment. The second cause was for the better living. For this, among the ethnic groups, Dalit shows higher percentage than other. Due to unemployment, 4 respondents are gone to foreign employment. It is concluded that poverty, better life are the main causes to seek foreign employment.

Figure 4.4
Causes of Seeking Foreign Employment by Different Ethnic Groups



Source: Field Survey, 2019.

4.3.4 Medium Used to Obtain Foreign Employment

Individuals who seek foreign employment need to know the job, salary, nature of contract and cost for getting the employment opportunity. Generally, government registered manpower agency (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them, individual contracts also play important role. The quality of job and cost is related to the medium used by the individuals. The cheating by agents and the torture are also related with the medium used. The medium is considered to be important factor and the respondents are asked to identify it. The responses are given in the following table.

Table 4.8

Medium Used to go for Foreign Employment by Different Ethnic Groups of Respondents

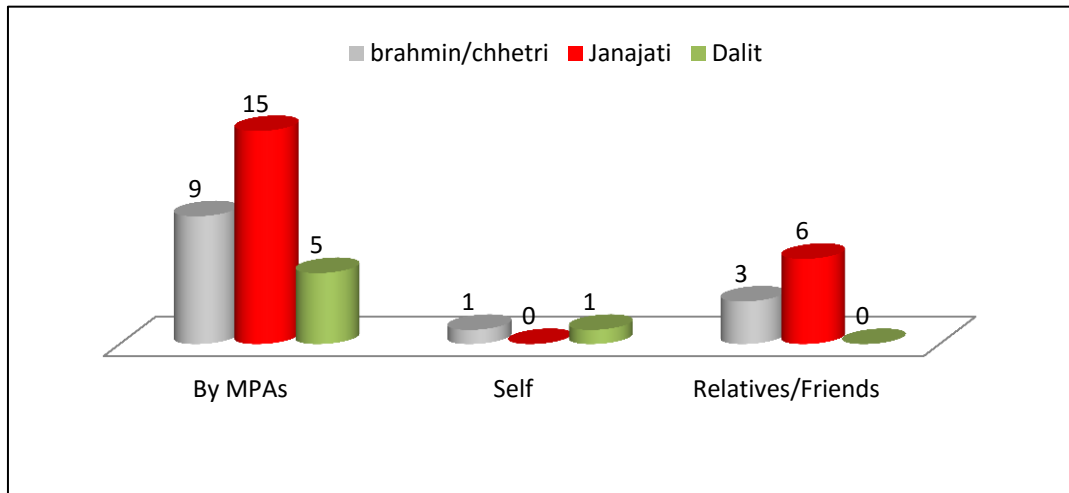
Caste/Ethnic groups	No. of respondents	Medium		
		Self	By MPAs	Relatives/ Friends
Brahmin /Chhetri	13	1	9	3
Janajati	22	1	15	6
Dalit	5	-	5	-
Total	40	2	29	9
Total in percent	100	5	72.5	22.5

Source: Field Survey, 2019.

Table 4.8 shows that among the total respondents, 29 persons have gone to seek foreign employment through registered manpower agencies. 9 respondents have managed through their own contacts with the help of friends and relatives. Similarly, 5 respondents have managed themselves.

It is concluded that majority of foreign jobs seeker use MPAs as a medium to find the job. Some have used their friends and relatives as a medium.

Figure 4.5
Medium Used to go for Foreign Employment by Different Ethnic Groups of Respondents



Source: Field Survey, 2019.

The Figure 4.5 shows the use of financing to obtaining foreign employment by the people of the study area. Most of the people are using legal way (MPAs).

4.3.5 Source of Financing

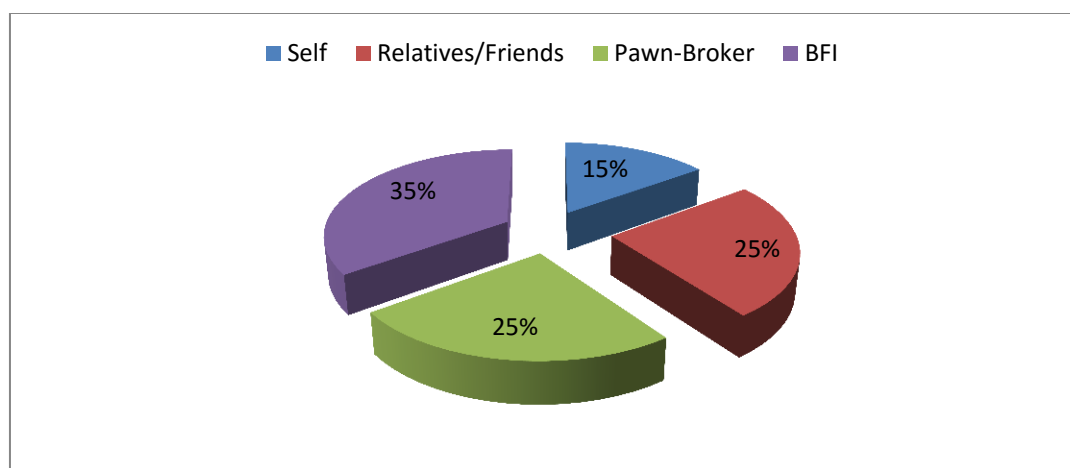
Most of the rural people of Nepal who want to go for foreign employment use several sources of financing the cost involved. They bear loan; sales of property including land, internal saving as well as funds mobilized through friends and relatives. To find out the extent of sources used by the respondents, they have been asked to provide their source of financing for the foreign employment. The information collected from the interview is presented in the following table.

Table 4.9**Source of Financing of Cost of Foreign Employment for Different Ethnic Groups**

Caste/Ethnic Groups	No .of Respondents	Sources			
		Self	Relatives/Friends	Pawn-Broker	BFI
Brahmin /Chhetri	13	-	5	3	5
Janajati	22	5	5	6	6
Dalit	5	1	-	1	3
Total	40	6	10	10	14
Total in percent	100	15	25	25	35

Source: Field Survey, 2019.

The table 4.9 shows that, 14 respondents or 35 percent of the total workers have taken loan from BFI to pay the cost of foreign employment. Another 10/10 respondents or 25/25 percent have taken loans from friends/relatives and pawn-broker respectively. Similarly 6 respondents or 15 percent have to take managed cost from their internal saving. Among the respondents who use family saving, the maximum number is from Janajati group. It is concluded that the cost of foreign employment is highly financed from BFI. Another major cost has been financed by burrowing from friends/relatives and pawn-broker. Some part of finance from family saving is used by Janajati.

Figure 4.6**Source of Financing of Cost of Foreign Employment for Different Ethnic Groups**

Source: Field Survey, 2019.

Figure 4.6 show that, 35 percent have managed finance from BFI. 25 percent borrowed from fiends/relatives and next 25 percent took loan from pawn-brokers, remaining 15 percent managed themselves.

4.3.6 Average Yearly Income

Table 4.10

Yearly Income of Respondent of Different Ethnic Group from Foreign Employment

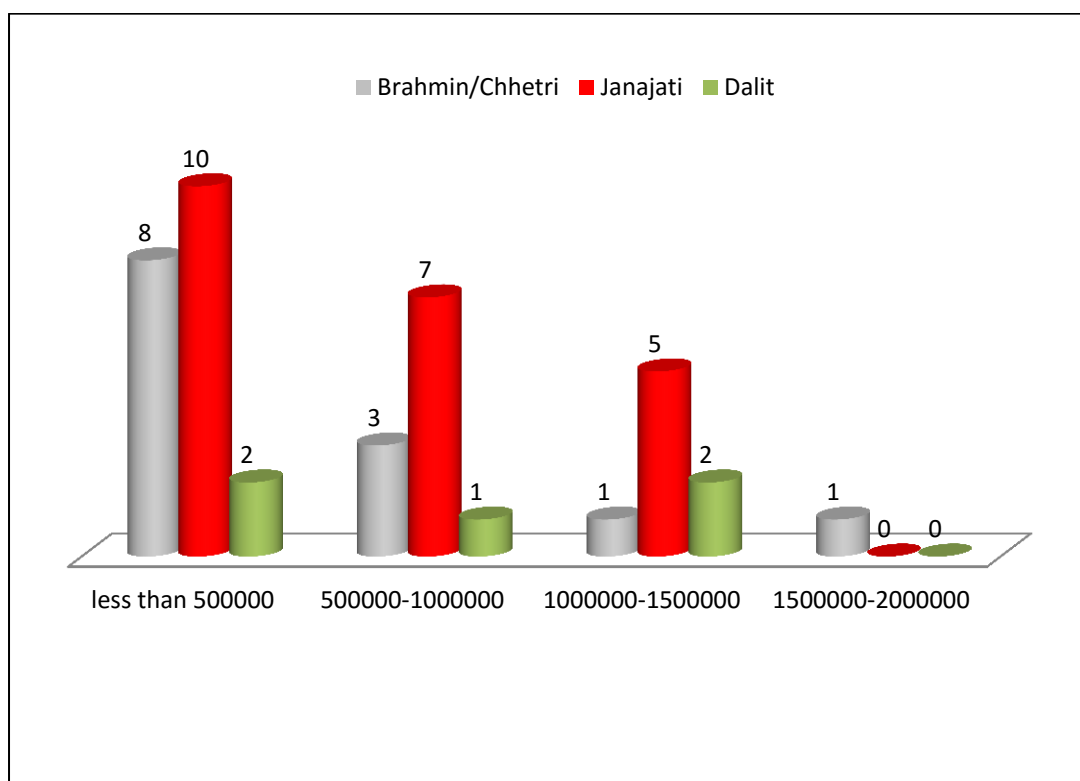
Caste/Ethnic Groups	No .of Respondents	Yearly Income(in Nrs)			
		Less than 500000	500000-1000000	1000000-1500000	1500000-2000000
Brahmin /Chhetri	13	8	3	1	1
Janajati	22	10	7	5	-
Dalit	5	2	1	2	-
Total	40	20	11	8	1

Source: Field Survey, 2019.

Table 4.10 shows that, average yearly income of respondent are less than Nrs500000. Among 40 respondent 20 of them earn below Nrs500000, 11 respondents earn between Nrs500000 to Nrs1000000, 8 respondents earn between Nrs1000000 to Nrs1500000 and only one respondent earn Nrs1500000 to 2000000.

Figure 4.7

Yearly Income of Respondent of Different Ethnic Group from Foreign Employment



Source: Field Survey, 2019.

4.4 Economic Impacts of Remittance at Household Level

4.4.1 Main Source of Earning

Table 4.11

Main Source of Income of Different Ethnic Groups

Caste/Ethnic Group	Foreign Employment	Agriculture	Trade	Business	Services	Other
Brahmin/Chhetri	10	11	-	1	-	-
Janajati	18	22	-	2	-	-
Dalit	4	3	-	2	-	-
Total	32	36	-	5	-	-
In Percent	80	90	-	12.5	-	-

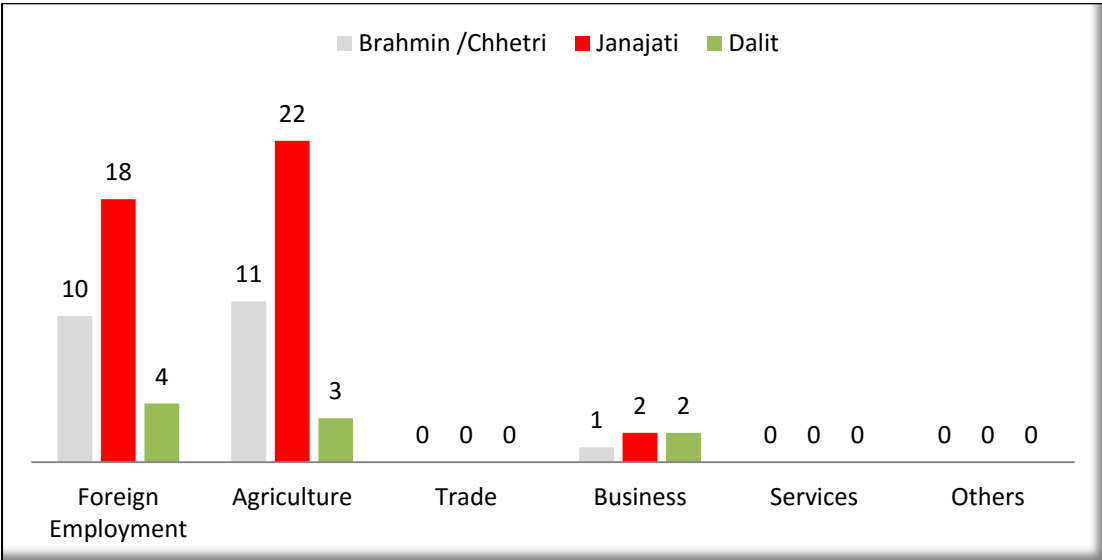
Source: Field Survey, 2019.

Table 4.11 shows that, agriculture is the main source of income of respondents and family. 90% of respondent still depends on agriculture as a main source of income,

80% of respondents fully depends on foreign employment and only 12.5% respondent runs business as a main source of income. From this we can conclude that agriculture and foreign employment are the main sources of income of this municipality.

Figure 4.8

Main Source of Income of Different Ethnic Groups



Source: Field Survey, 2019.

4.4.2 Condition of Durable Goods

The main attraction of foreign employer is to use of luxurious goods in society. Large amount of remittance has been used to buy durable goods such as Radio T. V, mobile motorbike Tractor computer etc. The conditions of using durable goods in Dhunibeshi Municipality is as follows

Table 4.12

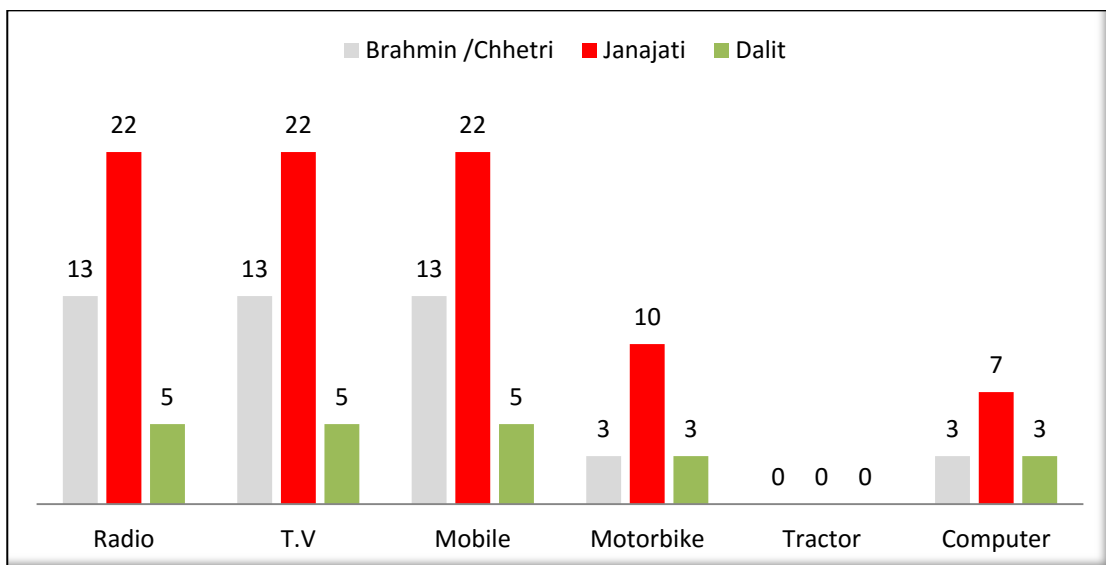
Used of Durable Goods by Different Ethnic Group

Caste/Ethnic Groups	Radio	T.V.	Mobile	Motorbike	Tractor	Computer
Brahmin /Chhetri	13	13	13	3	-	5
Janajati	22	22	22	10	-	7
Dalit	5	5	5	3	-	3
Total	40	40	40	16	-	15
In percent	100	100	100	40	-	37.5

Source: Field Survey, 2019

Figure 4.9

Used of Durable Goods by Different Ethnic Group



Source: Field Survey, 2019.

The table 4.12 and figure 4.9 shows that 100 percent respondent said that they have Radio, mobile and television. The accessibility of motorbike and computer is comparatively low, and their percentage is 40 and 37.5 respectively. The modern technology of agriculture (tractor) is still not in use.

It is concluded that radio, mobile and T.V. is very common durable goods among all group of respondents. Similarly, Motorbike, and computer have also attracted to the respondent. The people use luxurious items whose level of income is increased.

4.4.3 Changes in Household Economy Due to Foreign Employment

How has the foreign employment played certain impact on household indicators? Do they live in better house? Do they send their children in better schools? How has the health been changed? These are very pertinent questions. Positive impact on them depends on size of income of respondents brought from foreign employment, family size, economic condition of the family, previous condition than foreign employment, knowledge of the respondent, culture of society etc. It is often believed that if somebody receives foreign employment his/her household economy will be certainly improved. The change in economic wellbeing, improvement in living standard, increases skill and social status due to foreign employment, Housing condition, education of children and health of family member due to foreign employment. The respondents have been asked to give their own judgment. The answer given by them is presented in the following table.

Table 4.13**Frequency Distribution of Change in Different Indicators of the Respondents**

Indicators	Change in Conditions			Total
	Increased	Decreased	Remained Same	
Economic Status	30	-	10	40
Percent	75	-	25	100
Standard of Living	26	-	14	40
Percent	65	-	35	100
Skills	28	-	12	40
Percent	70	-	30	100
Housing Condition	25	-	15	40
Percent	62.5	-	37.5	100
Education of Children	37	-	3	40
Percent	92.5	-	7.5	100
Health of Family Member	40	-	-	40
Percent	100	-	-	100
Cash Available with Themselves	39	-	1	40
Percent	97.5	-	2.5	100

Source: Field Survey, 2019

Table 4.13 shows that, 30(75%) respondents said that their economic status has been increased after returning from foreign employment. Another 10(25%) respondent said that their economic status remained same. Similarly 26(65%) respondents have increased their standard of living after returning from abroad and 14(35%) respondents said that their living standard remained same. 28(70%) respondents have developed their skill while working abroad and 12(30%) respondents said that they have same skill because they performed same work in abroad as they have done in Nepal. Housing condition of 25(62.5%) respondents have increased due to foreign employment and 15(37.5%) respondents said that their housing condition remain same. It might be low income or other more pressing priorities. Similarly 37(92.5%) of the respondents have felt improvement in the Education of the children and education of children of 3(7.5%) respondent remained same even after foreign

employment. Improvement in education might be the result of improvement of economic condition of individuals who could afford private school for their children. 40(100%) respondent have improved the health of the family members after foreign employment. 39(97.5%) respondents have increased their saving after foreign employment and only 1(2.5%) respondents saving remained same.

It can be concluded that most of the respondents felt that there was a positive change in their household economic and social indicators after returning from foreign employment.

4.5 Utilization of Remittance at Household Level

4.5.1 Trend of Consumption

The consumption trend of remittance of respondent depends upon the remittance. The consumption trend is high when they received remittance.

Table 4.14 shows that, the consumption expenditure of ethnic group in Different year. The consumption trend of the Brahmin/Chhetri, Janajati and Dalit are gradually growth by each year with the increase in flow of remittance by recipient household.

Table 4.14
Yearly Consumption (Food & Non Food) of respondents

**(In Millions)*

Brahmin/Chhetri	2011/12	2012/13	2013/14	2014/15	2015/16*
Consumption	30.49	33.24	36.56	40.40	15.08
Growth (%)		9	10	10.5	-62.67
Janajati	2011/12	2012/13	2013/14	2014/15	2015/16
Consumption	2.43	2.60	2.83	3.12	1.15
Growth (%)		7	9	10	-63
Dalit	2011/12	2012/13	2013/14	2014/15	2015/16
Consumption	1.16	1.21	1.30	1.45	0.54
Growth (%)		4	8	11	-62.67
Total	2011/12	2012/13	2013/14	2014/15	2015/16
Consumption	34.09	37.05	40.70	44.97	16.78
Growth (%)		8.69	9.86	10.48	-62.69

Source: Field Survey, 2016.

**Included only Four month*

4.5.2 Consumption Expenditure at Household Level

The main objective of the study is to examine the utilization of remittance at household level. It shows the people are consuming remittance in daily life for surviving or better life spending.

Consumption expenditure shows income level of household indirectly because no one has to say about income directly. Total expenditure is equal to total income of an individual. Consumption by different ethnic groups of Dhunibeshi Municipality within a year as follows:

Table: 4.15**Average Consumption Expenditure of Household by Different Ethnic Groups of Respondents**

Indicators	Cast/Ethnic Groups		
	Brahmin/Chhetri	Janajati	Dalit
Food	155384.61	141000	161000
Percent	16.39	15.58	14.17
Education	76923.07	87227.27	164000
Percent	8.12	9.63	14.43
Drinking water	1223.07	1579.54	1620
Percent	0.13	0.18	0.12
Health	58769.23	76818.18	104000
Percent	6.20	8.48	9.14
Furniture and House Recondition	24230.76	25681.81	31250
Percent	2.55	2.83	2.73
Communication	15769.23	14863.63	14600
Percent	1.67	1.65	1.22
Insurance	18166.66	16125	13400
Percent	1.92	1.79	1.80
Taxes	2061.53	2790.90	4620
Percent	0.22	0.30	0.04
Saving	203461.53	268095.23	226000
Percent	21.47	29.63	19.90
Debts	323181.81	196363.63	300000
Percent	34.10	21.70	26.41
Others	68461.53	74454.54	114000
Percent	7.23	8.23	10.04
Average Total	947632.73	904999.73	1134490

Source: Field Survey, 2019.

Table 4.15 shows the average consumption of respondents households. Brahmin/Chhetri expenses average 16.39 percent on food, 8.12 percent on education, 0.13 percent on drinking water, 6.20 percent on health, 2.55 percent on furniture and house recondition, 1.67 percent on communication, 1.92 percent on insurance, 0.22 percent

for taxes 21.47 percent is saving , 34.10 on debts and 7.23 percent on other expenditure. Similarly Janajati average expenses on food, education, drinking water, health, furniture and house recondition communication, insurance, taxes, savings, debts and others are 15.58, 63, 0.18, 8.48, 2.83, 1.65, 1.79, 0.30, 29.63, 21.70 and 8.23percent respectively. In the same way, the average expenses of Dalit in different sectors such as food, education, drinking water, health, furniture and house recondition, communication, insurance, taxes, savings, debts and others are 14.17, 14.43, 0.12, 9.14, 2.73, 1.22, 1.80, 0.04, 19.90, 26.41 and 10.04 percent respectively.

It can be concluded that income and expenditure patterns of Janajati and Dalit on clothing, education, tax, expenditure and other is somehow similar to Brahmin/Chhetri. But still the Brahmin/Chhetri are spending much more money in food, communication and insurance in comparison to Janajati and Dalt. Similarly the expense of Dalit and Janajati on furniture and house recondition is high in comparison to Brahmin/Chhetri. Similarly, this shows the housing condition of Dalit and Janajati is improving way and after getting remittance, they first repair or construct the new one. After great earthquake , Janajati and Dalit community bear more damage on their homes.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The main objective of this study is to analyze the use of remittance and its impact as well as changes brought by it in rural community. Moreover, the study tried to identify the past trend of foreign employment and remittance of Nepal, socio-economic characters of foreign employees, sources of financing and change brought by foreign employment and remittance in household economy and uses of remittance. To fulfill the objectives of the present study, Dhunibeshi Municipality of Dhading district was selected and a sample survey was conducted during 2018. The sample size was 40 households that were chosen by random sampling method and data were collected through questionnaire method. Some secondary data were used to compare the composition trend and flow of remittance in this study. Data are analyzed by using simple statistical tools such as mean, percentage and ratio. From the study, following summary is drawn.

- a) Remittance received by Nepal in 2013/14 was around Rs. 543.3 billion, which was 8.29 times higher than 2004/2005. The growth rate of remittance is around 20.9 percent. Share of remittance in GDP is 28.2 percentages in the year 2013/2014.
- b) Major reasons to seek foreign employment include unemployment, family loan burden, and better life standard and earn money.
- c) 52.5 percent foreign job seekers didn't have skills and took unskilled labor jobs whereas 47.5% are skilled.
- d) 40 percent have gone to other countries. Gulf countries and Malaysia are the second destination of these Municipality respondents. 27.5 percent have gone to Saudi Arab. 17.5 percent have gone to Malaysia and 12.5 percent have gone to Qatar and only 2.5 percent have gone to U.A.E.
- e) The respondents of this Municipality said that, remittance had been increased their household consumption on food items. Consumption of food is affected by family size, income level of family and price of goods. 16 percent of their annual expenditure is spent on food in the Brahmin/Chhetri community.

Similarly 15.58 and 14.17 percent is spent in Janajati and Dalit community respectively. Remittance has also increased their household consumption on other things than food. Brahmin/Chhetri expenses average 8.12 percent on education, 0.13 percent on water, 6.20 percent on health, 2.55 percent on Furniture & housing Repair, 1.67 on communication, 1.92 percent on insurance, 0.22 for tax, 21.47 percent is saving, 34.10 percent on debts and 7.23 percent on other expenditure, Similarly, Janajati average expenses on education, water, health, Furniture & housing Repair, communication, insurance, tax, saving, debts and other are 9.63, 0.18, 8.48, 2.83, 1.65, 1.79, 0.30, 29.63, 21.40 and 8.23 percent respectively. In the same way, the average expenses of Dalit in different sectors such as education, water, health, Furniture & housing Repair, communication, insurance, tax, saving, debts and others are 14.43, 0.12, 9.14, 2.73, 1.22, 1.80, 0.04, 19.90, 26.41 and 10.04 percent respectively.

- f) Out of total respondents of this municipality, 75 percentage respondents said that their economic status has been increased after returning from foreign employment. Another 25 percent respondent said that their economic status remained same. Similarly, 65 percent respondents have increased their standard of living after returning from abroad and 35 percent respondents said that their living standard remained same. Among the respondents, 70 have developed their skills while working abroad. But 30 percent respondents said that they have same skill because they performed same work in abroad as they have done in Nepal.
- g) The respondents of this Municipality said that 62.5 percent respondents have reported to have improved condition of housing. 37.5 percent respondents reported that the housing condition remained same. Similarly, 92.5 percent of the respondents have reported that the educational condition of children improve after foreign employment. But 7.5 respondents have reported that the educational condition of their children remained same. 40 percent respondents reported that the health condition of their family members after foreign employment had been improved. Similarly, 39 percent respondents have said that saving had been improved after returning from foreign employment.

5.2 Conclusion

Based on the study, following conclusion has been drawn.

In Dhunibeshi Municipality, the major reasons to seek foreign employment include unemployment, family loan burden and better life standard. Poverty has been the main cause for foreign employment among the respondents. Majority of the job seekers have used MPAs as a medium to find the job and few of them have used their friends and relatives as well. Agriculture and foreign employment are the main sources of income of this Municipality. 80% of the respondents fully depend on foreign employment. The modern technology of agriculture is still not in use. After foreign employment, changes in economic wellbeing, improvement in living standard, increases in skill and social status, improvement in the education of the children, improved health condition as well as increment in saving has been seen. Most of the respondents have felt the positive changes in their household economic and social indicators after returning from foreign employment. The expense on furniture and house recondition is high in comparison to other as they bear more damage on their houses after great earthquake.

5.3 Recommendations

From the present study, following recommendations are suggested for the management and regulation of foreign employment and remittance economy in true sense are as follows.

Nepalese economy has received large amount of remittance but remittances is still being transferred through informal channels. Formal channels should be promoted. At least a formal institution must be established to facilitate the transfer of remittance in each destination. Most of the respondents of this Municipality have gone from lower middle income groups, based on agriculture occupation and unskilled condition. So, they can't easily afford foreign employment. If they want to go to foreign employment, they are compelled to get loan in high interest. So, the policy should be made to give more opportunities to poor people as well as facilitated the funds to them and should be given training before going to foreign employment for related work.

Most of the migrant workers have gone Gulf countries and Malaysia so these destinations are congested for Nepalese workers. Thus MPAs agents and Employers

Company have cheated maximum workers. On the other hand, the workers of these destinations can't earn much more income than other destinations like Japan, Hong Kong, Korea, USA, UK etc. So, the Ministry of Labor and Transport Management GON should make new policy to identify new potential destinations and create opportunities to go these destinations, where the workers will earn more. Most of the respondents have not utilized their remittance and newly learnt skill due to political instability, lack of sufficient capital, lack of technology knowledge and market etc. So, proper policy should be formulated and implemented for better foreign labor environment and sufficient technology as well as market should be provided and maintained. The using trend of remittance by recipient household is high in unproductive sectors and luxurious goods such as purchase of land, making houses, purchase of T.V., motorbike, mobile etc. Therefore government should make a plan to divert remittance in productive sector which could solve the existing problem of unemployment and poverty.

Remittance has left positive impact on household economic indicators but this is not satisfactory. Maximum part of the remittance has been used for household expenses like loan repayment, house improvement and social spending. Thus, the policy for the use of remittances into productive sectors is urgent to make our economic growth sustainable and to reduce level of poverty and unemployment. Rural tourism, modernization of agriculture, hydropower developments and small scale industries could be the remedy for future foreign exchange earning of Nepal. Since, most of foreign workers are uneducated due to lack of knowledge, and long term vision remittance is going towards unproductive sector. So government should give pre information about foreign migration and role of and impact of remittance in the society in the future. Promotion of foreign employment opportunities for women, Dalits, Janajati and other poor communities are providing skill, training and other facility

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Annex I

QUESTIONNAIRE

Related to Consumption Pattern of Remittance

1. General Background of respondent:

- a) Name of respondent: b) Sex: M F.....
- c) Address: Chhatredeurali VDC Ward No..... Tol.....
- d) Age..... e) Education: i) Literate..... ii) Illiterate.....
- f) Marital Status: Married..... Unmarried.....
- g) Caste: i) Brahmin/Chhetri..... ii) Dalit..... iii) Janajati.....

2. Status of Remittance at household level:

- a) Destination country of foreign employee.
- i) Malaysia ii) Qatar iii) Saudi Arabia iv) Dubai
- v) Others
- b) Duration?
- i) 1 year ii) 2 year iii) 3 year iv) 4 years v) more
- c) Do you have any technical skill before going for foreign employment?
- i) Yes ii) No
- a) Causes of going abroad for foreign employment.
- i) Unemployment ii) Poverty iii) Better living standard iv) Other
- e) How did he/she go abroad?
- i) Self ii) local agent iii) relatives /friends
- f) How did you manage money to go there?
- i) Self ii) pawn-broker iii) relatives /friend iv) bank & financial institute
- g) How much remittance have you been getting yearly?
-

3. Economic impact of remittance at household level:

- a) What is the main source of your earning?
- i) Foreign employment ii) Agriculture iii) Trade
- iv) Business v) Services vi) others
- b) Has foreign employment improved study of your children?
- i) Yes ii) No iii) same

- d) Where do you go for health treatment?
 i) Nowhere ii) witch doctor iii) health post/clinic iv) public hospital
- e) Which source of drinking water do you use?
 i) Pipeline ii) Well/spring iii) River
- f) Which source of energy do you use?
 i) L.P. Gas ii) Firewood iii) Bio-gas iv) Electricity v) all
- g) Do you have toilet in your home? If yes what types?
 i) Permanent ii) Temporary iii) No/whatever we like
- i) How much land do you have?

- j) How much time does your food production sustain your family for?
 i) 3-6months ii) 6-9 months iv) 9-12 months
- k) What are the durables goods you have?
 i) Radio ii) TV iii) Mobile iv) Cycle
 v) Motorcycle vi) tractor vii) computer
- l) To be specific, what changes have you felt by foreign employment?

Indicators	Increased	Decreased	Remained same
a) Economic status			
b) Standard of living			
c) Skills			
d) Housing condition			
e) Education of children			
f) Health of family member			
g) Cash available with themselves			

4. Utilization of remittance at household level:

a) Consumption expenditure of households.

S.N.	Indicators	Expenditure (per year)_
1	Fooding	
3	Education	
4	Drinking water	
5	Health	
6	Furniture & house construction	
7	Communication	
8	Insurance	
9	Taxes	
10	Saving	
11	Debts	
12	Others	