

## CHAPTER-ONE

### INTRODUCTION

#### 1.1 Background of the Study

Remittance income has emerged as a new important source of external funds almost in all developing countries. It has played crucial role also in the economy of Nepal. Due to the slowdown in the economy, employment opportunities are created less. Therefore the trend of migrating to foreign country for job is increasing rapidly. It has become a subject matter of great concern. Remittance economy is directly related to human resource. Human resource is the wealth of action. Its importance has tremendously increased in Nepal in recent years since other sectors have slackened. Unskilled, semi skilled and skilled people have shown great inclination towards foreign employment. It is true that poor countries cannot earn adequate revenues by exporting manufacturing goods, so they export people instead. Nepal has also shown great inclination towards exporting manpower. There are three kinds of manpower in Nepal Unskilled, Semiskilled and skilled. It was almost substituted other sectors in earning foreign currency in recent years. Demand for Nepalese workers is highly increased especially in Gulf countries, Malaysia, South Korea and other eastern countries. Unfortunately, Nepal lacks appropriate-policy to plan to develop skill of labour and effectively utilize human resources to meet domestic as well as global requirements. "As Nepal's economy is remittance driven, the likely decrease in its inflow will have a chain effect in the economy," said Dr. Shankar Shanna, former vice-chairman of National Planning Commission. Viewing recent time underdeveloped countries' economy has been seen as a strong pillar. Importance of foreign employment is increasing because of the different levels of workers' found in developed and developing countries.

Gelling job to earn satisfied income for youth going to developed and a developing country has become a golden opportunity for the unemployed youth. On the other hand, the countries which assign youth have got a good supply of needed manpower. Therefore, 'youths' from underdeveloped countries are, in large number going to foreign countries in the recent time. In the list of underdeveloped countries includes Nepal too. About 30 lakhs Nepali youths have been working in Malaysia, Qatar including countries of Arab. The work they have been doing is very hard. Daily hundreds of Nepali youths have been leaving their motherland for foreign employment, although their earning is not used properly as shown by recent research.

Nepalese economy is largely based on agriculture; however, the large number of people leaving for foreign employment has been significantly increased due to incredible number of unemployment, poor development of industrial sectors, low level- of salary and earnings, lack of business environment and so on. Millions of youth-are compelled to heading for overseas seeking employment due to failure in creating employment opportunities within the country. Statistics for the last three years snows on average 250,000 people leaving the country annually for foreign employment and the number is on rise. Although foreign employment remains a major source of foreign currency for the country, in the long-run it could fall in the remittance trace. It is another challenge of engaging the youths in the nation's development by creating employment opportunity within the country itself (MOF, 2011).

Nepal has been experiencing continuous growth in remittance inflow since last few years and as a result its disposable income has continued to rise as well. The country's economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in savings and investment rates. Consumption to GDP that stood at 88.3 percent in FY 2000/01 has gone up to 93.3 percent by FY 2010/11. As a result, the rate of

domestic savings has come down to 6.7 percent from 11.7 percent during this period. Consumption oriented economy naturally leads to dependency resulting in the dearth of resource for investment. Hence, it is another challenge of creating the foundation for economic growth through enhancement of saving and investment levels by discouraging unnecessary consumption (MOF, 2011).

The number of companies dealing with remittance has reached to 53 where as 385 money changer firms are providing services in the country. Total number of money changer firms in Kathmandu valley has reached 193. As of mid inarch 2011, firms licensed to conduct forex transactions total 3,197 comprising 280 hotels, 1,126 trekking, 1,381 GSA/PSA of foreign airlines, 293 cargo couriers, 66 various organizations and 51 domestic and international airlines. Nepal Rastra Bank Remittance by-laws, 2010 has been put into practice from September 16, 2010 with the objective of making the remittance transactions more transparent and simple in regards to safely bringing in earnings of Nepalese abroad in simple, economic and secured manner (MOF, 2011).

Most of the people use to go to different countries in order to look for foreign employment, higher education, migration etc. In the globalization age, the mobility of the people from one country to another country has become the potential destination the foreign employment or migration in the recent years.

## **1.2 Statement of the Problem**

In the past few years, there has been a remarkable renaissance in the interest in remittances. This interest has undoubtedly been triggered by a striking increase in remittance flows: after years of relative neglect, they have been rediscovered as a potential source of development finance. Remittances sent back to developing countries rose from \$31.1 billion in 1990 to \$76.8 billion in 2000 to no less than \$167.0 billion in 2005. Registered remittances now amount to well over twice the amount of official development assistance and are 10 times

higher than net private capital transfers to developing countries (Kapur and McHale, 2003).

Millions of Nepalese youths are compelled to heading to overseas seeking employment due to failure in creating employment opportunities within the country. Statistics for the last three years shows on average 250,000 people leaving the country annually for foreign employment, and the number is on rise. Although foreign employment remains a major source of foreign currency for the country, in the long run it could fall in the remittance trap. It is another challenge of engaging the youths in the nation's development by creating employment opportunity within the country itself (MOF, 2011).

The private sector remittance flow recorded a growth of 12.3 percent in the review period totaling Rs. 161.62 billion as compared to inflow of Rs. 143.96 billion with 9.9 percent growth in the corresponding period of the previous fiscal year (MOF, 2011).

The country's economy is gradually becoming consumption oriented due to remittance income and other factors thereby causing hopeless plunge in savings and investment rates. The ratio of consumption expenditure to GDP in FY 2010/11 accelerated by 5 percentage points from the previous fiscal year's 88.3 percent to 99.3 percent. In the same period, the ratio of fixed capital formation to GDP decelerated by 1.2 percent point from 19.2 percent in the previous fiscal year to 18.0 percent in FY 2010/11. The share of gross investment, to GDP is estimated to reach 30.2 percent in FY 2010/11 (MOF, 2011).

The debate on the role of remittances hinges on three main observations. First, that although remittances might not be explicitly invested in productive businesses, they can be spent on investment-type goods (e.g., health, education, housing or other durables). Second, those remittances, as every other source of income, are fungible, thus even if they are not directly spent on investment in business and/or in human capital; they may free other resources for spending on

such investments. Third, that increased spending on consumer goods may be beneficial for local development in some contexts, as increased demand for these goods may create incentives for the establishment of new retail businesses (unless the goods are imported) and consequently may generate new local employment opportunities.

Thus, the steeply increasing trend of remittance is being a serious issue in the implementation of development plans and policies. Padampur VDC is also not an exception to it. No past study has been conducted regarding remittance issues in Padampur VDC. Also this study seeks to find out the answer of the following questions:

- What are the economic effects of remittances?
- How does it affect the society?
- Why do they go abroad for employment?
- In which types of works are they engaged abroad?
- What types of improvement have they got in standard of their life?
- In which sector do they invest their income?

### **1.3 Objectives of the Study**

The main objective of the study is to examine the situation of remittance incoming in Padampur and assess its impact on livelihood in a rural village. The specific objectives of the study are as follows:

- 1) To analyze the trend and composition of remittances in study area.
- 2) To assess the socio-economic impact of remittances in study area.

### **1.4 Rationale of the Study**

Migrant remittances represent the most direct, immediate, a far reaching benefit to migrants and their country of origin. They are a more constant source of income to developing countries than official development assistance,, foreign direct investment and other private flows. Moreover, the emergence of

remittances as a new strategy for poverty alleviation in developing countries has spurred multinational institutions, international organizations and national governments, among others, to seriously study, identify and implement measures on how these inflows could be maximized and harnessed for the development of migrants' countries of origin. Thus, the economic analysis of the effects of remittances has become an important issue recently because of the rapid growth of this form of financial flow. So, this present study has theoretical as well as practical or applied importance.

The most important significance of this study is the variance and covariance models. Although application of dummy variable approach in analyzing the variation is not common in economic field, its application in this field can be justified from the fact that it provides the same conclusions as can be obtained from other methods of analyzing variations.

This study gives the general overview of the migration and remittance trend in Nepal. Further, it fills up the gap of knowledge about the impact of remittance on the rural households of which document is not available in Chitwan district, it is a case study of a VDC.

The issue of remittance is one of the burning issues today in Nepal. Few studies have been done at micro level in some other places. This type of study is the first attempt ever made in Padampur VDC and Chitwan district. This study will be useful for researchers, students, and for those who want to have further study in detail similarly, this study may be fruitful to government planners, policy makers, social workers and others.

This study may help to supplement source of information about the uses of remittance gives the comparative study of the expenditure pattern of the remittance receivers and non-receivers.

## **1.5 Limitations of the Study**

Every study has its some limitations which are the conditions beyond the control of researchers that may place restrictions on the conclusion of the study and their application to other situations. 'There are some limitations, they are as follows:

- The study is mainly focused on total inward remittances.
- The study is confined to the period, especially, from 1990 to 2014 A.D.
- This study is based on both data, primary and secondary.
- It is very difficult to find actual inward remittances come through unrecorded, process or informal channels.
- This study has been based on and limited to the foreign employment of Padampur VDC of Chitwan district.
- This study does not cover the people who go abroad illegally, that is, without approval of labour Department. It. is also very difficult to record the data of people going to India by the way of open border.
- The calculation and analysis made in this study was based on the simple statistical tool used i.e. percentage, average, range, mean and simple bar and pie chart.

## **1.6 Organization of the Study**

In order to effectively analyze the impact of remittance on rural households in Nepal, the thesis was' divided into five chapters. The first chapter is introductory chapter. This chapter presents the general background of the study, major problem of the study, objectives of the study, Rationale, limitations and the brief orientation of the organization of the study. Chapter two represents the core of the literature review of the thesis which contains the brief theoretical overview of the remittance economy, the conceptual-framework of the study as visualized by the researcher himself and the empirical findings of the migration and remittance economy in retrospect to the different variables and their

relation. Brief introduction of the study area, design of the study, nature and sources of data, data collection method, sampling technique, questionnaire, variables description and data analysis its technique are described in chapter three under the title research methodology. The chapter four, findings, presents the overall analysis and interpretation of the study. Firstly, this chapter focused on the brief analysis of overall trend of the foreign employment and remittance in Nepal and secondly, the-comparative analysis of the Impact of remittance income on household sectors at the local level which forms the core of the analysis of the study. On the basis of the analysis and the interpretation, some conclusions are drawn and the suggestions made which are presented in the last chapter.



## **CHAPTER-TWO**

### **REVIEW OF THE LITERATURE**

Scientific research must be based on past knowledge. The previous studies cannot be ignored because they provide the foundation to the present study. Mainly studies have been made directly or indirectly regarding remittance in Nepal. In order to make the study more reliable and comprehensive few available articles, bulletins, reports, survey and book on the relevant studies have been reviewed.

#### **2.1 Theoretical Literature on Remittance**

##### **2.1.1 Concept of Remittances**

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

The penguin Dictionary of Economics defines remittance as a useful source of income of developing countries, through the loss particularly of source of income of developing countries, through the loss particularly of skill workers, which is remitted by emigrants (Bennock, Baxter, and Davis, 2003.) Remittances are transfers of money by foreign workers to their home countries. Remittance transfers means to transfer money from an individual usually a person who has emigrated from his country of origin to another individual,

usually a relative who remains at home. Generally remittance transfers can be divided into two basic categories domestic and international. Domestic remittance transfers are when an individual an international remittance transfer means to sent money to migrant's home country from host country that is country of destination. Migrant transfer are the net worth of migrants that are transferred from one country to another country at the time of migration (for a period of at least one year). As the number of temporary workers increases, the importance of migrant transfers may increase. Therefore in order t6 get a complete picture of the remittance flow, one has to consider these three items together. They are worker's remittance, compensation of employees and migrants transfers. So, migrant remittances are considered the sum of workers' remittances, compensation of employees and migrant transfers (World Bank, 2008).

Labour migration taken in Nepalese perspective is based on labour intensive, that is;, unskilled, highly unaware, uneducated, less informative which are the reasons that the large share of labour people are always in trouble in foreign country as well as in their own country. Since many decades ago Nepalese had started going abroad for seeking job. This trend has significantly increased now. Fact answer of the questions. How many Nepalese workers are working in foreign countries now? It is very difficult to find out. Also, with the help of record of labour department, it is too difficult to identify the actual number of foreign employees. The first reasons is that it has been so difficult to identify the time since when Nepali started going to India, USA, UK and other countries for foreign employment. Secondly, most of the Nepalese have gone to USA and other European counties with purpose of study, treatment and so on, and stay there, start working after some time and they stay therefore more than one year. Moreover in pretence of refugee, many Nepalese people have gone to European countries. In addition informally thousands of Nepalese have gone .broad for

the propose of employment (in exception for working in India people don't need permission of labour department), people get permission of two years but they don't return in time and other reasons as well as stated above have made too difficult to find the number of foreign labours in a certain time. But now Nepalese can go to many countries like S Korea, Japan, Gulf countries, Malaysia, Israel and many other counties for foreign employment (NRB, 2008).

## **2.2 Situation of Labour Migration in Nepal**

The management of foreign employment and remittance are facing complexities. To minimize them, there should be an agreement through the diplomatic channel between both the countries of demand and supply of job. It is also required to sincerely handle the issues created. Recently, it is also mentioned that the Government of Nepal has signed labour agreements with the Republic of Korea, State of Qatar and the United Arab Emirates (UAE). Since the signatory countries committed to be responsible and accountable for settling issues amicably, it is expected to protect the Nepalese workers going abroad in order to make this sector much secure, utilization of the remittance in investment sector or in; productive sector promoting foreign employment. The policy should be strengthened and appropriate policies should be adopted for looking after long term point of view. The administrative sector handled by the bureaucratic level has to make them very effective and efficient for strengthening regulatory activities and to resolve the problems. The recruiting agencies have to take responsibility and accountability for making their dealing transparent. The Nepalese workers, who want to go to the interested country, have to be very serious. They should have necessary information and details of jobs are to be collected whether the agency is reliable or not. The new Foreign Employment Act and the Labour Migration policy have to be implemented to protect the labour rights of the concerned persons.

The present diplomacy agendas - economic, social, culture, tourism, hydro-power, trade and commerce etc. under the Nepal's foreign policy are to be seriously considered in a positive way. In the new context, foreign employment is also one of the burning or crucial agendas of diplomacy among them the present diplomacy must facilitate to -promote many economic sectors including poverty reduction (MoF, 2014).

As mentioned earlier, the remittances have generated national economic growth. This is the high time to put emphasis on the top priority. Certainly, foreign employment has caused many implications on carrying out the foreign policy in a pragmatic way. However, the diplomatic missions have to take timely initiations and to play active role to control and protect foreign employment and to maintain bilateral relation and responsibilities in relation to the Nepalese workers in the foreign labour market. It can be suggested that the labour desk should be installed if it is required in the particular identified missions as per heavy size of the labour market. The government / diplomatic mission has to take into account for establishing welfare fund and make contributions from its own resource and collecting a certain amount of contribution from the Nepalese workers going aboard and working in the foreign countries where they are working ( MoF, 2014).

It is also essential to reorient on foreign policy in the days ahead. There should be mutual coordination and cooperation between the delivering and receiving countries. To raise voice, on behalf of the Nepalese workers the frequent exchange visits at high level, diplomatic level, bureaucratic levels and track 11 levels are required for making good relationship between both the countries. In addition, there should be a close coordination among the ministries of labour, finance, foreign, and departments under their respective ministries to establish good networking between the concerned countries for effective solution to avail

opportunities from the foreign employment to boost up Nepalese economy (MoF, 2014).

After the foreign Employment Act 1985' was implemented, Nepalese people were allowed to migrate for job to Gulf countries because, due to oil boom, demand for foreign workers increased in a great deal in developed and industrial countries. Later, Nepalese started going to other countries. Relatively poor people have been working in Gulf countries and Malaysia. It is very difficult to say how many people are employed in foreign countries, and from when. Many people go to overseas for study abroad with permission of government for few years and work for many years. In this way, it has been very difficult to find the fact number of Nepalese working abroad. Very recently, women are also allowed to enter the-foreign labour market. According to the record of labour department, 104736 workers worked abroad in the year 2001/02, of which 52926 workers were in Malaysia alone, 50721 persons were working in Gulf countries (Labour Department, 2009).

**Table No. 2.1:**

**Destination Countries of Nepalese Workers 2012/2013**

| <b>Countries</b> | <b>No. of Workers</b> |
|------------------|-----------------------|
| Malaysia         | 742363                |
| Qatar            | 661555                |
| Saudi Arab       | 478716                |
| UAE              | 301072                |
| Kuwait           | 55222                 |
| Bahrain          | 28723                 |
| JS. Korea        | 17674                 |
| Oman             | 16296                 |
| Other Countries  | 57089                 |
| <b>Total</b>     | <b>2358710</b>        |

**Source: MoF, 2069 B.S.**

Up to before 2000 A.D, there were 14902 workers working abroad, 27796 persons in 2000 A.D. Till the end of 2004 A.D. 347060 workers were working abroad. Remittance income volume received by Nepal in 1975/76 was 231.3 million rupees, which rose by fourfold in 1985/86 and remained at 809.1 million rupees. The remittance income began to take shape only after 1986/87. In 1986/87, Nepal received 1296.6 million rupees as remittances from 'India and other countries which rose Up to 25501.4 million rupees in 2002/03 report of NRB has shown that in 1990/91, Nepal has received Rs. 2129 millions, of total remittances 75 percent had come from India and the rest from third countries. But the situation has changed after 2000/01 that the remittances received from India stood at 38 percent in that year and the percentage from third countries increased to 62 percent from 25 percent (NRB, 2006). In this way, the number of people going abroad in search of good job have increased day by day in accordance with, the increment of unemployment in home country, lack of services, population growth. Similarly, the remittances income is also increasing with the increase of people going abroad, ii is supposed that almost 30 Lakhs Nepalese people have now been working abroad, gone from recorded and unrecorded process.

### **2.3 The Remittance and Economy of Developing Nations ad South Asia**

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

Emirates (70 percent), Kuwait (69 percent), and Andorra (64 percent) (The World Bank, 2013).

High-income countries are the main source of remittances. The United States is by far the largest, with \$48 billion in recorded outward flows in 2009. Saudi Arabia ranks as the second largest, followed by Switzerland and Russia. In 2010 worldwide remittance flows are estimated to have exceeded \$440 billion. From that amount, developing countries received \$325 billion, which represents an increase of 6 percent from the 2009 level. The true size, including unrecorded flows through formal and Informal channels, is believed to be significantly larger (The World Bank, 2011).

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

#### **2.4 The Remittance and Nepalese Economy**

The remittance income in Nepal was Rs. 204.3 million in 1974 and Rs. 809.1 million in 1985. It was drastically increased from Rs. 12,662.3 million in 1999 to Is. 47,216.1 million in 2000. The remittance Income remained below Rs.50,000 Trillion till the 2001. The trend of remittance income has been dramatically

increased over the recent decades till the 2009 but sharply fall in 2010. The trend of remittance income in Nepal has been depicted. The average remittance income is Rs. 34,22,3 million and standard deviation is Rs, 60,227 million. The correlation between remittance income with GDP, gross capital formation, total merchandised exports and: foreign exchange earned through tourism is significant with positive correlation (MoF 2014).

The remittance income and GDP has been depicted through the figure 4. The average GDP is Rs. 235/767 million and standard deviation is Rs. 345,121 million. The correlation between remittance and GDP is significant. The remittance income and gross capital formation has been depicted. The average gross capital formation is Rs. 80,149 million and standard deviation is Rs. 1.09.291.1 million. The correlation between remittance and gross capital formation is significant. There is positive correlation between them. Similarly, the correlation between GDP and gross capital formation is significant and positive correlation (Economic Survey 2010/11).

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

The average total merchandise exports is Ks. 24,843 million and standard deviation is Rs. 25,485 million. The correlation between remittance and total merchandise exports is significant. There is positive correlation between them. Similarly, the correlation between GDP and total merchandise exports is significant and positive correlation. The excessive liquidity in the financial system due to remittance and lack of other investment opportunities in the nation leads the investment into the unproductive sectors. Remittances arc



generally not intended to serve as investments but rather as social insurance to help Family members finance the purchase of life's necessities. Remittance led consumption growth in Nepal has also increased our overall 'import in recent years. As a result, the Nepalese economy has been gradually becoming consumption oriented due to remittance income that naturally leads to dependency resulting in the dearth of resource for investment (Economic Survey 2010/11).

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

## **2.5 Impacts of Remittances on Poverty Reduction**

The impact of remittances on poverty is considered to be positive. Remittances can change social structure and cultural practices. The concept of social remittances. That is transfer of ideas and attitudes, especially when migrants return home is receiving increasing attention (World Bank, 2005). Remittances have affected in several aspects of people from lower income level. Remittances can enable girls from poor family to complete their schooling, rather than having to leave school early to work, in their home or on the farm to help their parents, so that they can sustain their family. Nevertheless, remittances alone are unlikely to lift people permanently out of poverty. But the interaction of remittances with other economic, social and cultural factors may have the power to do so. Thus the crucial task is to examine the marginal benefit of remittances to the household in the medium and long term, and to develop policies that increase positive impact of remittances on households' economic

and social status thereby reducing their vulnerability to poverty (Maimbo and Tratha, 2005).

Remittances directly affect poverty increasing the income of recipients. They also indirectly affect poverty in the recipient country through their effect on growth, inflation, exchange rate and access to capital. According to Rekha Mirsa (Assistant Adviser Reserve Bank of India) the decline in the poverty rate in Tajikistan 81 to 60 percent over 2000 to 2003 was helped by the significant level of remittance to that country. Remittances have helped reduce poverty by percentage points in Uganda and 6 percentage points in Bangladesh. Nepal has also experienced such a reduction a reduction in poverty level. The poverty level of Nepal has decreased to 31 percent from 38 percent it has been it has been possible due; to higher inward remittance flows in the decades (NRB, 2007).

Particularly remittances have impacts on four levels- individual, household, community, and national. At the household level, remittances contribute directly to raising households' income, broadening the opportunities to increase income; they also allow households to increase their consumption of local goods and services. They help improve access to health services and better nutrition. Moreover, children in households; receiving remittances are likely to receive better education and healthcare.

At the community level, remittances generate multiple effects in the local economy creating employment opportunities and increasing new economic and social infrastructure and services, particularly, where effective structures of institutions have been established to direct remittances. They help in the growth of local commodity markets and in the development of local capital market. Furthermore, remittances have been' very helpful for the changes to cultural practices. At length, they help reduce the inequality between households (NRB, 2008).

## 2.6 Theoretical Literature on Migration

Raven Stain probably the first demographer studied and proposed "Law of Migration" in a systematic way. He first published his article in Royal Statistical Society in 1985 and then in 1989. His Law of Migration explains the inverses relationship between distance and number of migrants. The migration happens due to push factors and / or pull factor in which land tenure system, unfavorable forms of trade, pressure of rural-poverty, facilities are pull factors those act to create migration (Giree, 2001). Other classical demographers tell migration as process, operating between origin and destination, one thinks about factors associated with origin destination and transitional and environmental obstacles. Migration takes places if the different both positive and negative factors is higher in destination than origin (Lee, 1996).

Todaro in his article "Urbanization and Migration" presents the migration mode which has following characteristics:

- Migration is stimulated primarily by rational economic consideration of relative benefits and costs, mostly financial but also psychological.
- The decision to migrate depends on expected rather than actual urban rural real wage differentials.
- The probability of obtaining an urban job is directly related to urban employment rate and thus inversely rated to the urban employment rate.
- Migration rate is excess of urban job opportunity growth rates are not only possible but also rational and even likely in the face of wide urban rural expected income differentials.

Lewis (1954) in his development theory "Unlimited supply of Labour" demonstrate migration behaviors of labour at macro level. According to him, people are migrated from rural subsistence sector to the urban industrial or advanced modern sector in search of relatively higher wages because of the wage differentials in these sectors. Surplus labours of the agro based sector

migrated towards the industrial sectors. In this way the wage differentials plays as an incentive to migrate and peoples migration will continue until the existence of imbalances between the demand for labour and supply of labour and the same wage in between these sectors.

## **2.7 Empirical Research on Migration and Remittance**

### **2.7.1 International Scenario**

The research study made by the UN ESCAP in 1987, with titled International Labour Migration and Remittances between the developing ESCAP countries and the Middle East: Trends, issues and policies finds out the causes and consequences of migration from developing countries to the developed countries especially in Middle East. The findings of the study are also applicable and relevant in the present situation though the study is done in the end of eighties. The study found that after the heavy rise in the price of oil in 1973 resulted in a massive inflow of financial resources into the oil exported countries of Middle East over a very short span of time which expands the consumption programmed such as infrastructure development etc, accelerate their economic and social development, which in turn give rise a large flow of labour migration into these regions.

Bricks and Sinclair (1980) in their article has illuminated on the course of international labour migration. They defined the main reasons of migration as low employment opportunities in the self country, political imbalances, poor economics and social conditions that compel the job seekers to migrate. But only migration of those people is not the absolute remedy to come act these obstacles.

Similarly the research study made by Stalker in 1980, traces out the major causes of migration is the poor economic condition in the self country. Several population pressures, lack of adaptable employment in abroad. It seems that to

eradicate poverty and scarcity international labour migration in abroad could be beneficial to some extent.

Van Dalen George Groenwold and Tinke Fokkema, (2005) in their research work as "the effect of remittance on emigration intentions in Egypt, Morocco and Turkey identified the driving force behind remittance behaviour only the altruism and self interest are not the absolute motives for migration. The general conclusion of their study is that the family ties and the net earnings potentials of migrants have stronger effect on the How of remittance then the net earnings potentials of the household in the country of origin. One cannot argue exclusively either for altruism or self interest as motives, since for each country the data tell different story and both motives can be identified as driving forces of remittance behaviors. The other finding is, because the receipt of remittances has positive effect on the emigration intentions of household member still living in the country of origin, the receipt of remittances may contribute to new flows of migration particularly in the case of Morocco.

### **2.7.2. Nepalese Context**

CEDA (Central Department for Development Administration) was the first institution to study about the migration systematically in the context of Nepal. CEDA 1977, conducted a study on migration in Nepal, demonstrate the cause of internal migration as rapid growing population, natural calamities, shortage of food production, social erosion are major caused of migration or these can be defined as 'push factor' and land availability, employment opportunities, security are " pull factors" for migration. Seasonal migration enhanced by lack of cash income and lack of employment opportunities. It is also mentioned that factors are more responsible for out migration rather then pull factors.

Kansakar (1982) in his research "Migration Remittance and Rural Development" reviewed preceding researches on migration with reference to remittance. He found the origin of Nepalese emigration to be after the Anglo-

Nepal war in 1814 and was totally for recruitment purpose. The Indian authority was not only open to them but also managed for their permanent settlement. However then a Nepalese government had discouraged it. The Prime Minister Bir Samsar JBR for the first time relaxed this policy and encouraged the people to join the British Recruitment. So, 200,000 Nepalese male joined the British regiment even during First World War. Kanskar (ibid) own research was based on particular ethnic group and their recruitment in the British armed force. So this research could not explain the overall picture of emigration and their consequences even though it tried to point out some of the important aspects.

Seddon (2000) in his book foreign labour employment and remittance economy of Nepal proposed a new name New Lahures to the Nepalese migrant workers. This book included the estimate numbers of emigrants, their average income, average remittance sent to home. It also explored channel of sending used remittance, However it does not enter into political economy of labour migration and sequential and historical background. It has contained every aspects associated with foreign employment and remittances. NRB (2002) presents that most of the Nepalese migrant workers are concentrated in the Gulf and getting unskilled jobs. It has realized the falls work of manpower agencies. Contribution of remittances to the national economy and high use of Hindi but it is bias in the case of measuring impact on household economy. Since it has tried to include every caste/ethnic groups, geographical regions and different people for different socioeconomic background, the income level and expenditure pattern mostly are affected by socioeconomic, academic background and geographic region.

The book shows that the real statistics of foreign employment and related variables are far from official data. Official source accounted only NRS 2.9 billion remittances received in 1996/97 but the book estimated more than 35 billion. The number of emigrants in India and East Asia are very higher than the

data available in official institutions. The authors try to analyze dynamic of remittances. It's used and impact on rural economy Wyss, (2003) identified that because of the lack of well paid job in Nepal people are migrated. Recruitment as UAE, Qatar and countries of Middle East, and the new destinations such as Malaysia, Bahrain and workers 'paradise' such as Japan, USA, UK etc are the prime destinations of Nepalese workers. Transfer of income is used mostly by the informal channels like hand and carriage. The used of remittance were mainly on household expenditure, purchase of luxuries, debt repayment and house construction. He explained the fact that the main sources of financing migration cost are the loans, subjects to interest made by relative or friends and saving for former migration. He also investigate that the agencies relating to migration processes are cheating people badly especially the poor ones by dreaming them higher expectations about the place of destination. NLSS II (2003/ 04) estimates that the total amount of remittance in the country is NRS 46 billion in nominal terms, which was estimated NRS 15.8 million in 1995/96 (NLSS 1955/96 and 2005/06) Sedden and his colleagues estimated the value of remittance inflows entering into the nation remains at between NRS 35 billion and NRS 69 billion (Sedden, 2001).

Pant (2005) at her article show that remittance is one of the least volatile sources of foreign exchange earnings for developing countries. She says that other kinds of capital flows tends to rise during the period of economic boom and falls in the recession. In case of remittance when one country's economic crisis prevails then the people of the country migrated to foreign country for seeking, employment that ultimately causes to raise the foreign currency earnings. She demonstrates that remittance is important to the receiving countries at the micro (income of the receipt) and macro level (foreign exchange reserve of the country). Migrant activities as a drain on the labour and capital resources of migrant sending areas characterized at the " Dutch Disease" remittance

receiving household tends to be better off than household that do not receive remittance.

Sigdel (2005) in his article "An overview of remittance economy of Nepal" has analyzed the current trends of remittance and its impact on the place of origin and destination. According to him in the regions where development has been slower and poverty more obstinate rising population, dwindling opportunities will combine impel emigration. The remittance has been injecting much needed foreign currency in our economy. Both development and developing countries are benefited through the flows of worker and remittances. Maoist movement helps to fuel the flows of Nepalese citizens abroad to search employment. NRB (2006) study "Remittance and Transfer income" shows that the higher growth in imports as compared to exports has led to a significant increase in the trade deficit. However a surplus in the current account has been observed primary because of the high growth in the inflow of remittance in 2005/06 remittance income increase by 48.2 percentages and reached NRS 43.6 billion; This had a positive impact on poverty reduction and in the balance of payments, The balance of payments in 2005/06 posted a significant surplus.

The same report shows that about 35 percentage of all household income comes from remittance earning in Nepal. Interestingly, enough, there are quite small differences among the geographical groups and consumption quintiles. This is probably explained by the fact that these shares are for households with positive remittance only and they would differ across groups if the analysis included all households. The report shows that remittance is also responsible for the decline of the mass poverty of Nepal. According to the report growth of remittance by more than 25 percentage annually and the increase in the number of households receiving (from 23 percentage in 1995/96 to 32 percentage in 2003/04). An assessment of the implementation of the tenth plan (PRSP) 2005 shows that the share of non- form household's income has grown 22 percentage



in 1995/96 to 28 percentage in 2003/04. Remittance were a major factor contributing to increase in non- form income and per capita consumption 2003/04, 31.9 percentage households receiving remittances up from 23.4 percentage in 1995/96.

In a study conducted by IMF (2005) regarding the Impact of remittances on growth, over extended period (1970-2003) for 10 developing countries found no statistical link-"between remittances and per capita output growth, or between remittances and o the variables such as education or investment rates However, this inconclusive result attributed to measurement difficulties arising from the fact that remittances may behave countercyclical with respect to growth. Pant (2006) explored remittance inflows to Nepal: Economic impact and policy options. The remittances have been an important avenue of support for family members remaining at home. As the number of workers going abroad for employment continues to rise, the corresponding growth of remittances has become a critical flow of foreign currency into Nepal. This has been partly the result of measures undertaken by the concerned officials to streamline financial systems', dismantling controls and creating incentives, with the aim of attracting remittances particularly through the official channels. Economic growth, interest rate and exchange rate policies are crucial determinants of remittance inflows. In order to further encourage the inflow of remittances to the country through official channels, and to promote the tendency to exchange these remittances of fore exchange into local currency, it is imperative that these policies be conducive to the inflow remittances.

Gaudel (2006) pointed out remittance as major source of foreign currency to the developing nation and it has become substantial component o making current acc9unt surplus in the balance of payments. He argued that many workers from Nepal going abroad for employment are no doubt your energetic, labourious and enthusiastic and they do hard work for earning large remittance income to

support their families. However, the downside of remittances reflects the view the remaining young generation for long time outside without family may increase the vulnerability and ultimately they will have tendency to leave their homeland. Thus, in order to recover the loss of economically active labour force to the domestic economy, they should be encouraged to come back again with skilled knowledge for utilizing their savings and working experience for development to the productive areas in accordance with the priority of the national development plans. Sriwastava and Chaudhary (2007) explored the role of remittance in economic development of Nepal. The analysis has been carried out with near and log-linear models under multiple regressions. The impact of remittance has been seen most remarkable in the GDP and GNP both nominal and real terms. In the nominal GDP and GNP the remittance shows 61 percent and 2 percent impact respectively while in real term shows 48 percent and 55 percent respectively. It has also shown positive impact on the PCI but it is comparatively low (four percent in nominal and one percent in real terms). The findings are positive except for labour force, but they are<sup>1</sup> marginal which show that remittance has not been used effectively so as to increase the real growth rates of the economy.

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

Karagoz (2009) has made an empirical research on the remittances and economic growth in the case of Turkey. The study showed that remittance flow has statistically meaningful but negative impact on growth. On the other hand,

exports and domestic investments positively affect the economic growth, while foreign direct Investment has no meaningful affect. Turkey which met with regular and massive labour migration to abroad after 1960s, is still one of the most remittance gain countries In the world.

Azam and Khan (2011) has empirical analyzed the impacts of workers' remittances on economic growth of Azerbaijan and Armenia's economies. The statistical analysis has been made through simple log linear regression model and the method of least square has been used. The study concluded that worker remittances are, significant and have positive impacts on economic growth and development. The findings suggested that the relevant authorities of both the countries need to formulate appropriate policies in order to encourage worker remittances and such remittances must be utilized more efficiently.

Pant (2011) explored the harnessing remittances for productive use In Nepal. He concluded that remittances contribute largely to the national economy. The remittances sent home by the migrants affect development at both the household and national levels. At the household level, remittances help to reduce poverty, improve standard of living and attain higher educational levels. At the macro level, remittances could be used for entrepreneurship and productive investment which in turn increases job opportunities and income of the people. Remittance inflows help to augment foreign exchange reserves and improve the current account position.

Javid, Arif and Qayyum (2012) have analyzed an impact on remittances on economic growth and poverty. The study focused on the importance of remittances inflow and its implication for economic growth and poverty reduction in Pakistan. The empirical evidence showed that remittances affect economic growth positively and significantly, furthermore, the study also found that remittances have a strong and statistically significant impact on poverty reduction. So, the importance of remittance Inflows cannot be denied in terms of growth enhancement and poverty reduction that consequently improves the social and economic conditions of the recipient country.

## **CHAPTER-THREE**

### **RESEARCH METHODOLOGY**

This chapter describes the various method applied in order to complete the research work. They are reasons for selecting the field area, reasons for selecting the topic, research design universe and sampling, methods of data collection, data analysis procedure and limitation of the study. This is explaining the following paragraphs.

#### **3.1 Research Design**

This research is a descriptive and an exploratory type which employees both quantitative and qualitative data from primary and secondary sources. The research design entails the different type of data and involves assorted method and techniques has been collected the required information. It has been ensured that findings and analyzed explanations can be subjected to empirical scrutiny.

#### **3.2 Nature and sources of Data**

Both primary and secondary data has been used in the study. Primary data has been I collected through questionnaire, observation and group discussion, key informants interview. Similarly secondary data has been collected from various published/unpublished materials and organizations.

#### **3.3 Selection of the Study Area**

Padampur VDC in Chitwan District has been selected for the purpose of the study because many people from the VDC has gone abroad in search of good jobs. And they have remitted a good deal of remittance income in our country. It was felt that it has been more convenient area for this subject to carryout research considering that it was prospered and suitable considering limited time, cost, distance and other resources also.

### **3.4 Population and Sample Size**

The population for this study comprised all the unskilled, semi-skilled and skilled people working in foreign countries. The number of people working in foreign countries lays Qatar, UAE, other Gulf and south East Asian countries. In this VDC were 780, which were taken from the record of VDC office and field visit. The total population of this VDC is about 14924. Out of 3231 households, 78 households are selected as a sample size and 8 (per round up method /person cannot be counted on decimal) households are selected each of the wards by the lottery method (CBS, 2011).

### **3.5 Method and Data Collection**

#### **3.5.1 Data Collection Method and Tools of Primary Data**

##### **a. Household Survey (HHS)**

The population for this study was the number of household (HH) whose family member was migrated for employment in foreign countries other than India. Lottery method has been chosen for taking sampling size. And 73 household was surveyed within the period from August 2014 to January 2015 for collecting the required information with the help of questionnaire which contained 27 questions related to the information required for the study.

##### **b. Key Informant Survey**

To collect relevant information from key informant like people returned from abroad has been visited for interview to explain the importance of job overseas and other key information . Interview has been taken from eleven people. And the information was collected from key informants has been taken as vital information and analyzed.

### **3.5.2 Collection of Secondary Sources**

Various research papers, journals, population newspapers were also taken as reference for secondary data. Various publications of UN, World Bank, NRB, has been collected and help from other sources was also taken for secondary sources consulting available published literature.

### **3.6 Data Analysis**

The researcher has collect data through various instruments. The data has analyzed with the help of computer program. Simple statistical tools like table, Graphs, pie-charts have used for data analysis. Descriptive methods have been use for qualitative data analysis.

## CHAPTER-FOUR

### ANALYSIS AND INTERPRETATION OF DATA

#### 4.1 Introduction of the Study Area

Padampur Village Development Committee (VDC) is located at central Chitwan District. The name Padampur is a combination of two Nepali words, namely *Padam* giving homage to a legendry leader and *pur* meaning to drown or land. It connotes to the geographical condition of the study area. This VDC was entirely migrated to recent location (in between 2050BS -2058 BS) from the southern area of Kumorj and Bachheuli VDCs across the Rapti river, thereafter the location is the territory of Chitwan National Park. Later the Rapti River shifted to the south and the area became habitable. Padampur VDC covers 1820 hactors of land. The adjoining VDCs are Shaktikhor in the East , Jutpani In the South and tropical forest in the west and the North. It has altitude of 250 m above sea level. Though the land remains often dry except rain people practice banana gardening as the first source of cash farming. Climate of this area is sub-tropical monsoon type with an annual total rainfall almost always exceeding 2,000 mm. More than 90% of the total rainfall occurs in rainy season from middle of the March to September. It receives highest rainfall in July and the lowest in December. The average annual temperature is 24.5°C. April is the hottest and driest month with maximum average temp of around 35°C and January is the cbldest month with a minimum average around 8°C. In general relative humidity is high throughout the year except for March and April when Relative Humidity may go clown as low as 50%. After April Relative Humidity continuously increases with some exception and reach to its highest to 99/100% in January. The weather report for this region is recorded at the nearest weather station located Rampur, at 27°37' N latitude and 84°35' E longitudes at an elevation of 256 m above sea level.

Before 1950s this area was sparsely populated by Darai, Tharu and Bote, the traditional Terai people. At present these people are in a minority in terms of population size. They consist of 10.8% of the total population (population census, 2001). Darai is the major traditional people living in this area since long. They believed that they are also immigrants who migrated in this area some hundreds of years back from a place known as Damauli in Tanahun district. Darai have striking cultural and physical similarities to the Tharus and inhabit neighboring region in the Terai forest and inner valleys. They might belong to the group of aboriginal tribes inhabiting other more or less secluded regions of India (Bista, 1976). In their appearance, attitude and behavior they are not much different from Tharus. They are very dark and seemingly bony, yet display great health strength. Like Tharus they are considered to have developed immunity against malaria. They are more dependent on fishing and less on forest game and farming (ibid.). Almost all the respondents reported to have sold their land in their life time for various households' needs and none of them have added a new piece of land on their parental property, which proves their socio-economic condition. Darais in Padampur are settled in Tandi (dry land area). Tharus are another traditional people in Padampur. They are among the oldest groups to inhabit the Terai. Most of the large compact Tharu settlements are found in tropical malarial areas, infested with wild animals. They are by tradition peasant farmers (Bista, 1976). Rice is the major staple food of Tharus so they prefer to live near wetland areas. Filchner (1951) has mentioned malaria as the fearful scourge of humans in the Terai, particularly during the monsoon. The author characterizes the whole of the Terai as "Nepal's hell of fever". He concludes that the indigenous population of the Rapti Valley are said to be immune to the serious form of Terai malaria (cited in Muller-Boker, 1999, 27). Botes are another traditional people in this area with very little population of 156 (population census, 2001). They are traditionally involved in canoeing and considered themselves as fishermen. They have been living along the Rapti



River without having permanent agricultural lands. At present they are living in Ghailaghari, a settlement near the Rapti River. Like other areas of Rapti Valley Padampur VDC has been settled mostly by in-migrants. More than 90% of the total population is in-migrants (HMG, 2001). The history of immigration of hill and other Terai people in this area does not go far back. It started after the implementation of the Rapti Valley Development Program coupled with malaria eradication during 1950s. Ever since 1950s this area has been receiving people from various parts of the country having diverse socio-cultural background. During the initial time migrants mostly settled in the southern and north eastern part of the VDJC.

There was another major event of immigration during 1978 (2035 B.S.), when Padampur received more than 500 households in its whole of the western part clearing the hardwood Sal forest. Previously these people were living in the forest area of Makawanpur District, adjacent to Chitwan District. They were displaced from their previous place by the government and provided them land in compensation. The place where these people are living is now known as *Nayan Basti* meaning new settlement. People resettled in this area had to face very hard time because this area is located in upland. This area was newly deforested and the land was very dry with low agricultural value. Many children lost their lives and many domestic animals died. Local people believe that it was due to sudden change in the geographic condition mostly in climatic condition. Many people returned back to their previous place because they could not adapt with new environment. Due to the continuous flow of migrants the lands previously (before 1930s) known as the home land of traditional terai people has now been turned into the home of multilingual and multicultural people. At present people in Padampur have 11 different mother tongues and 5 religions, with a majority of Hindus followed by Buddhists (population Census, 2001). Almost all the in-migrants have their origin in the hill region of the country.

During the field survey it was found that their origins are Kaski, Gorkha, Lamjung, Tanahun, and Syanja Districts in Gahdaki Zone; Parbat and Baglung Districts in Dhawalagiri Zone, Baliktapur, Dhading and Lalitpur District in Bagmati Zone; and Gulmi and Arghakhanci in Lumbini Zone. Makawanpur District is another major source of immigrants to this area.

There are nine wards in this VDC. It was found from field survey that 948 persons-have gone abroad for foreign employment. It is very important that how many people are working in foreign countries from different wards. So, the magnitude of foreign workers of different wards is presented here in table below:

**Table No. 4.1 : Total Population and Number of Foreign Employees**

| ward<br>no   | no.<br>of hhs | no. of population |                 |             |                      |             | no. of foreign employees |                    |           |                      |       |
|--------------|---------------|-------------------|-----------------|-------------|----------------------|-------------|--------------------------|--------------------|-----------|----------------------|-------|
|              |               | male              | per. of<br>male | female      | per.<br>of<br>female | total       | male                     | per.<br>of<br>male | female    | per.<br>of<br>female | total |
| 1            | 310           | 922               | 49.8            | 930         | 50.2                 | 1852        | 105                      | 95.5               | 5         | 4.5                  | 110   |
| 2            | 205           | 630               | 48.8            | 660         | 51.2                 | 1290        | 48                       | 100                | 0         | 0                    | 48    |
| 3            | 135           | 420               | 48.8            | 440         | 51.2                 | 860         | 73                       | 97.3               | 2         | 2.7                  | 75    |
| 4            | 396           | 1092              | 48.0            | 1182        | 52                   | 2274        | 117                      | 98.3               | 2         | 1.7                  | 119   |
| 5            | 361           | 992               | 47.9            | 1080        | 52.1                 | 2072        | 210                      | 100                | 0         | 0                    | 210   |
| 6            | 353           | 1296              | 49.8            | 1302        | 50.1                 | 2598        | 80                       | 97.6               | 2         | 2.4                  | 82    |
| 7            | 425           | 1296              | 49.9            | 1302        | 50.1                 | 2598        | 80                       | 97.6               | 2         | 2.4                  | 82    |
| 8            | 243           | 792               | 48.1            | 855         | 51.9                 | 1647        | 107                      | 100                | 0         | 0                    | 107   |
| 9            | 293           | 970               | 49.7            | 983         | 50.3                 | 1953        | 113                      | 98.3               | 2         | 1.7                  | 115   |
| <b>total</b> | <b>272</b>    | <b>820</b>        |                 | <b>8550</b> |                      | <b>1675</b> | <b>929</b>               |                    | <b>19</b> | <b>948</b>           |       |

Source: VDC, Profile, 2069

## 4.2 Distribution of the Settlements

In general there are two distinct types of settlements, those of traditional people and those of migrants. Their settlements are compact and cover very small area. There are three major areas, i.e. Padampur, Khadkauli, and Ghailaghari, where traditional people's settlements are located. The migrants' settlements can further be classified as old and new based on their development. The previous one was developed before the implementation the Royal Chilwan National Park and the later alter the implementation of the NP in 1978. The early migrants' settlements are distributed mainly (with some exceptions) south of the Kerunga stream and the north-east part of the VDC, whereas the new settlements are

located north of Kerunga stream in the entire west and north-west part of the VDC.

### **4.3 Economic Activities of the Study Area**

Most of the people of Padampur are farmers having small holding per household i.e. 0.85 ha per household (DNPWC/PPP, 2000). More than 90% of the total households are still having agriculture land, livestock and poultry and only 7.34% of the households have none of them. 75% of the total households raise livestock, which further reveals the characteristics of subsistence farming. There are two major cropping patterns based on the topographies i.e. paddy as a major crop in wetland and maize in dry land. With increasing population the pressure on agricultural land has been increased from 3.24 person per ha in 1981 to 5.47 person per ha in 2001, which has further increased the number of poor farmers (ibid.). Only 26 % of households are engaged in non agricultural economic activities (Population census, 2001). This population is engaged in agricultural activities too.

### **4.4 Composition of Foreign Employees**

#### **4.4.1 Foreign Workers by Age**

People from different age go abroad for foreign employment. Generally, people of all kind of family are suffered from socio-economic problems. In accordance with responsibility to their families, people of different ago go abroad for foreign job. Mostly people above 20 years and less than 50 years age are found to have for foreign job. For the purpose of analysis, the age of the respondents are categorized into six categories less than 20 years, 20 to 24 years, 25 to 29 years, 30 to 34 years, 35 to 39 years and, 40 and above.

The greatest number of workers gone for foreign employment was form the group 25-29 years age, which was 41.02 percent of total foreign workers respondent. Only two respondents belonged to the group less than 20 years age.20.51 percent respondents belonged to the 20-24 age group. 23.08 percent

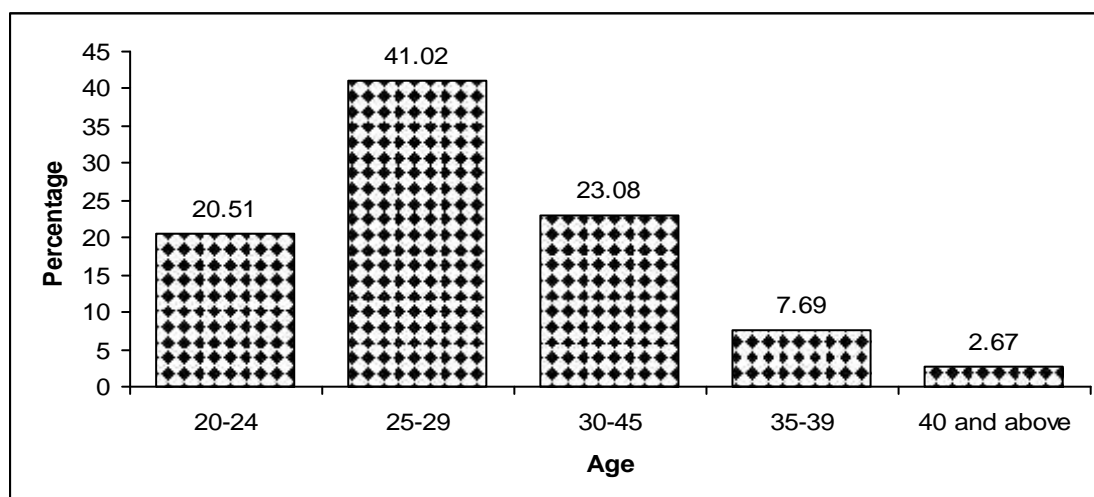
respondents belonged to the 35-39 age group. Similarly, 2.67 percent respondents were of 40 years and above. Age of the respondents is shown in the table.

**Table No. 4.2 : Distribution of Foreign Workers by Age**

| <b>Age year</b>           | <b>Number of Respondents</b> | <b>Percentage</b> |
|---------------------------|------------------------------|-------------------|
| <b>Less than 20 years</b> |                              |                   |
| 20-24                     | 16                           | 20.51             |
| 25-29                     | 32                           | 41.02             |
| 30-34                     | 18                           | 23.08             |
| 35-39                     | 6                            | 7.69              |
| 40 and above              | 2                            | 2.67              |
| <b>Total</b>              | <b>78</b>                    | <b>100</b>        |

Source: Field survey, 2015

**Figure No. 4.1: Distribution of Foreign Workers by Age**



Source: Table No.4.2

#### **4.4.2 Foreign Workers by Educational Status**

Level of education also greatly affects the level of employment. Skilled and literate persons get well-paid job. Here, 32.05 percent foreign workers respondents to have been literate and 42.31 respondents passed S.L.C. level.

Similarly 25.64 percent, that is 20 respondents answered to have passed intermediate level, which is shown by the table and also the figure below.

**Table No. 4.3 : Distribution of Foreign Workers by Education**

| <b>Education Status</b> | <b>Number of Respondents</b> | <b>Percentage</b> |
|-------------------------|------------------------------|-------------------|
| Literate                | 25                           | 32.05             |
| S.L.C.                  | 33                           | 42.31             |
| Intermediate            | 20                           | 25.64             |
| <b>Total</b>            | <b>78</b>                    | <b>100</b>        |

**Source: Field Survey, 2015**

#### **4.4.3 Main Reasons to go abroad for Employment**

People were found to have gone abroad due to various reasons. In which 53.85 percent respondent answered that they went abroad for foreign employment because of unemployment problem. 10.26, that is 8 respondents took conflict as main reason to push them to go abroad. And 8.97 percent respondent said that landlessness was the main reasons to go abroad for foreign job. Due to the lack of opportunities 19.23 percent respondents were found to have gone abroad for foreign employment. Indebtedness was the main reasons for 7.69 percent respondents.

**Table No. 4.4 : Distribution of Foreign Workers by Reasons to go Abroad  
for Foreign Job**

| <b>Reasons</b>        | <b>Number of Respondents</b> | <b>Percentage</b> |
|-----------------------|------------------------------|-------------------|
| Unemployment          | 42                           | 53.85             |
| Indebtedness          | 6                            | 7.69              |
| Laziness              | 7                            | 8.97              |
| Lack of Opportunities | 15                           | 19.23             |
| Conflict              | 8                            | 10.26             |
| <b>Total</b>          | <b>78</b>                    | <b>100</b>        |

Source: Field Survey, 2015

#### **4.4.4 Foreign Workers and Contracted Job**

People going abroad for foreign employment get contracted with manpower companies. But in some cases their contract is limited to the local agent. The foreign employees don't get any information from Manpower Company about their workers. Furthermore, due to the lack of skill, they don't get contracted job in foreign country. Table 8 shows that 85.90 percent respondent got contracted job out of total respondents. And 14.10 percent respondents that is, 11 respondents answered not to get contracted job in foreign land.

**Table No. 4.5 : Distribution of Foreign Workers Getting Contracted Job**

| <b>Contracted job</b>      | <b>No. of Respondents</b> | <b>Percentage</b> |
|----------------------------|---------------------------|-------------------|
| Getting contracted job     | 67                        | 85.90             |
| Not Getting contracted job | 11                        | 14.10             |
| <b>Total</b>               | <b>78</b>                 | <b>100</b>        |

Source: Field Survey, 2015

#### 4.4.5 Foreign Workers and Cheating

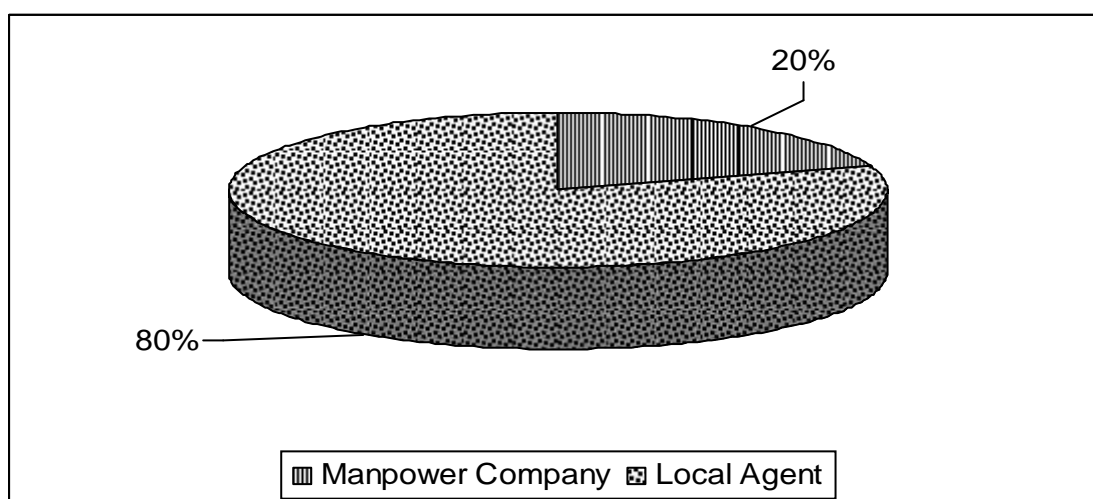
The major challenge of foreign employment according to the opinion of foreign workers is cheating by Manpower Company and local agent. Most of the people of rural areas being ignorant and unskilled, they can easily be cheated by local agents and manpower companies as well as employers in foreign countries. Table no. 9 shows that out of total respondents 19.23 percent workers were cheated. Among them 5 respondents answered that they were deceived by manpower Company, and 20.51 percent by local agent.

**Table No. 4.6 : Distribution of cheated Foreign Workers**

| Cheater          | No. of Respondents | Percentage   |
|------------------|--------------------|--------------|
| Manpower Company | 4                  | 5.13         |
| Local Agent      | 16                 | 20.51        |
| <b>Total</b>     | <b>(78)</b>        | <b>(100)</b> |

Source: Field Survey, 2015

**Figure No. 4.2: Distribution of cheated Foreign Workers**



Source: Table No.4.6



#### 4.4.6 Transfer of Remittance

Remittances are transferred through formal and informal channels. Those who are familiar with banking system and educated, send money through formal channel. And those who are mostly un-familiar with banking system send remittances through informal channel. Generally, seasonal labourer prefers bringing money back with them while returning home, or they send money through relatives or friends. The foreign workers opined that there is risk of theft while returning home with money. This case was true in case of transfer of remittances from India. But the people working abroad send money either through Remittance Company or through banking system or through relatives and friends.

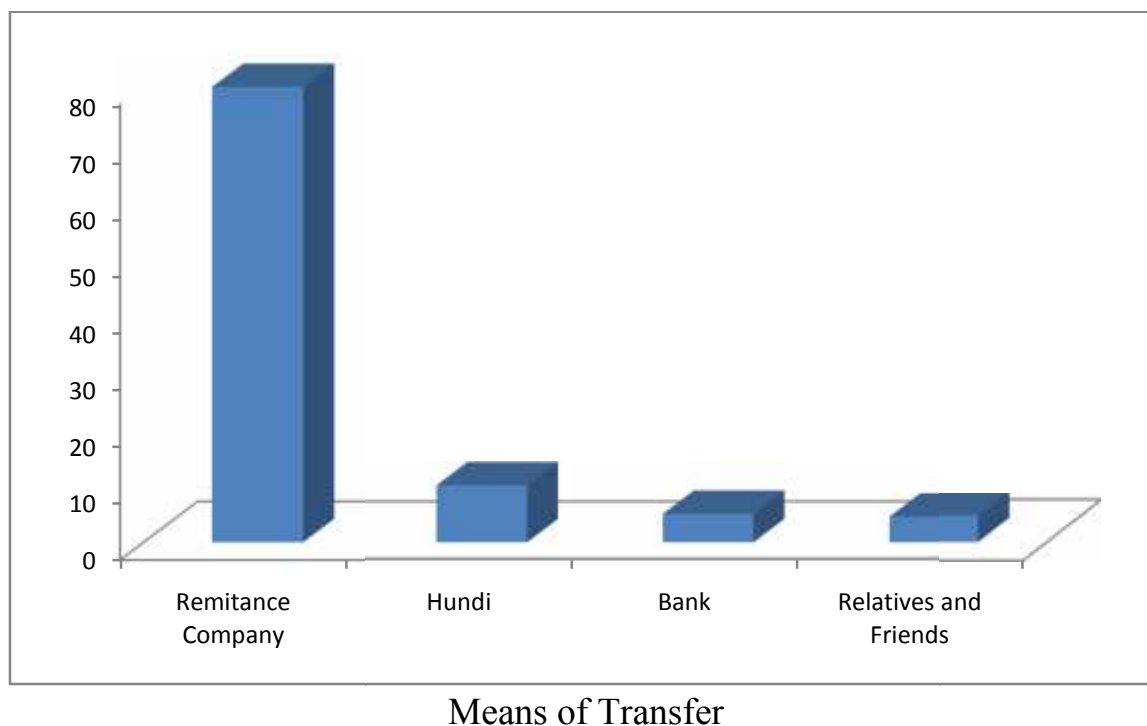
**Table No. 4.7: Distribution of Foreign Workers by Means of Transfer**

| <b>Means of Transfer</b> | <b>No. of Respondents</b> | <b>Percentage</b> |
|--------------------------|---------------------------|-------------------|
| Remittances Company      | 62                        | 79.49             |
| Hundi                    | 7                         | 8.97              |
| Bank                     | 6                         | 7.69              |
| Relatives and Friends    | 2                         | 2.56              |
| <b>Total</b>             | <b>78</b>                 | <b>100</b>        |

Source: Field Survey, 2015

Table No.4.7 shows that remittance company, Hundi, bank and relatives or friend; were used to send money back home by foreign workers. And it was also round that some workers bought money with them while returning from abroad. 79.49 respondents out of total respondent were found to send remittance through Remittance Company, 2.56 percent through relatives or friends. Similarly, about 7 percent respondent answered to send money through hundi system.

**Figure No.4.3 : Distribution of Foreign Workers by Means of Transfer**



Source: Table No.4.7

#### **4.4.7 Nature of Workers' Occupation**

As people go abroad for foreign employment they are engaged in different kinds of works. Generally, Nepalese workers are unskilled and semi-skilled. So, Nepalese workers to be engaged as factory workers in foreign country are not new event. 15.38 of total respondent worked as hotel boy in foreign country. 10.26 percent respondent said to have worked as plumber. 34.62 percent respondent answered that they worked in factory as factory worker. 19.32 percent respondent belonged to driver. And 2.56 percent were care given, and about 2.56 respondent were engaged in other different types of works like scaffolding, electrician, supervisor and cook.

**Table No. 4.8: Distribution of Foreign Workers by Nature of Workers Occupation**

| <b>Occupation</b> | <b>No. of Respondent</b> | <b>Percentage</b> |
|-------------------|--------------------------|-------------------|
| Hotel Boy         | 12                       | 15.38             |
| Plumber           | 8                        | 10.26             |
| Factory Worker    | 27                       | 34.62             |
| Driver            | 15                       | 19.23             |
| Cleaner           | 3                        | 3.85              |
| Sales man         | 9                        | 11.54             |
| Care giver        | 2                        | 2.56              |
| Other             | 2                        | 2.56              |
| Total             | 78                       | 100               |

Source: Field Survey, 2015

#### **4.4.8 Duration of Work**

Some foreign workers work for long period in foreign countries and some work for short period. In some cases, people were found to work abroad and stay there according to the level of difficulties of works, on the basis of which, their income is determined. And some were found to have returned within one year and some workers worked more than eight years. About 3.85 percent respondents had returned within one year. 7.69 percent respondents answered that they stayed abroad for 1-2 years. 17 out of 78 respondents stayed abroad from 2 years to 3 years. Highest numbers of workers (28.21 percent) stayed abroad between 3-4 years. The numbers of workers stayed abroad from 5-6 years was 8.98 percent. And only 3.85 percent respondent had stayed more than 8 years. This is shown in the table below:

**Table No. 4.9: Distribution of Foreign Workers by Duration of Work**

| <b>Years</b> | <b>No. of Respondents</b> | <b>Percent</b> |
|--------------|---------------------------|----------------|
| Less than 1  | 3                         | 3.85           |
| 1-2          | 6                         | 7.69           |
| 2-3          | 17                        | 21.79          |
| 3-4          | 22                        | 28.21          |
| 4-5          | 16                        | 20.51          |
| 5-6          | 7                         | 8.98           |
| 6-7          | 2                         | 2.56           |
| 7-8          | 2                         | 2.56           |
| 8-9          | 2                         | 2.56           |
| Above 8      | 2                         | 2.56           |
| Total        | 78                        | 100            |

Source: Field Survey, 2015

#### **4.4.9 Per Month Salary and Saving of Foreign Workers**

Also the salary of foreign workers abroad has highly affected the length of stay of them. Especially, the salary of employees in Malaysia and Gulf countries was comparatively lower than the salary of workers working in Japan, S. Korea and Israel. It was evident that whose salary was comparatively higher, his saving was also higher than those of with low salary. Table 13 shows that the highest number (47.44 percent) of respondents' salary was between rs.16000 to 20000. About 21 percent respondent earned from rs.21000 to 25000. Almost, 6 percent workers salary was from rs.26000 to 30000. But the number of respondent to earn above Rs.30000 per month was only 10.26 percent. Above one Fifth of the respondent earned between RS.10000 to Rs.15000.

**Table No.4.10: Distribution of Foreign Workers by Salary per month**

**(In Rs. Thousand)**

| <b>Salary per month</b> | <b>Number of respondent</b> | <b>Percentage</b> |
|-------------------------|-----------------------------|-------------------|
| 10-15                   | 12                          | 15.38             |
| 16-20                   | 37                          | 47.44             |
| 21-25                   | 16                          | 20.51             |
| 26-30                   | 5                           | 6.41              |
| Above 30                | 8                           | 10.26             |
| Total                   | 78                          | 100               |

Source: Field Survey, 2015

In respect of saving, as shown in table 14 the high-test number of foreign workers (43.59 percent) saved from Rs.10000 to Rs.14000 per month. The number of respondents saving their earning from Rs.15000 to Rs.19000 was 21.79 percent whereas, 15.38 percent respondents answered to save less than Rs.25000 and more than that was 8.97 out of total respondents.

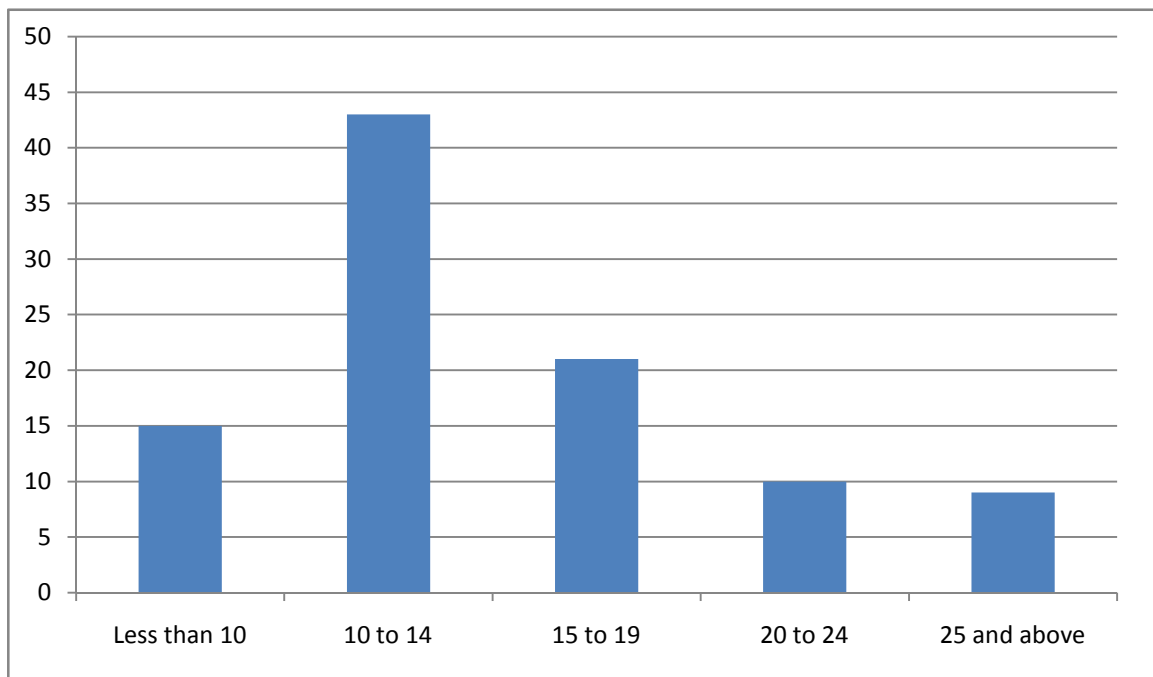
**Table No. 4.11 : Distribution of Foreign Workers by Saving Per Month**

**(Rs. In Thousands)**

| <b>Saving Per Month</b> | <b>No. of Respondents</b> | <b>Percentage</b> |
|-------------------------|---------------------------|-------------------|
| Less than 10            | 12                        | 15.38             |
| 10-14                   | 34                        | 43.59             |
| 15-19                   | 17                        | 21.79             |
| 20-24                   | 8                         | 10.26             |
| 25 and above            | 7                         | 8.97              |
| Total                   | 78                        | 100               |

Source: Field Survey, 2015

**Figure No. 4.4 : Distribution of Foreign Workers by Saving Per Month**



Saving Per Month

Source: Table No.4.11

#### **4.4.10 People Engaged in Job before Going Abroad**

People are engaged in any type of work in their own countries for sustaining their families. But in developing countries, unemployment problem has become a burning issue. So, most of people stay idle at home due to unavailability of opportunities and job in their own country. So, they are obliged to go abroad in search of good job. On the other hand, the people who are engaged in different kinds of job are also forced to leave their job due to social, economic, political and other various problems existed in society, and they are also tended to go abroad for foreign employment.

As shown in the table 15 it was found that only 9 person out of 78 respondents were engaged in any kind of job. Among them, some were engaged in service sector. But more than 88 percent of respondent were found to stay idle, that is they were not engaged in any kind of services. But it doesn't mean that they

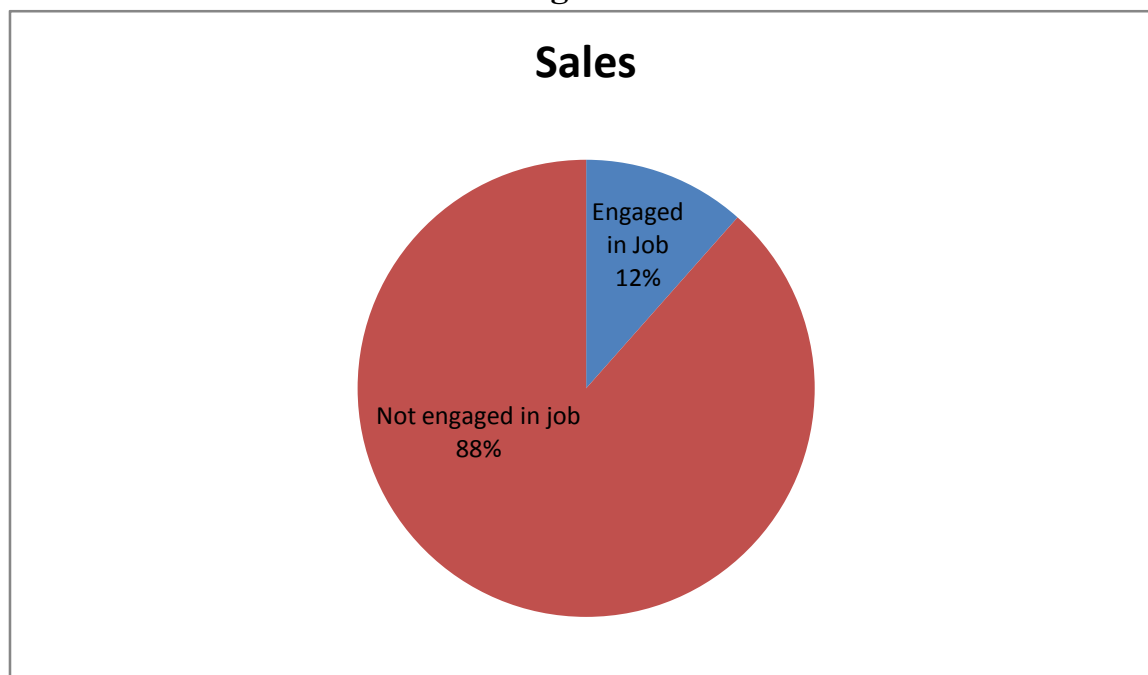
don't do any kind of work. Among the persons who left the job and went abroad for foreign employment, 5.7 percent were found to have left their job due to low salary in their services. And 6.5 percent respondent answered that they left their profession due to lack of security in the country aroused by Maoist insurgency.

**Table No.4.12 : Distribution of Foreign Workers Engaged in Job before Going Abroad**

| <b>Workers</b>     | <b>No. of Respondents</b> | <b>Percentage</b> |
|--------------------|---------------------------|-------------------|
| Engaged in Job     | 9                         | 11.54             |
| Not engaged in Job | 69                        | 88.46             |
| Total              | 78                        | 100               |

Source: Field Survey, 2015

**Figure No.4.5 : Distribution of Foreign Workers Engaged in Job before Going Abroad**



Source: Table No. 4.12

#### **4.4.11 Main Source of Family Income**

Most of the people of Nepal are dependent on agriculture sector. So this sector has become the greatest sector of national income. Due to the various political

and economic crises, there is lack of proper policies and strategies for promoting other economic sector. So, people chose the foreign employment as their viable option and the best way of employment. And they gradually started leaving other sectors of employment taking foreign countries as important destination for well-paid job. Nevertheless, agriculture is the main source of income of the respondents there is also other sources of income to sustain their livelihood. Main sources of family income is divided into four categories- agriculture, services, business, and other includes work in daily wages and other works.

**Table No. 4.13 : Distribution of Foreign Workers by Main Sources of Family Income**

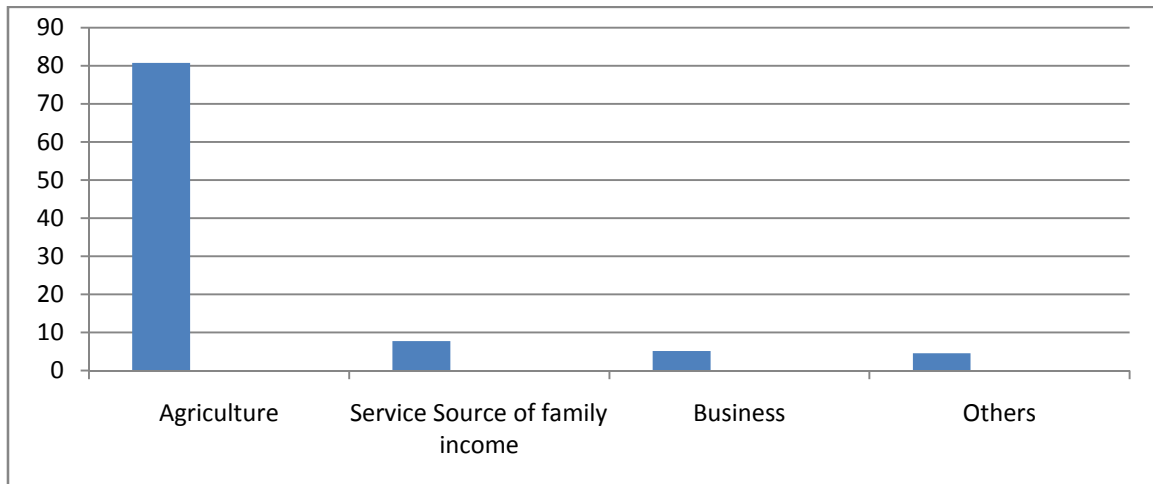
| <b>Main Sources of Family Income</b> | <b>No, of Respondents</b> | <b>Percentage</b> |
|--------------------------------------|---------------------------|-------------------|
| Agriculture                          | 63                        | 80.77             |
| Service                              | 6                         | 7.69              |
| Business                             | 7                         | 5.13              |
| Others                               | 5                         | 6.41              |
| Total                                | 78                        | 100               |

Sources: Field Survey, 2015

Table No 4.13 Shows that status of main sources of income of foreign workers families on which, they are mostly dependent on agriculture sector was the main sources of income for 80.77 percent respondents followed by service sector 7.69. Similarly, about 5 percent foreign workers sources of income of their families was business. And 6.41 percent were engaged in other sector of income. This evidence proves that most of the foreign workers were from those families that were highly dependent on agriculture sector.



**Figure No. 4.6 : Distribution of Foreign Workers by Main Sources of Family Income**



Source: Table No.4.13

#### **4.5 Sources of Remittance Income**

About 948 persons have migrated from this VDC to the third countries for foreign employment. Due to various economic and social problems in the country, people migrated to the other countries. Many people have migrated to India also. Comparatively, the people from poor family were found to go to India rather than those from rich family. Because of that they could not pay for the Gulf Countries and other eastern and western countries. Almost 3 percent women were found to opt for foreign employment for supporting their families. Many other women were also interested to go abroad seeing improvement on economic status of women who went abroad for job. So, it is supposed that the flow of women migrants will increase in future. Mostly the main destination for women was Israel, Japan, Kuwait, U.A.E especially, they were found to work there as care giver and house keeper. NO woman found to go to Malaysia and Qatar and other countries. As shown in table 17 male foreign employees have gone to about 19 countries, where Malaysia took the first position, where 203 employees are working followed by Qatar 135. 86 workers in U.A.E followed by Saudi Arabia where 150 persons are working.

People seek high-paid job also in their home country. At length, this may be the result that larger number of returned foreign workers either stay idle or go abroad again for foreign job. And some of them are engaged in modern agriculture system and some are tended to run their family in Home Country.

#### **4.6 Opportunities after Foreign Employment**

Some foreign workers get opportunities due to the experience they get abroad while working. About 11.54 percent respondents were able to get job in home country after they returned from abroad, 28.21 percent of respondent answered that it had increased their self-confidence to do something in their own country by using the remittance income and skill they got while working abroad. Similarly, 6.41 percent of respondents were self employed immediately after they returned from abroad.

**Table No. 4.14 : Distribution of Foreign Workers by Opportunities after Foreign**

| <b>Opportunities</b>            | <b>No. of respondents</b> | <b>Percentage</b> |
|---------------------------------|---------------------------|-------------------|
| Able to get job in home country | 9                         | 11.54             |
| Increased in self-confidence    | 22                        | 28.21             |
| Self-employed                   | 5                         | 6.41              |
| Total                           | 36(78)                    | 46.15(100)        |

*Note: Figures in parentheses show the total numbers*

*Source: Field Survey, 2015*

#### **4.7 Uses of Remittance Income**

In many developing countries, a large portion of remittance income is invested in real estate to provide housing to their families and to fulfill lack of other investment instruments in the recipient. Whether the remittance income is utilized for consumption or purchasing houses, or investing in other sector, it provides positive impact in the economy by simulating demand for other goods and services.

Remittances income enables better wealth, nutrition, housing and education especially in developing countries like Nepal. But migrants of Nepal being from economically poor family, majority of them are indebted already before going abroad. So, at the initial phase of their work, the works are believed to use the remittance income to pay the loan they used to go abroad. It is found, in respect of Nepalese workers, that a large number of foreign workers being unskilled and semi-skilled, they don't get higher wage rate and they need a complete year to free themselves from debt. If anything tangible and effective achieved out of remittance income, it may be education of children. A noticeable number of people who get remittance income are found to send their children in boarding school in city or in any town with more facilities for better education.

Next crucial sector of investment is health which is the most important aspect of human being. The investment on health and education is known as investment on human capital. Many people are suffered from chronic disease. They may get rid of these diseases due to the remittance income. Large number of remittance receivers uses their funds to purchase land and to construct building. Investment on those sectors also gives return in a little long period.

**Table No. 4.15: Distribution of Foreign Workers by Investment of Remittance**

| Investment sector        | No. of respondent | Percentage |
|--------------------------|-------------------|------------|
| Construction of building | 14                | 17.95      |
| Consumption              | 9                 | 11.54      |
| Buying land              | 15                | 19.23      |
| Business                 | 9                 | 11.54      |
| Paying loan              | 17                | 21.79      |
| Health                   | 6                 | 7.69       |
| Education                | 6                 | 7.69       |
| Others                   | 2                 | 2.56       |
| Total                    | 78                | 100        |

*Source: Field Survey, 2015*

Table No. 4.16 shows that 17.95 percent respondents invested their income in constructing building. 11.54 percent respondents expended their remittance income on consumption which is not directly an investment. Highest number of respondents 21.79 spent their remittance income on paying loan. And 19.23 percent respondents were found to have invested on buying land in urban and city area. Only 11.54 percent respondent invested on small scale business. About 15 percent respondents were found to invest on health and education.

Many foreign workers brings physical goods from aboard while returning .As shown in table 20 below, 37.43 percent respondents bought physical goods from aboard. There were 12.82 percent workers to bring physical goods from aboard spent Rs. 30000 and above. About 9 percent respondents spent from Rs. 20000 to Rs. 24000 in physical things. Only about 5 percent respondents spent less than Rs 10000 on physical goods. It was found that most of them spent their

remittance income in purchasing electronic goods like mobile, TV, VCD, DVD, ornaments and other instructions of entertainment.

**Table No. 4.16: Expenditure of Remittance Income on Physical Goods**

| <b>Expenditure</b> | <b>No. of respondent</b> | <b>Percentage</b> |
|--------------------|--------------------------|-------------------|
| Less than 10000    | 4                        | 5.13              |
| 10000-14000        | 5                        | 6.41              |
| 15000-19000        | 5                        | 6.41              |
| 20000-24000        | 7                        | 8.97              |
| 25000-29000        | 6                        | 7.69              |
| 30000 and above    | 10                       | 12.82             |
| Total              | 37                       | 37.43             |

Source: Field Survey, 2015

#### **4.8 Impact of remittance on Socio –Economic status**

Remittance can not affect the economic aspects of people but also the social aspects of people. They can change social structure and culture practices. They can change the concept of people. Remittance income has become, in respect of foreign workers, a way of transfers of ideas and attitudes, particularly when migrant workers return home. Remittance income generally affects all aspects of people. So, it is very difficult to say which aspect is not affected. For example, remittance income may enable girls to complete their schooling. It enables poor family to send their children to better school for better education. The empowerment of women in household increase. And these types of social change can increases the aspiration of young women to continue education and training leading to higher earning in future.

Remittances by foreign employees are the major sources of foreign currency to the nation. Returned workers import skilled which can best be for income generating activities and innovation of new technology. Changes in the cultural

practices and attitudes of people cause positive effect in society. Moreover, foreign employment has helped to solve country's burning issue of mass unemployment. Socially unemployment causes social discords and invites social crimes in this way that the unemployed persons in society have nothing to do and they engage in such activities. Foreign employment may solve such social problems by providing job to them. This has helped to improve the standard of living of the rural people.

Next aspect affects by remittance income is health. Due to the increase in remittance income, their access to the health facilities also increases. Member of migrant facilities get proper nutritious foods and proper health care and they get improvement on their health. People especially from rural area spend their remittance income for health and medicine. Nevertheless, there are some negative aspects of foreign employment sector. Health reproductively is the another area affected by flow of workers aboard. Remaining away from families, especially the young people, for a long time may create problem of reproduction affecting the birth rate. It may be beneficial to control population growth in some extent but it directly affects the demographic features of country. There is a lack of people who are very important for the development of country. Similarly, youth away from family are most vulnerable section of the community for communicable disease. It has been found people that returning home returning home who are away from family, has high risk of HIV and other communicable diseases. Such causes emerge, especially, in case India.

In spite of the fact that remittance forms a major source of foreign currency earnings of the nation, no serious steps are seen to have taken by the authorizes. Workers going aboard are no doubt young and labourious. That work face is away at the cost of nations. In recent times, it is argued that in remote villages only elderly and children resides. It has been bitter experiences that male are not

available for funeral rituals also. On the one hand, foreign employment process has in some extent solved the problem of unemployment and contributed to augment BOP and make favorable. On the other hand, shortage of labour force in the agriculture has emerged in the country. It has not only compelled to keep small plots of land barren but also hampered the productivity. If this trend continues for the coming decades, larger part of land of country will remain fallow which causes shortage of food grains and invites imports of grains.

In respect of this study, most of the respondents believed that they can live comfortable life form the remitted by family member working aboard. It has been observed that due to lack of good investment opportunities in the country people left their best choice and invested in buying land and constructing house. And some people were found to invest on small scale business.

**Table No. 4.17: Impact of Remittance Income**

| <b>Impacts</b>                  | <b>No. of respondents</b> | <b>Percentage</b> |
|---------------------------------|---------------------------|-------------------|
| Improve on health               | 8                         | 10.26             |
| Improve on economic             | 60                        | 76.92             |
| Improve on children's education | 10                        | 12.82             |
| Total                           | 78                        | 100               |

Source: Field Survey, 2015

Table No.4.18 shows that 10.26 per respondents got improvement on their health condition and their family members health condition. The number of respondent having improvement of their economic condition was highest (76.92 percent). And 12.82 percent respondent mainly invested focusing to their children's education.

#### 4.8.1. Payment of Debt

This includes money used for paying debt that is borrowed for going aboard to work. The pattern can be seen clearly in the table below:

**Table No. 4.18 : Use of Remittance In Paying Off Dept**

| Caste   | Amount spent in paying off dept |       |         |       | Total |
|---------|---------------------------------|-------|---------|-------|-------|
|         | 0-25%                           |       | 25%-50% |       |       |
|         | No                              | %     | No      | %     |       |
| Brahmin | 18                              | 81.81 | 4       | 18.18 | 22    |
| Chherti | 15                              | 83.33 | 3       | 16.66 | 18    |
| Magar   | 8                               | 80.0  | 2       | 20.0  | 10    |
| Thakuri | 5                               | 55.55 | 4       | 44.44 | 9     |
| Dalit   | 10                              | 62.5  | 6       | 37.5  | 16    |
| Others  | 2                               | 66.66 | 1       | 33.33 | 3     |
| Total   | 58                              | 74.35 | 20      | 25.64 | 78    |

Survey: Field Survey, 2015

From the above table No. 19 we can see that in total 74.35% of the people spent only 0-25% and 25.64% spent 25-50% of the remittance money in paying debt. In caste wise, Brahmins 81.81% spent 0-25% in paying off debt and 18.18% spent 25-50%. In case of Chhetri 83.33% spent 0-25% and 16.66% spent 25-50% in paying off dept whereas Magar 80.0% spent 0-25% and 20% spent 25-50% in paying debt. Thakuri 55.55% spent 0-25% and 44.44% spent 25-50%. Dalit 62.5% spent 0-25% and 37.5% spent 25-50% on paying off debt and 66.66% others caste spent 0-25% and 33.33% spent 25-50% on paying off debt.

#### 4.8.2 Investment Pattern

The field study showed that for those who are well-off, the remittance money is used more for consumption or paying debt whereas the relatively well-off



families are able to invest the money in different area, for example land, housing, cattle, local money lending etc. Either way, the economic status of the families is raised due to labour migration.

**Table No. 4.19 : Investment of Remittance Funds**

| Caste   | Yes |       | No |       | Total |
|---------|-----|-------|----|-------|-------|
|         | No  | %     | No | %     |       |
| Brahmin | 14  | 63.63 | 8  | 36.36 | 22    |
| Chherti | 3   | 16.66 | 15 | 83.33 | 18    |
| Magar   | 3   | 30.0  | 7  | 70.0  | 10    |
| Thakuri | 2   | 22.22 | 7  | 77.77 | 9     |
| Dalit   | 6   | 37.5  | 10 | 62.5  | 16    |
| Others  | 1   | 33.33 | 2  | 66.66 | 3     |
| Total   | 29  | 37.17 | 49 | 62.82 | 78    |

Survey: Field Survey, 2015

The above table No. 20 shows in total 37.17% of people are able to invest remittance money in land, housing and other areas. On Basic of caste, 63.63% of Brahmins, 16.16% of Chhetri and 30.0% of Magar invested remittances fund or land, housing, cattle and local money land in case of Dalit 37.5% and others caste and 33.33% invested remittance funds on those things 62.82% have not invested on those.

#### **4.8.3 Invested in land or Housing**

This includes investment of remittance in land or housing by those six caste groups (Brahmin, Chhetri, Magar, Thakuri, Dalit and others) which is clear from below table.

**Table No.4.20 : Investment In land or Housing**

| <b>Caste</b> | <b>Yes</b>    |       | <b>No</b>     |       | <b>Total</b> |
|--------------|---------------|-------|---------------|-------|--------------|
|              | No. of people | %     | No. of people | %     |              |
| Brahmin      | 10            | 45.45 | 12            | 54.54 | 22           |
| Chherti      | 6             | 33.33 | 12            | 66.66 | 18           |
| Magar        | 2             | 20.0  | 8             | 80.0  | 10           |
| Thakuri      | 1             | 11.11 | 8             | 88.88 | 9            |
| Dalit        | 1             | 6.66  | 15            | 93.75 | 16           |
| Others       | 0             | 0     | 3             | 100   | 3            |
| Total        | 20            | 25.64 | 58            | 74.35 | 78           |

Survey: Field Survey, 2015

The above table No. 4.21 reveals that in total 25.64% of the people invested remittance money in land, housing . On Basic of caste, 45.45% of Brahmins, 33.33% of Chhetri and 20.0% of Magar invested huge remittances fund or land, housing, cattle and local money land in case of Dalit 6.66% and others caste and 0.0% invested remittance fmoney on land / housing. From the field survey of Pakuwa VDC must of the Dominant caste Brahmin, Chhetri, Magar and thakuri invested remittance money on land/housing than Dalits and others caste, Brahmin and Chhetri have not faced money problem compared with Dalits and other caste.

#### 4.8.4 Impact of Remittance of Agriculture

This table gives information about the effects on agriculture after migration people from this are Padampur VDC:

**Table No. 4.21 : Impact Of Remittance on Agriculture**

| Caste   | Agriculture Production |       |           |       | Total |
|---------|------------------------|-------|-----------|-------|-------|
|         | Same/No Changed        |       | Decreased |       |       |
|         | No                     | %     | No        | %     |       |
| Brahmin | 8                      | 36.36 | 14        | 63.63 | 22    |
| Chherti | 7                      | 38.88 | 11        | 61.11 | 18    |
| Magar   | 6                      | 60.0  | 4         | 40.0  | 10    |
| Thakuri | 4                      | 44.44 | 5         | 55.55 | 9     |
| Dalit   | 10                     | 62.5  | 6         | 37.5  | 16    |
| Others  | 2                      | 66.66 | 1         | 33.33 | 3     |
| Total   | 37                     | 47.43 | 41        | 52.56 | 78    |

Survey: Field Survey, 2015

We can see in the table No. That for majority (52.56%) of the families labour migration had negative effect on agriculture. The table shows that more than 63.63% of Brahmin has negative effects on agriculture after migration their family member also there were huge proportion of dalit 37.5% has the same effect labour migration. When asked about the cause of it, most of them replied that remittance money supplemented the income from farming so they not fell compelled to be involved in farming as much as before. Some said that it was because they did not have the man power at home so the family gave away the land for Adhitya. There are no cases where agricultural production has increased due to labour migration.

#### 4.8.5 Impact of Remittance on Child's Educational Status

Education is one of the important factors of socio-economic development. Education can be viewed as a factor that helps to empower human beings with knowledge and skills to participate fully in the process of sustainable development. The stock of educated people in a society in the process of development generally reflects the level of strength with respect to capacity building. Sustainable development policy, among many other rights, incorporates children's right to education. But due to the lack of money as well as lack of awareness, people tend not to invest money in education of their children, especially for girls. In the context of Nepal, it is a general fact that private schools provide better education than government school. So, if the parents are sending their children to a private school, it shows they are financially better as well as and also that they are aware of the importance of education. Therefore, in order to see the impact on education, the respondents were asked about the schooling of their children. The result of the inquiry is presented below:

**Table No. 4.22 : Children's Education before and after Family Receipt of Remittances**

#### Investment In land or Housing

| Caste   | Before            |       | After             |       | Total |
|---------|-------------------|-------|-------------------|-------|-------|
|         | Government school |       | Government school |       |       |
|         | No                | %     | No                | %     |       |
| Brahmin | 22                | 100   | 22                | 100   | 22    |
| Chherti | 13                | 72.22 | 16                | 88.88 | 18    |
| Magar   | 7                 | 70.0  | 9                 | 90.0  | 10    |
| Thakuri | 4                 | 44.44 | 6                 | 66.66 | 9     |
| Dalit   | 1                 | 6.25  | 10                | 62.5  | 16    |
| Others  | 0                 | 0.0   | 1                 | 33.33 | 3     |
| Total   | 47                | 60.25 | 64                | 82.05 | 78    |

Survey: Field Survey, 2015

The above Table No. 4.23 shows that before migration, only 60.25% of families sent their children to school but after migration it increased to 82.05% it means after migration there are decreased proportion of families who sent their children into Government School.

In case of Brahmin before migration 100% of families sent their children to school but after migration 100% are sending their children to school. Whereas, 72.22% of Chhetri sent children to school which increased to 88.88% after migration. According to above table 70.0% of Magars family admitted their children before migration and 90.0% admitted after migration but least of families of Dalit and others caste sent their children to school after migration 62.55 and 33.33% which was almost sent to government school before migration. So we can see there is little bit improvement in education among Dalits family in Pakuwa VDC .After migrated their family member most of families have increased proportion to send their children in school due to remittance money.

#### **4.8.6 Impact of Labour Migration on Daily Consumption**

Sustainable development requires an adequate standard of living leading to productive and healthy lives. Consumption is one way to measure the standard of living. Therefore, in order to find out whether remittance money had helped the family in improving their consumption pattern, the respondents were asked whether receiving remittance money had helped in improving their diet and clothing. The results of the survey are as follows:

**Table No. 4.23 : Impact of Receiving Remittance on Diet**

| Caste   | Improved |       | Not Improved |       | Total |
|---------|----------|-------|--------------|-------|-------|
|         | No       | %     | No           | %     |       |
| Brahmin | 12       | 54.54 | 10           | 45.45 | 22    |
| Chherti | 9        | 50.0  | 9            | 50.0  | 18    |
| Magar   | 6        | 60.0  | 4            | 40.0  | 10    |
| Thakuri | 4        | 44.44 | 4            | 44.44 | 9     |
| Dalit   | 9        | 56.25 | 7            | 43.75 | 16    |
| Others  | 1        | 33.33 | 2            | 66.66 | 3     |
| Total   | 42       | 53.84 | 36           | 46.15 | 78    |

*Survey: Field Survey, 2015*

We can see in the table No. 4.24 that 53.84% of people remittance money has helped in improving their diet. By caste, among 54.54% Brahmin, among 50.0% Chhetris, 60% Magar 44.44% Thakuri 56.25% Dalit and 33.33% of other caste Dalits claimed that their diet has improved due to remittance money. Before remittance money they don't care about their diet unable to care about their health. But after getting remittance they took care of their diet in daily life and health too.

#### **4.8.7 Impact of Receiving Remittance money on clothing**

The table no. 4.25 and chart shows that for 70.51% of the people expenditure on clothing increased due to remittance due to remittance money. Caste wise, in the case of Brahmin it was 77.247% Chhetis 55.55%, Magar 60.0% Thakuri 66.66, Dalit 87.5% and others caste 66.66%. Dalits said that their clothing pattern had improved because much of their money spent on paying off dept and on food. Thus the above results shows that remittance money had helped the majority of families in improving their daily consumption.

**Table No. 4.24 : Impact of Receiving Remittance money on clothing**

| Caste   | Improved |       | Not improved |       | Total |
|---------|----------|-------|--------------|-------|-------|
|         | No       | %     | No           | %     |       |
| Brahmin | 17       | 77.27 | 5            | 22.72 | 22    |
| Chhetri | 10       | 55.55 | 8            | 44.44 | 18    |
| Magar   | 6        | 60.0  | 4            | 40.0  | 10    |
| Thakuri | 6        | 66.66 | 3            | 33.33 | 9     |
| Dalit   | 14       | 87.5  | 2            | 12.5  | 16    |
| Others  | 2        | 66.66 | 1            | 33.33 | 3     |
| Total   | 55       | 70.51 | 23           | 29.48 | 78    |

*Source: Field Survey, 2015*

## CHAPTER – FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

The economic development of Nepal is in a challenging and critical phase of low level equilibrium trap severely limited by poverty and stagnation. Moreover, the economy is facing an acute disguised unemployment. Over the past few decades millions of Nepalese have migrated to Middle East, Malaysia, Qatar, U.A.E, S. Korea and other various countries. During 2007/08 according to the recorded provided by Department of Foreign Employment Promotion, 229405 Nepalese workers have been added to the total number of foreign workers. Till the end of 2008, about 1204937 Nepalese workers have migrated for foreign employment. Hence the migration flow has been viewed as beneficial to the countries of origin. It has helped in reducing labour surplus in the country and has generated flows of remittance income that have greatly help to improve the socio-economic status of people of Nepal, especially, those people who live in rural areas.

Since many of the migrants come from rural areas, their earning is viewed as rural development assets. The remittance income has opened has opened ways for many financial institutions to spread their outreach to the rural area and to their poor clients. The impact of remittances on poverty is considered to be positive. Remittance can change social structure and cultural practices remittances have affected in several aspects of people from lower income level. Remittance can enable the children from the poor families to complete the schooling rather than having to leave school early to work in their home or on the farm to help their parents so that they can sustain their family. It has played vital role to reduce poverty spread all over the country.



It has increased income of families, so their consumption behaviors have also changed. Their access to education, health has also increased. Nevertheless remittances alone are unlikely to lift people permanently out of poverty. But the interaction of remittances with other economic, social and culture factors may have the power to do so. Particularly, remittance has impact on four levels – individuals, household, community and national. At household level, remittances contribute directly to raising household's income. At community level, remittances generate multiplier effect in the local economy creating employment opportunities and increasing new economic and social infrastructures and services. At national level remittances provide with foreign currency and contribute significantly to GDP and help make BOP favorable. In the context of Nepal, the remittance income has contributed 18 percent to GDP in 2006, according to the World Bank.

Remittance rise when recipient economy suffers a downturn in activities on macroeconomic shocks due to financial crisis, natural disaster or political instability, because in such a situation migrant are expected to tent to send more earning doing hard work to help run their families and to face forth coming economic problems in home country. Mostly, remittance income is affected by the number of migrants and the length of stay, the level of education, macroeconomic activities, foreign exchange rate and political stability.

Mostly, remittances are used for basic needs and for daily needs and expenses such as food, housing and clothing. They are also used for improving housing, buying land, buying cattle and buying other durable consumer goods. They are used ever in social, cultural practices. In Nepal only a small percentages of remittances is used as productive investment. A larger portion of income is spent on consumption and on human capital. The biggest contribution of remittance is to the welfare and improved livelihood of the remittance receiving households.

There are many problem in foreign employment sector of Nepal. Lack of proper skill, awareness among the foreign employees, lack of physical, economic and human resources in the Nepalese mission in the destination countries are noticeable problems existed in the foreign sector of Nepal.

Problems in data managing system, proper man grading system of manpower companies, lack of orientation and training of foreign employees before going abroad have also been obstacles in the sector.

Three year interim plan has mainly made objectives to reduce unemployment by developing skilled and competitive labour force in accordance with demand of the domestic and international labour markets, to ensure safety and healthy working environment for workers and to make foreign employment for workers and to make foreign employment safe and organized, and identify new area of employment.

About 948 persons have gone abroad for foreign employment for this VDC. Among them, only 19 female have gone abroad and other are male. Similarly, most of them have gone to Malaysia which has occupied first position for the people of this VDC followed by Qatar, UAE, Saudi Arabia, Kuwait respectively. Most of them have been found to work as factory workers, driver and sales man, only a few persons have got high paid job.

## **5.2 Conclusion**

In Padampur VDC, about 948 people are found to have gone abroad for foreign employment, among them 8 percent, that is 78 persons were taken as sample. From the observation of the selected sample, most (48.7 percent) of total respondents have been found to be abed from 25 years to 30 years. Mostly, literate (42.31 percent), SLC (43.59 percent) level workers have gone abroad for foreign employment. Due to many reasons in their home area, they have left their home for foreign job 53.58 percent people have gone abroad due to

unemployment problem and other reasons are indebtedness, landlessness, lack of opportunities and conflict. The people who went abroad for foreign job, most of them got contracted job and only 14.10 percent respondent did not get contracted job abroad.

Many workers have been cheated by manpower companies and local agents, among them, many workers have been cheated by local agents. Remittances are transferred through both formal and informal channels. Many workers are still found to send their remittance income through informal channels like hundi relatives and close friends.

People are engaged in different types of works in foreign country. Factory worker, care giver, plumber, driver are main works in which Nepalese workers are engaged abroad. The foreign employees have stayed abroad for more than one year and less than eight years. People who stayed abroad for long time earned more income and who don't stay longer due to various problems have not earned much money. Many workers' salary was between Rs. 16000 and Rs. 20000. Similarly, most of foreign employees (37.18 percent) save from Rs. 10000 to Rs. 14000.

Agriculture is the main occupation of the people of this VDC. Service, business, livestock's fish pond and poultry farming are also important sources of family income. Many workers are found to have gone to Gulf countries, in spite of that the greatest numbers of workers have gone to Malaysia, Japan, Gulf countries, S. Korea, Israel, Oman and Jordan are main destination for foreign employment.

The foreign workers have used their income in different sectors. Most of the workers (21.79 percent) have used their remitted income to pay loan which they have used while going abroad. And some people have used in constructing building, consumption, buying land, business, health, education and other

sectors, and some foreign workers have expended small portion of their income on physical goods in foreign while returning.

Generally, the remittance income has shown positive impact on the socio-economic status of people of this VDC. 10.26 percent foreign workers have got improvement on their health and most of the foreign workers have got improvement on their economic status. Similarly, it has very beneficial to their children's education.

### **5.3 Recommendation**

The study conclusion that the socio-economic status of the people living in Padampur VDC is not so good and the utilization of remittances is not in proper sector that is it is mostly invested in unproductive sector especially consumption and buying physical goods. It has been very necessary to pace for the proper mobilization of remittances from the government level. That is why some recommendations for the solution, which might be helpful to properly utilize the remittance and to regulate the process of foreign employment are given here.

Due to lack of proper skill enhancement facility and unwillingness of the foreign workers to train themselves before going abroad for foreign job, they are employed in very low-paid job with lots of physical and mental hazards involved. So, they should be encouraged to train themselves before going abroad.

Most of the foreign workers lack the information about the language, culture and other etiquette of their destination countries. It has resulted in many embarrassing situations some even leading to the punishment level. Therefore they should be familiarizing with the culture and etiquette and they should be taught the language of their destination counties. Moreover orientation program should be designed in such a way as to equip the foreign workers with all required information before for foreign employment.

A large amount of saving and income are still sent through improper channels. So the government should establish bank in this area and remittance receiving facility should be provided.

A large chunk of their earnings has been invested in unproductive sector like purchasing land and other instrument of entertainment and jewelers. Therefore they should be encouraged to invest on productive and yield giving sector and the way of investing on productive sector should be initiated by the government level.

Many foreign workers from the VDC has been cheated by local agents and manpower companies. The situation of being cheated should be eliminated and direct access of foreign workers to the manpower companies should be maintained properly.

#### **5.4 Suggestion for Further Study**

Many problems were found in the course of doing this research. But, because of limitation of time, economic problems and lack of other facilities, this study was conducted relatively in a small area. Only small number of sample was taken for analysis. It was very difficult to find out the total volume of remittances, actual amount of remittances, and trend of remittances of this VDC. And this study has not covered all types of remittances. It has dealt with workers remittance only.

Study of remittance is a complex phenomenon. There are many variables affecting the remittance and remittances have many more social, economic, cultural and other impacts on society. It is being a small scale study, only few variables have been taken and others are excluded deliberately.

Statistical tools used in this study are very simple and limited. Hence the study of same kind could be conducted on a wider scale using more sophisticated statistical tools like hypothesis testing, regression analysis, time series etc. At length this study however may serve as basic source of information for further researches for further study of this field.

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## Appendix-A

### Questionnaires for Respondents

**Interview No:**

**1. Personal profile**

Date:

Name:-

Sex:- (a) Male

(b) Female

Age:-

Address:-

Occupation:-

Education:-

Illiterate

Literate

Primary

Lower secondary

Secondary S.L.C

I.A

B.A and above

**2. Family profile:**

| Sex/Age      | 1-5 | 5-10 | 10-20 | 20-30 | 30-40 | 40-50 | 50-60 | 60 and above |
|--------------|-----|------|-------|-------|-------|-------|-------|--------------|
| Male         |     |      |       |       |       |       |       |              |
| Female       |     |      |       |       |       |       |       |              |
| <b>Total</b> |     |      |       |       |       |       |       |              |

3. What is the educational status of the family?

| Sex/Level    | Intermediate and above | S.L.C | Secondary | lower secondary | Primary | literate | illiterate |
|--------------|------------------------|-------|-----------|-----------------|---------|----------|------------|
| Male         |                        |       |           |                 |         |          |            |
| Female       |                        |       |           |                 |         |          |            |
| <b>Total</b> |                        |       |           |                 |         |          |            |

6. When did you go abroad for the first time?

.....

7. How long did you stay there?

.....

8. In which country did you go?

.....

10. How often did you go abroad?

.....

11. What type of job did you get there?

.....

12. What were the main reasons to leave the village?

(a) Unemployment

(b) Landlessness

(c) Poverty

(c) Others

(specify).....

13. Why did you choose this country?

(a) Higher wage

(b) Less costly

(c) Easy availability of work (d) others (specify).....

14) Did you get job immediately after reaching there?

(a) Yes

(b) No

If No, How long did you wait?

For [.....days]

[.....months]

15) Did you get contracted job in foreign country?

(a) Yes (b) No

16) How much was your salary per month?

.....

17) How much money did you save per month?

.....

18) How much money did you earn from abroad?

.....

19) Were you engaged in any job before going abroad?

- (a) Yes (b) No

If yes, why did you leave the job?

- (a) Don't like (b) Low salary  
(c) Lack of security (d) others

20) What is the main source of income of your family?

- (a) Agriculture (b) Livestock  
(c) Business (d) Service

- (e) others

[specify.....]

21) On what did you spend your remittance money?

- (a) Construction of building (b) Business  
(c) Consumption (d) Buying land

- (e) others

[specify.....]

22) How much money did you spend to go abroad for job?

[Amount in  
NRS.....]

23) For what purpose did you spend much?

- (a) Education (b) Health  
(c) Agriculture (d) Consumption

24) Did you bring physical goods from abroad?

- (a) Yes (b) No

25) How much money did you spend on those things?

[Amount in NRS.....]

26) Were you cheated while going abroad for job?

- (a) Yes (b) No

If yes, By whom?

- (a) Manpower Company (b) Local agent

27) By which means did you send money to home country?

- (a) Remittance Company (b) Bank  
(c) Hundi (d) By- hand

28) What opportunity did you get after returning from abroad?

- (a) Able to get job in home country  
(b) Increase self-confidence  
(c) Self employed

29) Has it improved your socio-economic status?

- (a) Yes (b) No

If Yes, How?

- (a) Improved health condition  
(b) Improved economic status  
(c) Improved children educational status

30) Have you made any plan to leave your original residence forever?

- (a) Yes (b) No

If Yes, Where?

- (a) To another V.D.C of same district

- (b) To urban area
- (c) To another parts of same V.D.C

31) Have you made any plan to leave your original place forever?

- (a) Yes
- (b) No

If Yes, why?

- (a) Remote and underdeveloped area
- (b) No relatives
- (c) No possibility
- (d) Lack of security

32) Are you going abroad again?

- (a) Yes
- (b) No

If Yes, where?

- (a) To the same country
- (b) To other country

If No, where?

- (a) To run business
- (b) To be engaged in modern agriculture system
- (c) To run family

33) What is your suggestion to create the employment opportunities in Nepal?

.....

34) What kind of help and activities do you want from GO/NGO?

.....

35) What type of industry for income generating program should be established to generate employment of this communities?

.....