

CHAPTER I

INTRODUCTION

1.1 General Background of the Study

Nepal is primarily an agricultural country with about 26.6 million human populations. Migration is a form of geographical or spiritual mobility between one geographical unit & another generally involving a change in residence from the place or origin of place of destination. Movement of people to search employment in out of their countries is called foreign employment (UN Dictionary, 1956).

Migration is pervasive feature of economic development (Mendola, 2010). Due to the effect of globalization, huge amount of money remitted each year, the focus of research has shifted towards the dynamic of remittances within in the framework of international migration (Campbell, 2010). In addition, remittances have become interesting area of research for scholar to seek how these funds contribute to livelihood security in developing economics (Adams, 2005, de Haas 2005; Adams & Cuecueha, 2010).

The history of foreign employment begins in Nepal by traveling to Lahore in early 19th century joining the Sikh ruler Ranjit Singh. Foreign migration started from Sugauly Treaty of 1814 A.D. and remittance has shown its presence in Nepalese economy since it started to receive remittance formally by exporting brave Nepalese Soldiers known as 'Gurkhas' to Britain. The volumes of remittance increased only after 1995, when the civil conflict destroyed the local labor markets and people started looking for overseas employment. The political turmoil blocked the industrial expansion and halted plenty of small medium enterprises (SMEs) all over the country reducing job opportunities.

Government data shows that a majority of the migrant Nepali workers are engaged in 3D works (Difficult, Dirty, Dangerous works) in various countries, from Qatar to Malaysia and from South Korea to Israel. However, negligible portions of this work force has found managerial or some kind of decent jobs in the host countries. The No. of Nepali workers leaving home for foreign employment is increasing every year. An official figure shows that a total of 527,814 Nepali men & women (no. of women are insignificant, though) left the country in a single year, fiscal year 2013-2014, ending mid-July. Nepal Rastra Bank, Nepal received 5.5 billion US dollars in remittance during last fiscal year, ending mid-July 2014 an

increase from 4.5 billion US dollar in the previous one. The rise in remittance income boosted the country's foreign exchange reserve as well as put the country's overall Balance of payment into surplus. Most of this foreign currency comes from the unskilled or semi-skilled workers. Majority of who shed their sweat in the hot climate of the Gulf countries, including Qatar, Saudi Arabia & United Arab Emirates (Remittance and Trade Deficit Nexus in Nepal).

Remittances do not household income from foreign economics arising mainly from the temporary or permanent of people to those economics. Remittances include cash & noncash items that flow through formal channels, such as via electronic wire or through informal channels. "Remittances" has now become a commonly used term, which is however rarely defined. Analytical studies define remittances as the sum of selected balance of payments flows. In some studies, the sum of workers' remittances and compensation of employees in others the sum of the above balance of payments component plus migrants' transfer are used as proxy for remittances(Harrison A., 2003; DFID, 2003).

In a general term, remittance is money transferred by foreign workers or remitters from host countries to their home countries to support their families. Although remitters sent their earning in term of kind and cash, the term remittance is generally limited to denote only monetary and cash transfers from host countries to home countries by migrant workers. Balance of Payment Manual 5 (BOPM5), total remittance is constructed of the sum of three items 1) "Workers' Remittance," 2) "Compensation of Employees," and 3) "Migrant Transfers" (IMF-2011)

According to International Monetary Fund (IMF) remittances denote "household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies. Remittances include cash and noncash items that flow through formal channels, such as via electronic wire, or through informal channels, such as money or goods carried across borders. They largely consist of funds and noncash times sent or given by individuals who have migrated to a new economy and become residents there, and the net compensation of border, seasonal, or other short-term workers who are employed in an economy in which they are not resident"

Nepal's development expenditures are heavily financed by foreign aid and it has become an integral part of Nepal's political economy. Besides foreign aid, tourism sector also remained one of the lucrative sectors for Nepal. But, in FY 201/02, Nepal's

major economic activities: tourism, manufacturing, investment, exports etc. reported major downslides and even agricultural production and imports slackened.

Remittance income in developing countries has become a life line for economic development. By remittance we mean sending income in terms of money or goods in home by the migrants or the workers who have their earnings outside their home countries. Nowadays, this source of foreign income has been growing rapidly in each year in developing countries. Since long time in Nepal, many migrants have been transferring their incomes through the unofficial channels. Today, due to the establishment of different agencies like western union, international money express 13 (IME) etc in several district headquarters of the country, the remittance flow has become popular for transferring cash or money in time to the recipients.

Remittance has shown its presence in Nepalese socio-economy since it started to receive remittance formally by exporting brave Nepalese Soldiers known as 'Gurkhas' to Britain. However, remittance has become one of the major components of GDP of Nepal since 1990s. With these flows, total remittance income of the country increased by 10 per cent to Rs 489.07 billion in the first 10 months of the current fiscal year (2072/073), shows the latest Macroeconomic Report of Nepal Rastra Bank. In the same period last fiscal, remittance inflow had gone up by 29.7 per cent to Rs 444.48 billion). In this context, this study tried to analyze socio-economic impact of remittance to the remittance receiving households especially in Thaha Municipality of Makawanpur District.

1.2 Statement of the Problems

Remittance is one of most crucial factors to economic growth. It is also one of the income sources of Nepal. Many Nepali youth engage in foreign employment. Foreign employment rate is increasing most of unskilled labor had gone to increasing most of unskilled labor force seeking foreign employment has very low level of technical education & formal training. They are compelled to take danger, difficulty and dirty work in foreign country. They are also suffering from different problem like language, religious, physically.

Nepal Government has no any mechanism to develop skill & education of foreign employment seeker. Foreign job seeker are spending large amount of money to go abroad. Migration & its outcome remittance have large benefit to the receiving countries in national as well as household level. Large scale of remittance is entering from GULF countries. Malaysia, Japan, South Korea & other countries.

In this context, the situation of rural community of Thaha Municipality is vulnerable which is located only 19 km faraway from Kathmandu valley. There is existence of Ganesh Man Singh highway but other modern facilities lacks. The main occupation of people is agriculture but no presence of commercialization at all.

Remittances have great consequences for the country both at the national & local level. Therefore it is important to study these phenomena seriously. While aspects of a remittance economy are of high interest to social scientists, whether from the perspective of rural development, geography, anthropology or sociology. These declines can provide a valuable contribution in studying and understanding a variety of issues of remittance. Thus this study helps to know the socio-economic impact of remittance in Thaha Municipality of Makawanpur district. Answer the following question is very important in the initial stage that finds out a study from Thaha Municipality, Makwanpur district. There is majority of Newar community in this Municipality but we can find heterogeneous structure of cast system over there. This study is based on the following research questions:

- What are the socio-economic impacts of remittance in the study population?
- What the sectors that remittances are used?

1.3 Objectives of the Study

The general objective of this study is to examine the socio-economic impact of remittance in the study area. However, the specific objectives of the study are as follows:

- To examine socio-economic status of selected remittance receiving households.
- To assess utilization of remittance in the study area.
- To analyze socio-economic impact of remittance in household level.

1.4 Significance of the Study

Migration is the least researched area in Nepal compared to other demographic dynamics despite the fact that many socio-economic, demographic and political problems are closely associated with the process of both internal and international migrations so, this study helps the Village Development Committee (Municipality) and community people to optimum allocate and invest remittance money on productive sectors. This study also helps to future researchers for selecting another aspects of remittance (expect socio-economic impact) and this study contributes policy makers and planners to the successive implementation of policy and plans by providing reliable information, basic knowledge and environment on socio-economic impact of remittance in the study area.

1.5 Limitations of Study

This study focuses especially on the socio-economic impact of remittance in the respondents' families in the study area i.e. Thaha Municipality in Makwanpur district, Nepal. Following are some of the major limitations of this research:

- This research is conducted only for the partial fulfillment of the Master's Degree in RD. Therefore, it has no wider application.
- This has limitation of finance and time.
- The findings are based on the information collected in a specific time period. Therefore, its finding may not be applicable in all time.

1.6 Organization of the Study

The chapter first includes the introduction, which includes general overview remittance in Nepal. It also includes the background of the study, statement of problem and objective of study as well as organization of the thesis report is incorporated in this chapter.

The second chapter includes the theoretical review, review of previous scientific study findings as books, reports, ethnography writing or the forms of published dissertations, regarding to the study community. This chapter also comprises the strength and weakness of the variable left by previous writing.

Third chapter is related to the methodology of research project. Rationale of the selection of the study area, research design nature and source of data, nature of universe, data collection techniques, reliability and validity of the data processing and analysis will be incorporated in the chapter.

The fourth chapter includes data presentation and analysis of the data. The collected data are gathered, analyzed and interpreted in this section. It relates general introduction of the study area, migration patterns, and present status of migration and socio-economic impact of remittance in Thaha Municipality of Makwanpur district.

The summary of the study is placed in chapter five. Similarly, what is the conclusion of this study is included along with the recommendation of the study in this chapter. At last, References and annex are enclosed at the end of the thesis.

CHAPTER II

REVIEW OF THE LITERATURE

2.1 Conceptual Review

2.1.1 Concept of Remittances

Remittances are defined primarily by 'workers remittances'. Workers' remittances cover current transfers by migrants who are employed in new economies and are considered residents in these new economies. First, the concept 'workers remittances' was replaced with personal transfers. Second, three classifications of remittances, namely: (1) personal remittances; (2) total remittances and (3) total remittances and transfers to non-profit institutions serving households were introduced (Chandar, Jermaine M., and Jermaine R., 2009).

Personal remittances represent personal transfers plus compensation of employees less taxes and social contributions plus capital transfers between households less transport and travel expenditures made by residents employed by non-residents. Personal transfers is a new concept that consists of all current transfers in cash or in kind made or received by resident households to or from non-resident households. These transfers are independent of the source of income of the sender, irrespective of whether the sender receives income from labor, entrepreneurial or property income, social benefits or any other type of transfers. It is also independent of the relationship between the individuals (Jermaine, C. & Jermaine R., 2009).

Compensation of employees is comprised of wages, salaries, and other benefits, in cash or kind, earned by individuals in economies other than those in which they are residents. Included are contributions paid by employers, on behalf of employees, to social security schemes or to private insurance or pension funds to secure benefits for employees. Employees, in this context, include seasonal or other short-term workers (less than one year) and border workers who have centers of economic interest in their own economies (Chandar, Jermaine M., and Jermaine R., 2009).

Capital transfers result in a change in the stocks of assets of one or both parties in a transaction without affecting the savings of either party. The transfer of ownership of non-financial assets or forgiveness of debt is defined as capital transfers in kind. A transfer of cash is a capital transfer only when it is linked to or conditional on the acquisition or disposal of a fixed asset. Travel refers to the acquisition of goods and services in an economy by individuals who are visiting but not resident in that economy. Travel excludes the acquisition of valuables and consumer durables. The second classification of remittances was total remittances. Total remittances include personal remittances plus social benefits. Social benefits refer to returns

payable undersocial security funds and pension funds(Chandar, Jermaine, and Jermaine-2009).

2.1.2 Motives of Remittance

Nepal's Economy Survey 2016 states that 56% of Nepalese households receive remittances and that it constitutes one third of the gross domestic product (GDP) of Nepal. The same report agrees that the poverty rate has decreased significantly from 42% in 1995 to 23.8% in early 2014, a change which is largely attributed to remittance. At a household level, remittance has helped reduce poverty and increased access to health and education services. At a macro level, this is the largest source to augment foreign exchange reserve and to improve the current account position

Some major motives of remittance has been stated as below

- To utilized for family maintenance such as foods, clothing, health treatment etc.
- To invest in land/property/equity share/Savings.
- To pay debt money or loan.
- To pay for children's education fee.
- To invest in Real estate and agricultural machinery.
- To buy Durable items.
- To use in Marriage other functions of house

2.2 Current Status of Remittance in Nepalese Context

Remittance inflow rose by 7.7 percent year-on-year in 2015-16 to Rs 665 billion, according to the Nepal Rastra Bank (NRB).

However, last year's growth rate was much lower than the previous year's 13.6 percent. The growth rate in the first and second months of the fiscal year stood at 26.3 percent and 27.5 percent, respectively, but it continued to decline in the following months, averaging 7.7 percent for the year, due to a decrease in the number of migrant workers leaving in the country.

Last fiscal year, the number of Nepalese going for foreign employment declined by 18.4 percent due to Malaysia halting to hire migrant workers since February. The number of Nepal is going to Malaysia slumped to 60,979 last fiscal year from the previous year's 202,828. However, Malaysia in May lifted the ban in manufacturing, construction, plantation and furniture-making industries aimed acute labor shortage.

Besides Malaysia, the outflow of Nepal is to the United Arab Emirates, Bahrain, Afghanistan, Israel and Lebanon also decreased. Many Nepali foreign employment firms are not sending workers to foreign countries protesting the

government's "free visa, free ticket" system. "The decreasing growth rate of remittance has increased the risk to the economy because the country is very much dependent on remittance income for the livelihood of many people," said Nara Bahadur Thapa chief of the NRB's Research Department. Remittance account for 29.6 percent of the country's GDP as of last fiscal year, according to 9 the NRB.

Remittance has been considered as one of the key factors for decreasing rural poverty. "If we continue to lose foreign jobs and cannot create employment within the country, it will have a huge impact on poverty reduction," said Thapa. Oil-dependent Gulf countries facing economic slowdown due to falling crude prices have slowed the hiring of migrant workers. Hundreds of companies in Saudi Arabia have closed down in recent months and those still operating are laying off workers forcing many Nepalese to return.

Saudi Arabia is one of the top destinations for Nepalese, with the Gulf nation taking in 138,529 Nepalese—30.8 percent of the total Nepali migrant workers—last year. Government officials, however, Nepali workers are not at risk in Saudi Arabia. "Big companies are retaining workers, while smaller ones are laying off," said Labour Ministry Secretary Bishnu Lamsal, adding even those facing the axe are finding jobs in other companies. He, however, said the lifting of the ban in Malaysia in a few sectors might help boost the outflow of Nepali migrants and inflow of remittance. In June, the World Bank in its "Nepal Development Update" report stated Nepal could face a slowdown in remittances due to decreasing number of Nepali workers. "A potential slowdown in remittances poses a significant near-term risk to Nepal because of its outsized role in the Nepalese economy." Remittance inflow, which jumped in the post-earthquake period, slowed down by January 2016. "In three months to April 2016, remittances contracted by 5.3 percent (in dollar terms) compared to the same period of the previous year," the report pointed out.

At a time when Nepal has been facing labour shortages for massive post-earthquake reconstruction works, decrease in the number of Nepalese going abroad could help fulfill the domestic demand for workers. "If the reconstruction works accelerate, there is a chance that many Nepalese will get jobs within the country."

Table 2.1: Monthly Remittance Inflow (FY 2015-16)

Month	Cumulative Amount	Growth
Mid-July to Mid-Aug	Rs53.27 billion	26.3%
Mid-Aug to Mid-Sep	Rs107.67 billion	27.5%
Mid-Sept to Mid-Oct	Rs166.42 billion	24%
Mid-Oct to Mid-Nov	Rs215.39 billion	19.4%
Mid-Nov to Mid-Dec	Rs271.4 billion	19.4%
Mid-Dec to Mid-Jan	Rs323.69 billion	17.3%
Mid-Jan to Mid-Feb	Rs375.16 billion	16.9%
Mid-Feb to Mid-March	Rs427.37 billion	15.2%
Mid-March to Mid-April	Rs481.69 billion	13%
Mid-April to Mid-May	Rs538.87 billion	10.2%
Mid-May to Mid-June	Rs598.95 billion	8.6%
Mid-June to Mid-July	Rs665.06 billion	7.7%

(Nepal Rastra Bank, 2016).

The number of people going abroad to work fell last year, pushing the growth rate of remittance inflow down in Fiscal Year 2015/16.

Unveiling the ‘Current Macroeconomic and Financial Situation of Nepal (Based on the Annual Data of 2015/16)’ report on Friday, Nepal Rastra Bank (NRB) said remittance flow into the country went up 7.7 percent to Rs 665.06 billion Fiscal Year 2015/16, compared to a growth of 13.6 percent during Fiscal Year 2014/15.

Remittance is now equal to 29.6 percent of the total gross domestic product (GDP) of the country. The ratio of remittance to GDP was 29.1 percent in the last fiscal year, according to the report. Experts attribute economic the fall in the growth rate of remittances to slowdown in labor-receiving countries like Saudi Arabia, and a general decline in the number of workers flying abroad for employment from Nepal.

According to the report -- which compiled data from the Department of Foreign Employment (DoFE), the number of Nepalese leaving for foreign employment, based on final approval, decreased 18.4 percent in the review year.

418,713 acquired work permits from DoFE in the last fiscal year, down from 512,887 in the previous year.

In May 2016, the World Bank, in its report entitled ‘Remittances at Risk’ as part of its Nepal Development Update, said that contraction in the outflow of migrant workers has persisted since April 2015 following the earthquakes. The report linked migrant

workers' choice to stay back at home to rebuild and a slowdown in the labor-receiving countries for the decline in the number of migrant workers going abroad.

“Two factors are affecting this trend: (i) in the aftermath of the earthquakes, potential migrants are increasingly choosing to stay at home to support their families with rebuilding homes and livelihoods, and (ii) a weaker demand for worker from commodity-exporting host countries where low commodity prices have dented their incomes and weakened their fiscal balances,” the World Bank report said. The World Bank report took the decline in the number of workers as a sign of potential slowdown in remittances to Nepal. “The prolonged contraction in departure of migrant workers is an early sign of a potential slowdown in remittances to Nepal. A potential slowdown of remittances poses a significant near-term risk to Nepal because of its outsized role in the Nepalese economy,” the World Bank report warned.

The ‘Current Macroeconomic and Financial Situation of Nepal (Based on the Annual Data of 2015/16)’ report unveiled by Nepal Rastra Bank (NRB) on Friday shows that the average annual inflation stood at 9.9 percent, slightly below double-digits. Inflation rose beyond the 8.5-percent target set by the central bank in its monetary policy for Fiscal Year 2015/16. Year-on-year inflation, as measured through consumer price index (CPI), stayed at 10.4 percent in mid-July 2016 compared to that of 7.6 percent a year ago. The central bank failed to rein in inflation last fiscal year as its monetary instruments alone were not adequate to control inflationary pressures resulting from the demand side while the Teraiturmoil and unofficial economic blockade imposed by India caused massive supply disruptions

Table 2.2: Some figures of Macroeconomic Update

Total Trade Deficit	FY 2015/16	FY 2014/15	Change
Total Trade Deficit	RS 703.48 Billion	RS 689.37 Billion	+RS 14.11 Billion
Balance of Payments Surplus	RS 191.24 Billion	RS 145.04 Billion	-RS 14.11 Billion
Dividend Payments to FDI companies	RS 6.25 Billion	RS 7.21 4 Billion	-RS 960 Million
Foreign Exchange Reserves	RS 1039.21 Billion	RS 824.06 Billion	+RS 215.15 Billion
FDI Commitment	RS 15.14 Billion	RS 67.4 Billion	-RS 52.26 Billion

(Nepal Rastra Bank, 2016).

2.3 Empirical Review

World Bank (2008) foreign capital is most important to increase pace of economic growth of the nation. Remittance has become one major source of foreign capital in most of the developing economies. It has exceeded foreign direct

investment (FDI) and official development assistance (ODA) to developing economies. Remittance also now account for about a third of total global external finance. Positive impact of remittance upon macroeconomic phenomenon like GDP, balance of payment, foreign exchange reserves etc. are most common aspects pointed out by various researches. But there are many studies which appear to find out the negative impact of remittance upon national economy. Appreciation of real exchange rate, increase in real wage, lack of manpower in rural areas to make optimum utilization of available scarce productive resources etc. are some negative indications which may be the outcome of labor migration and remittance and the outcomes cannot be undermined.

Trital(2008) has raised four important and serious issues regarding the negative impact of remittances upon developing economies in his contribution paper. He argues that remittance is not hazard free. The issues raised by Trital in his paper about negative impacts of remittance are:

- Remittance in developing economies sometimes may be ‘Ghost Town’ phenomenon that means there is high chance of collapse of small local economy which are highly depend upon remittance earning.
- It may be ‘Easy Money’ that negatively affects economic development.
- Remittance may widen the inequality through ‘Remittance Haves and Have Not’.
- and
- The relationship between remittance and economic growth is unclear.

High domestic investment reduces level of unemployment of the nations. If domestic investment has not been boosted up in the nation foreign migration helps to reduce the problem of unemployment. Not only is this foreign migration source of remittance and that remittance can be channelized into investment. From which in long run domestic investment will be enhanced and employment opportunity rises in the nation. Shrestha (2008) has added another significant contribution about the impact of remittance. In the paper, she has argued that remittance has played a vital role in keeping the economy afloat and it contributes substantially to maintain macroeconomic stability. The study has highly focused upon positive impact of remittance in terms of balance of payment, relaxation of foreign exchange constraint, substitution of foreign aid to fill saving investment gap and poverty reduction. Likewise the study has pointed out that remittance create inequality in the distribution of income and remittance is typically spent on land and housing which are

nonproductive assets with no lasting impact on the country's real income. However, the study has not used any statistical relationship and tools to assess the fact.

To sum up, high and sustained economic growth is a must to increase the pace of economic development in less developed economies. To enhance growth in those economies, remittance may be a substitute for foreign aid and official development assistance. Various studies have been made to explore impact of remittance upon national economy. Some studies have pointed out positive impact of remittance upon macroeconomic phenomenon like GDP, growth, balance of payment, saving, investment etc. But there are other equally strong views which oblige us to reject positive impact of remittance upon national economy since they argue about the negative impact of remittance upon macroeconomic phenomenon especially in relation to economic growth. However, most of the studies are just qualitative and they have explored the issue regarding the need of quantitative and comprehensive work regarding the issue. As Giuliano and Arranz (2005) has said that most of the works done on the macroeconomic of remittance and their impact on growth is qualitative. Furthermore, since the literature review in the context of Nepal reveals minimum studies carried out in the field of impact of remittance and even those existing literatures are mostly theoretical, the issue taken under study seems rather relevant which can further enhance the field. Again simple OLS methods have been used by most of the studies to assess the impact. This study has tried to assess the impact of remittance upon GDP and domestic household consumption as well as domestic investment through the use of Simultaneous equation system. From the use of simultaneous equation system mutual dependence between the variables can be assessed which is not possible through simple OLS method.

Various data published by various institutions have tried to show remittance to be a significant element of Nepalese economy. Kollmair et al (2006) have made a number of case studies of various districts of Nepal to conclude that labor migration and remittance as an important mainstay of Nepalese economy. However the study is based upon case study and has not made any quantitative analysis. So, quantitative tools to assess the impact of remittance upon Nepalese economy are necessary.

Sharma (2006) Remittance can have both positive and negative impact to increase GDP as well as to grow Nepalese economy. In his study he has used the simple OLS model to assess the impact of remittance in GDP. The study found that the remittance have negative impact on growth.

Gaudel (2006) High level of economic growth and sustained rise in GDP is necessary to promote socio economic welfare and economic development in the nation. Remittance can create such an environment in Nepalese economy. In his contribution had used simple OLS method to estimate the impact of remittance on GDP of Nepal. Main objectives of the work were to describe the role of remittance income for economic development of Nepal and to measure the statistical relationship of GDP among workers' remittance, grants and pensions in Nepal. Remittance income is more responsible to increase GDP in the nation though the productive use of remittance income is yet to be sought, the paper concludes. The paper has used simple OLS method and it is necessary to find the fact through use of another quantitative method the suitable method may be use of simultaneous equation system.

Shrivastava and Chaudhary (2007) Remittance is considered to be responsible to increase the GDP of Nepal. Increase in GDP means increase in investment and consumption also. Share of remittance is considered to be significant in GDP .of Nepal. In their study have used simple OLS model and concluded that the impact of remittance was seen most remarkable in the GDP and GNP in both nominal and real terms but remittance was not used effectively so as to increase the real growth rate of the economy. This controversial result is to be confirmed through statistical investigation.

Pant (2006) in his study has argued that remittance can generate a positive effect on the economy through various channels such as saving, investment, growth, domestic consumption and poverty as well as income inequality. In the study it has further been argued that in many countries large portion of remittance is invested in real estate demonstration both a desire of migrant to provide housing to families left behind and a paucity of other investment instrument in the recipients. Any statistical instruments have not been used in the study, however. The study pointed out to the fact that evidence from micro economic surveys demonstrates purchase of land, housing and other real estate are the most common uses of remittance in the country of origin. The paper has concluded that remittance is potentially important stimuli to economic growth. In Nepal's case, the impact of remittance on the poverty has been positive as revealed by the Nepal Living Standard Survey (2003/04) which showed that the poverty level defined in terms of absolute head count declined from 42% in 1995/96 to 31 % in 2003/04. Any statistical instruments have not been used in the study. Economic growth and level of economic development depends on macro-economic situation of the nation. Remittance is responsible to create various types of

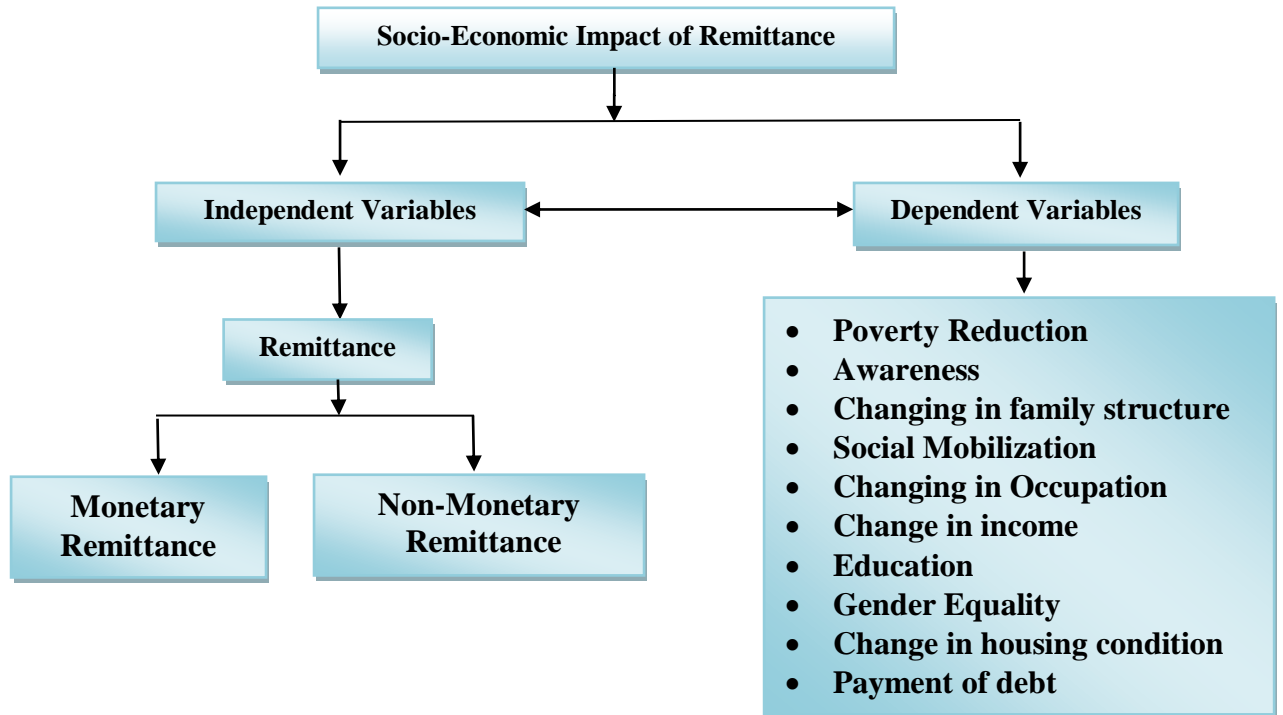
macroeconomic impact in the nation. Whenever macroeconomic environment is affected, domestic consumption as well as investment is also affected.

Mishra (2007) in her paper states that although the evidence on the effect of remittance on long term growth remains inconclusive in economies where the financial system is underdeveloped, remittance appear to alleviate credit constraints and may stimulate economic growth. The paper further argues that remittances may contribute to national saving which could be reflected as a result in more resource and lower interest rates, thus inducing higher investments. Remittance will tend to increase investment, thus increasing potential growth and remittance have multiplier effect, the paper has argued. However, the paper has not used any statistical tools to confirm the fact. Domestic investment depends upon easy access to credit including other things. In Nepalese economy financial institutions are growing fast. Remittance earner may save their received amount in financial institutions. If not, they spend their amount upon consumption of goods as well as services like health and education. From which there is chance of enhancement of domestic investment and consumption in the nation.

Dahal (2007) has stressed that the remittance transfer was a crucial source of income to developing economies as well as to millions of households, particularly poor women and their children. He argued that unlike the aid or private investment-flows, remittance reached to the poor directly and the poor were the ones to decide on how to spend the money. According to him, more importantly, remittance services also offered a means of financial institutions to increase their outreach and relevance to poor clients. Likewise the previous studies, this study has also not used any statistical tools to assess the fact.

2.4 Conceptual Framework of the Study

Figure 2.1: Conceptual Framework of the Study



CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

For analyzing socio-economic impact of remittance, the study designed under quantitative research approach. Under this approach research applied case study as methodology. Thaha Municipality of Makawanpur district is regarded as case and selected 108 remittance receiving household are regarded as unit of analysis. The collected data have been described and explained through studied variables. And this study also describes characteristics of phenomenon being studied

3.2 Rationale of the Site Selection

Basically this study is based on the Thaha Municipality Makawanpur district with similar social and economic condition. The numbers of migrants are being rapidly grown within these areas. Presently, there are 8500 total population and 1157 HHs (CBS, 2011). There is lack of earning opportunity, limit access in different services and facilities and rural poverty in this study area. Thaha Municipality of Makawanpur district is near from the Kathmandu and researcher has visited many times because some of friends are also living there. And hope, it is easy to co-ordinate to the respondents and other informants to collect the reliable data, easy for field movements during the HHs survey and others field activities. Agriculture and remittance are major sources of earning to the most of the households. Due to the social, economic and educational reason most family has single or more member of this area used to migrate abroad and generating remittances. So, the researcher has chosen this area for the study.

3.2 Source and Nature of Data

Both qualitative and quantitative data has been used for this research. The primary data has been collected through the direct field visit by using structured questionnaires KII, observation and FGD. The secondary data and other related information for this study is collected from sources available from official and unofficial. Also the secondary data has been collected from published or unpublished written documents from individuals, expert and organization.

3.3 Universe, Sample Size and Sampling Process

This Municipality is compact in highway and dispersed in remaining parts. In nine wards, there are 8500 populations in Thaha with 1157 households. Out of

1157HHs, there are 567 remittance receiving household (Municipality Profile, 2017) which was regarded as sample population for the study. Further, out of sample population, 108 remittance receiving household were selected as a sample number for the study. More specifically, based on quota sampling method, 15 migrants' HHs from each ward has been selected randomly to collect data and information on socio-economic impact of remittance in the respondents' families in the study area. The questions have been asked to the people by interviewing, visiting door to door & meetings. The sample tree has been shown in below.

3.4 Techniques & Tools of Data Collection

3.4.1 Household Survey

The persons who are the head of household of migrants are interviewed in order to acquire their perceptions. To collect the required data, a schedule with both open and closed-ended questions was prepared. This helps to collect the information about the socio-economic impacts and application of remittances. Additionally, the people and agencies involved in the sector of rural migration are also consulted.

3.5. Interview Key Informants

The different key persons are consulted through interactive discussions to acquire the required information on migration patterns and its implication on social and economic condition of study area.

3.5.3 Focus Group Discussion

Rural migration of Makawanpur district of Thaha Municipality has been studied and focus group discussion was carried out for this study so as to assess the status of social and economic impact of remittances with local youths, Local leader, community people and with people who are going to migrate from village and migrants living in the village and other related stakeholders.

3.6 Analysis and Interpretation of Data

Data analysis is a continuous process of reviewing the information as it will be collected, classified it, formulated additional question, verified information and draw conclusion. Analysis is the process of making sense of the collected information. All the data will be entered and analyzed to fulfill the objective. To illustrate the research work table, figures and charts manually have been used as for data presentation. In this research some statistical tools have been used to analyze data. Computer program will also be used for processing data if they have been found to make things easier and clear.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

This chapter consists of the study analysis of the data obtained from field survey, socio-economic impact of remittance in Thaha Municipality of Makawanpur district is presented by using tables, figures and charts. The chapter begins with study area profile, which would help us in understanding the real situation of the study area.

4.1 Socio-Demographic Analysis

4.1.1 Population Distribution by Age

A research population is generally a large collection of individuals or objects that is the main focus of a scientific query. It is for the benefit of the population that researches are done. However, due to the large sizes of populations, researchers often cannot test every individual in the population because it is too expensive and time-consuming. So, in this section the researcher has presented the number of population only sampled HHs of the study area by age.

Newars are the most dominant and original inhabitants of the study area. And here are significant numbers of Tamang, Kshetri, Brahmin, Magar and Dalit. The total populations in the respondents' families are shown on below:

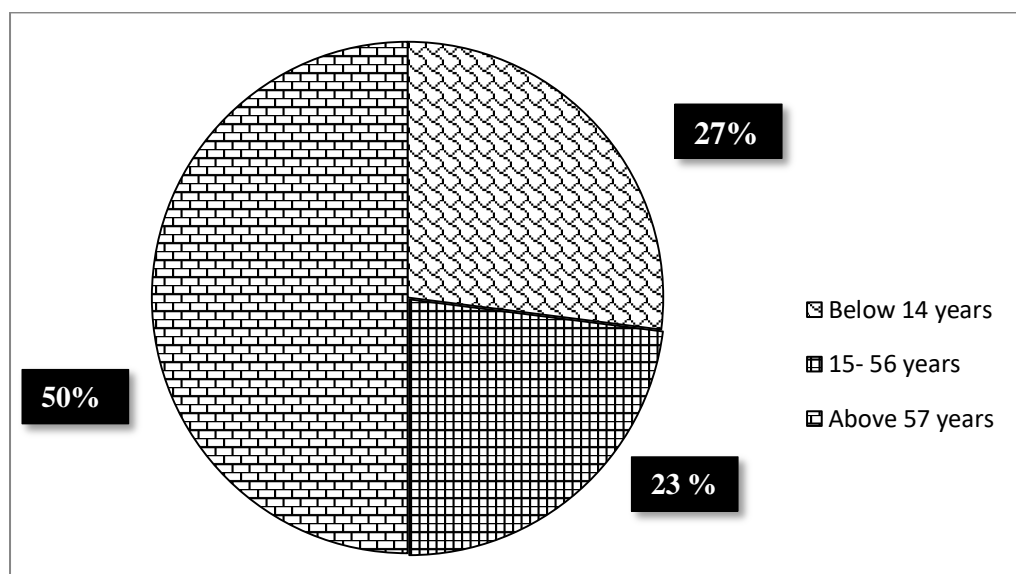
Table 4.1: Population Distribution by Age of Respondent Families

SN	Age group	Numbers	Percent
1.	Below 14 years	29	27
2.	14-56 years	25	23
3.	Above 57 years	54	50
Total		108	100

(Field Survey, 2016).

Among the total HHs of respondents, majority of the population 50% are age above 57 years, 23% are aged 14 to 59 and remaining 27% are aged below 14 years. The population distributions of respondent families have been shown in pie-chart in below.

Figure 4.1: Population Distribution by Age of Respondent Families



(Field Survey, 2016).

4.1.2 Description of Respondents in terms of Gender

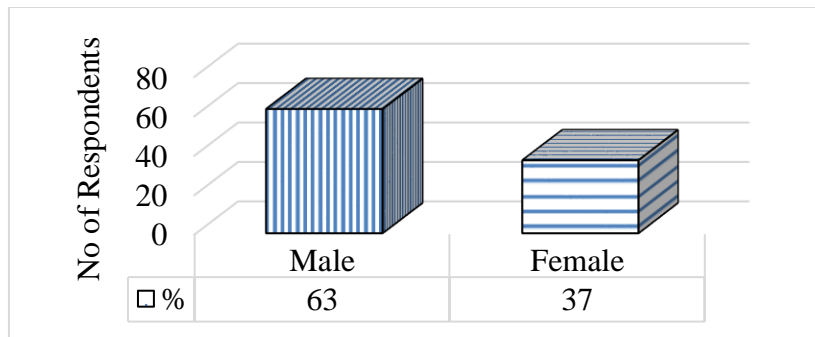
Table 4.2: Gender Composition of Respondents

SN	Gender	No. of Respondents	Percent
1.	Male	69	63
2.	Female	39	37
Total		108	100

(Field Survey, 2016).

Among the total respondents of the study, 63% are male and 37% are female whose family members are involved foreign employment. This proves the social as well as economic status of the respondents according to gender perspectives and because of foreign employment; researcher found old age members in field visit and house hold survey. Almost all rural livelihoods are owned by old age members. The gender composition of respondents have been shown in the bar graph in below:

Figure 4.2: Gender Composition of Respondents



(Field Survey, 2016).

Gender

4.1.3 Description of Religion of Respondents

Religions have a powerful role in shaping ideas of social justice and legitimacy, and also in responding to perceptions of injustice and illegitimacy—e.g., passively accepting human suffering and injustice as the will of God and a badge of moral merit, or actively opposing them, and if so, whether by violent or nonviolent means. So, during the Field Survey, respondents were asked about their religion. The finding of their religion composition has been showing as below.

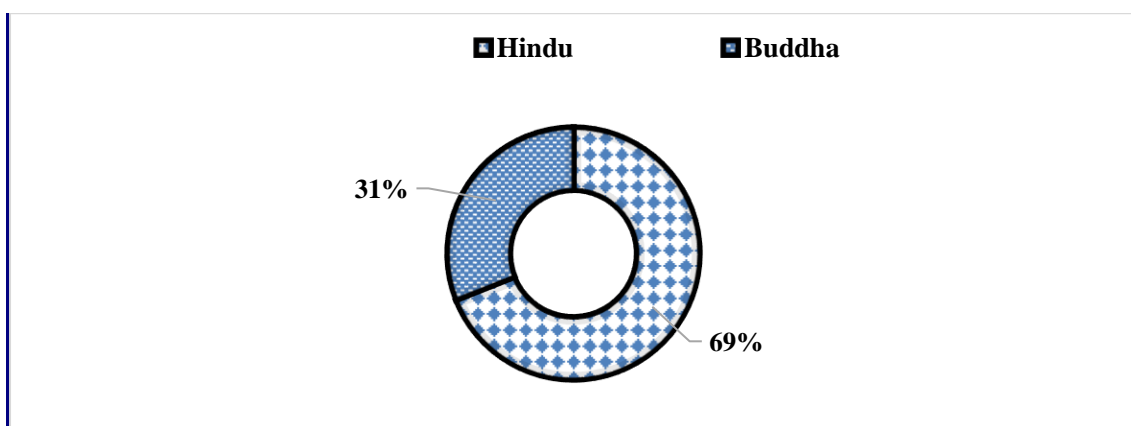
Table 4.3: Religion Composition of Respondents

SN	Religion	Number of Respondents	Percent
1.	Hindu	75	69
2.	Buddha	33	31
Total		108	100

(Field Survey, 2016).

The above table 4.3 shows that the majority of respondents 69% are Hindu 31% are Buddhist religion respectively. The religion composition of respondents has been shown through pie chart in below:

Figure 4.3: Religion Composition of Respondents



(Field Survey, 2016).

4.1.4 Caste and Ethnicity Composition of Respondents

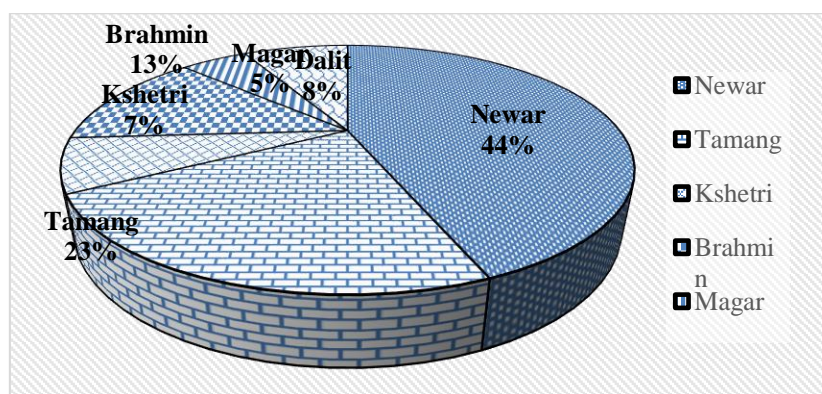
Table 4.4: Caste and Ethnicity Composition of Respondents

SN	Caste	Number of Respondents	Percent
1.	Newar	58	44
2.	Tamang	25	23
3.	Kshetri	7	7
4.	Brahmin	15	13
5.	Magar	5	5
6.	Dalit	8	8
Total		108	100

(Field Survey, 2016).

Among the total sampled HHs, researcher found that majority of respondents 44% are Newar, 23% are Tamang, 7% are Khsetri, 13% are Brahmin, 5% are Magar and remaining 8% are Dalit HHs in the study area.

Figure 4.4: Caste and Ethnicity Composition of Respondents



(Field Survey, 2016).

4.1.5 Education Status of Respondents

Education is the main factor determining the foreign level employment and the earring from foreign employment i.e. remittance. Education play vital role for overall developing for the society and nation. Educational attainment among other things is directly related to the economic status of the individual as well as household welfare. Education level of respondents has been also presented in table in below.

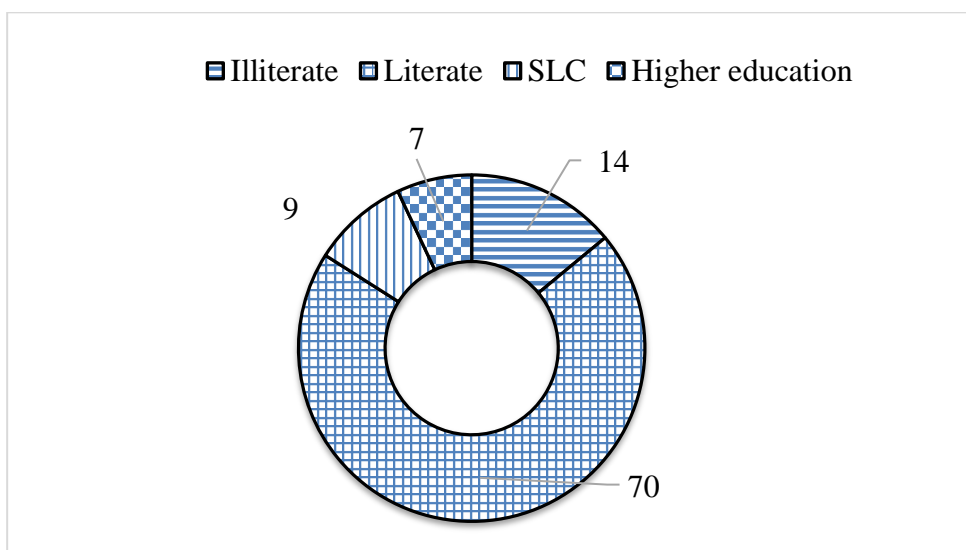
Table4.5: Education Status of Respondents

SN	Education status	No. of respondents	Percent
1.	Illiterate	15	14
2.	Literate	76	70
3.	SLC	10	9
4.	Higher education	7	7
Total		108	100

(Field Survey, 2016).

Above table 4.5 shows that among the 108 sampled respondents 14% are illiterate, 70% are literate, 9% have passed SLC and only 7% respondents have got higher education. Education of respondents has been shown through pie-chart in the below.

Figure 4.5: Education Status of Respondents



(Field Survey, 2016).

4.1.6 Family Size

The total number of the family member is called family size. Most of the family, Nepal has large size, but the average family size of Nepal is 4.88 members

(CBS: 2011). Especially in modern trend, majority of people wants to live in nuclear family.

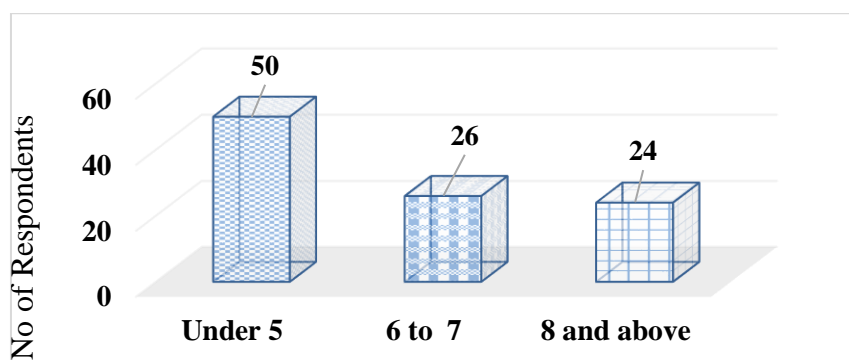
Table4.6: Distribution of Households by Family Size

SN	Family Size	No. of respondents	Percent
1.	Under 5	55	50
2.	6 to 7	28	26
3.	8 and above	25	24
Total		108	100

(Field Survey, 2016).

The table 4.6 shows that among the total respondent household 50 percent households occupies less than 5 family members and 26 percent household have more than 8 family members and 24 percent household have 8 and above family members. The family size of respondents has been shown through the bar graph in the below.

Figure4.6: Distribution of Households by Family Size



(Field Survey, 2016).

4.1.7 Main Occupation

The occupation is one of the important reasons of migration. Underemployment and low income encourage out migration. White color job with good income discourage out migration. To find out their occupational background, the respondents were asked to identify their main occupation themselves into 4 categories;

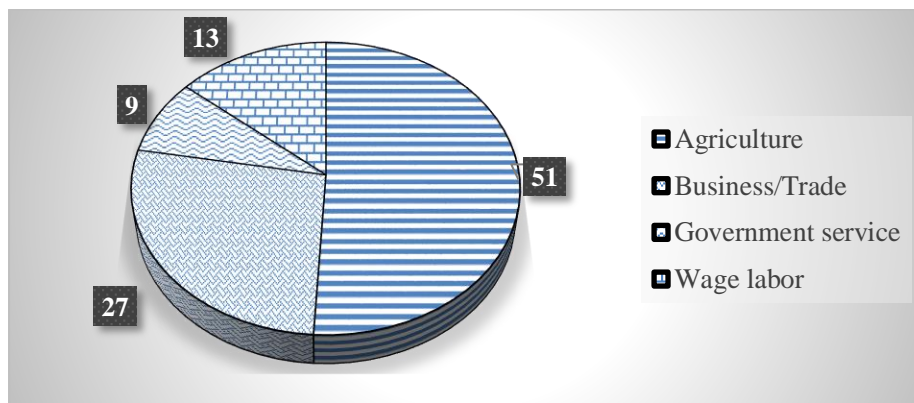
Table 4.7: Main Occupation Status of Respondents

SN	Main Occupation	No. of respondents	Percent
1.	Agriculture	55	51
2.	Business/Trade	29	27
3.	Government service	9	9
4.	Wage labor	15	13
Total		108	100

(Field Survey, 2016).

Above table 4.7 shows that the higher percentage of the respondent is engaged in occupation of agriculture sectors is 51 percent where as 27 percent of the respondents engaged in business/trade, 9 percent engaged in government service and 13 percent respondent are involved in wage labor. The main occupation is agriculture. There is disguised unemployment. Income generating from agriculture is less than other occupation like foreign employment and so on. People are seeking the foreign employment, so remittance receiving is one of the sources of income for the fulfillment of the basic needs. This result shows that remittance is most important part for the reduction of rural poverty and its supports them economically to fulfill basic requirements. Main occupation of the respondents has been shown through pie-chart in the below:

Figure 4.7: Main Occupation Status of Respondents



(Field Survey, 2016).

4.1.8 Total Land Holding

The data shows, main sources of income is agriculture, it is fact that nature of land holding highly affects to the income. In the contemporary situation, land is the most important assets and sources of income and employment of every house hold.

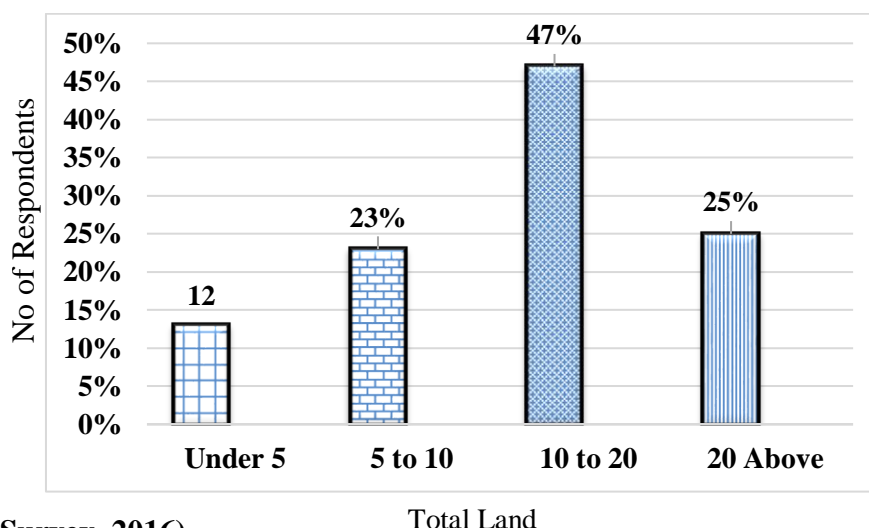
Table 4.8: Distribution of Household by Land Holding

SN	Total Land	Units	No. of respondents	Percent
1.	Under 5	Ropani	13	12
2.	5 to 10	Ropani	23	22
3.	10 to 20	Ropani	47	43
4.	20 Above	Ropani	25	23
Total			108	100

(Field Survey, 2016).

The table 4.8 shows that 12 percent respondents are holding under 5 ropani, 22 percent of households have 5-10 ropani of land, 43 percent respondent are holding 10-20 ropani, and 23 percent of total HH have above 20 ropani land. 12 percent households are found below 5 ropani land holding among them Dalit households are included and this shows an unequal distribution of land among sampled households. Distribution of households by land holding has been shown through figure in below:

Figure 4.1.8: Distribution of Household by Land Holding



(Field Survey, 2016).

4. 2 Utilization of Remittance in Household Levels

4. 2.1 Payment of Debt

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

Table 4.14: Application of Remittance in Paying Off Debt

SN	Amount spent in paying off debt	No. of Respondents	Percent
----	---------------------------------	--------------------	---------

1.	0-25%	93	87
2.	25% - 50%	13	13
Total		108	100

(Field Survey, 2016).

From the above table 4.14, we can see that in total 87% of the people spent 0-25% and rest 13 % spent 25-50% of the remittance money in paying debt.

To find out the reason behind it; there is most of the Dalit and Janajati had arranged money for their migrant family member from their relatives on low interest sometime they borrowed from relatives without interest so, that most of them spent 0-25% in paying off dept. but massive Dalit suffered from lack of money so they borrowed money from dominant caste (Brahmin and Chhetri) on high rate of interest with the hope that within few years' time the amount paid back with interest from the earnings remittance from foreign employment.

4. 2. 2Investment of Remittance

The study showed that for those who are less 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, jewelry housing, cattle, local money lending etc. Either way, the economic status of the families is raised due to remittance from foreign employment.

In the FGD, more than 80% respondents reported they are able to invest remittance money in to purchase land, livestock, initiate a new business, constructing new housing and other areas. On the basis of caste, of Brahmins and Chhetri's invested remittances funds on land, housing, cattle and etc. In the case of Dalit and Janajati, they have invested in those than least has not invested money on those things. In summary this research found that those Brahmin and Chhetri's and Janajati are relatively well-off families so they invested remittances on land, housing and also other areas but Dalits are comparatively facing shortage of income and unable to invest money so they didn't invest money on those things. -*Research Survey, 2016*

4.2.3 Increased Access to Communication Technology

The respondent of study area who had together at a certain home even for listening a radio, now are able to watch and listen the news of national and international level keeping the 'Dish Home Channel' with the help of remittance money earned foreign employment. Everyone has the access of mobile phones on their own palm. By this, lifestyle of the respondent has been changed due to the access of the technology and effective communication.

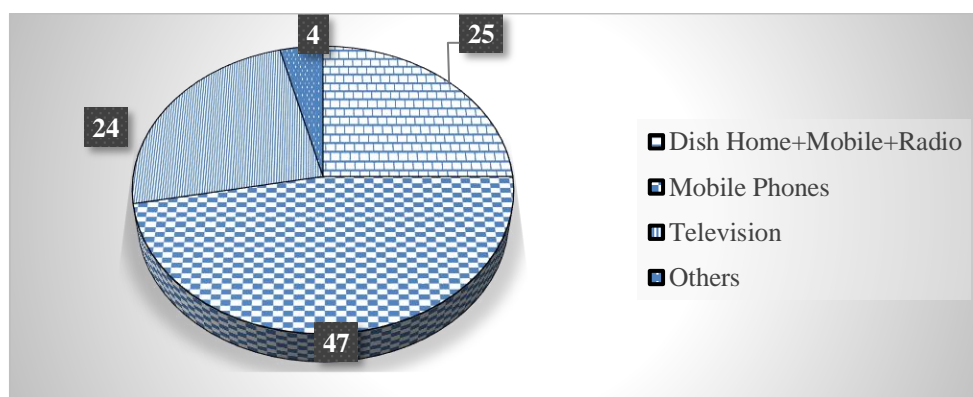
Table 4.9: Communication Technologies Used by Respondents

SN	Means of Communication	No. of Respondent	Percent%
1.	Dish Home+Radio	28	25
2.	Mobile Phones	50	47
3.	Television	25	24
4.	Others	5	4
Total		108	100

(Field Survey, 2016).

The above table 4.15 shows that among the sampled 108 respondents, 25% respondents have Dish Home channel, Mobile and radio, 47% respondents have mobile phones, 24% respondents have televisions and only 4% respondents have other communication technologies in their home. Communication technology used by respondents has been shown through pie-chart in the below:

Figure 4.9: Communication Technologies Used by Respondents



4.2.4 Fulfillment of Basic Needs

"Basic needs" refers to those fundamental requirements that serve as the foundation for survival. Access to the basic needs of life, including shelter, food, and clothing is necessary to the development of a strong community and a necessary precursor to individual self-sufficiency. So, in FGD the respondents were asked how the remittance money contributes them to fulfill their basic needs.

Through the FGD, it is found that when respondent receive and control remittances, they are more likely to invest the funds in overall household well-being through increased expenditures on health, education, and nutrition and remittances enable respondents' families to mitigate poverty and remittances help them to fulfill their immediate needs for food, shelter, clothing, and other basic necessities. Similarly, remittance is used to cover all their basic needs such as food, shelter, clothes and

school fees for my children. Most of the respondents are dependent on the remittance money to manage their basic needs. -*Research Survey, 2017*

4.2.5 Improved in Health Status

Remittance has guided to the improvement in health status of respondents in mainly two ways; first they can be used to improve the nutritional status of the population, particularly children, through the provision of good quality food; second, this money can be used to access better health services in the case of illness. Family planning service is major reproductive issues of Nepal. Population growth rate is higher in Nepal because of the unavailability of family planning services. Geographic diversity is one of the major challenges for state intervention. Table 4.16 shows the health variable recorded in survey time.

Table 4 .10: State of Health Variables

Health Variable	No. of Respondents	Percent
Delivery Attendance		
House Without CHW	15	14
House With CHW	52	48
Hospital	41	38
Total	108	100
Family Planning		
No	93	87
Yes	15	13
Total	108	100
Antenatal Health Checkup		
No	30	28
Yes	78	72
Total	108	100
Water Purification		
Filtered	55	50
Not purified	20	19
Boiled	30	28
So dish and other	3	3
Total	108	100
Know about Reproductive Health		

No	22	21
Yes	86	79
Total	108	100

(Field Survey, 2016).

The above table 4.16 shows that 14% of the household members were given birth to their children with the help of community health worker. Proportion of household members (48%) who given birth their children in hospital is also existed in the study area. 38% and 9% of household members were found family planned and non family planned respectively. 83% of the household members were antenatal health checked and 17% household members were not antenatal health checked. 50% of the households were drinking filtered water which is followed by 24% of household drinking non purified water. 25% of households were drink boiled water and 1% of households drink so dish and other types. 77% of the household members have knowledge about reproductive health which is followed by 23% of household don't know about the reproductive health.

4.3 Social and economic Impact of Remittance

4.3.1 Children's Education

In Nepal, children begin formal education at 5 years of age and generally complete their primary level education by 9 years of age. Middle and secondary levels of education should be completed by the time children are 15 years of age, which means they've had 10 years of schooling. These ages are commonly used in Nepal to compute school enrolment rates by grade. In the present study, children's education was examined in two ways: the school enrolment before receiving remittance and after receiving the remittance by the migrants' family.

Table 4.11: Types of School for Children's Education of Respondents

S N	Before Receiving Remittance			After Receiving Remittance		
	Types of School	No. of respondents	%	Types of School	No. of Respondents	%
1.	Private\Boarding School	15	22	Private/Boarding School	80	26
2.	Government\community School	93	78	Government/Community	28	74

			School		
Total	108	100	Total	108	100

(Field Survey, 2016).

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 schools. 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 the result reported that, only 22% of families sent their children to private school but after migration it increased to 70% it means after migration there are decreased proportion of families who sent their children into Government school.

This research also noted that most of the Dalitfamilies were sending their children to government school before their family members were not migration to abroad, but they are sending their children to Private school after migration, that's why because of remittance money. So we can see there is little bit improvement in education among Dalit's family in the study area. So, this research concludes that after receiving the remittance from their family members most of families have increased proportion to send their children in private school due to remittance money.

4.3.2 Use of Health Services

High infant mortality and maternal mortality rates are among the major challenges facing the health sector in rural area of Nepal. It is well documented that diarrhea and respiratory infections are major causes of infant mortality. The poor in rural area do not have access to good quality health facilities; they generally consult traditional healers in cases of illness. Remittances can lead to the improvement in health status in mainly two ways: first, they can be used to improve the nutritional status of the population, particularly children, through the provision of good quality food; second, this money can be used to access better health services in the case of illness. The use of health services was explored during the period before migration and at the time of the survey.

Table 4.12: Types of Health Facilities of Respondents

SN	Before Receiving Remittance	After Receiving Remittance
----	-----------------------------	----------------------------

	Types of Health Facilities	No. of respondents	%	Types of Health Facilities	No. of Respondents	%
1.	Traditional Healers	57	52	Traditional Healers	9	8
2.	Government Hospital	33	30	Government Hospital	30	28
3.	Private Hospital/Clinic	18	19	Private Hospital/Clinic	69	64
	Total	108	100	Total	108	100

(Field Survey, 2016).

Table 4.12 shows a shift from the use of traditional healers and public-sector health facilities to the use of private doctors. Before receiving remittance, 33 per cent of the households visited public hospitals or dispensaries in cases of illness. This proportion was relatively higher for households (18%) in the study area. More than 57 percent of the households used the services of traditional healers prior to migration. At the time of the survey, 33 percent of the study area used the services from government hospital and 18 percent are used private hospital/clinic if a family member became ill. So, remittance money has significantly support to improve the health condition of the family of migrant in the study area.

4.3.3 Change in Housing Conditions

Table 4.13: Types of Houses of Respondents

S N	Before Receiving Remittance			After Receiving Remittance		
	Types of Houses	No. of respondents	%	Types of Houses	No. of Respondents	%
1.	<i>Fush/Khar</i> in Roof	47	44	<i>Fush/Khar</i> in Roof	12	11
2.	<i>Tayal/Jhigati/Slate</i> in Roof	21	19	<i>Tayal/Jhigati/Slate</i> in Roof	6	5
3.	Zinc Sheet in Roof	32	30	Zinc Sheet in Roof	64	60
4.	Cemented	8	7	Cemented	26	24
Total		108	100	Total	108	100

(Field Survey, 2016).

This study found that, the interest of migrant workers and their families in improving their housing conditions by investing the remittances. In the research survey, the households were asked to report their housing situation before migration/receiving remittance money and at the time of the survey. The table 4.13 shows that housing conditions of respondents have improved significantly. There have been very significant increases in the use of zinc/metal roofing sheets by 60% respondents. This is likely to be associated with the increased HHs income due the remittance. Similarly, majority of the respondents 44% had *Fush/Khar* in Roof, 19% had *Tayal/Jhigati/Slate* in Roof, 30% had Zinc Sheet in Roof and only 7% had cemented house before their family member was in abroad. Now it reverse as only 11% have *Fush/Khar* in Roof, 5% have *Tayal/Jhigati/Slate* in Roof and there are hugely increased in the houses having Zinc Sheet in Roof and cemented 60% and 24% respectively.

4.3.4 Gender Empowerment

Regarding the gender dimension, two questions were included in this research in order to assess any changes in the decision-making role of men and women concerning various issues in the absence of male member because of migration. In the questionnaire, the respondents were asked to report, who made the decisions

regarding the family's daily needs (food), the education of children, the marriage of children, the purchase and sale of jewelry, and female participation in the labour market through FGD.

In the FGD majority of the respondents reported that, now the role female in decision making in concerning issues have been changed. Because of the absence of male member the female have to take decision in daily needs (food), the education of children, the marriage of children, the purchase and sale of jewelry and etc. But they have heavy concern the change to women's role in decision making is, however, modest and the existing evidence also suggests that the change is temporary and once the migrant returns, the decision making returns to the way it was before migration. Even while the migrant is abroad, decisions are still largely made by male members of the household or jointly by the family. Women's role in decision making is limited to the provision of daily food needs and the purchase of jewellery.

4.3.5 Decreased Child Labor in Household Sector

In the FGD, the sampled households were asked to report their number of economically active children below 18 years of age prior to migration and at the time of the survey. In FGD, about 80 per cent of the respondents reported that the children aged 5-15 years were enrolled in school while the migrant family member was abroad. There was no child labour in the migrant households, and this was true for both boys and girls. However, the situation before migration was different: on average, one child was economically active. Therefore, respondents were strongly said, remittances have not only eliminated child labour but also increased the school enrolment of the children in the study areas.

4.3.6 Remittance and Community Development

Improvement in economic status, involvement in community development activities and participation in local social organizations can bring a positive change to the social status of a household. The selected households were asked to report their involvement in activities related to community development, including the financial assistance they provided to build schools, roads, temples, community tap and the local CBOs in FGD. All respondents reported assisting in the construction of public utilities. Between 10 and 25 per cent of the households actively participated in the other activities. For example, 25 per cent of the sampled households assisted in building the local school. Participation in the construction and maintenance of water-supply schemes and roads was also substantial. The migrant households were also

active in social organizations, including the local Mothers Group, Ward Citizen Forum and other CBOs. Moreover, the households reported that they had participated in the local functions. The overseas experience has thus played a key role in enhancing the migrant households' participation in community development. This is particularly evident regarding participation in building community development and social organizations.

4.3.7 Remittances and Sources of Household Income

The importance of remittances for household income indicates that these remittances significantly increased the average monthly income of the households after received the remittance money. Because remittances are mostly transferred on a monthly or quarterly basis, it was not difficult for the households to provide the information on a per month basis. The other sources of household income include the salaries of the family members, businesses and agriculture/livestock in study area.

Table 4.14: Monthly Income of the Respondents

S N	Before Receiving Remittance			After Receiving Remittance		
	Income Range	No. of respondents	%	Income Range	No. of Respondents	%
1.	<30,000Nrs	32	30	<30,000Nrs	5	5
2.	30,000-40,000Nrs	65	60	30,000-40,000Nrs	87	80
3.	>50,000Nrs	11	10	>50,000Nrs	16	15
Total		108	100	Total	108	100

(Field Survey, 2016).

The above table 4.9 shows that there is significantly change in the average monthly income of the respondents. That is 5-10% higher than other households. That's how, because of remittance money. Before receiving the remittance money, the majority of the respondent 76% monthly income was only 10,000 NRS to 20,000 NRS but now more than 50% respondents have 30,000 to 40,000 NRS monthly income. In this research, researcher also fund that after receiving the remittance money most of the respondents initiated new business, purchase livestock and started professional framing, so it's also helped to increase the monthly income of the respondents. This shows less dependency on remittances, which are not the permanent source of income. It is likely that, when a migrant returns home permanently, she/he may be able to start a new business or be active in the existing one, thus generating an alternative source of income.

4.3.8 Remittances and Household Expenditures

Remittance increases the income of the households. The low level of income could not reach the basic basket of goods but if the income level increases then ability to purchase luxury goods also increases. So, remittance increases the expenditure behavior of the people. Regarding the use of remittances, the sampled households were asked to report their monthly expenditures on food and non-food items at the time of the survey the survey captured very useful information which is shown in table in below:

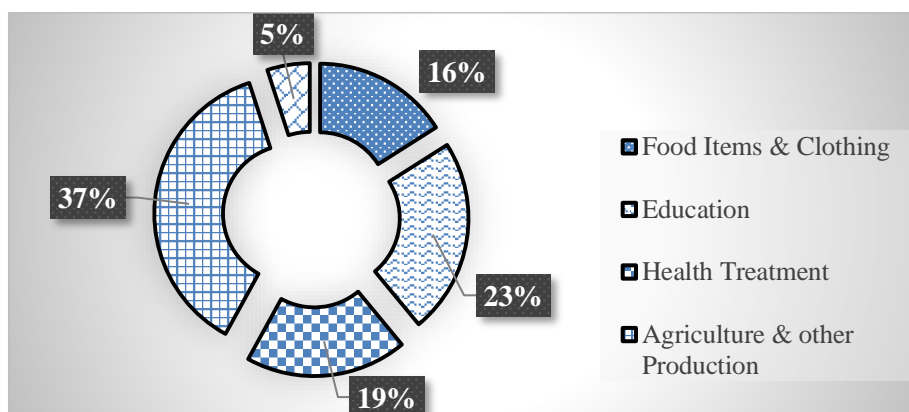
Table 4.15: Expenditures Patterns of Respondents

SN	Area of Expenditures	No. of Respondents	Percent
1.	Food Items & Clothing	17	16
3.	Education	25	23
4.	Health Treatment	20	19
5.	Agriculture & other Production	40	37
6.	Savings	6	5
Total		108	100

(Field Survey, 2016).

This research reported that food production (from their own lands) only allowed them to be self-sufficient for 3-6 months of the year. Of those that reported deficiencies, the majority were Dalits followed by Brahmin/Chhetri. The research indicated that largest share of household 17% expenditure was spent on buying food grains and that was spend on other basic food items such as vegetables, oils and spices. These figures suggest food-poverty is an important issue. Education fees (Children's school fees) also accounted for a significant proportion of household expenses 25% During this research, both men and women stressed that education for their children was now a priority. Similarly, 20 of respondents expenses for health treatment, 10% of respondents expenses for festivals and entertainment, 4% of respondents expenses for agriculture and other production 17% of respondents saving money in financial institutions. The expenditure patterns of respondents have been shown through pie-chart in below:

Figure 4.10: Expenditures Patterns of Respondents



(Field Survey, 2016).

4.3.9 Poverty Reduction

Economic growth is one of the most important and powerful instrument in reducing the level of poverty in the nation. But growth depends upon various elements like saving, investment, labor force, technological advancement etc.

From the FGD, it is found that the amount of remittance received in study area is significantly higher and has left positive impact to reduce problem of unemployment and poverty as well as in improving the living standards of the respondents. In the case of overseas migration, the study shows that migrant households are usually economically better off than non-migrant households because of the inflow of foreign remittances.

So, this study concluded remittance has been supporting on enhancing GDP not only in the study area but also in the nation by contributing on domestic consumption and domestic investment. Although the volume of remittance has increased in the study area, but investment has not been boosted up; acquisition and diffusion of technology is very limited and brain-drain of national manpower is increasing day by day. All of these may be the cause of low growth rate of economy of study area.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This research work has investigated the socio-economic impact of remittances. And this section summarized the major findings of the study, which are stated in below:

- After receiving the remittance from their family members most of families have increased proportion (70%) to send their children in private school due to remittance money.
- Remittance money has significantly support to improve the health condition of the family of migrant. 42 percent of the study area used the services from government hospital and 36 percent are used private hospital/clinic if a family member became ill.
- The interest of migrant workers and their families in improving their housing conditions by investing the remittances. There are hugely increased in the houses having Zinc Sheet in Roof and cemented 60% and 24% respectively.
- Because of the absence of male member, the role of women has been changed. Now the female have to take decision in daily needs (food), the education of children, the marriage of children, the purchase and sale of jewelry and etc.
- There was no child labour in the migrant households, and this was true for both boys and girls.
- Respondents' involvement in activities related to community development, including the financial assistance they provided to build schools, roads, temples, community tap and the local CBOs has been increased.
- Remittances significantly increased the average monthly income of the households after received the remittance money. 53% respondents have 30,000 to 40,000 NRS monthly income.
- Expenditure on food items & clothing, education, health treatment, festivals and entertainment, agriculture & other production savings and total family expenditure before and after receiving remittance has been significantly changed.
- Remittance has been supporting on enhancing GDP not only in the study area but also in the nation by contributing on domestic consumption and domestic investment.
- 87% of the people spent 0-25% and rest 13 % spent 25-50% of the remittance money in paying debt.

- 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, jewelry housing, cattle, local money lending etc.
- There is significantly increased in access to communication technology, 58% respondents have Dish Home channel, Mobile and radio at their home.
- Remittances help respondents to fulfill their immediate needs for food, shelter, clothing, and other basic necessities.
- Remittance has guided to the improvement in health status of respondents.

5.2 Conclusions

Remittance is one of the major income sources of earning foreign currency in Nepal. It really affects the income level of the households as well as society. The foreign labor migration has developed in such a way, which has shifted the agricultural based economy towards remittance based economy. Remittance is one of main sources of income of many Nepalese households. Foreign employment helps to divert large amount of remittance into national economy. Remittances have positive impact on national economy as well as household economic condition.

Remittance has helped particularly in escaping poverty and increasing overall socio-economic status of themigrants and their households, and improving the ability of the households to increase expenditure. Remittance has been significantly changed the socio-economic status of the respondents in the study area. It has contributed the community developments works, changed the income level and has helped to manage the household's expenditure in the study area. On the other hand it has greatly supported to reduce the poverty and gender empowerment in the study area. Similarly, the remittance money has been supporting to improve the education, health and house condition of the respondents in the study area.

So far as application of remittance, it has spent for paying debt, invested in different area such as to purchase land, jewelry, cattle and etc. Remittance money also been supporting respondents to use communication technologies, fulfillment of basic needs and improve in health status in the study area.

5.3 Suggestions

Following recommendations are adopted for the effective management of foreign employment and utilization of remittance. So remittance should be utilized economy stronger.

- This study shows that the use of remittance in the study area founds on unproductive sectors such as consumption, debt repayment, purchases of land and others goods etc. this kind of use of remittance does not support for the long-term development should formulate appropriate policies and effectively implement to encourage people to use remittance on productive sectors such as on education and industries.
- Still there are not sufficient favorable policies regarding use of remittance money in Nepal. So, Policies are needed to encourage the use of remittances to promote longer-term growth and income security.
- Nepal needs to further formulate policies that a) send more remittances through official rather than unofficial mechanisms, b) increase the levels of remittances by encouraging migrants to hold their savings in financial assets in the country rather than holding them abroad, or c) encourage migrants to become investor in productive assets in the country.

REFERENCES

- Brun, (2002). *Risk of Inter-River Transmission of Gyrodactylus by Migrating Atlantic Salmon Smolts, Estimated by Monte Carlo Simulation.*
- Chandar H., Jermaine M., and Jermaine R., (2009). *Motives for sending Remittances to Jamaica: An application of the BPM61 definition of Remittances.* Economic Information and Publications Department, Research and Economic Programming Division, Bank of Jamaica, February 2009.
- Dahal, M. K. (2007). *Remittances and small and Medium Scale Industries (SMEs)*”. A country paper of Nepal presented SAARC Finance Seminar, May 9 to 11, 2007.
- Gaudel, Y.S. (2006). Remittances Income in Nepal: Need for Economic Development”. *The Journal of Nepalese Business studies*, 3 (1) Kathmandu.
- Harrison, A. (2003); *DFID 2003, Migrating out of Poverty Research Programme Consortium Working Paper 7*, September 2012.
- IMF, (2011). *World Economic and Financial Surveys.* International Monetary Fund.
- Kollmair, M. et al., (2006). New Figures for Old Stories: Migration and remittance in Nepal”. *Migration Letters*, 3, pp. 152 – 160.
- Lokshin, M. & E. Glinskaya (2009); “The Effect of Male Migration on Employment Patterns of Females in Nepal.” *World Bank Economic Review*, 23(3), 481-507.
- Mishra, R. (2007). “*Concept and Macro Economic Impact of Remittances*”, a country paper of India presented at SAARC Finance Seminar, May 9 to 11, 2007.
- Pant, B. (2006); “Remittances Inflow to Nepal: Economic Impact and Policy Option”. *Economic Review* 18, pp. 20-26
- Nepal Rastra bank (2016). *Remittance and Trade Deficit Nexus in Nepal: A VECM Approach.*
- Sharma, H. (2006). *Explaining the Remittance Behavior and the Role of Remittance in the GDP Growth in Nepal*, Retrieved from www.kepe.gr on March 8, 2009.
- Shrivastava, N. & Chaudhary, S. K. (2007). “Role of Remittance in Economic Development in Nepal”. *The Journal of Nepalese Business studies*, 4 (1), 71-103.
- Todaro (1976). *Internal Migration in Developing Countries.*
- Turton (2002). *Taking Refugees for a Ride? The politics of Refugee return to Afghanistan.* Afghan Research and Evaluation Unit, Kabul and Islamabad.

Trital, S.P. (2008). Economics of Remittances: An International Perspectives.
Rajaswa, 3 (1), 101-123, Ministry of Finance, Kathmandu

World Bank (2008). *Migration and Remittance Fact Book 2008*. Prepared by
DilipRatha and Zhimei Xu.

APPENDICES

Appendix A: Household Survey Questionnaires

Section A: Demographic Analysis of the Respondents

General information

Name of respondent..... Age

Sex OccupationCase/Ethnicity

Religion Ward nofamily size

1. No. of family members by age and sex :

Sex/Age group	Below 14 years	15-59 years	Above 60 years
Male			
Female			
Total			

2. Education status of the respondents:

- a) Illiterate
- b) Literate
- c) SLC
- d) Higher education

3. Family size of the respondents:

- a) Under 4
- b) 5 to 7
- c) 8 and above

4. Main occupation of the respondents:

- a) Agriculture
- b) Business/Trade
- c) Government service
- d) Wage labor

5. Total land holding of the respondents:

- a) Under 5ropani
- b) 5 to 10ropani
- c) 10 to 20ropani
- d) 20 Aboveropani

Section B: Socio-Economic Impact of Remittance

6. Schooling of children's of respondents before and after receiving the remittance:

Types of school before	Types of school after
Private/Boarding School	Private/Boarding School
Government/ Community School	Government/ Community School

7. Types of health facilities of respondents before and after receiving the remittance:

Types of Health Facilities before	Types of Health Facilities after
Traditional Healer	Traditional Healer
Government Hospital	Government Hospital
Private Hospital/Clinic	Private Hospital/Clinic

8. Types of Houses of Respondents before and after receiving the remittance:

Types of houses before	Types of houses after
<i>Fush/Khar</i> in Roof	<i>Fush/Khar</i> in Roof
<i>Tayal/Jhigati/Slate</i> in Roof	<i>Tayal/Jhigati/Slate</i> in Roof
Zinc Sheet in Roof	Zinc Sheet in Roof
Cemented	Cemented

9. Monthly Income of the Respondents before and after receiving the remittance:

Income Range before	Income Rangeafter
10,000-20,000 NRS	10,000-20,000 NRS
20,000-30,000 NRS	20,000-30,000 NRS
30,000- 40,000 NRS	30,000- 40,000 NRS
40,000-50,000 NRS	40,000-50,000 NRS
More than 50,000 NRS	More than 50,000 NRS

10. Expenditures Patterns of Respondents

- a) Food Items & Clothing
- b) Education
- c) Health Treatment
- d) Festivals and Entertainment

- e) Agriculture & other Production
- f) Savings

Section C: Utilization of the remittance

11. Amount spent in paying off debt by remittance money

- a) 0-25% of the annual income
- b) 25% - 50% of the annual

12. Communication Technologies Used by Respondents

- a) Communication Technologies Used by Respondents
- b) Dish Home+Mobile+Radio
- c) Mobile Phones
- d) Television
- e) Others

13. Health Status of the respondents

13.1 Given birth of children

- a) House without CHW
- b) House with CHW
- c) Hospital

13.2 Families planned

- a) Yes
- b) No

13.3 Antenatal Health Checkup

- a) Yes
- b) No

13.4 Water Purification Method

- a) Filtered
- b) Not purified
- c) Boiled
- d) Sodish and other

13.5 Know about Reproductive Health

- a) Yes
- b) No

Appendix B: Focus Group Discussion Guideline

1. Do you contribute the remittance money in the development of your community?

2. How the remittance money decrease child labour in your locality?
3. Who makes the decision regarding the families' daily needs in your family?
4. Do you believe that the remittance money help to alleviate the poverty in your family/community/locality?
5. In which sectors you invested the remittance money?
6. How does the remittance money help you to fulfill the basic need of your families?

Appendix C: Key Informant Interview Guideline

1. What are the socio-economic impacts of remittance in the study population?
2. Whether the remittances are being used in productive sectors or not?
3. Does remittance help the poor to move out of poverty?
4. How do poor people benefit from remittances?

Appendix D: Glimpses of Field Visit



FIGURE 1. DURING FOCUS GROUP DISCUSSIONS



FIGURE 2. DURING HOUSEHOLD SURVEY