

IMPACT OF REMITTANCE ON POVERTY REDUCTION:

A Case Study of Ghusel VDC of Lalitpur District

**A Thesis Submitted to
The Central Department of Rural Development,
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By

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DECLARATION

I hereby declare that the thesis entitled **Impact of Remittance on Poverty Reduction: A Case Study of Ghusel VDC of Lalitpur District** submitted to the Central Department of Rural Development, Tribhuvan University, is entirely my original work prepared under the guidance and supervision of my supervisor. I have made due acknowledgements to all ideas and information borrowed from different sources in the course of preparing this thesis. The results of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purposes. I assure that no part of the content of this thesis has been published in any form before.

.....
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Date: 16th September, 2016

2073/5/31

LETTER OF RECOMMENDATION

The thesis entitled '**Impact of Remittance on Poverty Reduction : A Case Study of Ghusel VDC of Lalitpur District**' has been prepared by **Radhika Angbo** under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

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(Thesis Supervisor)

Date: 21th September, 2016
2073/6/5

APPROVAL LETTER

The thesis entitled **Impact of Remittance on Poverty Reduction: A Case Study of Ghusel VDC, Lalitpur District** submitted by **Radhika Angbo** in partial fulfillment of the requirements for the Master's Degree (MA) in Rural Development has been approved by the evaluation committee.

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ABSTRACT

This Study entitled Impact of Remittance on Poverty Reduction (A Case Study of Ghusel VDC of Lalitpur District, Nepal) was conducted with the objectives of describing the present socio-economic status, finding socio-cultural, economic and other impact of remittance to the households and assess the evolving practices on remittance in Ghusel VDC (specially in ward no: 2, 4, 5 and 6) of Lalitpur District. This study is mainly based in the primary information and the data were collected using the techniques of household survey with the help of questionnaire and interview.

There were 317 households (HHs) in the VDC. Of the total households, 50 HHs that are/were receiving remittance money for a period of 2 years or more was selected as the sample for the study. During the study it was found that Tamang (53%) were the main ethnic group in the study area. Agriculture (92%) was the main occupation, the average family size of the sample HHs were 4.4 persons per family, average literacy rate 68%, 41.67% sample HHs can support expenditure by their income only for 6 months (before receiving remittance income). 82% of the migrant labors are male, 32% migrant labors went to Malaysia, 52.63% labors going to work are unskilled, 56% sample HHs believed that the main reason to go was to pay debts. 52.77% sample HHs paid an amount of above NRs. 100,000 while going abroad. 70% sample HHs send the remittance through the medium of Financial Institutions 'Bank, finance Money transfer etc., 52.77% sample HHs received an amount of NRs. 300,000 to 500,000 as remittance per year and 52.77% sample HHs had an annual saving of NRs. above 100,000, 40.14% of the total remittance received is used in normal HHs expenditure. 35HHs deposited the net saving in self-help groups.

Similarly there was increment in the HHs going for regular health check-up by 13%, the people going to study in schools and colleges increased by 16.39%, 102 HHs sent their children to boarding schools after the flow of remittance in the study area but it was also found that, some of the HHs were engaged in unsocial activities like gambling, drug abuse, etc.

From the study we can conclude that all the households who are/were receiving remittance are getting benefit. Their access to health, education and economy has increased. By the use of remittance income, there has been investment in the income generating activities resulting in the regular flow of money in the HHs and motivation for entrepreneurship development at local level has helped positively in reduction of poverty and in holistic development of rural areas. All HHs were very positive towards remittance income. They suggested that focus should be in easy availability of loan facilities at low price and providing skills and trainings before going as migrant labor.

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ABBREVIATIONS / ACRONYMS

ADB	:	Asian Development Bank
BOP	:	Balance of Payment
CBS	:	Central Bureau of Statistics
DFID	:	Department for International Development
FDI	:	Foreign Direct Investment
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNI	:	Gross National Income
GON	:	Government of Nepal
HDR	:	Human Development Report
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
NLSS	:	Nepal Living Standard Survey
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
SAARC	:	South Asian Association for Regional Cooperation
SLC	:	School Leaving Certificate
UAE	:	United Arab Emirates
UK	:	United Kingdom
USA	:	United States of America
VDC	:	Village Development Committee
WB	:	World Bank

CHAPTER- ONE

INTRODUCTION

1.1 Background of the Study

Nepal is a small landlocked country, sandwiched between China in the north and India in the south, east and west. It is roughly rectangular in shape and has a territory of 147,181 sq. kms. Geographically Nepal is divided into three regions, namely: Mountainous, Hilly and Terai. All these three regions extend from east to west. The mountainous region covers about 35 percent, the Hilly region 42 percent and the Terai region 23 percent of the total area of the country (CBS, 2011). The total population of the country is 26,494,504. Annual population growth rate (exponential growth) stands at 1.35%. The total number of households is 5,427,302 and the average household size is 4.88. Out of the total population, 6.73% reside in Mountainous region, 43% in Hilly region and 50.27% in the Terai region. The total male population is 12,849,041 (48.5%) and the female population is 13,645,463 (51.5%). The highest population density is in Kathmandu district (4,416 person per sq. km.) and the lowest is in Manang district (3 person per sq. km). There are 125 caste/ethnic groups and 123 languages are spoken as mother language with Nepali as the largest (44.6%) followed by Maithali (11.7%) and Bhojpuri (6.0%) (CBS, 2011).

Lalitpur is located in Central Development region of Nepal. Lalitpur is part of Bagmati zone and is one of the 75 districts of Nepal. It covers 385sq; km of land with 4678132 total populations (CBS, 2011). The Eastern Development Region consists of about 28,456 square. There is 3 municipality and 23 VDCs in Lalitpur district among them Ghusel VDC is one of them. Geographically the altitude of Ghusel VDC is 4500 meter from sea level. The total area of the VDC covers 10 sq km. The climate logical data shows that the temperature of this VDC remain minimum at 1 to 3 degree Celsius and reaches maximum 25 degree Celsius. Ghusel VDC comprises of 300 households with total population of 1663 out of which 49.55% is female. Of the total population in Ghusel VDC Tamang are 63.09%, Brahamins are 31.86% and dalit 1%. About the 51% of population in Ghusel VDC is involved in agriculture (village profile and situation analysis, 2014).

Poverty is the major burning problem of both developing as well as underdeveloped countries in this present world, only the difference is its magnitude and type of poverty. It is a worldwide phenomenon and, however it differs in its magnitude from one country to another.

In case of Nepal, which is a small agricultural country, suffers from the problem of mass poverty and unemployment. High population growth rate and increasing dependency on the backward agriculture may be attributed for its slow growth rate. Among them mass poverty is the main characteristic. In Nepali context, poverty can be discussed in two aspects, one is based on per capita income and another is basic needs approach. Defining poverty with the per capita income approach, Nepal's GDP per capita is US\$ 735 as FY 2011/12 (CBS, 2011) among them the population receiving less than 1\$ per day was estimated to be 25.16% (CBS, 2011). This clearly shows that poverty is in large magnitude in Nepal.

On another approach: Basic needs approach, Poverty is defined as the unavailability of basic requirements like clothes, shelter and food. As for example: a person needs average daily intake of 2256 calories and value of the lowest actual daily consumption of other basic necessities. If any person can't get that required amount of calories, s/he can be rated as poor. Due to the very high level of poverty, the Social Index of Nepal is also very low in comparison to the world level. Although the foreign investment is the main source of development of any economy, because of the lack of sufficient policies and infrastructures the foreign investment in Nepal is not satisfactory (Karna, 2004).

Besides agriculture, human resource is another main resource of Nepal; Due to the high population growth rate of Nepal the population of Nepal is increasing day by day therefore its role in the development of all sectors is becoming very important in recent years. But due to the lack of opportunities in our country to get employment and earning money, skilled, semi-skilled and unskilled all types of people have shown inclined to the foreign employment which have resulted in substantial growth of remittance economy. In the current situation the magnitude of remittance in the current FY 2012/13, 1st quarter is Rs. 97717.1 million, in the same way, 2nd quarter is Rs. 99981.2 and the recent 3rd quarter is Rs. 104883 million which is coming through the registered sources. The amount of remittance entered our country in FY 2010/11

and 2011/12 were Rs. 253551.6 million and Rs. 359554.4 million respectively (NRB QUARTERLY ECONOMIC BULLETIN, VOLUME 47, FY2012/13) which shows that the contribution of remittance is increasing yearly. If this present trend continues, it is speculated that remittance economy was substitute many other sectors of the economy in coming new years.

Although foreign employment for Nepalese people has a long history, foreign labor migration and remittance have emerged over the last two decades as a prominent feature of the Nepalese economy. It was started before early nineteenth century when the first Nepalese traveled to Lahore to join army of Sikh Ruler Ranjit Singh. Formally it was started after Anglo-Nepal friendship treaty of 1816 that recruited 3000 Nepalese soldiers in British Gorkha Regiment (Dahal, 2004).

In 2012/13, the Government of Nepal, Department of Foreign Employment granted final approval to 453543 workers for foreign employment registering a growth of 17.9 percent compared to the previous year. As in the past, Malaysia and the Gulf countries appeared to be the major destinations for Nepalese workers in 2012/13. Of the total workers granted final approval for foreign employment in the review year, 34.6 percent were for Malaysia, 20 percent for Qatar, 19 percent for Saudi Arab and 11.5 percent for U.A.E. In the review year, the number of workers approved for Qatar declined by 14 percent whereas that for Malaysia significantly increased by 59.4 percent (Government of Nepal, Department of Foreign Employment, 2012/13).

1.2 Statement of the Problem

In this twenty first century, the age of globalization remittance has become a cornerstone of development for any developing country. The magnitude may differ but the role of the remittance to the development can't be denied. The developing countries in this age can't even take a foot path ahead without external assistance like remittance and the foreign aid. In case of Nepal, in this present situation of post war the one and only source of economic stabilization and growth rate maintenance is remittance income. Nepal's per capita income is being increased which is only due to the increasing trend of remittance income.

If we concentrate on the poverty situation of the study area, its magnitude is very large and most of the people are migrated to the other countries for work and earn only for the existence of their family. In Ghusel VDC we can find that most of the lower and middle class families are drowned in debt. If any member of that family is migrated to other countries its debt is comparatively less than other families. So, remittance income is playing very vital role in the study area. Likewise, the remittance has support in the Economic Change of the Ghusel VDC however, there are no study done on the factors which has transformed their livelihood. Thus, through this study the researcher was find which factor in their livelihood has been changed. The researcher was study on the health, income and education factors to measure the changes.

The study will address the following research questions:

- What changes the remittance has brought to the migrant's households in the study area?
- What are the causes of people migration from rural to urban in the study area?

1.3 Objectives of the Study

The general objective of the study was to analyze the role of remittance in the reduction of poverty of the study area. Besides this, the specific objectives of this study were as follows:

- To explore the impacts of remittance in income, education and health condition of the family members of the study area.
- To analyze the impact of remittance on migration from rural to urban.

1.4 Significance of the Study

Mostly the Livelihood strategy of Nepalese population is depend on agriculture sector because here we can find diverse weather and climate which is suitable for every kind of agriculture product but we had failed achieving the fruits that we can from this sector and poverty status has not become far more better than before. But the trend has been changing slowly people are changing their livelihood strategy one of the

strategy is foreign employment. Getting all these scenarios potentialities of foreign employment and remittance need to be properly estimated utilized and drawbacks reduced as well. The analysis of it is getting higher importance in these days. The study of the role of remittance in the reduction of rural poverty was not yet carried out by any of the researchers in the Ghusel VDC so I believed that this thesis had been equally useful to the interested readers, students and concerned person's who desire to get knowledge and information about the relationship between the remittance and the rural poverty.

If we try to analyze the present manpower of Nepal, about 70% of the educated manpower is migrated for work, some of them are coming back to Nepal and some of them are settling there forever, but all of them are sending money from there for their family and relatives. So, the remittance is coming for all over the world to Nepal where the Nepalese people are migrated. Certainly that amount of remittance is helping Nepalese economy to reduce the poverty level. When we compare the poverty level as well as the living standard of the migrated family and non migrated family, the migrated people's family is in high condition of living standard, or they are feeling very comfortable to fulfill their basic needs for their existence (NRB, 2006).

1.5 Limitation of the Study

The scope of the study was to explain and explore the prospects, problems and implications of remittance in the rural sector. As everything has its own pros and cons, the limitation that our study consists of:

1. The study was mainly confined to Ghusel VDC of Lalitpur district of Nepal. Thus, generalization of the conclusion derived from the study in national/international level may not be relevant to others.
2. The study was very specific case study. It only deals the importance of remittance in Ghusal VDC.
3. The study was limited in terms of deeper analysis as only few samples were selected from the universe.
4. The information provided by different households and respondents may not be sufficient in itself and may have limited accuracy.

5. The people permanently settled over foreign countries not sending remittance to Ghusal VDC and the remittance received from India are excluded.

1.6 Organization of the Study

First chapter shows the background of the impact of remittance on poverty reduction in short and also shows objectives, questions for the thesis topic, importance of the study, limitations of the study and organization of the study.

Second chapter shows the concept of the remittance, literature review of impact of remittance on poverty reduction. And second chapter also describes previous studies on remittance in many sectors as education, health, other activities related to human lives.

Chapter third shows research methodology, data collecting tools and techniques, sampling technique, location and boundary, data analysis procedure, data type, reliability and validity of data and socio-economic aspect of the study.

In chapter fourth, researcher describes the study area with district profile and other related data with tables.

Chapter five about the data collected from field which is primary data and analysis of data by using appropriate tools of ms excel. Here in chapter five researcher put data in tables and figures then describes all table and figures.

Final chapter is about summery, conclusion and recommendation of the study in the basis of primary data analyze in above chapter.

CHAPTER- TWO

LITERATURE REVIEW

2.1 Remittance

A remittance is a transfer of money by a foreign worker to his or her home country or simply sending an amount of money from one country to another. Money sent home by migrants constitutes the second largest financial inflow too many developing countries, exceeding international aid. In 2012, \$ 401 billion new remittance record went to developing countries with overall global remittances (including developed countries) topped \$514 billion. Remittances contribute to economic growth and to the livelihoods of people worldwide. Moreover, remittance transfers can also promote access to financial services for the sender and recipient, thereby increasing financial and social inclusion (WB, 2012).

Nepal's major export is labor, and most rural households now rely on at least one member's earnings from employment away from home. Nepalese workers have sought foreign employment as both the agricultural and non-agricultural sectors struggle to generate new employment opportunities. With limited arable land, landlessness is pervasive and the number of landless households has steadily increased in the agricultural sector. In the non-agricultural sector, the slowdown in growth, especially since 2000/01, due to the Maoist insurgency and exogenous shocks has further retarded the pace of employment creation. The conflict had also, until recently, created difficult living and security conditions, especially in the rural areas. It had also prompted people to look for overseas employment (Pant, 2009).

Nepal has a long history of foreign employment with remittance playing an important role in the livelihood of many people. Nepalese were fought bravely during the first and second World Wars helping the British and other allied forces to fulfill their national interests and supporting their families back-home in return. Employment in the vast public as well as private sectors of India has always been one of the major sources of financial support for families throughout Nepal. This possibility of foreign employment served as a source of hope for the mostly uneducated and unskilled

young workers in Nepal at a time when the country's public and especially private sectors were highly underdeveloped. Although employment opportunities markedly increased during the last two decades in Nepal, these increases have not kept up with a massive increase in job-seekers especially aided by a combination of rapid population growth, sluggish economic growth, and limited agricultural potential (Wagle, 2009).

Basically, remittances are private funds that should be treated like other sources of households' income. In terms of asset formation, larger number of remittance receivers uses their funds to purchase land or buildings in town areas. Someone purchase means of transportation as a part of their investment. Very rare is found in promoting agriculture and tourism. In short, it could be asserted that the productive use of remittance income is yet to be sought though it forms a significant part of GNP. Furthermore, in order to channel remittances in productive areas for economic growth, the government should offer incentive to increase remittance flows. Tax incentives like rebates or concession may attract remittances, but they may also encourage tax evasion. The government has to assess prospective growth rates, potential for exports, revenue elasticity and composition of existing debt. Besides, the government may choose to increase either external borrowing or to raise remittances for economic growth (Heller 2005).

Ojha (2013) has mentioned increasing contribution of remittance in Nepalese Economy. Nepal, after becoming a member of the UNO in 1955, extended its cordial relationship with the rest of the world and rapid pace of globalization paved the way for Nepalese workers to go aboard for employment and with advent of 1990, thousands of Nepali workers began going abroad for employment and sending money home. The amount of remittance received by Nepal in FY 1975/76 was Rs. 231.3 million which rose by twice in FY 1985/86. According to the Department of Labor more than 55000 Nepali youths had gone to foreign countries other than India in 2000/01. This number rose to 241 thousand in FY 2007/08 and it further increased to 325 thousand in the year FY 2008/09. The amount of remittance received by Nepal in FY 2000/01 was Rs. 42.68 billion and in the first six months of FY 2007/08 this amount rose to Rs. 57.06 billion while in first six months of FY 2008/09 it increased to Rs. 94.3 billion which registered a growth rate of 65.3%.

Remittances help particularly in escaping poverty and increasing the overall economic status of the migrants and their households, and improving the ability of the households to increase expenditures. One could argue, however, that such an increase in expenditures creates dependency because the migrants have to continue living abroad in order to maintain their livelihood. There are many success stories of investments made from remittances having lasting effects on the economic status of households. The social contribution of migration is even more encouraging in terms of improving children's education, enhancing housing conditions, and eliminating child labour, empowering women and enhancing the overall social status of households (IOM, 2009).

Migration conspicuous consumption and reluctance to invest in productive capacity has been taken by the government and developers as indicating migration's boom and bust nature generating high degrees of dependency on revenue from an unreliable international labor market instead of fostering long-term development through productive investments. The opposition between bad consumption and good productive investments obscures an often-blurred distinction between consumption and investment expenditure. Spending on education, health and housing has created employment in the tertiary sector, reducing government expenditure on infrastructure, subsidies, and services. The manual laboring classes have been left out of these developments, leading to a sharpening of inequalities and their visibility as it is now materialized within a globalised material culture (John, 1994).

Gaalichel & Zayati (2014), have suggested that the remittances sent back home by migrant workers have a profound impact on the living standards of people in the developing countries of Asia, Africa, Latin America and the Middle East (Acosta and al., 2008, Semyonov and Gorodzeisky, 2008, Cox-Edwards and Rodríguez-Oreggia, 2009, Quisumbing and McNiven, 2010, Adams, 2011, Taylor, 1999). Their potential economic impact have attracted the attention of policymakers and researchers in recent years, as evidenced by a growing literature aimed at analyzing remittances and their consequences for individual countries. Indeed, remittances reduce poverty through increased incomes, allow for greater investment in physical assets and in education and health, and also enable access to a larger pool of knowledge (Adams, 2011). Previous studies examine the effect of international migration and remittances

on poverty of a village or individual country with specific parameters (McKenzie and Rapoport, 2010, Duval and Wolff, 2011, Akay and al., 2012), De Brauw, 2013). Indeed, we are not aware of any studies that examine the impact of the phenomenon of migration on poverty of a set of developing countries. Generally, the panel studies provide more credible results. It is for this reason that the article proposes to examine the impact of remittances on poverty reduction, and this by using a data set consisting of 14 developing countries. Indeed, using dynamic panel technique, we can obtain reliable results on the potential impact of remittances on poverty reduction.

Karki (2006), has attempted to identify the impact of foreign employment and remittance in rural community in the study area. Moreover he also tried to identify the past trend of foreign employment and remittance of Nepal, socio-economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance. His study is based on both the primary as well as the secondary data. Primary data were collected from the sampled households in the study area and secondary data were collected from the publication of CBS, NPC, and WB etc for the purpose of comparison of the composition of foreign employment and remittance in his study. He has analyzed the collected data by using simple statistical tools like percentage and ratio.

Remittances offset chronic balance of payment deficits, by reducing the shortage of foreign exchange. These transfers can help to ease the often crucial restraint imposed on the economic development of the migrants' home countries by balance of payments deficits. They have more positive impact on the balance of payments than other monetary inflows (such as financial aid, direct investment or loans), because their use is not tied to particular investment projects with high import content, bear no interest and do not have to be repaid. In addition, remittances are a much more stable source of foreign exchange than other private capital flows and for certain countries they exhibit an anti-cyclical character (Buch, 2002, Buch & Kuckulenz, 2004, Nayyar, 1994, Straubhaar, 1988).

Remittance income in developing countries has become a lifeline for economic development. By remittance we mean sending income in terms of money or goods in home by the migrants or workers who have their earnings outside their home country.

Now-days, 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 income through the unofficial channels. Today due to the establishment of different agencies like western Union, International Money Express (IME) etc. in several district headquarters of the country, the remittance flows has become popular for transferring cash or money in time to the recipients. However, it is difficult to calculate the exact size of remittance flows in Nepal due to the emergence of unofficial channels even though it has recorded in balance of payments account. In this regard, it is estimated that unrecorded flows through informal channels are believed to be more than 50 percent of the recorded flows in developing countries (Ratha, 2005).

For FY 2012/13 the total debt of the country was NRs. 511.1 billion, out of which internal debt was NRs. 211.7 billion and foreign debt was NRs. 299.4 billion. It can be inferred that total debt per capita is NRs. 18,780 for the same FY. Gross National Income is NRs. 1709 billion. For the FY 2012/13, the ratio of total exports to total GDP is 4.0% and the ratio of total imports to total GDP is 29.0%. Main import commodities are petroleum products, machinery and equipments, gold, electrical goods, medicine, etc. Similarly, main export commodities are clothing, pulses, carpets, textiles, juice, pashmina, jute goods, etc. Main trade partner of Nepal is India. Out of the country's total exports, 57.4% and out of the total imports, 57% is with India. Other import partners are China (25.9%) and export partners are US (9.6%) and Germany (5.4%). Labor force by occupation is as follows. Agriculture-75%, Industry-7% and Service – 18%. The taxes and other revenues is 17% of the Total GDP whereas, total tax revenue is 14.8% of the GDP (NRB, 2012).

According to Olubiyi and Kehinde (2015), the direction of effect of exchange rate on remittances is governed by a number of factors such as the motive of remitting on the one hand and the nature of exchange rate behavior on the other. If remittances are used for investment purposes and exchange rate changes are anticipated, depreciation was created additional cost of investment, thereby attenuating the inflow. In this case, there is an adverse impact on remittances. However, if it is unanticipated, remittances had been impacted positively (Golberg, 2008). If remittances are altruistic in nature, depreciation is expected to lower remittances while appreciation raises it, ceteris

paribus. Hence, the effect of exchange rate on remittances is inconclusive and needs to be re-assesses.

With the increasing trends of migration, people began to go for foreign employment. Historically, foreign employment has played a critical role in the Nepalese society. Its nature and dimension have undergone fundamental changes since the first known foreign employment in the beginning of the eighteenth century during the process of national unification when an exodus of peasants left to work in the tea estates in Darjeeling and Assam of India. In the early nineteenth century, hundreds and thousands of Nepali hill people joined the British Army and fought on the side of the allied powers in the First World War and Second World War. The beginning of the construction works boom in the emerging economies in East Asia and the Gulf in the 1980s provided yet another opportunity for young Nepalese people to venture out for foreign employment in pursuit of a descent and dignified life. Foreign employment gives them employment and income opportunities, which are not possible in the country. It has led to political and economic empowerment of people, including women, offering alternative to land based wealth (Sharma & Gurung, 2009).

Nepal (2012), studied on remittance and livelihood strategies in eastern Nepal and explored the various determinants of remittance receipts in eastern Nepal both in migrant household and non-migrant household. She concluded that remittance have significant positive impacts on food and health expenditures but no effects on human capital formation (i.e. education). This indicates that remittance income does influence household expenditure behavior by providing additional financial support to meet their day-to-day needs. This finding indicates that considerable amount of remittance were used by the migrants renovate house, which also suggest that remittances has no effects on business ownership.

IOM (2009), studied about the economic and social impacts of remittance in Pakistani migrants working in Saudi Arabia, and concluded that remittance bring qualitative changes in child's education, housing. The role of women in decision making in investing received remittance and participation in labour market has also increased although there is still made by male family member or jointly by household member. He further concluded that remittance help particularly on improving the ability of the household to increase expenditures however such increase in expenditure leads

dependency on remittance and 17 which continue living abroad .The social impacts of remittance is enhancing good house conditions, eliminating child labour, empowering women and enhancing overall social status of households.

The research report of NRB (2006), conducted by the Special Study Section Of NRB entitled "Foreign Employment, Remittance Economy and Nepal" states that the migration of Nepalese workers started after 1816's peace treaty between Nepal and Britain. Most of the people of that time are migrated to work in the British Regiments. This study examines about the historical perspectives, present condition, The trend and dimension of Remittance, the problems associated with the remittance and its measurements, the use of the gained money as well as the skills, the investment pattern of that remittance and also the employment condition of the people returned from the foreign employment. It also examines about the Nepalese foreign employment system and its objectives with other questions related with the remittance. This study concludes that apart from India, about 86percent of the people are migrated to Gulf Countries like Malaysia, Saudi Arab, Qatar, Dubai etc. Rest percent are migrated to the other countries of the World. This study examine about the role of manpower agencies in the field of foreign employment. This study concludes that even though the role of manpower agencies in obtaining Work Permit, Government acceptance letter, tickets etc is very helpful but most of the manpower agencies of Nepal are looting the people in the name of foreign employment. Nepal has been quite significant in recent years. Domestic economy factors such as unemployment, ongoing demographic transition, lackluster policies formulated by Government of Nepal to promote foreign employment and growth prospects in emerging markets have largely increased the outflow of Nepalese workers. Correspondingly, due to the upsurge in workers' remittance inflows, Nepal has been remaining in the top five positions among the countries in terms of the size of the economy or remittance to GDP ratio for the last few years. Empirical results show an instrumental role of macroeconomic variables in determining the remittance inflows to Nepal. The cyclical component of Nepal's remittance inflows is positively affected by the nominal exchange rate with US Dollar, and economic activity in host countries (India, Gulf countries and advanced

economies), indicating the spillovers of business cycles through the remittance channel. In addition, there is an evidence of the co integration or long-run relationship between the workers' remittance inflows in USD terms and its determinants—nominal NC-US exchange rate, economic activity in host countries and the workers' outflow. The impact of depreciation of NC vis-à-vis USD on the workers' inflows to Nepal is positive. This supports the hypothesis that both the substitution and wealth effect work in the direction to increase the remittance inflows to Nepal in the episode of depreciation. There is also the tendency of Nepalese migrant workers to take advantage of favorable exchange rate by sending back more remittances at the depreciated nominal exchange rate. Likewise, the growing economic activity in India has positive impact on remittance inflows. Given the high labor mobility and large share of India in Nepal's remittance inflows, this result demonstrates the positive link of Nepalese remittance inflows and the economic cycle of Indian economy. Finally, as expected in theory, the workers' outflow has significant impact on remittance inflows.

2.2 Poverty Reduction

Acharaya (2009), has assessed that from the very beginning of planned development, poverty reduction has been a priority concern for Nepal. Particularly, since 1981 under various names such as fulfilling basic needs of the population or attaining Asian Standard of living, the Five Year Plans have shown much concern for the issue. For example the Fifth Five Year Plan (1975-1980) had three primary objectives (a) Increase in production of goods related to people's needs b) Maximum use of labor and c) Regional balance and unification (NPC/HMG, 1980). Similarly the Sixth Plan (1980-1985), which adopted basic needs approach to poverty reduction had three basic objectives (a) accelerating growth rate, (b) promoting productive employment and (c) fulfilling people's basic needs. Basic needs oriented objectives included: (a) Increase production of food grains and increase the supply, (b) to increase supply of fuel wood through planned development forestry, (c) increase supply of drinking water, (d) expand primary health and sanitation facilities, (e) promote basic, technical and adult education and (f) expand minimum transportation facilities (suspension bridges and horse and walking trails). Although people's participation in community

forestry was promoted already since mid-seventies and roads and trails were improved under the "back to village campaign", people's participation par se did not figure in the strategies of the Plan adopted. The Seventh Plan continued emphasis on these objectives but introduced decentralization of the planning and implementation of development projects as a strategy. The concept of "user committees" was operationalized during the Seventh Plan period, involving grass roots people in the planning and implementation of the small infrastructure programs. A chapter was added on involving women in the development process "for utilizing their unlimited labor" for development.

Bharadwaj (2007), Poor can no longer be neglected (Mathur 1986). Nepal's white paper has focus on poor since decades. In spite of huge efforts and investment in blue printed concept of poverty and its reduction; One cannot be assured (Bhurtel 2010) in sustainable improvement in livelihood of the poor (Asian Development Bank Undated) and domain of transferability (Johnson 2010) in Nepalese context. Though socio-political transition has badly affected the poverty reduction initiatives (NPC May, 2003); but it is also true that the prevailing context has provided an excuse for the past weaknesses. Onset of democratic system and people's expectation of change; coming days are harder and more critical. Though numerous projects have been implemented for poverty reduction and statistics of poverty has been improved significantly', our own definition of poverty and its reduction is yet to be available. In the absence of our 'own and common' understanding about poverty; "How can we be able to target poor and reduce poverty?" The upcoming debate of Nepal's poverty count (Gokarna Awasthi 2010) and sustainability also indicates the necessity of clear definition and measuring practice in the context of Nepal. In the prevailing context poverty reduction strategies and program can hardly be expected to generate sustainable result. The paper discusses the concept of poverty and poverty reduction from different perspectives and identifies different aspects and issues of poverty reduction in Nepal. A contextual conceptualization of poverty and its reduction has been identified as an urgent need. It is our common understanding of our problem thus expected to be able to provide guidelines "What is the problem?"; "what we should do?" And "what should happen?" with full ownership. Political commitment, green taped bureaucracy (DeHart-Davis 2008) with good governance when perform with our own concept of poverty reduction and resource mobilization can be expected to generate people's desired outcomes.

UNICEF (2007), when poverty strikes a family, the youngest members becomes most innocent and vulnerable victims. Since a good start in life – especially in the first few

months – is critical to the physical, intellectual and emotional development of every individual, poverty in early childhood can prove to be a handicap for life. Child development is a succession of events for which there is seldom a second chance. Biological and intellectual growth cannot wait until a family escapes from poverty. When poverty spreads and deepens the risks of contracting respiratory infections, Diarrhea, measles and other illnesses that commonly kill children or undermine their physical, psychosocial and cognitive capacities increase. Damage suffered due to malnutrition, ill health and inadequate care during childhood impedes future learning and often cannot be repaired later in life. There exists extensive evidence that poor families generally have more children than do non-poor families. This implies that children are disproportionately represented among the poor. No other age group is more likely to live in poverty. A girl holds her younger brother in a squatter settlement in Dhaka (Bangladesh). Poor children endure compound losses in terms of nutrition and health care that can impede future learning and development. Impoverished children become transmitters of poverty, as parents, to the next generation. In a vicious cycle, malnourished girls grow up to become malnourished mothers who give birth to underweight babies; parents lacking access to crucial information are unable to optimally feed and care for their children; and illiterate parents cannot support children in their learning process. These children, then, run the risk of becoming the next generation of poor. In order to transform this vicious cycle into a virtuous cycle, poverty reduction must start with children.

Gaaliche & Zayati (2014), Admittedly, the remittances sent back home by migrant workers have a profound impact on the living standards of people in the developing countries of Asia, Africa, Latin America and the Middle East (Acosta and al., 2008, Semyonov and Gorodzeisky, 2008, Cox-Edwards and Rodríguez Oreggia, 2009, Quisumbing and McNiven, 2010, Adams, 2011, Taylor, 1999). Their potential economic impact have attracted the attention of policymakers and researchers in recent years, as evidenced by a growing literature aimed at analyzing remittances and their consequences for individual countries. Indeed, remittances reduce poverty through increased incomes, allow for greater investment in physical assets and in education and health, and also enable access to a larger pool of knowledge (Adams, 2011). Previous studies examine the effect of international migration and remittances on poverty of a village or individual country with specific parameters (McKenzie

and Rapoport , 2010, Duval and Wolff, 2011, Akay and al., 2012) , De Brauw, 2013) . Indeed, we are not aware of any studies that examine the impact of the phenomenon of migration on poverty of a set of developing countries. Generally, the pannel studies provide more credible results. It is for this reason that the article proposes to examine the impact of remittances on poverty reduction, and this by using a data set consisting of 14 developing countries. Indeed, using dynamic panel technique, we can obtain reliable results on the potential impact of remittances on poverty reduction.

Pant (2012), Remittances are potentially important stimuli to economic growth. Despite the lack of accurate data on the real volume of funds transferred, there is ample evidence that remittance flows are substantial, stable relative to other forms of development finance, and well-targeted to vulnerable families, both as support during a crisis and as an income smoothing mechanism. In Nepal, during the last few years, 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 foreign exchange into local currency, it is imperative that these policies be conducive to the inflow of remittances.

Bhadra (2007) has observed the mixed impacts on the children of migrant mothers in Nepal: positive impacts were seen on the opportunities for education, health care and lifestyle but worsening psychology of their children as their mothers apart for a long time. By being able to earn an income, support the family financially and have the freedom of financial decision-making, traveling to foreign countries with new experiences, seeing new places, and meeting with people from different parts of the world and interacting with them brings the feeling of independence and confidence for the migrants and this effect impart to their immediate family as well.

Quartey and Blankson (2004) have concluded that migrant remittances to Ghana are in fact counter cyclical and are effective in helping smooth household consumption and welfare over time, especially for food crop farmers, who are typically the most disadvantaged socioeconomic group. Similarly, Adams (2006a,b) found that international remittances significantly relieved poverty among the “poorest of poor households”. Study by Gupta et al (2007) has found that remittances tend to lower poverty. Ratha (2003) had suggested that remittances that raise the consumption levels of rural households might have substantial multiplier effects because they are more likely to be spent on domestically produced goods. Also Maimbo and Ratha (2005) found that, in terms of poverty reduction, rural areas tend to benefit the most because much of the world’s migrants are drawn from these areas. The results suggested by the above studies depict the vital role of remittances in reducing poverty. However, there are few studies which use modern estimation techniques.

Adams (2005), The extensive coverage of 71 developing countries concluded that international migration and remittances significantly reduce the level, depth, and severity of poverty in the developing world. It is believed that international remittances flowing from north to south hemisphere have reduced poverty directly or indirectly. This result can be explained by the fact that the households in low income countries receive a very large share of their total household income from remittances. When these very poor households receive remittances, their income status changes dramatically, resulting in a large effect on poverty reduction (Adams (2004)). This study revealed that the mean income of a migrant household is 17.3% higher than a non-migrant household. The shares of household expenditures on food, education, clothing, and recreation all increased with the availability of remittances.

Acharya, Leon-Gonzalez (2012), The simulation results show that if none of the households received remittances, the incidence of poverty (P0), measured by the national poverty line, would have increased by at least 2.3% and at most 3.3% in 1996 and at least 4.6% and at most 7.6% in 2004 (the lower bounds correspond to the remittance-dummy model while the upper bounds to the remittance amount model). Impacts on the depth (P1) and severity of poverty (P2) are even larger. The regional simulations show a strong correlation between the incidence of remittance and the magnitude of poverty reduction, implying variation of impacts among regions. The

destination is another important factor determining the impact of remittance on poverty. Although the remittance from third country migration is more than seven times higher than that from India, Indian migration is a necessity for the poorest households that experience severe credit limitations (WFP, 2008). So, it has a far larger impact on poverty reduction in comparison with domestic and other countries' remittance. In this way, although remittance from India acts as an income equalizer, remittance from other countries has the adverse effect. The overall effect of GRIPS Policy Research remittances on income equality is negative but this adverse effect has decreased over time. These stylized facts are consistent with Stark, et al. (1986) and Taylor et al.(2005). Nepal would witness a sharp fall in poverty and income inequality if the governmental plummeting policies that enabled poor households to send their migrants to developed countries instead of India. Policies that could facilitate this switch of destinations might include providing more credit opportunities and also education to acquire the skills required for third country migration. Although policy makers face the challenge of designing effective skill development programs for less educated people, these programs might have a high return because skilled (even low-skilled) migrant workers might have a better opportunity of obtaining a safe and high earning job in third countries. The other measures for the bottom quintile might include programs to disseminate information related to migration/remittance and strengthening the legal status of contracts among potential migrants, manpower companies and foreign employers. These would also be appropriate anti-poverty strategies on their own right. Future research might look at the role of migration and remittance on reducing the vulnerability to rural production shocks in a general equilibrium environment. Moreover, we would like to understand how migration and remittances affect physical/human capital investments, local labor productivity and the intergenerational transmission of poverty and inequality.

Several studies have pointed out that more the inflow of remittances, healthier the recipient country was. In times of economic distress, remittances may actually be countercyclical to the extent that migrants are motivated by altruism and send more money home. The stability of these inflows also opens up an opportunity for developing countries to borrow at lower cost in international capital markets by securitizing future flows of remittances (IMF 2007). As remittance receipts are widely dispersed, they may not cause the real exchange rate to appreciate.

Though the empirical evidence indicates that remittances can reduce poverty in the recipient countries, but what makes remittances work for poverty reduction is not clear. There are many factors affecting this channel. To begin with, remittances are a function of the numbers of migrants, the amount of money they earn, and their propensity to remit. However, migrants may have large propensity to remit but the home and host country policies may not be conducive to remittances. Even if the policies are conducive, due to absence of appropriate channels of sending remittances, these may reach the poor only after a long gap (when the migrant decides to carry the remittances personally or sent it through someone). This may not be very effective in terms of reducing poverty. Even if poor receive the remittances, proper use of remittances is important for sustainable reduction in poverty.

CBS (2011), Nepal Living Standard Survey III states that due to remittance and migration driven economy, poverty of Nepal reduced from 42% (1995-96) to 25.16%(2011). A report by Dr. Jagannath Adhikary and Dr Ganesh Gurung states that if there was no remittance inflow in the country then we wouldn't have experienced the reduction of poverty by 10.9% in 2006, instead it would drop by only 4.8%. Such reduction in poverty has helped in diversification in livelihoods, greater ownership and acquirement of assets and capitals. From the macroeconomic point of view, the remittance is the Major source of income for the 56% household in the nation. Household income increased by just 22.4% in 1995-96 while remittance has caused 70% increased during 2008.

UN (2011), the benefits of remittances, as private financial flows to households in developing countries are well documented in the literature. Remittances are more stable and predictable as compared to other financial flows and, more importantly, they are counter-cyclical providing buffer against economic shocks. In conflict or post-conflict situations, remittances can be crucial to survival, sustenance, rehabilitation, and reconstruction. In providing primarily for household livelihoods, remittances are spent on general consumption items in local communities that contribute to local economies by supporting small businesses. A fair share of these expenditures is directed to the construction of homes, health care and education, alongside savings in financial institutions, thereby generating employment in these critical services sectors. Moreover, in contributing to foreign exchange earnings,

remittances can spur economic growth by improving sending countries' creditworthiness and expanding their access to international capital markets. Remittances represent one of the largest sources of external private finance for developing countries. However, the impact of remittances on poverty has led to considerable debate. Studies that argue against remittances having poverty-reducing effect point out that given the high transaction costs of migrating, "truly poor" do not migrate. while this argument has some merit, it has little evidential support as a stream of studies from different countries has shown that "very poor" and "poor" do migrate.²⁰ Further, the average annual growth of remittances to low-income countries in the period 2004-2008 was 22 per cent, which was higher than to middle income countries (18.9 percent).

CHAPTER - THREE

RESEARCH METHODOLOGY

Methodology is the backbone of the study. So, it needs to be well defined to conduct the study. Therefore in this study the following methodology has been adopted to fulfill the objectives.

3.1 Research Design

It is the blueprint for the collection of data. It is a work plan owing to the objective of the research. For this study, I was followed the descriptive research design method. The purpose of the study is to describe the impact of remittance in poverty reduction of household level of Ghusel VDC of Lalitpur district. The descriptive method was used for the qualitative data obtained during the study. The data's that are not quantifiable had been explained literally. On the other hand I was analyzed and discover degree of interdependence between various characteristics/activities that are influenced by remittance in such cases the explanaratory research design had been used. I was looked into the problem by exploring the views of different set of respondents, as well as by exploring different literatures related with the study.

3.2 Selection of the Study Area

Ghusel VDC lies in Lalitpur district, Bagmati zone of Central region and before some years people's assume that its one of the poor and backward. But at the present my observation says that there is being change there different organization are working there to make a change with different strategies of development and people are also changing their livelihood strategy and one of the changing livelihood strategy is foreign employment which has help to reduce a poverty. So Ghusel VDC has been select for study.

3.3 Nature and Sources of Data

The nature of the study is descriptive as well as analytical. Data is a set of fact, sheets the wholesome aggregate of which gives the information. This information in fact contributes to the inquiry of truth and approaches towards the reality. Both primary

and secondary data was used in this study. Data gathered are both qualitative and quantitative in their nature.

3.4 Sample and the Sampling Procedure

Convenience sampling is used. In the 9 wards of Ghusel VDC in all wards people are benefited from remittance. Among the 9 wards researcher take 4 wards and 50 beneficiaries are taken from them.

Table 3.1 Sampling Procedure

Ward. No.	Total Household	Sampled Household	Sampled Percentage
2	46	11	22
4	21	8	16
5	51	17	34
6	45	14	28
Total	163	50	30.67

3.5 Tools of Techniques

This research is conducted by employing various methods for data collection. Both primary and secondary data has been collected. The researcher herself collected the primary data from the respondents by conducting the questionnaire survey with beneficiaries. For the collection of primary data following data collection techniques were used:

3.5.1 Households Survey

The name list of the household head was obtained from the VDC office and house to house survey was conducted. The questionnaire forms had been filled up by the researcher had visit with household heads. In the absence of household head, another senior person present at the home had been taken as the respondent.

3.5.2 Field Observation

The researcher visited field in many times to observe the remittance impacts on Ghusel VDC. During the period of field work, researcher observes the condition of infrastructure and noted relevant information.

3.5.3 Key Informant Interview

Key Informant Interview is loosely structured conversations with the people who have specialized knowledge about the topic. To dig out its major key informant's interview had been conducted within the study area. The key informants had been VDC staff, organizations staff and beneficiaries.

3.6 Data Processing and Analysis

The collected data were edited and tabulated in the spread by using SPSS & excel program of computer. After doing this, the qualitative data were presented in paragraphs and quantitative data were presented in tables. Besides data collection, success of research study depends on the effective analysis of data its presentation. Hence the collected data have been presented in tabulated form. Data obtained in numeric form have been presented with number and its percentage forming a table which gives the comparative picture of the reality and data which were not obtained in numeric form had been presented in descriptive way.

CHAPTER- FOUR

SETTING OF THE STUDY

In this chapter an attempt has been made to describe the geographical, socio-economic and demographic of the people covered by this study. As mentioned above, Ghusel VDC of Lalitpur district has been selected as a case for the present study. In view of this, a brief introduction of the study area and the description of the sample characteristics have been presented.

4.1 Fact of Lalitpur District with Indicate

Table 4.1 District Profile with Indicators

Geographical Situation	26°22' North to 28°50' North Akachayansh
Geographical Structure	1, Hilly Area 2, Plane Land Area
Height	Form the Sea Level 4757 ft 2831 meter Phulchoki
Total Territory/ Land	392.84 Square Kilometer 29284 Hektar
District Boarder	East in Kavrepalnchock District. West in Kathmandu District, North in Bhaktpur District and South in Makawanpur Dustrict
Climate	Cool ,Cold and Warm
Tentative Annual rain fall	1300-2000m.m
Temperature	Annual 10-15 Dirge
Main Rivers	Bagmati Nakkhu Tudkku Kodku Manohara Dulung Rarnni khola and Godabhari.
Total Population	468132
Total Household	109797
Literacy rate	92
Density of Population	1192
Per Person Income	1894 US Dollar

Average Age	67
Major Cast	Newar, Chhetry, Magar Tamang Bharims , Rai, Gurung
Language	Newari, Nepali, Magar language, Tamang language, Rai language Gurung language
Occupation	Business, Services, Farming
Crops	Paddy, Maize ,Wheat, Buckwheat,

Source: DDC, Profile Lalitpur, 2013

Table 4.2 Population by 5 Years Age Group in Lalitpur District

Age Group	Total Number	Total Percent	Male Number	Male Percent	Female Number	Female Percent
All Age	468,132	100.00	238,082	100.00	230,050	100.00
00-04 Years	29,503	6.30	15,490	6.51	14,013	6.09
05-09 Years	37,208	7.95	19,416	8.16	17,792	7.73
10-14 Years	45,398	9.70	23,528	9.88	21,870	9.51
15-19 Years	51,674	11.04	27,208	11.34	24,466	10.64
20-24 Years	53,900	11.51	27,496	11.56	26,404	11.48
25-29 Years	48,387	10.34	23,340	9.80	25,047	10.89
30-34 Years	42,268	9.03	21,009	8.82	21,259	9.24
35-39 Years	37,264	7.96	18,764	7.88	18,500	8.04
40-44 Years	30,648	6.55	16,085	6.76	14,563	6.33
45-49 Years	23,439	5.01	12,201	5.12	11,238	4.89
50-54 Years	18,280	3.90	9,442	3.97	8,838	3.84
55-59 Years	13,713	2.93	6,997	2.94	6,716	2.92
60-64 Years	11,498	2.46	5,557	2.33	5,941	2.58
65-69 Years	9,146	1.95	4,351	1.83	4,795	2.08
70-74 Years	6,607	1.41	3,137	1.32	3,470	1.51
75-79 Years	4,686	1.00	2,085	0.88	2,601	1.13
80-84 Years	2,538	0.54	1,159	0.49	1,379	0.60
85-89 Years	1,365	0.29	583	0.24	782	0.34
90-94 Years	462	0.10	183	0.08	279	0.12
95+ Years	148	0.03	51	0.02	97	0.04

Source: NPHC,(2011), National Report

Table 4.3 Distribution of Population by Realign

Realign	Male	Female	Total	Percentage
Hindu	176,562	167,672	344,234	73.53
Buddhist	44,793	45,437	90,230	19.27
Islam	2,128	952	3080	0.66
Kirat	2,829	2,977	5,806	1.24
Krishnan	11,105	12,384	23,489	5.02
Prakritik	113	118	231	0.05
Bon	33	39	72	0.02
Jaai	36	32	68	0.01
Barae	15	14	29	0.01
Shikha	44	31	75	0.2
Unknown	424	394	818	0.17
Total	238,082	230,050	468,132	100.00

Sources: DDC Profile, Lalitpur, 2013

Table 4.4 Distribution of Population by Ethnicity

Ethnicity	Population	Ethnicity	Population
Newar	155604	Yakha	142
Chhetris	88306	Chepang	124
Tamng	613668	Dhushara	166
Bhrimins-Pahad	6106	Sonar	101
Magar	21954	Kumhar	101
Rai	12724	Banthar/Sharadar	100
Tharu	3879	Tamta/Tatwa	99
Gurung	5994	Thulung	99
Kami	5423	Girel	98
Limbu	4358	Dhimal	95
Pahari	362	Thugiya	94
Sarki	3369	Kaiwat	86
Thakuri	3196	Lepcha	86
Musulman	3072	Mallaha	84
Damai/Theli	258	Yusdar	83
Yadhab	229	Bantawa	78
Dasnami/ Sanyasi	1718	Dura	75
Teli	1631	Lohomi	73
Kalwar	146	Khatwe	72
Sunuwar	1208	Sathar/Santyal	51
Dunuwar	1208	Babai	47
Majhi	1197	Darai	42
Sherpa	102	Jhajad/Dhagad	41
Gharti-Bhujel	932	Kahar	39
Marwadi	861	Boi	38
Kayastha	861	Rajbodha	36
Bharimins Tarai	797	Shampang	33
Hajam Thakuri	769	Gaine	32
Koili Kushbaniya	712	Mammi	30
Lohar	613	Kulung	30
Kathbaniya	597	Munda	28
Dhanuk	490	Heyambo	28
Shudi	473	Tajpuriya	26
Bangai	450	Heb	24
Rajput	442	Bin	21
Ghale	428	Lodha	20
Thakali	414	Yamphu	18
Haluhai	373	Bahing	17
Kumal	296	Natuwa	16
Badi	288	Chantyal	15
Chamar	265	Kamar	13
Kurmi	262	Bayasi/Sauki	14

Source: DDC Lalitpur, 2013

Table 4.5 Distribution of Population by Ward

Ward	Household	Female	Male	Total	Percent of Total Population
1	31	85	89	174	10.46
2	46	123	135	258	15.51
3	29	108	97	205	12.62
4	21	47	52	99	5.95
5	51	115	117	232	13.95
6	45	131	118	249	14.97
7	30	71	85	156	9.38
8	34	83	81	164	9.86
9	30	61	65	126	7.57
Total	317	824	839	1663	100.00 s

Source: VDC Profile Ghusel, 2014

In the above table it has shown that in ward number 1-9 the total population of male is 839 and female is 824. So further 10.46% of population lives in ward number 1, 15.51% lives in ward number 2, 12.62% lives in ward number 3, 5.95% lives in ward number 4, 13.95 % lives in ward number 5, 14.97% lives in ward number 6, 9.38% lives in ward 7, 9.86% lives in ward number 8 and 7.57% lives in ward number 9.

Table 4.6 Distribution of Population by Age Group

Age group	Population	Percent
5 years below	166	9.98
5-15	418	25.14
16-44	693	41.67

45-59	234	14.07
60-75	121	7.28
Above 75	31	1.86
Total	1663	100.00

Source: VDC Profile Ghusel, 2014

The percentage of population up to five years of age is 9.98, from 5 years to 15 years age is 25.14%, from 16 to 44 years age is 41.67%, from 45 to 59 years age is 14.07%, 60 to 75 years age is 7.28%, and above 75 years of age population is 1.86 percent.

Below in the table it is show that in ward no.1 among 31 household 28 is Tamang household followed by 3 Brahmins household, in ward no 2 among 46 household all are Tamang, in ward no 3 among 29 household all are Tamang, in ward no 4 among 21 household 9 household are Tamang,5 are Chhetrys and 6 Household are Brahmins, in ward no 5 among 51 household 28 household are Brahmins,7 are Chhetrys and 16 household are Tamang, in ward no 6 among 51 household 8 household are Brahmins,3 household are Chhetrys,33 household are Tamang and 1 is Dalit, in ward no7among 30 household 17 household are Brahmins and 13 household are Tamang, in ward no 8 among 34 household 9 household are Brahmins and 25 household are Tamang and in ward 9 among 30 household all are Brahmins.

Table 4.7 Distribution of population by Ethnicity

Ward	Beahmins	Chhertys	Tamang	Dalit	Total
1	3	-	28	-	31
2	-	-	46	-	46
3	-	-	29	-	29
4	6	5	9	-	21
5	28	7	16	-	51
6	8	3	33	1	45

7	17	-	13	-	30
8	9	-	25	-	34
9	30	-	-	-	30
Total	101	15	200	1	317

Source: VDC Profile Ghusel, 2014

Table 4.8 Distribution of Household by Religion

Ward	Hindu	Buddhist	Others	Total
1	3	28	-	31
2	-	50	1	50
3	-	29	-	29
4	9	11	-	20
5	30	15	-	45
6	11	34	2	47
7	18	12	-	30
8	9	25	-	34
9	-	30	-	30
Total	80	234	3	317

Source: VDC Profile Ghusel, 2014

Above in the table shows that in ward no 1 among 31 household 3 household are Hindu and 28 household are Buddhist, in ward no 2 among 50 household 50 household are Tamang and 1 is Other, in ward no 3 among 29 household all are Buddhist, in ward no 4 among 20 household 9 household are Hindu and 11 household are Buddhist, in ward no 5 45 among household 30 are Hindu and 15 are Buddhist, in ward no 6 among 47 household 11 household are Hindu, 34 household are Buddhist and 2 household are others, in ward no 7 among 30 household 18 household are Hindu and 12 household are Buddhist, in ward no 8 among 34 household 9 household are Hindu and 25 household are Buddhist and in ward no 9 among 30 all are Buddhist.

Table 4.9 Distribution of household by Occupation

Ward	Agriculture	Business	Service	Others	Total
1	27	-	2	2	31
2	44	-	-	2	46
3	28	-	-	1	29
4	15	1	5	-	21

5	32	3	14	2	51
6	37	4	3	1	45
7	22	7	1	-	30
8	29	-	5	-	34
9	29	1	-	-	30
Total	263	16	30	8	317
percentage	82.96	5.04	9.46	2.52	100.00

Source: VDC Profile Ghusel, 2014

The above table shows that in ward 1 among 31 household 27 household are depend on agriculture, 2 household are in service and remaining 2 household are depend on other occupation , in ward no 2 among 46 household 44 household are depend on agriculture and 2 household depend on other occupation, in ward no 3 among 29 household 28 household are depend on agriculture and 1 household is depend on other occupation, in ward no 4 among 21 household 15 household are depend agriculture, 1 household is depend business, 5 household are in service, in ward no 5 among 51 household 32 household are depend agriculture, 3 household are depend on business, 14 household are in service, 2 household are depend on other occupation, in ward no 6 among 45 household 37 household are depend agriculture, 4 household are depend business, 3 household are in service and 1 household is depend on other occupation, in ward no 7 among 30 household 22 household are depend agriculture, 7 household are depend on business, 1 household in service, in ward no 8 among 34 household 29 household are depend agriculture, 5 household in service and in ward no 9 30 household 29 household are depend agriculture and 1 household is depend on Business.

Table 4.10 Festivals

S.N.	Name of Festivals	Celebrating Time
1	Dashain and Thihar	Asoj and Kartik
2	Maghe sakarnti & Shaune sakarnti	Magha 1 and Sauna 1
3	Tij, Janai Purnima & Krishna astami	Shauna & Bhadra

4	Maruni Jatra	Kartik & Mangsir
5	Tij ko Nachha	Bhadra
6	Mane Jatra	Ghusel 6 Manejatra
7	Bhume puja & Devi puja	Ghusel 6 Bhume dada Ghusel 6, Sarsawati

Source: VDC Profile Ghusel, 2014

These are the festivals celebrate by Ghusel people.

Table 4.11 Sector of Family Annual Income

Ward	Agriculture and Animal Husbandry	Business and Industrial	Services and Pension	Foreign Employment	Wages and labor	Others
1	2715000	-	-	640000	100000	-
2	5624000	270000	120000	1581000	1185000	-
3	2400000	1001000	200000	7400000	120000	300000
4	2150000	200000	-	-	60000	-
5	6175000	421000	4316000	700000	290000	-
6	3688000	1435000	2235000	1376000	1706000	100000
7	456000	930000	100000	100000	870000	300000
8	2230000	900000	470000	1670000	441000	-
9	2484000	-	280000	1670000	765000	-
total	27922000	5157000	7721000	8477000	5537000	700000

Sours: VDC Profile Ghusel, 2014

These are the sector of annual family income and its amount in Ghusel VDC. When we look above table the main source of family income is agriculture and animal husbandry in Ghusel.

Table 4.12 Distanced between VDC and Ward

Ward	Distanced between VDC and Ward
1	4 kilometer
2	4.5 kilometer
3	9 kilometer
4	2 kilometer
5	2 kilometer

6	0 kilometer
7	1.5 kilometer
8	3 kilometer
9	4 kilometer

Sours: VDC Profile Ghusel, 2014

Table 4.13 Service Center in Ghusel VDC

S. No	Service Center Name	Address
1	Vet nary	Ghusel Ward No. 6
2	Primary Health Care Center	Ghusel Ward No. 6
3	VDC Office	Ghusel Ward No.6
4	Post Office	Ghusel Ward No.6

Sours: VDC Profile Ghusel, 2014

Table 4.14 Export of the production in Ghusel VDC

S. No	Name of Export Goods	Quantity	Remarks
1	Mazes	50 Tan	Annual
2	Mustard	60 Tan	Annual
3	Milk	2800 Litter	Annual
4	Babiyo and Amliso	100,000 Than	Annual
5	Vegetables	No Record	Daly
6	Fruits	No Record	Seasonable

Source: VDC Ghusel, 2014

CHAPTER- FIVE

DATA ANALYSIS AND INTERPRETATION

This chapter attempts to analyze the collected data and information from the field survey and various sources in response to meet the objectives of the study and to derive the major findings of the study. Firstly it includes the brief introduction of Lalitpur district and Ghusel VDC regarding its demographic, socio-cultural, economic, geological, political and other aspects.

5.1 Study Area

5.1.1 Ghusel VDC of Lalitpur District

Lalitpur district is located in Central Development region of Nepal. Lalitpur is part of Bagmati zone and is one of the 75 districts of Nepal. It covers 385sq; km of land with 4678132 total populations (population and housing census, 2011).

There is 3 municipality and 23 VDCs in Lalitpur district among them Ghusel VDC is one of them. Geographically the altitude Ghusel VDC is 4500 meter from sea level. The total area of the VDC covers 10 sq km. The climate logical data shows that the temperature of this VDC remains minimum at 1 to 3 degree Celsius and reaches maximum 25 degree Celsius. Ghusel VDC comprises of 317 households with total population of 1663 out of which 49.55% is female. Of the total population in Ghusel VDC Tamang are 63.09%, Brahamins are 31.86% and dalit 1%. About the 51% of population in Ghusel VDC is involved in agriculture (village profile and situation analysis, 2014).

5.2 Socio-Economic Characteristics of the Households

5.2.1 Ethnicity/Caste

Ethnicity/caste composition is the components related with socio-cultural aspects. Different ethnic/caste has own culture, practices and needs which significantly affect their way of living and income. The ethnicity/caste composition of the respondent is presented below.

Table 5.1 Ethnicity/Caste Composition of the Sample HHs

S.NO	Ethnicity/Caste	No. of HHs	Percentage (%)
1	Tamang	30	60
2	Chhetri	11	22
3	Brahmin	9	18
	Total	50	100%

Source: Field Survey, 2016

Table 5.1 shows that out of the total HHs, Tamang (60%) are the predominant in going outside as migrant labors followed by Chhetri (22%) and Brahmin (18%) respectively.

5.2.2 Sex and literacy composition of Sample HHs

The analysis of sex and literacy status of the respondent is one of the important parts of our research. These factors directly and indirectly affect the people's perception, their understanding and behaviors towards the use of remittance. Besides this other social and economic parameters like occupation, income generation etc are also influenced by sex and literacy composition. The sex and literacy composition of the samples is presented below.

Table 5.2 Sex and literacy composition of the respondent HHs

Sex/Literacy	Literate		Illiterate		Total Population(↓)	
	No	Percentage	No.	Percentage	No	Percentage
Male	74	78.72	20	21.27	94	48.21
Female	63	62.37	38	37.62	101	51.79
Literacy rate(→)	137	70.25%	58	29.75%	195	100%

Source: Field Survey, 2016

Table 5.2 shows that in the study area, the female population is slightly higher 51.79% than male population, 48.21 %.The total population of 50 samples HHs is 195, with average family size 5.41 per household.

In the above table the literacy rate is calculated by taking literacy status of household's members as well as by adding school going male/female as literate in their respective composition. The literacy rate is higher in male (78.72%) than in female (62.37%). The overall literacy rate of the study area is 70.25%.

5.2.3 Household Size of the Respondents

Different households have different desire and needs. It is obvious that higher the household size, higher had been the needs and vice versa. Distribution of households according to family size is shown below:

Table 5.3 Distribution by the Households size of the Respondents

S.N.	HH size	No. of HHs	Percentage (%)
1.	1 to 4	14	28
2.	5 to 8	29	58
3.	Above 8	7	14
TOTAL		50	100%

Source: Field Survey, 2016

Table 5.3 shows that highest no.of household (58%) has family size between 5 to 8. Similarly 28% households have family size between 1 to 4 while 14% HHs has family size of 8 and above. The average household size of sample respondents of Ghusel VDC is 5.66.

5.2.4 Occupational Status of the Sample HHs

Occupation is one of the important indicators of the socio- economic status of the people. It also determines the household's wealth, well-being, literacy status and social stigma in society which plays a vital role in every aspects of life. On the basis of major occupation in the study area, the households engaged in Agriculture, Business, Job, service and service in foreign country has been shown below:

Table 5.4 Distribution of sample HHs on the basis of occupation

S.N	Occupation	No. of HHs	Percentage(%)
1.	Agriculture	35	70
2.	Service/Job	7	14
3.	Business/factories	3	6
4.	Other	5	10
TOTAL		50	100%

Source:Field Survey, 2016

Table 5.4 shows that majority of HHs (70%) are involved in agriculture as their major occupation. It is obvious because people are engaged in agriculture in any way in substantive farming. About 14% people are involved in services and jobs like priest, teachers, etc. The third largest HHs 6% is involved in business like shopkeeper, hotels, etc. 10% people involve in other sectors.

5.2.5 Annual Income Supporting Annual Expenditure of Sample HHs (Before Receiving Remittance Money)

The income of the households is crucial factor that determines the people's way of living, their socio economic strata etc which directly affect their access and affordability towards basic needs. In the study area major sources of income are Agriculture, Job, Business, service in abroad countries. They make expenditure to fulfill their verities of needs. The annual income that can support annual expenditure of sample HHs is shown in below.

Table 5.5 Distribution of the Respondent by Annual Income that can support Annual Expenditure (before receiving remittance money) for:

S.N	No. of Months	No. of HHs	Percentage (%)
1	Upto3 months	7	14
2	3-6 months	26	52
3	6-12 months	9	18
4	12+ months	8	16
	TOTAL	50	100%

Source: Field Survey, 2016

Table 5.5 shows that about 52% households can support annual expenditure for 3-6 months. This category includes HHs mostly whose major occupation is agriculture. 18% HHs can support for a period of 6-12 months, they are those whose are engaged in service and agriculture. 16% HHs said that they can support expenditure for more than 12 months; they are those HHs who are doing job, involved in business and mostly those whose family member have high social prestige.

14% HHs can support expenditures only for 3 months, they are daily waged labors. This table clearly indicates the main reason for going abroad. For making a better future, people and the families that could not support the family expenditure staying in Nepal intended to go outside country as migrant labors.

5.2.6 Distribution of sex of migrant labors of sample HHs

The total female population of the study area is more than the total male population but in the case of distribution of sex of outgoing labor migrants, male dominates by a big margin which is shown below:

Table 5.6 Distribution of sex of migrant labors of sample HHs

S.N.	Sex (M/F)	No of migrant labors	Percentage (%)
1.	Male	41	82
2.	Female	9	18
Total		50	100%

Source: Field Survey, 2016

Table 5.6 shows that out of the total labor migrants, 82% are male and 18% are female. This is because of many reasons i.e. male-dominated society, backwardness of women, less position of women in decision making process, dogmatic beliefs, security of young women and question of sexuality is aroused by the family members, etc.

5.3 Name of the Country gone to work by the respondents of Sample HHs

Respondents of the sample HHs have gone to different countries depending upon their interest, cost of enrolling, skills and visa process which is shown in the table below

Table 5.7 Name of country gone to work by the respondents of sample HHs

S.N	Name of country	No. of respondents	Percentage (%)
1.	Malaysia	16	32
2.	UAE	11	22
3.	Qatar	7	14
4.	Macau	1	2
5.	Japan	3	6
6.	Europe	2	4
7.	USA	1	2
8.	Saudi Arabia	5	10
9.	South Korea	4	8
	TOTAL	50	100%

Source: Field Survey, 2016

Table 5.7 shows that, the 50 respondents had gone to 9 different countries among which 32% of the people had gone to Malaysia for working purpose followed by UAE and Qatar with 22% and 14% respectively. In the same way, 10% of them had gone to Saudi Arabia followed by 8% respondents gone for South Korea, 6% Japan, 4% Europe and 2% Macau and USA equally.

5.4 Distribution of the skill level of the migrant labors of sample HHs while going to work

While going outside country, some sort of knowledge and skills are necessary to work. Different people have different skills so that they can work easily and in a professional manner. Having working skill in hand is always fruitful and helps to earn more money than the unskilled person.

The respondents of the sample households had gone to different countries to work but the important thing to note is whether they had some trainings or skills before going there, which is shown in the table below

Table 5.8 Distribution of migrant labors on the basis of skill at the time of going

S.N.	Gone as	No of respondents	Percentage (%)
1.	Unskilled labor	28	56
2.	Semiskilled labor	14	28
3.	Skilled labor	8	16
	Total	50	100%

Source: Field Survey, 2016

Table 5.8 shows that 56% of the total migrant labors were unskilled. Similarly 28% were semiskilled and only 16% were skilled (driver, waiter, etc). This indicates that most of the Nepalese labor has to do three “D” jobs (Dangerous, Dirty and Difficult) due to lack of skill. So some sort of policies and practices has to be made to make the outgoing migrant labors skillful so that they can earn more money using their skills.

5.5 Classification of the reasons to go outside the country to work of the sample HHs

Nobody wants to leave their country, family, friends and home without any reason but due to some of the problems people are compelled to take some steps to make their future bright, pay debt, earn money and hope for a better tomorrow. Some of the major problems due to which the respondents of the sample HHs had to go outside their country to work are as follows

Table 5.9 Classification of various reasons to go as migrant labors

S.N.	Reasons	No. of respondents	Percentage (%)
1.	To pay debt	21	42
2.	Frustration in Nepal	8	16
3.	For making better future	11	22
4.	Unemployment	10	20
	Total	50	100%

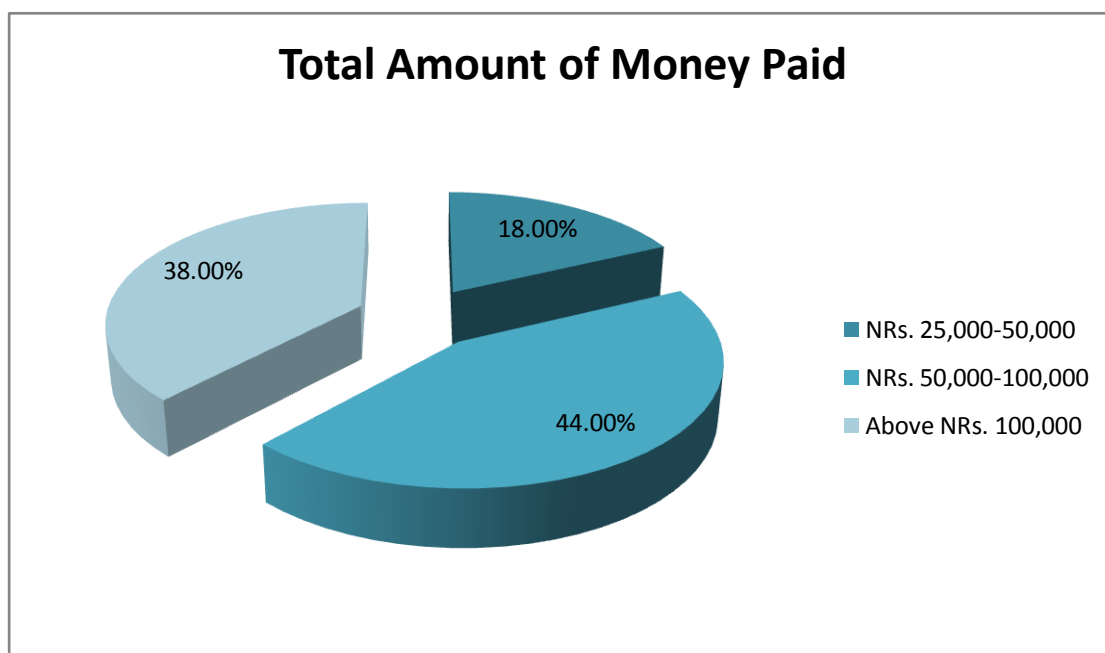
Source: Field Survey, 2016

Table 5.9 shows that 42% of the total respondents went abroad to pay debt, in the same way, 16% went because of frustration in Nepal. Similarly, 20% of them went due to unemployment and 22% went to build a better future. Whatever might be the reason, the major focus for going as migrant labors is to make a better tomorrow.

5.6 Classification of sample HHs on the basis of total amount of money paid during the process of going

Total amount of money needed to go abroad depends upon the country we go, types of work we do and many others. Total money here means all the expenses in the process of going abroad like medical check-up fee, visa fee, counseling fee of the manpower companies, ticket fee, etc. The classification of the total money paid is shown below:

Figure 5.1



Source: Field Survey, 2016

Figure 5.1 shows that, 38% sample HHs paid an amount of above NRs. 100,000. Similarly 44% sample HHs paid an amount between NRs. 50,000-100,000. In the same way, an amount of NRs. 25,000-50,000 was paid by 18% of the sample HHs.

5.7 Distribution of sample HHs on the basis of Debt taken

While the process of going abroad, we may or may not have enough money to enroll in the outgoing process. If we don't have enough money, we need to take debt from others. So, the following table shows that whether the sample HHs took debt or not:

Table 5.10 Classification of sample HHs on the basis of debt taken

S.N.	Debt taken	No. of HHs	Percentage (%)
1.	Yes	34	68
2.	No	16	32
	Total	50	100%

Source: Field Survey, 2016

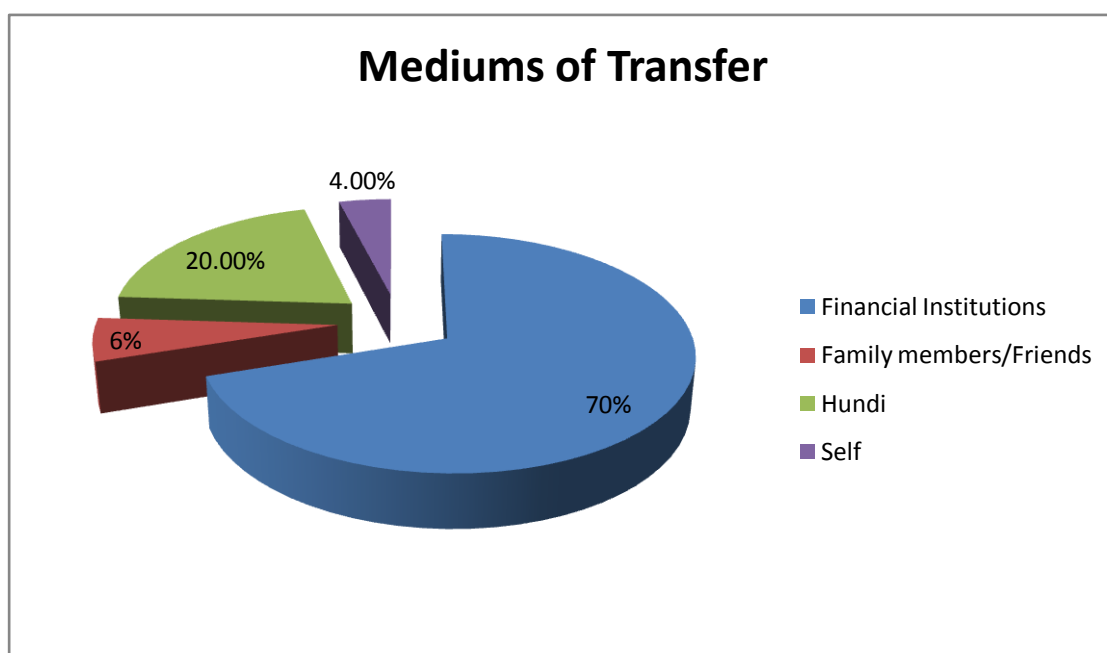
Table 5.10 shows that almost all respondents (68%) took debt. Only few (32%) used their own money. So, the question arises how the respondents take debt, from where

and how much interest is taken which was discussed later. Normally debt are taken from financial institutions, family members, friends, local money lenders (Sahu), self-help groups (Aama samhwa, Mahila Samuha), etc.

5.8 Distribution of sample HHs on the basis of mediums of transfer of Remittance

The money earned by the workers outside Nepal comes to their family and home from various formal and informal sources and means. Some of the major mediums of transfer are through financial institutions, family members, friends, Hundi, etc. The distribution of sample HHs on the basis of mediums of transfer of remittance is listed below:

Figure 5.2



Source: Field Survey, 2016

Pie-chart 5.2 shows that, 70% of the total respondents used financial institutions (bank, finance, money transfer, etc) for transfer money to home and followed by 20 % of the respondents who transferred their earned money through Hundi and 6% through family members and friends. Only few 4% bring their money with themselves back home. Looking at the above data a serious question is raised why people are opting to transfer remittance through financial institution instead of formal sources.

5.9 Distribution of Sample HHs on the basis of total amount of Remittance received per year

The total amount of remittance received per year of the sample HHs is shown below:

Table 5.11 Amount of remittance received annually by the sample HHs

S.N.	Annual Amount (NRs.)	No. of HHs	Percentage (%)
1.	Below 300,000	23	46
2.	300,000 - 500,000	16	32
3.	500,000 - 700, 000	8	16
4.	Above 700,000	3	6
	TOTAL	50	100%

Source: Field Survey, 2016

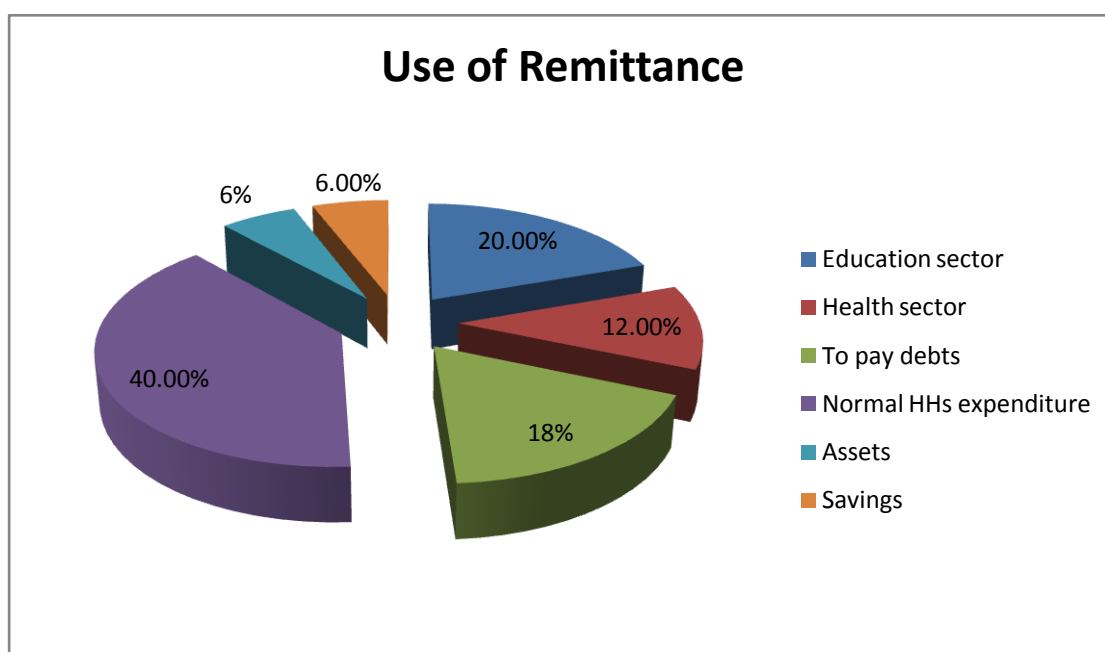
Table 5.11 shows that, 32% of the total HHs received an amount of NRs. 300,000 to 500,000 per year in the same way 46% of the total HHs received an amount of below 300,000 per year. Similarly 16% of the total HHs received an amount of 500,000 to 700,000 per year and above 700,000 per year was received by 6% of the total HHs.

The amount of money received depends upon the types of work we do, skill we possess and quality we deliver. Looking at the data we can say that, very few people earn good amount of money and most of the people are working with very less income. So we need to find out why most of the Nepalese people have low income, it might be due to lack of skill, training and knowledge about the work. Most of the people go abroad as unskilled labor so they are engaged in dangerous, dirty and difficult work as a result they earn less money.

5.10 Classification of use of remittance in the various sectors by the sample HHs

The total amount of remittance received is used for various purposes in the HHs. The money is normally used in normal HHS expenses, education and health sector and to pay debt. The money left after that is seen being used in buying ornaments and land, building a house, doing investments in financial institutions and agriculture, opening shops, etc. The use of remittance by the sample HHS is below:

Figure 5.3



Source: Field Survey, 2016

Pie-chart 5.3 shows that, 40% of the total remittance received was used in normal HHs expenditure that includes buying foods and vegetables, buying clothes, paying electricity/telephone/water/internet bills, buying kerosene, LPG gas, cooking oil, transportation cost and everything that needs to run a house. In the same way, 6% of the remittance was used in consumption of various things i.e. buying ornaments (gold/silver, etc), land, electronic devices (TV, mobile, laptop, computer, camera, etc), vehicles (motorcycles/scooters) and building houses which is listed under the heading, 'Assets'.

Similarly, 18% of the remittance was used in paying debt taken from various sources. 20% and 12% were used in education and health sectors respectively. Under education sector, school and college fees, dress fee, books, copies and other stationary fee were included. In the same way, under health sector, health check-up fee, doctor fee, medicine fee were included. According to the above data, only 6% of the remittance was seen as saving which were used in various purposes i.e. deposited in financial institutions and self-help groups, investment in agriculture, open a shop, etc which was discussed and described later precisely.

5.10.1 Classification of sample HHs on the basis of total amount of saving per year

The amount of saving mainly depends upon two things i.e. amount of total income and amount of total expenditure and consumption. The total annual saving of the sample HHs is shown below:

Table 5.12 Annual saving of the sample HHs

S.N.	Annual amount (NRs.)	No. of HHs	Percentage (%)
1.	Below 25,000	11	22
2.	25,000 – 50,000	16	32
3.	50,000 – 100,000	18	36
4.	Above 100,000	5	10
	Total	50	100%

Source: Field Survey, 2016

Table 5.12 shows that the sample HHs (10%) had an annual saving of above NRs. 100,000 in the same way, 32% of the sample HHs had annual saving of NRs. 25,000 to 50,000. Similarly, NRs. 50,000 to 100,000 saving per year was of 36% sample HHs and only 22% of the sample HHs had saving of below NRs.25000.

5.11 Impacts of Remittance

Everything has its own pros and cons so remittance can't be out form this regard. Remittance has its own positive and negative impacts as well which was discussed precisely below.

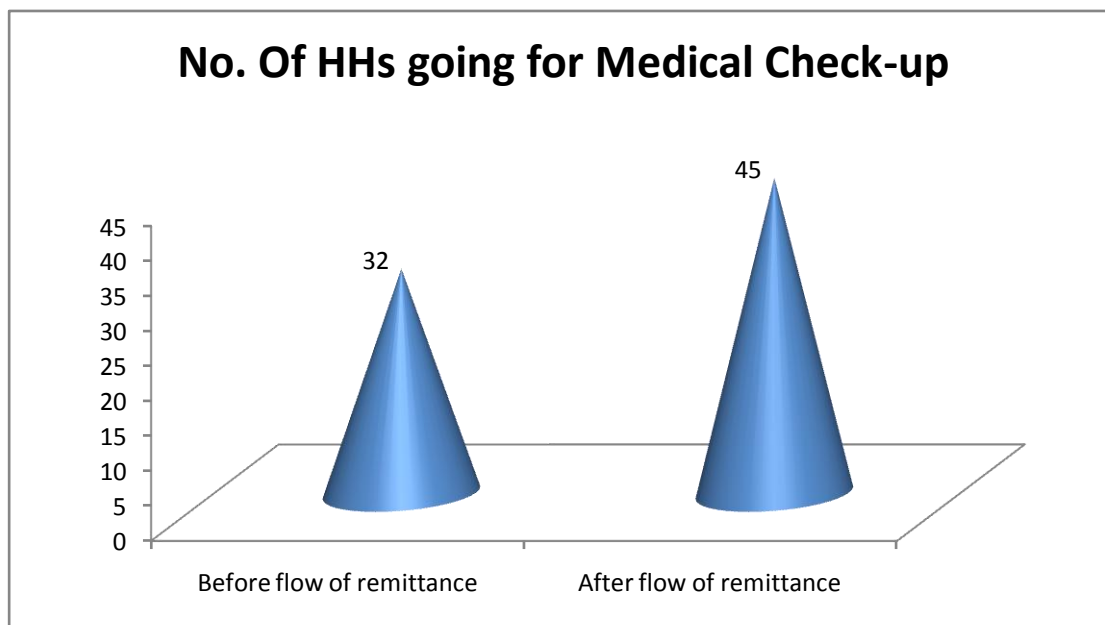
5.11.1 Positive Impacts of Remittance

Remittance has been seen as the backbone of economy from the last decade or so but the important thing to notice is remittance not only helps in economic sector but it has positive impacts on health, education and socio-cultural sector as well. Economic benefits has been discussed in the above topics so, focus was made on health, education and socio-cultural sector below.

5.11.1.1 Health

There was seen a massive improvement in this sector which can be seen from the following table:

Figure 5.4



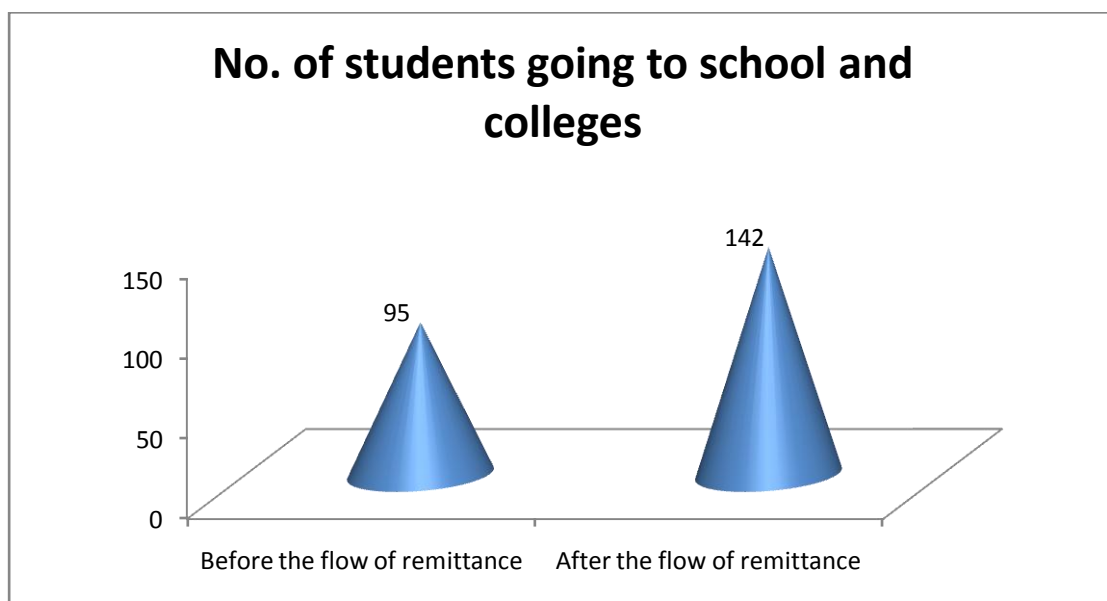
Source: Field Survey, 2016

Figure 5.4 shows it was found that after receiving remittance 45 HHs are going for regular medical check-up in hospitals and health posts and buying medicine. Before only 32 HHs did so. There was significant progress in this sector and there was increased access to health facilities.

5.11.1.2 Education

This is another important sector where the flow of remittance has played a significant role. The number of people going to school and colleges before and after the flow of remittance can be seen below:

Figure 5.5

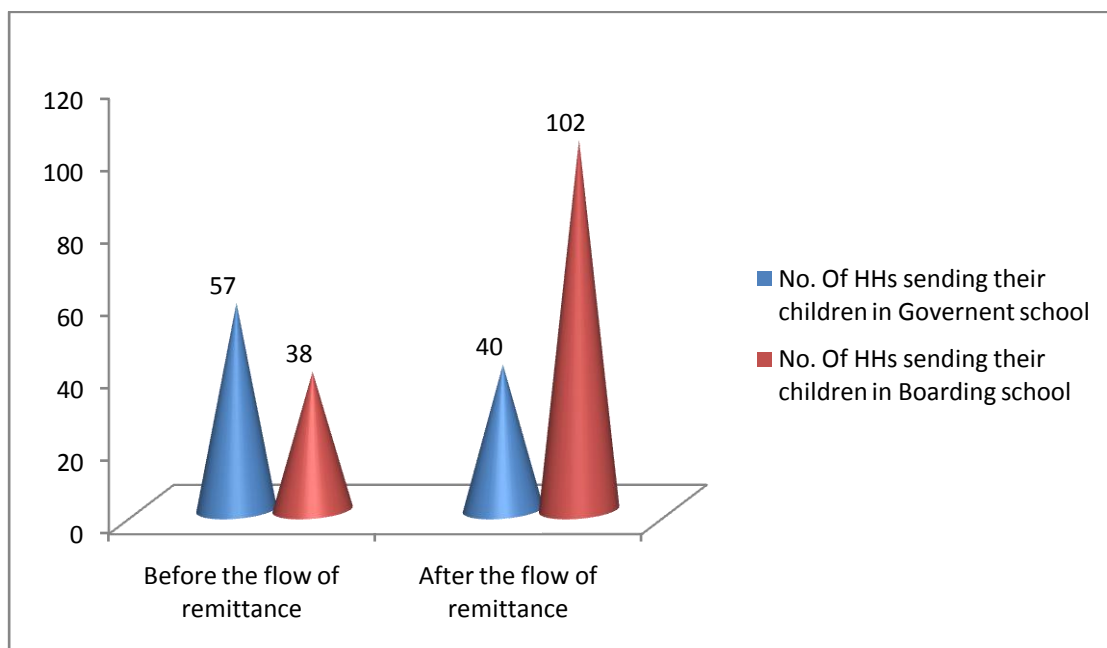


Source: Field Survey, 2016

Figure 5.5 shows that 47 students were added to the school/college going lists after the flow of remittance, before only 95 were going to school and colleges to study.

In the same way, it was seen that there was a change in the types of school enrolled after the flow of remittance which is shown in the following table:

Figure 5.6 Types of school enrolled before and after the flow of remittance



Source: Field Survey, 2016

Figure 5.6 shows that, before the flow of remittance, 57HHs went in children government schools and only 40HHs went children in boarding schools but after the flow of remittance the scenario was changed drastically. Only 40HHs children went to government school and 102HHs children went to boarding schools. So we can say that the focus was made in the quality education. Similarly, after the flow of remittance there was increased access to education.

5.11.1.3 Socio-Culture

It was found that there was more participation in Jatras and festivals after the flow of remittance which helped in preserving the importance of such festivals. Similarly, the social harmony and brotherhood was increased among the family members, relatives and neighbors due to the regular interaction and meetings in the Jatras and festivals.

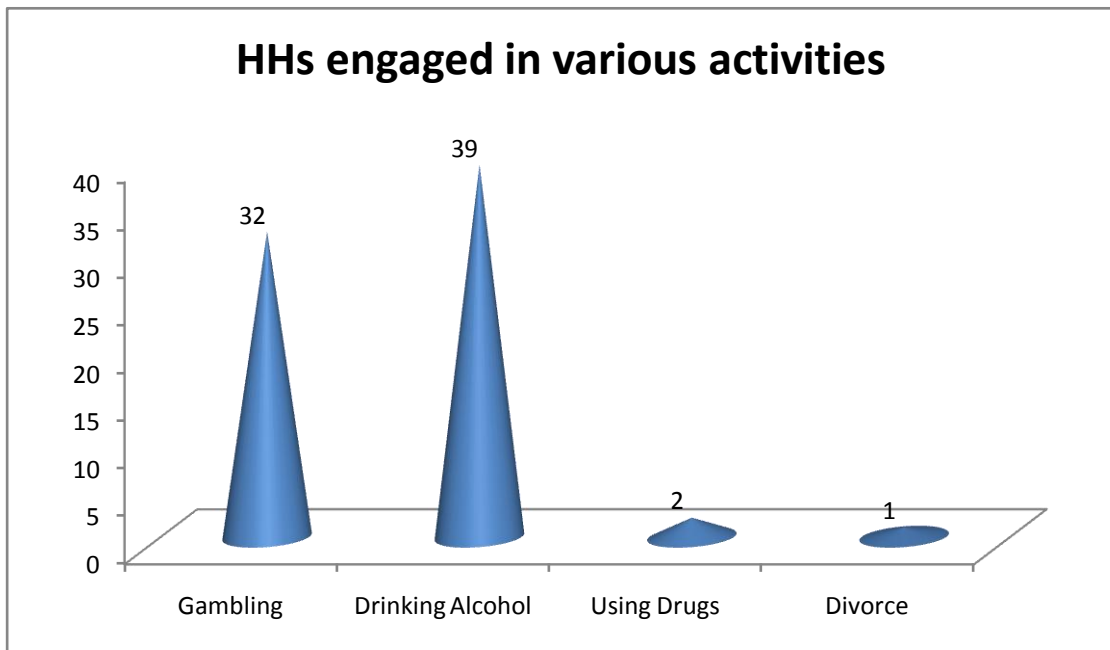
5.11.2 Problems Regarding Remittance

As said earlier, besides having so many advantages of remittance, it has some negative impacts mainly in socio-cultural and economic sector.

5.11.2.1 Socio-Culture

Many positives were seen in the socio-cultural sector but there are some of the drawbacks as well. The negative impacts of remittance in socio-cultural sector are listed below:

Figure 5.7



Source: Field Survey, 2016

Figure 5.7 shows that 32HHs respondents are engaged in unsocial activities like gambling and almost all HHs (39) people used to drink alcohols. Similarly, 2HHs respondents take drugs and there was one divorce case as well.

In the same way, from the formal and informal interviews it was found that there was increment in social evils and it was also seen that there was weak social bond among the family members and societies.

5.11.2.2 Economy

The amount of remittance entered our country in FY 2014/15, Rs. 53.27 billion (thehemalayantimes.com, 2016). So, the above data shows that remittance has played a very important role in the economic sector. It is clear that remittance has been considered as the back bone of the country but there are some of the negative impacts in this sector as well. The following table shows that the no. of HHs using their money in consuming various things:

Table 5.13 Used of Remittance in different sectors

S.N.	Consumption on	No. of HHs
1.	Buying ornaments (gold/silver)	30
2.	Buying land	9
3.	Building house	8
4.	Buying vehicle (motorcycle/scooter)	16
5.	Buying electronic devices (TV/mobile/computer/laptop)	36

Source: Field Survey, 2016

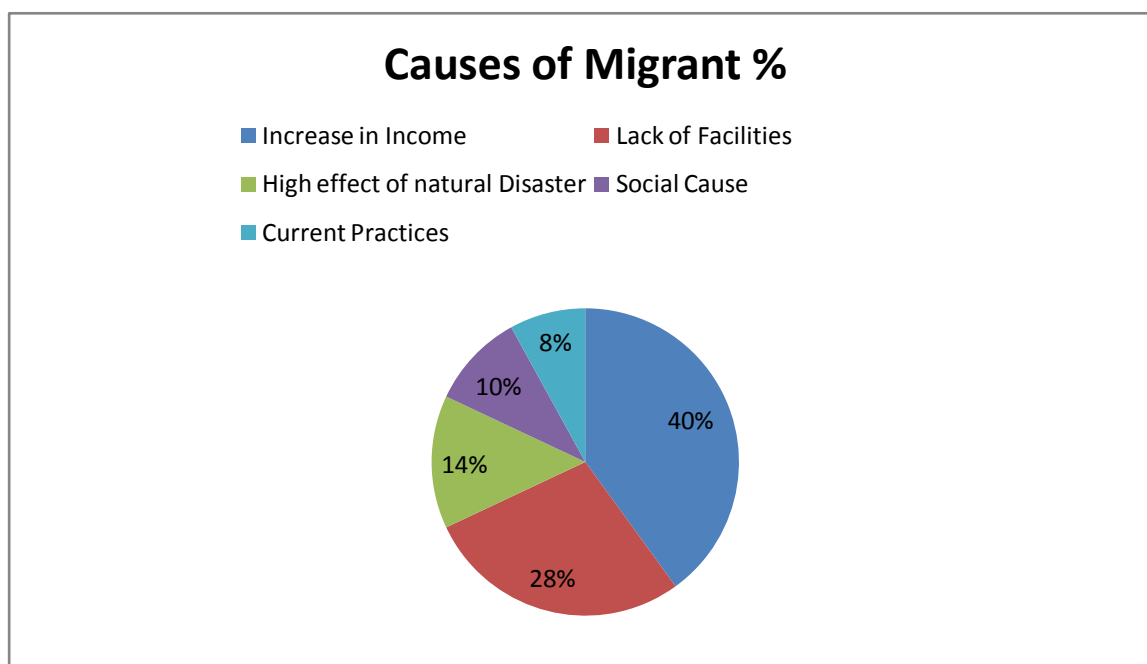
Table 5.13 shows that, out of 36 HHs, all used their money buying electronic devices, mostly mobile was bought. Similarly, 30 HHs bought ornaments, 16 HHs bought motorcycle/scooter, 9HHs bought land and 8 HHs build house. The amount of money used in buying different types of ornaments, buying lands, building house can be considered as the consumed money helpful for nothing but just to increase the social and economic prestige. But if the money were used in income generating activities and different productive sectors, the HHs would get certain return from it the cash would flow from one place to another.

So, the amount of money used in unproductive and consuming sector is freeze so there was no flow of money which results in the downfall of the economy of the country.

5.12 Reason of People Migration Rural to Urban

There many causes of people migration and following figure shows the cause of people migration in study area

Figure 5.8 Cause of Migration in the study area



Source: Field Survey, 2016

Figure 5.8 shows that, according to 40% respondents people migrate rural to urban in increase in income and according to 28% people migrate due to lack of facilities and while according to 14% respondent people migrate due to high effect of natural disaster and also according to 10% and 8% respondent people migrate due to social cause and current practices respectively.

5.13 Remittance Scenario and Evolving Practices of Migrant Labors

In the present day, going outside Nepal to work has been seen as one of the better options to earn money. It is becoming more or less like a fashion to go abroad as a labor migrant. It is seen that rural houses has at least one of the members going abroad to work. Based on the data of the Department of Foreign Employment, around 1,800 people leave the country for foreign employment every day (Kantipur Daily, 2071 Kartik 7). There are various pull and push factors which is leading the young people to go and work abroad. Mainly the push factors are existing poverty, limited employment opportunities, debt, deteriorating agricultural productivity and armed conflict. In the same way, pull factors are better income and employment opportunities in abroad. Increasing remittance flow has been emerged as a favored

poverty alleviation strategy in developing countries, particularly in Nepal. The robust relationship between the growth in remittance and the reduction of poverty has evolved on account of significant growth in the number of rural poor people seeking jobs in the Gulf countries as a result there is heavy reliance on foreign employment which has shifted the Nepali economy from an agricultural based economy towards remittance-based one.

5.13.1 Skill, Knowledge and Information about the Work

Most of the Nepalese people who are going as labor migrants' do not have the required skill, information and knowledge about the job, due to which they earn less money and has to do very hard labor. From the above studies and tables, it was found that, only few skilled workers go abroad to work as a result they are able to earn a very good amount of money with less effort comparing with the unskilled and semi-skilled workers. So, proper trainings and understanding about the work is necessary before going abroad in order to earn more money.

5.13.2 Problems faced by the migrant labors

The migrant labors face various problems during their stay in abroad. The major problems are security problem, problems regarding sending money back home, lack of support from the Nepalese embassy, problems faced due to fraud manpower companies in Nepal etc.

5.13.2.1 Security Problem

This is one of the major problems faced by the labor migrants. Mainly in gulf countries while going to work and returning from the work, they are looted by the local thieves time and again and sometimes it was also found that even the policeman over there take money from the labors and are connected with the local thieves. So the Nepalese people can't complain anywhere about this problem.

5.13.2.2 Problems regarding sending money back home

Most of the migrant workers are not able to send their earnings safely. Illegal migrant works are facing such problem in a massive way. Due the lack of security and proper

mechanism to send their money back they are not able to save or earn enough money in reality.

The formal institutions have long, lengthy and difficult money sending process so most of the rural people are opting to send their earned money through informal institutions like hundi. The embassy of Nepal should look forward to this problem and should come with a solution so that the Nepalese people can send their earned money easily with normal sending charges through formal sources.

5.13.2.3 Lack of support from the Nepalese Embassy

People from Nepal go abroad to work in different country doing a contract with the companies they work but after going there they find that, they do not get the work, salary and other facilities as written in the contract papers. So, they go and complain to the Nepalese embassies but the embassies over there do not provide any kind of support as a result the workers are compelled to do what the companies ask them to do. Some of the people come back to Nepal because of this, but other people stay in order to earn money and pay the debt they have taken while going abroad.

5.13.2.4 Problems faced due to fraud manpower companies in Nepal

Many manpower companies here in Nepal give attractive advertisement with fake information regarding the companies to go and types of work to be done, about the salaries and other benefits, etc so that many uneducated rural people are attracted by the advertisement so that they face so many problems after going abroad. Certain policies should be made and monitoring should be done about the services and information being provided by the manpower companies. Migrant workers have a lack of realistic information about the country of destination. So, they were go with a sweat dream but come back with a sad story during their work place.

5.14 Other Problems

1. Most of the Nepalese people do not have much idea about the languages of other countries so that they face lots of problems during their stay over there. They have problem in visiting places over there, buying things, communicating with the local people over there but it

was found that during their stay, they learn the language of the countries they are staying in a year or so and are able to communicate with the people over there. So, before going abroad, it is important that we should have basic knowledge about the very language.

2. The travel documents, passports are seized by the employers during the job placement of the workers, so they can't raise their voice against exploitation and compelled to work even in low wages.
3. Nepalese government does not have a scheme to provide comprehensive training and pre-employment information to the migrant workers. The available pre-departure training is just for formality to obtain the certificate.

5.14.1 Use of skill and knowledge learnt from foreign countries back in Nepal

People working outside Nepal not only earn money but get a chance to see and explore so many things, gain knowledge and skills which can be useful back in Nepal. By using the foreign learnt skills, ideas and knowledge they can do income generating activities by doing their own business, open shops and factories, do farming, etc and help not only to earn money but give employment opportunities to others as well. But it is not seen much in practices, only few people returning back home use their learnt skills and knowledge in Nepal.

CHAPTER SIX

FINDINGS, CONCLUSION AND RECOMMENDATIONS

6.1 Major Findings

Following are some of the highlights of the key findings:

- Ghusel VDC of Lalitpur district is the study area.
- The VDC has 317 households with total population 1663, male 839 and female 824.
- It is found that households receiving remittance has been taking advantages from the remittance.
- HHs who are/were receiving remittance for a period of two years or more has been taken as sample HHs i.e. total sample HHs is 50.
- The total population of sample households is 195, male 94 (48.21%) and female 101 (51.79%).
- In the study area average HHs size is found to be 5.66.
- Highest no of households in the study area are Tamang (60%) followed by Chettri (22%) and Brahmin 18%.
- The average literacy rate of sample HHs is 70.25%, Male literacy 48.21% and female literacy rate 51.71%.
- Major occupation status of the sample HHs, Agriculture 70%, service/jobs 14%, business/factories 6% and others 10%.
- 52% sample households agreed that their income supports expenditure for 6 months while 18% sample HHs for 12 months, 16% sample HHs for 12+ months and 14% for 3 months.
- Out of total migrant labors in the sample HHs, 82% are male and 18% are female.
- Out of the total migrant labors of the sample HHs, 32% has gone to Malaysia, 22% to UAE, 14% to Qatar, 2% to Macau, 30% to Japan, Europe, USA, Saudi Arabia and South Korea.

- Out of the total migrant labors of the sample HHs, 56% labors had gone as unskilled labor, 28% as semiskilled labor and only 16% as skilled labor.
- 42 % migrant labors of the sample HHs had gone abroad to pay debt, 16% because of frustration, 20% due to unemployment and rest of the migrants gone abroad for making better future.
- 38% of the total migrant labors of the sample HHS agreed that the total money they paid during their process of going was above NRs. 100,000. 44% paid an amount between NRs, 50,000 to 100,000. 18% paid an amount of NRs. 25,000-50.
- 68% of the sample HHs had taken debt while going as migrant labor.
- 20% sample HHs used hundi as their mediums of transfer of remittance, 70% sample HHs through financial institutions, 6% through family members/friends and 4% sample HHs brought remittance themselves.
- Out of the total sample HHs, 32% received an amount of NRs. 300,000-500,000 as remittance per year, 46% below NRs. 300,000, 16% HHs received between NRs. 500,000 to 700,000 and 6% HHs received above NRs. 700,000 remittance annually.
- 40% of the remittance received was used in normal HHs expenditure, 6% of the remittance was used in consumption of various things (buying ornaments, lands, electronic devices, vehicles, building house, etc), 18% in paying debt, 20% was used in education sector, 6% in saving and 12% of the total remittance received in health sector.
- 30sample HHs bought ornaments (gold and silver), 9 sample bought lands, 8 sample HHs built houses, 16 sample HHs bought vehicles (motorcycle/scooter) and all sample HHs i.e. 36 HHs bought electronic devices (laptop, camera, TV, mobile, etc).
- 10% of the sample HHs had an annual saving of above NRs. 100,000. 32% HHs had between NRs. 25,000 - 50,000. 36% of the sample HHs had annual saving between NRs. 50,000 -100,000 and 22% of the sample HHs had an annual saving below NRs. 25,000.

- The number of HHs going for regular health and medical check-up increased by 13 after the flow of remittance.
- The number of school and college going students increased by 62 after the flow of remittance.
- 102 sample HHs send their children to boarding school after the flow of remittance before only 38HHs children were going to boarding school.
- Some of the sample HHs were engaged in unsocial activities like gambling (32HHs), drug abuse (2HHs), drinking alcohol (39 HHs) etc.
- Reason of migration from rural to urban in the study area is seemed to like 40% due to increase in income of HHS, 28% HHS are migrating from rural to urban due to lack of facilities, 14% due to natural disaster, 10% due to social cause and 8% people migrate from rural to urban cause of current practices.

6.2 Conclusion

The trend of going outside Nepal to work has been increasing day by day. We discussed some of the reasons for going as migrant labors in our study above but whatever might be the reason, remittance has been seen as a backbone to the Nepalese economy in recent time and there has been substantial growth of remittance economy. The contribution of remittance is increasing yearly. If this present trend continues, it is speculated that remittance economy was substitute many other sectors of the economy in the coming years.

Remittance has been seen as a lethal weapon encountering poverty because it has great positive impacts in many aspects of people's life. Remittances generally improve the standard of living of the recipient families and relatives, increase household income and allow the head of the household to allocate more resources to providing food, accessing health services and education for the children and improving the house itself. For example, the average amount received by a household can be superior to GDP per capita. This is significant considering that only a small percentage of rural inhabitants earn incomes equivalent to per capita GDP.

The study shows that the present socio-economic status of the people has been improved significantly after receiving remittance. People have more spending power as a result there is increment in the number of school and college going students, similarly people are more conscious about their health and are going for a regular health check-up. Rural people are engaged in festivals and jatras so that there is regular interaction between the family members and society which leads to the strong bond of brotherhood and harmony.

Despite a low level of “productive investments,” the multiplier effect of remittances on local economies is noteworthy, especially if they are spent locally. Even though it is clear that remittance recipients spend the bulk of their funds on consumer goods and do not invest them in productive and income generating activities, the increase in spending in rural towns has positive effects, creating a financial “injection” into the town’s economy that in reality is greater than the original value of the remittances sent.

As a whole, remittance seems very good for the developing countries but certain things are needed to be sort out. There are increment in social evils in the society like ex-marital relations, divorce, gambling, taking drugs, drinking alcohol, etc. so, these things are to be focused. Similarly, proper trainings and skills should be provided to the outing labors so that it had been easier them to work rather going there without any skills. In the same way, remittance received should be used in income generating activities so that the people over here can have employment opportunities and cash flow in their households.

Income received as the Nepali workers’ remittances working abroad has been an automatic instrument for poverty reduction in Nepal. Remittance has been recognized as a key to solve various economic ills afflicting the country. Moreover, it has raised some obvious questions. For instance, long the national economy can solely depend on the source of remittances to sustain itself? Is it possible to use the remitted money to improve social livelihood of the Nepali people or, can it be used in more productive sector? Can our policymakers think beyond the box of remittance economy?

At the end, it can be concluded that the economic and socio-cultural condition of all the families who have involved in foreign employment have increased. There is

positive change in the status of the families of the respondents due to remittance income. Therefore we can say that remittance income is playing very vital role in reducing the poverty level of the study area.

6.3 Recommendations

As already mentioned above, the remittance can be one of the very good options for encountering poverty in the present time. Based on the study following recommendations are made for its wider applications throughout the nation.

- 1) The initial cost of going abroad is high such that all people can't support it. So, they borrow or loan at high interest rates. So special provisions should be provided for the rural people to give them more opportunities while there should be also certain provisions to urban areas people who are willing to go and work outside Nepal.
- 2) Financial institutions should provide easy loan facilities to the rural people.
- 3) There should be provision of low interest rates for taking debt and insurance policy for labor migrants.
- 4) Government should make new policy to identify new potential destinations and create opportunities to go these destinations where the workers was earn more money. Apart from these the labor contract should be done between two countries to give safe environment for the workers.
- 5) Dealing with both prospects and challenges of labor migration and remittances, the country needs a rationally designed and improved institutional framework.
- 6) Government should also think of channeling remittance flows towards more effective poverty reduction and rural development outcomes.
- 7) Most of the respondents have not utilized their remittance and newly learnt skills at abroad when they came back home because of lack of technology, non availability of sizable investment funds and lack of market etc. So the policy should be made to create good environment and provided sufficient technology as well as market and the

Government should play as the role of facilitator for all the investors and the workers.

- 8) Most of the respondents of this VDC have gone to foreign employment in unskilled condition. So they cannot earn more income than skilled workers. So, the technical training institution should be established in rural areas and a person who wants to go to the foreign employment, should be given training related to the work has to be done in abroad and also the language of the migrating country before going to foreign employment.

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APPENDIX I

Questionnaire on Impact of Remittance on Poverty Reduction.

A. DEMOGRAPHIC/SOCIAL/EDUCATION

1. Household owner name- Mr./Ms./Mrs.....
2. Household size- a. Male..... b. Female.....
3. Literate- a. Male..... b. Female.....
 - Below slc
 - Diploma
 - Undergraduate.....
 - Graduate or above.....
 - Illiterate.....
4. No. Of family members out for labour migration a. Male..... b. Female
5. Gone for labour migration as-
 - a. Unskilled labour-
 - b. Semiskilled labour-.....
 - c. Skilled labour-.....
 - d. Others (specify).....

B. ECONOMIC

1. Main occupation-
 - a. Agriculture
 - b. Service
 - c. Animal Husbandry
 - d. Business
 - e. Labour
2. Income that can support the family expenditure before going Abroad-
 - a. For 3 months.....
 - b. For 6 months.....
 - c. For 12 months.....
 - d. More than 12 months.....
3. Main reason to go Abroad -
 - a. To pay debts
 - b. To build a better future
 - c. Frustration in Nepal.....
 - d. Others(specify)
4. Total amount of money paid during the process of going-
 - a. Below NRs.25,000.....
 - b. NRs. 25,000-50,000.....
 - c. NRs. 50,000-100,000.....
 - d. Above NRs. 100,000.....

5. Debts taken during the process of going- a. Yes..... b. No.....
 - 5.1 If yes, from where:
 - a. Financial institutions
 - b. Family members/Friends.....
 - c. Local money lenders/Sahu.....
 - d. Others(specify).....
 - 5.2 Percentage of the interest of the debts :
 - a. Below 5.....
 - b. 5-10
 - c. 10-15
 - d. Above 15.....
6. Mediums of transfer of remittance
 - a. Financial institutions.....
 - b. Family members/friends.....
 - c. Hundi.....
 - d. Self.....
 - e. Others.....
7. Amount of remittance received per year.....
8. Use of remittance in various sectors :
 - 8.1 Health
 - a. Health check-up fee/Doctor fee.....
 - b. Medicine fee.....
 - c. Others (specify).....
 - 8.2 Education
 - a. School/college fee.....
 - b. School/college dress.....
 - c. Books/copies.....
 - d. Others (specify).....
 - 8.3 Normal HHs expenses
 - a. Buy food and vegetables.....
 - b. Buy clothes.....
 - c. Electricity/telephone/internet bill.....
 - d. Others (specify).....
 - 8.4 Consumption :
 - a. Buy ornaments (gold,silver,etc).....
 - b. Buy a land.....
 - c. Build a house.....
 - d. Buy vehicles (motorcycle/scooters).....
 - e. Buy electronic devices (camera, TV, mobile, laptop, computer, etc)....._
 - f. Others (specify).....
9. Savings: a. Yes b. No.....
 - 9.1 If yes, then amount of saving per year
 - a. Below NRs.25,000.....
 - b. NRs.25,000-50000.....
 - c. NRs. 50000-100000.....
 - d. Above NRs. 100000.....
 - 9.2 Saved money used in various sectors.....

- a. Deposited in Financial Institutions.....
 - Percentage received.....
- b. Deposited in Self-Help Groups.....
 - Percentage received.....
- c. Given Credit to Others.....
 - Percentage received.....
- d. Investment in Agriculture.....
- e. Open shops.....
- f. Others(specify).....

C. IMPACTS OF REMITTANCE :

- **POSITIVE IMPACTS ON**

- 1. Education:
 - a. Transfer from Government school to boarding schools.....
 - b. Focus on quality education.....
 - c. Increased access to education.....
 - d. Others (specify).....

- 2. Health :
 - a. Regular health check up.....
 - b. Buy medicine.....
 - c. Increased access to medical facilities.....
 - d. Others (specify).....

- 3. Economy/income :
 - a. Acceleration of economic activities.....
 - b. Increased access to buy things when needed.....
 - c. Others (specify).....

- 4. Socio-culture:
 - a. Increased participation in festivals and jattras.....
 - b. Increment in social harmony and brotherhood.....
 - c. More social status.....
 - d. Others (specify).....

- **NEGATIVE IMPACTS ON**

- 1. Socio-culture:
 - a. Divorce.....
 - b. Gambling.....
 - c. Weak social bond among family members and society.....
 - d. Using drugs and alcohol.....
 - e. Increment in social evils.....
 - f. Others (specify).....
- 2. Economy:
 - a. Expenses/Money consumed in:

- To buy ornaments (gold, silver, etc).....
- To
- To buy lands.....
- To build a house
- buy vehicles (motorcycle/scooter).....
- To buy electronic devices (computer, laptop, camera, mobile, TV)....
- Others (specify).....
- The reason of people migration
 - a) Increase in income
 - b) Lack of facilities
 - c) Highly effects of natural digester
 - d) Social cause
 - e) Current Practice (Dekhashekhi)

- **Problems faced by the migrant labors before and after going to work and during their stay in abroad**

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- **Use of skill and knowledge learnt in foreign countries in Nepal**

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