

# CHAPTER-ONE

## INTRODUCTION

### 1.1 Background of the Study

Nepal is a mountainous landlocked country with an area of 147181 sq km. The country has total population of 26494504 (Population and Housing census 2011) with an annual growth rate of 1.35%. About 83% of nation's population live in rural area and the country has characterized by small landholding, a fragile economy, politically in transitional phase.

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.

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. Remittance income has emerged as a new important source of external funds almost in all developing countries. It has played a crucial role also in the economy of Nepal. Due to the slowdown in the economy of the country, employment opportunities are created less. Therefore, the trend of migration to foreign country for job is increasing rapidly. Migration and remittance has become a subject matter of great concern. Remittances provide the most tangible link between migration and development (Ratha 2009). The various studies show that about 30 Million people are migrating annually for foreign employment. Moreover, the reason of liberalization and globalization concept has influenced the labour surplus countries for migrating their labour forces to overseas employment. During the oil boom in the 1970s, the South Asia was able to supply cheap labour to meet the growing

labour demands in the Middle East, (Singh, 2006). Since 3–4 decades, in developed countries, the labour demand is rapidly increasing due to low birth rate and indifference to lower level work. In this context, the developing countries are trying to grab benefit by migrating their surplus labour for overseas employment. Historical accounts suggest that the tradition of foreign labour migration in Nepal emerged since the early 19<sup>th</sup> century with the inception of the recruitment of Nepalese youths in British Army in India. Foreign labour migration for non-military purposes is a late mid-19<sup>th</sup> century phenomenon, mainly due to excessive taxation, oppressive production relations and impoverishment of peasantry. After the restoration of multiparty democracy in the nation in 1990, the societal openness increased significantly. Due to the open world, all societal and economic activities have crossed the national border. Science and technology have played vital and key role in the field of rapid development. In this scenario, we see that some government agencies, commercial banks, development banks, financial institutions, cooperative institutions, money transfer companies, manpower financial institutions and other organizations are working in the field of remittance market.

Nepal has been experiencing continuous growth in remittance inflow since last few years and as a result its disposable income has continued to rise as well. The country's economy is gradually becoming consumption oriented mainly due to remittance income, and to some extent, other factors, thereby causing hopeless plunge in savings and investment rates. According to MoF, 2011, consumption to GDP that stood at 88.3 percent in FY 2000/01 has gone up to 93.3 percent by FY 2010/11. As a result, the rate of domestic savings has come down to 6.7 percent from 11.7 percent during this period. Consumption oriented economy naturally leads to dependency resulting in the death of resource for investment. Hence, it is another challenge of creating the foundation for economic growth through enhancement of saving and investment levels by discouraging unnecessary consumption.

According to recent study (Economic Survey, 2010/11), the number of companies dealing with remittance has reached to 53 where as about 385 money changer firms are providing services in the country. Total number of money changer firms in Kathmandu valley has reached 193. As of mid march 2011, firms licensed to conduct forex transactions totaled 3,197 comprising 280 hotels, 1,126 trekking, 1,381 GSA/PSA of foreign airlines, 293 cargo couriers, 66 various

organizations and 51 domestic and international airlines. Nepal Rastra Bank Remittance by-laws, 2010 has been put into practice from September 16, 2010 with the objective of making the remittance transactions more transparent and simple in regards to safely bring in earnings of Nepalese abroad in simple, economic and secured manner.

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, 1<sup>st</sup> quarter is Rs. 97717.1 million, in the same way, 2<sup>nd</sup> quarter is Rs. 99981.2 and the recent 3<sup>rd</sup> 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 will substitute many other sectors of the economy in coming new years.

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).

Most of the migrated people are from the rural sector of Nepal but due to the lack of the banking facilities in the rural areas, they are sending their earnings from the informal mediums up to now. In this present situation remittance is playing very vital role to reduce poverty level of Nepal to the downward ranges, especially in rural areas where there is no other opportunities to earn and

get employment without agricultural sector. But due to the lack of proper government policy to encourage the remittance income in the productive sectors; almost 80 percent of the remittance money is used in the unproductive sectors like house building, land buying and other luxurious goods. People migrate to other countries to work and earn money, which certainly helps to reduce poverty level of rural areas. (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.

Agriculture is the main occupation of this VDC, which is located 26.6 km, from the district head quarter. In order to provide social facilities, there are few VDC level agencies of sub-health post, veterinary service center.

There are many problems in the village such as drinking water the people of this VDC use impure water from which they suffer from different kinds of diseases. There is facility of education.

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

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

### **1.3 Objective of the Study**

The general objective of the study is to examine the role of remittance in changing rural livelihood of people in the study area. The specific objectives of the study are:

- To assess the status in remittance inflow in the study area.
- To compare the socio- economic changes of the members due to remittance.
- To analyze the problems and prospects of remittance in the productive use.

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

Migrant remittances represent the most direct, immediate, a far reaching benefit to migrants and their country of origin. They are a more constant source of income to developing countries than official development assistance, foreign direct investment and other private flows. Remittance can generate a beneficial impact on the economy through various channels, such as savings, investments, growth, consumption and income distribution. Remittance have relaxed the foreign exchange constraints of the country and strengthened its Balance of payment position (Shrestha, 2006:30).

Since the inception of the Eighth five year plan, alleviation of poverty has been accorded highest propriety. Likewise several short as well as long term programs have been launched in this related field but results are not so satisfactory. In this regard due to so many reasons like unemployment, insurgency, weak governance and faulty education system etc, large number of young manpower have migrated to foreign countries for work to the other countries like USA, UK, Australia, other European countries as well as to the Gulf countries like Saudi Arabia, Dubai, and Malaysia, Iraq etc. Due to this emigration of stream somehow the people have been able to fulfill their basic needs. Therefore, in this present time the remittance income is playing very important role to reduce the poverty in the rural areas of our country Nepal. Especially, in those areas of Nepal where there is no any job opportunities to earn money to fulfill their basic needs except the agricultural sector. But the productivity of the agricultural sector is very low. The people of the rural areas work for all the year but hardly get food even for six months. (Shrestha, 2006)

In the past, the kind of job of Nepalese workers used to get abroad was only the armed force. After the restoration of democracy, international job market was opened in the 40 countries. Thus in the new phenomenon of entering into the WTO, efficient and skilled labor force is

required and diversification in the skill and destination. This study will also concentrate on the role of remittances in rural Nepal and guide to make it more helpful in eradicating rural poverty and increasing the capacity of the labor force. The economic indicators will help to plan rural area.

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, Special Study Section, 2006)

The study focuses on the important topic of the current situation; therefore, the study deserves some significance of its own kind in this field. Remittance has become a major source of external finance, providing a convenient angle from which to approach the complex migration agenda. Workers' remittance are playing vital role to increase living standard of rural livelihood, mainly in those areas of Nepal where there is no job opportunity, except agricultural area, to earn money for fulfillment of their basic needs.

So, this present study has theoretical as well as practical or applied importance. This study gives the general overview of the migration and remittance trend in Nepal. Further, it fills up the gap of knowledge about the impact of remittance on the rural households.

### **1.5 Limitations of the Study**

Every study has its some limitations which are the conditions beyond the control of researchers that may place restrictions on the conclusion of the study and their application to other situations.

There are some limitations of this study too which are as follows:

First, this study being academic and limited to time and resources, the study does not cover all the aspects of consumption behavior of respondents. However, it focuses on some of its major important aspect.

This study has been based on and limited to the foreign employment of Dumarwana VDC of Bara district. The sample population has been taken from three selected wards of Dumarwana VDC, but not of whole VDC. The study is mainly focused on total inward remittances. This study is based on both data, primary and secondary. It is very difficult to find actual inward remittances come through unrecorded process or informal channels. The calculation and analysis made in this study is based on the simple statistical tools used.

## **1.6 Organization of the Study**

The study in total consists of five chapters. The first chapter includes introductory information about study and study objectives i.e. background, statement of the problem, objective of the study, rationale and limitation of the study.

In second chapter reviews of literature is included. The third chapter describes the methodology adopted for the study i.e. research design, rationale of the study area, sampling procedure, data collection techniques and tools.

Data analysis and interpretation of the study has been organized in the chapter four while major findings, conclusions and recommendation are incorporated in the chapter five.

# **CHAPTER- TWO**

## **LITRETURE REVIEW**

### **2 Theoretical Framework**

#### **2.1 Definition of Remittance**

Remittance means transferring of money one place to another. Remittance is the amount transferred by worker abroad to support their families back home. Euphemistically, present day Nepalese economy is characterized by “remittance economy”. Its genesis start from right from the beginning of world war in which Nepalese fought not for the protection of their homeland but in course of fulfilling duty in which they are engaged. At the time of British rule in India, those days when “Nawabs” of Lucknow were watching helplessly the loot of their huge wealth. The possessions thus received went to the treasury of the rulers but the salary of the solders received formed the part to support their families. Remittance business is created by foreign employment that has the long experience in Nepal. For the foreign employment Nepalese people are engaged before some centuries. The Nepalese people were eared “Brave Solders” in the history of the world before some decades. Nepalese people are earned a name and fame for the fighting the victory in the war so that they are called as “BirGorkhali”. Nepalese migrated people are called ‘Lahure’ because they employed and earned money in Lahure which is in Pakistan now. Some of the Nepalese were earned money in Malaysia so they were called “ MalayakoLahure”. (NRB report, 1997).

According to study conducted by Prof. Seddon, Jagannathadhikari and Ganesh Gurung entitled “Foreign Labor Migration and Remittance Economy of Nepal” for DFID ( Department for International Development of the British Government ) in the year 2005, nearly Rs. 69 billion was remitted by the Nepalese working in foreign countries in 1997 of this, nearly 40 billion came from an estimated one million Nepalese working in India whereas the rest ( nearly Rs. 29 billion came from people working in other parts of the world.

Remittances are obtained from migration. These remittances obtained can have a positive impact on economic growth. It can alleviate poverty in migrant sending countries and also mitigate the impact of adverse shocks (Mishi&Mudziwapasi, 2014). The family ties in terms of mutual caring



is considered to be the major reason for remitting. “According to Johnson and Whitelaw (1974), Altruistic motivations for remittances”. Lucas and Stark (1985) states that the most obvious motive for remitting is pure altruism- the care for migrant for those left behind (Chami, Jahjah, & Fullenkamp, 2003). Furthermore, the main theoretical determinants of remittances are altruistic, insurance, the bequest motive, loan repayment, and the exchange motive. The neoclassical micro-economics define migration as an individual strategy for own income maximization considering it as an individualistic behaviour contrary to altruistic tendencies (Mishi & Mudziwapasi, 2014). But, an individual migrate when expected gain exceeds from staying at the origin. Migration is also a strategy of a family to overcome financial crisis. For example, a member in a household migrates due to loss of employment. The family observes migration as a portfolio of diversification as remittances obtained can have positive outcomes. Diversification strategy becomes an important adaptation process that runs within havocs and opportunities that rural household creates in order to accumulate assets which help them to survive and improve their standard of living (Kamanga et al., 2009).

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 (Gaudel, 2006). Now a day, this source of foreign income has been growing rapidly in each year in developing countries.

Initially, remittance in Nepal was introduced with Gurkha remittances. 'The Gurkhas' were renowned for good qualities of soldiers. That's why British India formally recruited Nepalese youth as a regular army, which later divided into British and Indian army. Nowadays, Nepalese going abroad are not only for armies but also spread all over the world for work and mostly they are concentrated in Gulf areas in civilian front (Kshetry, 2003).

Remittances can be measured as the sum of workers' remittances, compensation of employees and migrant transfer (Poprzenovic, 2007). The total amount sent by immigrants to the home country who lived more than one year is workers' remittances. The total net worth of migrants is migrant transfer. The amount sent by migrants who have lived abroad less than a year is compensation of employees.

## **2.2 Global trends in remittance flows**

Remittance flows to the Latin America and the Caribbean (LAC) region are likely to bounce back this year, following a weak 2013. Recovery in the United States will benefit Mexico, El

Salvador, Guatemala and Nicaragua, which together account for more than half of the remittance flows to the region. In contrast, high unemployment in Spain is negatively impacting remittances to Bolivia, Colombia, Paraguay, and Peru. Intraregional remittances from Chile will continue on an upward trend. Remittances to the region are expected to increase by 5 percent this year, compared to 1 percent last year, to \$64 billion, rising to \$67 billion in 2015.

In the Middle East and North Africa (MENA) region, officially recorded remittances are on course to expand moderately this year, rising by 2.9 percent to reach \$51 billion in 2014. Flows remain volatile, especially in the three largest recipient countries – Egypt, Lebanon and Morocco. After the sharp fall in flows to Egypt in 2013, remittances are expected to stabilize in 2014, helped by attractive investment opportunities in the planned expansion of the Suez Canal. The ongoing economic crisis and high unemployment rates in Europe will continue to dampen remittances to Morocco, Tunisia and Algeria. Flows to the region are expected to strengthen in the coming years, growing by 4 percent in 2015 to reach \$53 billion.

Remittances to the South Asia region are increasing more robustly this year, accelerating from slower growth in 2013. Although flows to India, the region's largest remittance recipient, will grow modestly by 1.5 percent in 2014, partial year data point to very strong growth in flows to Pakistan (16.6 percent), Sri Lanka (12.1 percent) and Nepal (12.2 percent). The expansion is being led by flows from the Gulf Cooperation Council countries, where skilled and unskilled workers are finding renewed job opportunities. As a result, the growth rate of remittances to the region is expected to more than double this year to 5.5 percent (from 2.7 percent in 2013), boosting volumes to \$117 billion in 2014 and rising further to \$123 billion in 2015.

Growth in remittances to Sub-Saharan Africa is picking up modestly this year. The importance of remittances varies greatly across the region. Remittances as a share of GDP are most significant to Lesotho, the Gambia, Liberia, Senegal and Cabo Verde. Flows as a share of foreign exchange reserves are highest in Sudan, Senegal, Togo, Mali and Cabo Verde. Remittances to the region are expected to reach \$33 billion this year and \$34 billion in 2015.

### **2.3 Remittance flows in Nepal**

The Nepal Living Standard Survey (NLSS, 2007) is the first and only data source to provide statistically accurate estimates of levels of and trends in international work-related migration

from Nepal and on the amount of money sent home in remittances. According to NLSS, 23 percent of households in Nepal received remittances in 1995, and that proportion climbed to about 32 percent in 2004. Further, the share of households with remittances from abroad grew from 10 to 17 percent between the survey's two rounds. The amount of remittances received also increased from about NPR 22,000, or 36 percent of mean household yearly consumption in 1995, to NPR 35,000 or 44 percent of mean consumption expenditure in 2004. (Mikhail, 2007)

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 Money Transfer, International Money Express (IME) etc.

In several district headquarters of the country, the remittance flows has become popular for transferring cash 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.

Remittances contributed to national economy in different ways. Share of remittance in GDP is swiftly increasing in recent year. There are different sub heading in current transfer credit. They are grants, workers' remittances, pensions and others. The remittance is the main contributor in current transfer credit. It has been contributing 64.7 percent in 2004/05 to 81.5 percent in 2010/11(NRB, 2010).

Table 3 shows the annual remittances flow and it contribution to national GDP. The remittance GDP ratio increased from 10.7 percent in 2000/01 to 2008/09. And decelerated to 18.8 percent in 2010/11(NRB 2010). It is quite higher as compared to other south Asian countries.

**Table No. 2.1: Remittances in flow and its contribution to GDP**

Year	Remittances (in Millions)	Contribution to GDP
2000/01	47,216.10	10.70
2001/02	47,536.30	10.30
2002/03	54,203.00	11.00
2003/04	58,587.60	10.80
2004/05	65,541.20	11.10
2005/06	97,668.50	14.90
2006/07	100,144.80	13.80
2007/08	142,682.70	17.50
2008/09	209,698.50	21.20
2009/10	231,725.30	19.60
2010/11	2,535,451.60	18.50
<b>Total</b>	<b>3,590,455.60</b>	

Source: Nepal Rastra Bank\2010

The role of remittance at micro level is also crucial in Nepalese context. At the community level, remittances creates multiple reflection in the domestic economy producing employment opportunities and spurring new economic and social infrastructure and services, especially where effective structures and institutions have been set up to pool and direct remittances.

One of the factor key responsible for improving the status of the people at household level is remittances coming from abroad. Remittances not only help to reduce poverty, but also reduce the depth and severity of poverty in Nepal. The money that is available to families, improves human developments of the country.

The effects of remittances are not restricted to the migrants' households and stretch out to the entire community. The remittances are mostly utilized for current consumption and very little part is spent on productive activities. According to NRB 2008 "Report on household budget

survey Nepal" the major portion of the remittance is used for meeting household use and repayment of earlier loan.

The proportion of households receiving remittances has increased from 23.4 percent in 1995/96 to 55.8 percent in 2010/11 (Table 4). Likewise, per family average remittances has increased 15,160 in 1995/96 to 80,436 percent in 2010/11.

**Table No. 2.2: Contribution of remittance at Household level**

<b>Description</b>	<b>1995/96</b>	<b>2003/04</b>	<b>2010/11</b>
Percent of all household receiving remittance	23.4	31.9	55.8
Per family average remittance (Rs)	15,160	34,698	80,436
Contribution of remittances in household total income (in percent)	26.6	35.4	31
Per capita remittance (Rs)	625	2100	9245

Source: NLSS-2, 2003/04, Vol.2 and NLSS-3, Press release (Aug 08, 2011, CBS).

## **2.4 Challenges of remittance**

The surge of remittance income in Nepal is a symptom of the declining manufacturing sector, which has weakened the export business, particularly in terms of few self-employment opportunities. Although some Nepali economists have begun to characterize remittance income as the backbone of the economy, the Government perceives it as a series of quick fixes to crawling economic development rather than a sustainable solution. And an important downside, because Nepal's remittance economy is dependent on international migration, it is vulnerable to external economic crises.

A range of innovative services are urgently needed, including mobile technology and other forms of digital technology, so that households receive their remittances faster, more cheaply and closer to their residence (especially in rural areas where formal banking services are not available). The Ministry of Labour and Employment conceptualizes remittance income in its Programme Manual for Social and Economic Reintegration of Returned Nepali Workers from Foreign Employment as both the money remitted or brought back by returning migrants and the social capital, such as knowledge, skills, expertise, experience, appropriate attitude, relation, networks and so forth earned by them. How to translate this comprehensive concept into the

maximum use of the earnings in the productive sector and human development as envisioned by the 2012 Foreign Employment Policy remains a challenge. Providing incentives to use the formal remittance service and thereby capture a larger volume of remittances is critically important because it will enhance the security and reliability of money transfers while leveraging remittances for economic growth. Diaspora bonds and securitization of remittances are becoming increasingly popular among remittance receiving countries as a means to leverage resources for public investment, both big and small.

Nepal Rastra Bank marketed foreign employment bonds, a variant of diaspora bonds, targeting migrant workers and their families in 2009/10 and 2010/11. However, the attempt was not successful. Managing a diaspora bond sale is complex and further analysis of the factors contributing to the failure is needed. Nepal is one of the 48 countries with least developed status. The thirteenth periodic development plan (2014–16) targets 2022 as the year to graduate from this category, in line with the commitment to the Istanbul Programme of Action, which also aims to generate full and productive employment and decent work for all, particularly for youth. There are only six years left for this target to be met; thus remittance income should become a major component in financing development. The Government needs to devise a remittance policy incorporating important sectors related to agriculture, energy, poverty alleviation, health, education, women and children. The foreign employment projects have been running in an isolated manner over the years, resulting in duplication of work and the non-continuation of deliverables. Bilateral labour agreements can be vital in governing the labour migration processes between origin and destination countries in addition to protecting the rights and welfare of migrant workers.

## **2.4 Definition of Livelihood**

A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base. (Chambers & Conway, 1991). Income diversification is very usual feature of rural livelihood strategy in poor countries. Most households in a rural family have broad sources of income. Income diversification is also a risk reducing strategy so that people in rural family can overcome with different shocks that can

come across time and again. Single activity is not sufficient for the family to survive. Different activities performed are seasonal and not long lasting throughout the year. There is no good functioning of the market of each activity performed thus diversification becomes an optimum source of living.

Diversification becomes an obvious source due to high transaction cost (purchase and sale price wedges) that makes farmer to achieve self-sufficiency in food production. Remittances have become useful sources for living due to absence of labor market, which will shut down possible avenues of income diversification. Poor households usually in the developing countries rely on agriculture as an important source of living. Agriculture cannot be a very convenient source for livelihood strategy as it does not allow households to survive during shocks and stresses. It has been clearly interpreted that crop insurance and shortage of liquidity are important constraints that every households face time and again while relying on agriculture for basic needs. This indicates to diversify away from agriculture and explore migration, remittances as a source of income. Remittance incomes dignify not only the migrants, but also families that stay behind in the village.

The New Economics of Labour Migration (Nanedia) clearly explains that remittances are the major source that diversify households from agriculture to non- farm activities especially in the rural household. Diversification strategy is a very important adaptation process that runs within havocs and opportunities that rural household creates in order to accumulate assets which help them to survive and improve their standard of living (Kamanga et al., 2009). Rural households usually chose to liquid resources through migration and remittances. But, there is little evidence that they directly relate remittances as a household decision to undertake productive investments in the non-farm sectors. Dustman and Kirchkamp (Nanedia) clearly suggests that non-farm activities become significantly important for migrants due to credit constraints felt deeply during the migration period. It is necessary to evaluate person's dependency on remittance income.

A simple way to measure the dependency is by evaluating the share of income derived from remittances relative to all other sources. It can also be measured by comparing relativity to overall poverty and the availability of other income options. Livelihood approach is a better way of examining income from different sources and the different assets accessed by different income groups. Remittance income plays a vital role in the adaptation over time of particular livelihood strategy of the asset status of households. We assume that the role of remittance income can be

determined from differential accesses to land, labor and capital. A key issue to figure out is the remittances use and its dependency among different groups at a local level. Several factors may influence household utilization of remittance income. Some major concern are household characteristics and others tend to be contextual. Household size may have direct influence on remittances, but it can be predicted that larger households may have more dependent on remittances. This can be due to more mouths to feed and less opportunity to find a job within a community or family. Education may help people to go to countries where more income can be generated. Otherwise, people with less education compel to earn a less amount by working abroad.

The age of the household may have a positive relation to remittances as young people have more opportunity to go abroad and maximize earnings. Absolute income and wealth may have a linear relationship to remittances as people with higher income sources can only afford to go abroad and earn remittances. But, it can also be an adaptation to coping strategy for poor household as poor can invest a certain amount to maximize earning through remittances. Wealth distribution can be distinguished from absolute and relative remittance income along with knowing the variation across groups. Remittance income occupies a large portion of absolute household income does not mean that the overall extraction is high. Household income can be increased by international labor migration by obtaining remittances in Nepal (Seddon, Gurung, & Adhikari, 1998). Usually, the rural household seeks for employment within Nepal. Especially, in the bureaucracy and public services. They also try to establish themselves in business and commercial enterprises in the private sector rather than emigrate in search of foreign employment. This shows that the wealthiest rural households are less involved in search of foreign employment than “middle ranking” social classes. But, these wealthiest households get involved in foreign employment only if they get better paying and more secure employment than others. The Poorest household has a relatively higher entry cost and have less probability of securing well-paying jobs. This ultimately results to obtain lower remittances.

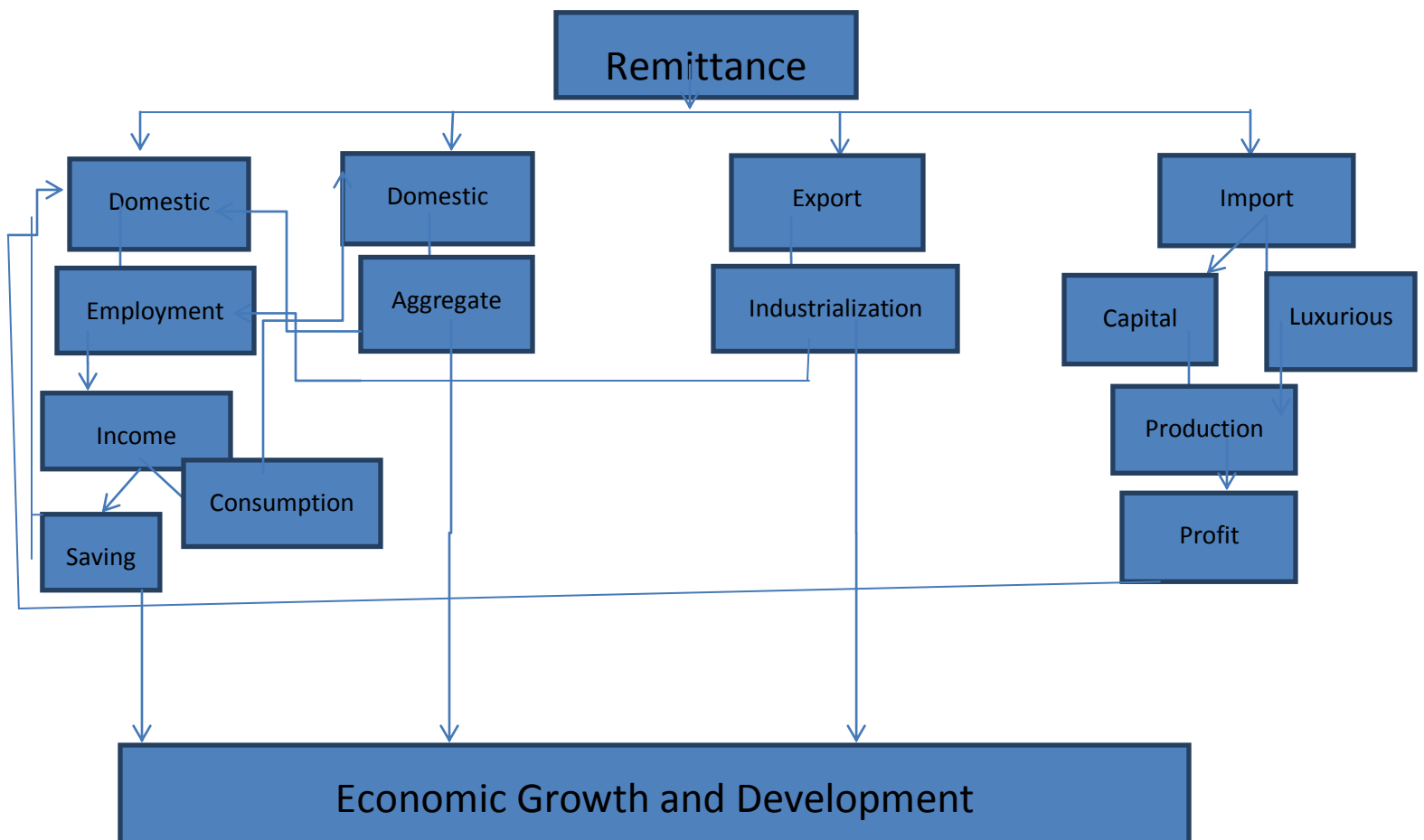
The NLSS report shows that among 23 percent of households receiving remittances, the poorest quintile households have proportion of only 19.2 percent compared to the wealthiest household receiving 23 percent and second wealthiest category receiving 25.1 percent (Seddon et al., 1998). The NLSS report also shows that the average value of remittance received depicts major differences between the different categories of household. “The two poorest categories of



household averaged Rs.7, 129 and Rs 8,056 a year, respectively; the third and fourth averaged Rs 12,396 and Rs 10,322 respectively; and the wealthiest category averaged Rs 30,597-more than four times the average value of remittances coming into the poorest households” (Seddon, Gurung, & Adhikari, 1998,p-9).

## 2.5 Conceptual Framework of Analysis

Various studies, surveys and researches have been made to assess the impact of remittance upon economics growth, macroeconomic condition and other social aspects of the society and economy through the world by using different approaches. Most of the researches have not shown unique outcome. This means that different studies or paper have different finding about remittance and its impact .On the basic of the review of the literature, a conceptual framework has been developed and on the basis of the same, proceeding has been made.



Sources: Economic and Development theory (2007)

Remittance represent direct, immediate a far reaching benefit to migrants and their country of origin. They are a more constant source of income to developing countries than official development assistance, foreign direct investment and other private flows. Remittance can generate a beneficial impact on the economic through various channels, such as saving investment, growth, consumption and income distribution. Remittance have relaxed the foreign exchange constraints of the country and strengthened its balance of payment position. The remittance is basically use for domestic purpose like food, settle, education etc. It seems that consumption of remittance is more in domestic use rather that saving. In other aspect, few of remittances use as industrialization, import & export of product, production of goods. This all directly help in economic growth and development.

## **2.6 Review of Previous Studies**

Various scholars emphasized different money transfer mechanism to send monetary remittances. Remittances channels cover a wide spectrum, ranging from formal services such as banks, money transfer operators, currency bureaus and post offices to informal transfer service such as via bus drivers, couriers and unregistered money transfer business. Seddon et al. (2001) finds three methods used to transfer remittances by remitter. They are:

- The hand carries system by means of the migrant or through friends of the migrant.
- Transfer through hundi
- Transfer using through banking channels
- A research done by stalker finds that worker may avoid banks because their transfers are extremely slow. In the Philippines banks transactions have been known to take up to 45 days, but the main reason is that when there is a wide divergence between the official and black market rates the banks usually offer a very unattractive rate of exchange workers will, therefore prefer to cash home or they can use “money couriers who take hard currency from the migrants overseas and give the equivalent in local currency to the migrant’s family in the home country. Couriers can also be quicker and more efficient than the banking system. Since they often deliver to the countryside while banks normally only offer foreign exchange transactions in their city branches (Stalker, 2004)
- Raven Stain probably the first demographer studied and proposed “Law of Migration" in a systematic way. He first published his article in Royal Statistical Society in 1985 and

then in 1989. His law of migration explains the inverse relationship between distance and number of migrants. The migrations happens due to push factors and or pull factors in which land tenure system, unfavorable forms of trade, pressure of rural-poverty are pull factors, those act to create migration (Giri, 2005). Other classical demographers tell migration as process, operating between origin and destination. One thinks about factors associated with origin, destination and transitional and environmental obstacles. Migration takes places if the different both positive and negative factors is higher in destination than origin. (Lee, 1996).

# **CHAPTER-THREE**

## **RESEARCH METHODOLOGY**

Research methodology is the backbone of the study and essential part of the thesis paper which forms the framework for obtaining all necessary inputs of the study. In the present study the methodology includes research design, nature and sources of data, sampling procedure, data collection techniques and tools, data processing, analyzing methods and presentation.

### **3.1 Research Design**

This study has followed descriptive research design because this study has focused on impact of Remittance in rural livelihood on the Dumarwana VDC of Bara district. Research design refers to the procedures for the collection of data and its analysis. This study had analyzed all the information collected by field survey.

### **3.2 Nature and Sources of Data**

This research aims to find out the impact on livelihood of remittance in Dumarwana VDC of Bara district. Thus in this study both primary and secondary sources based on quantitative as well as qualitative data have been used. The primary data were collected from, structured questionnaires related to remittance and its impact in order to get accurate and actual information, observation, and unstructured interview. The questionnaires were distributed to a responsive of person. All the secondary data have been collected from different published and unpublished records, reports of government and non-government organizations. Mainly such as report, CBS, news article, Journal etc.

### **3.3 Universe and Sampling Procedure**

From the Dumarwana VDC of Bara District 3 wards 1, 2 & 4 were selected purposively, the total households of selected wards are 820. Among them, 200 households were found benefited directly or indirectly. Out of 200 households, 60 households were selected by using random sampling method under the probability sampling.

## Sampling Procedure

**Table No. 3.1: Sampling Procedures**

VDC	Ward. No	Total House Hold	Sampled Household	Sampled in percentage
Dumarwana	1	50	15	30
	2	60	18	30
	4	90	27	30
Total		200	60	

Source: Field Survey, 2017

### 3.4 Data Collection Methods and Tools

The data have been collected systematically by adopting different tools as structured questionnaire, unstructured interview, key informant interview, focus group discussion and observation.

#### 3.4.1 Household Survey

Structured questionnaire was prepared to generate the realistic and accurate data from respondent were requested to fill up the questionnaire. Altogether 60 households were interviewed during the study. Questionnaire was based on about remittance and its impact on livelihood status of people. All together 22 questions were included in the questionnaire aiming to obtain the information. The questions were asked to beneficiaries of impact of remittance in the ward and answer was filled up. The data were collected through formal and informal interviews using structured questions. The format of household survey questioner is in annex I

#### 3.4.2 Key Informant Interview

The primary data were also collected from key persons structured interviews with set questioners. The interview was taken as cross checking for data obtained from HHs questionnaire. In key informant interview unstructured one-one directed conversations was held with key individuals, social workers, local level political leaders, village group members were key persons for interviews. Key person interview was conducted among 6 people related to the infrastructure development in and working in the same area. 6 questions related to remittance and its impact was asked. Although including 3 women and 3 men were interviewed as a key

informant in the study area, the information provided by those people is considered very reliable in much aspect. This information has been used for qualitative data analysis. This KII is asked to VDC Chairperson, Socialist Activist, Local School teacher, Ward Secretary, Elder Citizen representative and Mother group Activities. The format of KII schedule is in annex II

### **3.4.3 Field Observation**

The researcher visited five times to observe the activities and services of local people. During the period of field work, researcher observes the condition of people whose family members are in abroad and noted relevant information. The observation checklist is consider like in annex III

### **3.4.4 Focus Group Discussion**

In the process of data collection the focus group discussion was carried out for the collection of data. The focus group discussion was held with the active participation of beneficiaries, local people, member of organization, member of social groups and technical person were gathered for the purpose. Related unstructured questions were asked to get information for the study. The Focus Group Discussion is consider like in annex IV.

### **3.5 Data Analysis**

The collected data were edited, coded and tabulated in the spread sheet 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 and 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 have been presented in descriptive way.

## **CHAPTER- FOUR**

### **PRESENTATION AND INTERPRETATION OF SURVAY DATA**

The data collected from field visit were edited, clarified and presented in tabulation from survey. In the chapter has been organized on ward

#### **4.1 Study Area**

##### **4.1.1 Introduction of Dumarwana VDC**

Bara district is located in Bara town, Narayani zone of Nepal, a land locked country in South Asia. It is one of the seventy five districts of Nepal, covers an area of 1259sq.km. The district's headquarter is Kalayacity of Nepal. The district is surrounded by Makawanpur, Rautahat, and Parsa district in the East, Rautahat from West, Parsa from the South Makawanpur and from the North Parsa.

According to National Population and Housing Census 2011, the total household of the district is 1,08,635 with the total population of 6,87,708 with male 3,51,244 and female 3,36,464. This district is covered by the 1190 sq. km(460 sq ml) in Narayani Zone. Majority of the people follow Hinduism, similarly other people follow Buddhism few people follow Muslim and Christiansm.

The study was undertaken at Dumarwana VDC of Bara district. This VDC lies in constituency no.03 of Dumarwana district. It lies between the altitude of 100 m to 400 m. Total population of Dumarwana VDC is 4416 having 4483 male and 4631 female populations. There are all together 108,635 households. (National Population and Housing Census, 2011).

Within the VDC, our study is mainly focused in ward no 1, 2 and 4 which is composed of different ethnic groups; largest population in the Dumarwana is Lama. Besides, the other castes and ethnicities like Brahmin, Chhetri, Madhesi, Newar, Magar, Dalit etc have their considerable presence. The religion of the most of the villagers is Hindu, secondly followed by Buddhism.

Most of the houses have zinc, straw and tile thatched houses. The wall of the house is made by mud and stone. The villagers are getting drinking water supply from private and community taps. They get health services from a health post and private clinic. The governmental representation was limited with public schools, health posts and police bits.

Most economic activity revolves around livestock, agriculture, business and trade of agro products. The climatic condition is suitable for the sugarcane. Most household used to sell sugarcane, vegetables, milk of cows and buffalos which is collected and transported to Simara Bara. No. of households are also found involved in poultry farming. Some people are found involved in business and government job, as well as many people has gone abroad to work.

## **4.2 Socio-Economic Characteristics & Population**

### **4.2.1 Size of 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 in table no.4.1

**Table No. 4.1: Size of Ethnicity/Caste**

Ethnicity/Caste	No. of HHs	Percentage (%)
Lama	18	30
Chhetri	11	18.33
Bramin	13	21.66
Newar	5	8.33
Madhesi	9	15
Magar	4	6.66
Total	60	100%

Source: Field Survey, 2017

Above table shows that out of the total HHs, Lama (30%) are the predominant in going outside as migrant labors followed by Bramin (21.66%) and Chhetri (18.33%) respectively. Similarly, 15% of total sample HHs was Madhesi. Only 8.33 % of the sample HHs were from Newar and 6.66 % of Magar ethnic group.

### **4.2.2 Finding of Sex and literacy Status**

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 in table no. 4.2



**Table No. 4.2.: Status of Household Population**

Sex/Literacy	Literate		Illiterate		Total Population(↓)	
	No	Percentage	No.	Percentage	No	Percentage
Male	85	52.46	24	43.63	109	50.23
Female	77	47.53	31	56.36	108	49.76
Literacy rate(→)	162	49.42%	55	49.38%	217	100%

Source: Field Survey, 2017

The above table shows that in the study area, the female population is slightly low 49.76% than male population, 50.23 %.The total population of 60 samples HHs is 217.

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 (52.46%) than in female (47.53%). The overall literacy rate of the study area is 49.42%.

### 4.2.3 Household Size

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

**Table No: 4.3: Households size of the Respondents**

HH size	No. of HHs	Percentage (%)
1 to 4	20	33.33
5 to 8	23	38.33
Above 8	17	28.33
Total	60	100%

Source:Field Survey, 2017

The above table shows that highest no.of household(38.33%) has family size between 5 to 8. Similarly 33.33% households have family size between 1 to 4 while 28.33% HHs has family size of 8 and above. The average household size of sample respondents of Dumarwana VDC is 5%.

#### 4.2.4 Occupational Status

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 No. 4.4: Status of Occupation**

Occupation	No. of HHs	Percentage(%)
Agriculture/ Animal Husbandry	25	41.66
Service/Job	15	25
Business/factories	12	20
Daily wage labors	8	13.33
Total	60	100%

Source: Field Survey, 2017

The above table shows that majority of HHs (41.66%) are involved in agriculture as their major occupation. It is obvious because people are engaged in agriculture in any way in substantive farming. About 25% people are involved in services and jobs like priest, teachers, manager etc. The third largest HHs 20% is involved in business like shopkeeper, hotels, parlor, factories, cooperatives etc. 13.33% people are daily wage labors.

### 4.3 Profile of foreign employee

#### 4.3.1 Destination of country

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 No 4.5: Destination of country**

Name of country	No. of respondents	Percentage (%)
Malaysia	13	21.66
UAE	9	15
Qatar	11	18.33
Macau	4	6.66
Japan	5	8.33
Europe	2	3.33
USA	1	1.66
Saudi Arabia	10	16.66
Cyprus	3	5
South Korea	2	3.33
Total	60	100%

Source: Field Survey, 2017

Above table shows that, the 60 respondents had gone to 10 different countries among which 21.66% of the people had gone to Malaysia for working purpose followed by Qatar and Saudi with 18.33% and 16.66% respectively. In the same way, 15% of them have gone to UAE followed by 8.33% respondents gone for Japan, where as 6.66% has gone Macau. Similarly, 5 % of total HHs had gone in Cyprus. 3.33% of the respondents of the sample HHs had gone South Korea and Europe equally and 1.66% of total sample of HHs has gone to USA respectively.

### **4.3.2 Skill of foreign employment**

While going outside country, some kind 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 No 4.6: Skill of foreign employment**

Gone as	No of respondents	Percentage (%)
Electrician or plumbing labor	15	25%
Hotel labor	13	21.66%
Construction or factory labor	25	41.66
Banking , Business and education labor	7	11.66
Total	60	100%

Source: Field Survey, 2017

Above table shows that 41.66% of the total migrant labors were construction or factory labor. Similarly 25% were electrician or plumbing labor. Similarly 21.66% were hotel line labor and only 11.66% were banking, business and education labor. This indicates that most of the Nepalese labor has to do work in danger area. So some sort of policies and practices has to be made to make the outgoing migrant labors training for their self depended and the make rule for their health and life insurance from the company where they are going to work.

#### **4.4 Status of remittance inflow**

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 varieties of needs. The annual income that can support annual expenditure of sample HHs is shown in below table 4.4

**Table No 4.7: Status of remittance flow**

No. of Months	No. of HHs	Percentage (%)
Below 3 months	6	10
3-6 months	17	28.33
6-9 months	19	31.66
9-12 months	11	18.33
More than 12 months	7	11.66
Total	60	100%

Source: Field Survey, 2017

The above table shows that about 28.33% households can support annual expenditure for 6-9 months. This category includes HHs mostly whose major occupation is agriculture and animal husbandry. 28.33% HHs can support for a period of 3-6 months, they are those who are engaged in service and agriculture. 18.33% HHs said that they can support expenditure for 9-12 months, they are those HHs who are doing job, involved in business and mostly those whose family member have high social prestige. 11.66% HHs can support for period more than 12 months, they are those who are engaged in small business and agriculture. 10% 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.

#### **4.4.1 Sample of receiving money per year**

The income of the household is crucial factor that determines the people ways of living. The migrant worker has to send money to increase household living stander. The receiving money pattern is as per monthly basic, 3-3 month basic, yearly basic and 2-3 years gap basic.

**Table No.4.8: Receiving money per year**

Types of receiving money	Number of Household	Percentage (%)
Regular in a month	28	46.66%
Between 3 month later	17	28.33%
Twice a year	9	15%
Every year	6	10%
Total	60	100%

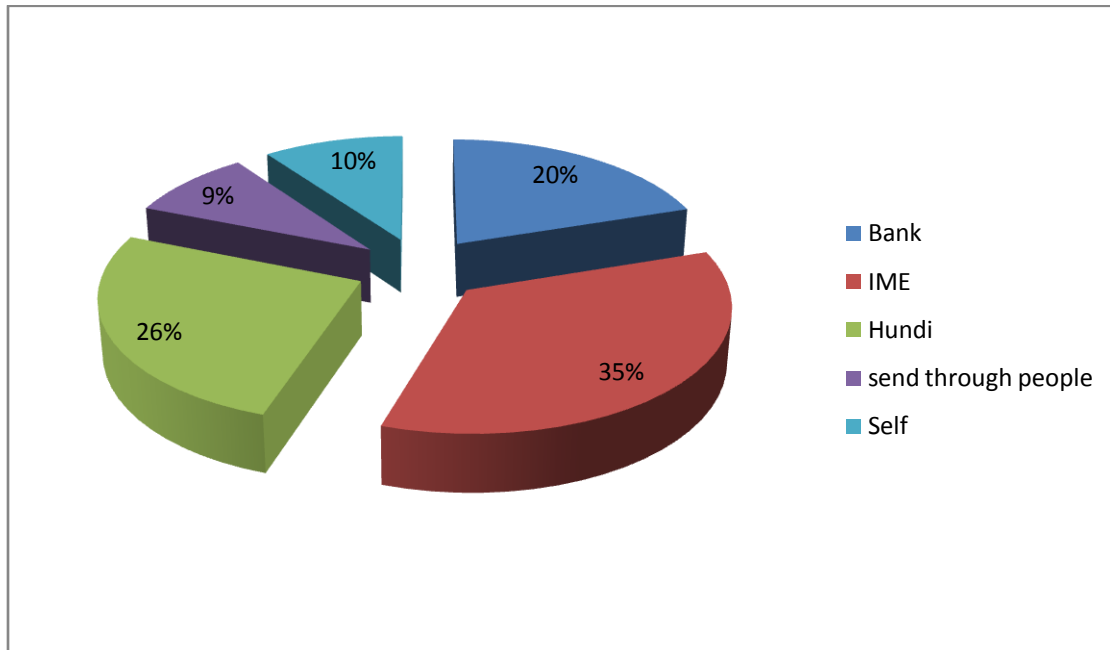
Source: Field survey 2017

Above table shows type of receiving money on regular monthly basis, between three month gap, every year and twice a year. The field survey shows that receiving money by monthly is 46.66%, which is higher percentage among other receiving pattern. Similarly 28.33% of the money is received in between 3 month gap and 15% in twice year gap. This indicates that most of Nepali migrant worker send more money in monthly wise. This is uses for daily use purpose like food, education, travel etc

#### **4.4.2 Medium of Transfer money from abroad**

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 No 4.1: Medium of Transfer money from abroad**



Source: Field Survey, 2017

Above pie-chart shows that IME, was the most convenient medium to transfer the remittance. 35% of the total respondents opted to do so. Similarly 26% of the total respondents used hundi followed by 20% % of the respondents who transferred their earned money the bank. 10% of the respondents who transfer money them self and only few 9% of the respondent send money through the people.

### 4.4.3 Status of remittance inflow

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

**Table No 4.9: Ratio of receiving money from abroad**

Annual Amount (NRs.)	No. of HHs	Percentage (%)
Below 2,00,000	8	13.33
200,000 - 400,000	13	21.66
400,000 - 600,000	19	31.66
6,00,000-8,00,000	7	11.66
800,000-10,00,000	6	10
10,00,000-12,00,000	5	8.33
More than 12,00,000	2	3.33
Total	60	100%

Source: Field Survey, 2017

Above table shows that, 31.66% of the total HHs received an amount of NRs. 4,00,000 to 6,00,000 per year in the same way 21.66 % of the total HHs received an amount of 2,00,000 to 4,00,000 per year. Similarly 13.33% of the total HHs received an amount of below 2,00,000 per year. In the same way 11.66% of the total HHs received an amount of 6,00,000 to 8,00,000 per year. Similarly 10 % of the total HHs received an amount of 8,00,000 to 10,00,000 and 8.33% of the HHs received an amount of 10,00,000 to 12,00,000 per year and the more than 12,00,000 per year was received by 3.33 % of the total HHs.

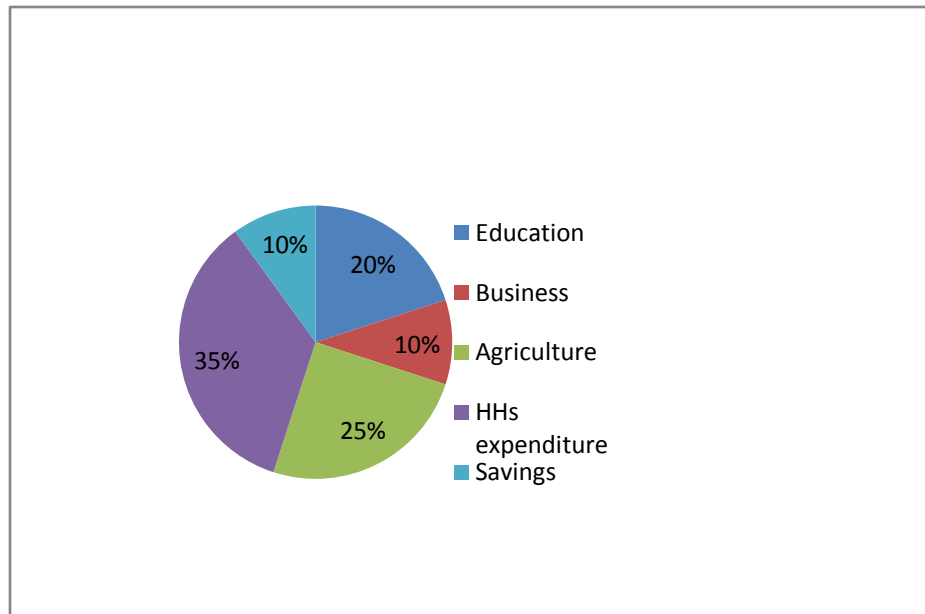
The amount of money received depends upon the types of work we do, skill we possess and quality we deliver. Looking at the data we can say that, very few people earn good amount of money. So we need to find out why most of the Nepalese people have low income, it might be due to lack of skill, training and knowledge about the work. Most of the people go abroad as different types of labor (see table no 4.4) so who are engaged in construction and factory area they have received low wages.



#### 4.4.4 Use of receiving money

The total amount of remittance received is used for various purposes in the HHs. The money is normally used in clothing, education, health, agriculture tools, entertainment, electricity, internet, phone, food 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 No. 4.2: Use of received money**



Above pie-chart shows that, 35% of the total remittance received was used in HHs expenditure. In the same way, 25% of the remittance was used in Agriculture sector. Similarly, 20% of the remittance was used in education sector .10 % and 10% were used in business and savings 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 10.8% 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 will be discussed and described later precisely.

## 4.5 Socio-economic impact of remittance

### 4.5.1 Positive Impacts

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 will be made on health, education and socio-cultural sector below.

#### 4.5.1.1 Change in income

While going outside country, the income sources will be change. The pattern of income change as per nature of work and country. Basically percentage of income change by remittance flow.

**Table No. 4.10 Change in income**

Annual income(000)	Before receiving remittance	Percentage (%)	After receiving remittance	Percentage (%)
Less than 200	11	18.33	5	8.33
200 to 400	14	23.33	7	11.66
400 to 600	10	16.66	11	18.33
600 to 800	12	20	14	23.33
800 to 1000	9	15	13	21.66
1000 to 1200	4	6.66	10	16.66

Source: Field Survey, 2017

Above table shows that, 18.33% of the total HHs income amount is less that NRs. 2,00,000 before remittance income. Annual income amount between NRs. 1,00 000 to 12,00,000 is just 6.66% before remittance income. This state that people with less that NRs. 2,00,000 income is more. People are under poor condition. Income with more that NRs 10,00,000 is in less percentage.

Scenario change by vice versa after receiving remittance income. 16.66% of the total HHs income amount is between NRs.10,00,000 to NRs.12,00,000. Annual income less that NRs.2,00,000 is just 8.33% after remittance income. This state that people with less that

NRs.10,00,000 income is more. The remittance is that main sources of increasing people income from NRs.2,00,000 to NRs.10,00,000 automatically.

#### 4.5.1.2 Change in cooking fuel

We know that remittance has change the income source of people, which income is mostly use on basic use. Cooking fuel is one of the use sectors of income. People have changed their cooking pattern from tradition to modern. The wood fuel is shifted to Bio gas, Electricity and LP gas.

**Table No.4.11: Change in cooking fuel**

Cooking Fuel	HHs no. before receiving remittance	Percentage (%)	HHs no. after Receiving remittance	Percentage (%)
Wood	35	58.33	10	16.66
Biogas	13	21.66	31	51.66
L.P. gas	9	15	13	21.66
Electricity	2	3.33	4	6.66
Solar	1	1.66	2	3.33
Total	60	100%	60	100%

Field Survey, 2017

Above the pie chart shows that, before receiving remittance out of 58.33% HHs mostly used wood for cook. Similarly, 21.66% HHs was used biogas for cook. 15 % HHs was used L.P gas , 3.33% HHs was used electricity for cook and 1.66 % HHs was used solar for cook. Before not getting remittance most of the people were used wood for cook. Now the changes their using fuel after getting remittance. Remittance plays the important role for rural people. 51.66 % HHs use biogas for cook. Similarly, 21.66 HHs use L.P. gas for cook, 16.66 % HHs use wood for cook. Similarly, 6.66% HHs use electricity for cook and 3.33% HHs use solar for cook. The above data shows that remittance changes their daily livelihood.

### 4.5.1.3 Change in loan condition

The income of household is increase by remittance, which result deduction on loan Patten. Since the people start generating money, loan taking activities is reduce. The loan is taking for basic use of people, which cost is fulfilled by remittance now.

**Table No.4.12: Change in loan condition**

Loan / Debt condition	HHs. No before	Percentage (%)	HHs no. after	Percentage (%)
Below 200000	13	21.66	27	45
200000-400000	18	30	14	23.33
400000-600000	13	21.66	11	18.33
600000-800000	9	15	5	8.33
More than 800000	7	11.66	3	5
Total	60	100%	60	100%

Field Survey, 2017

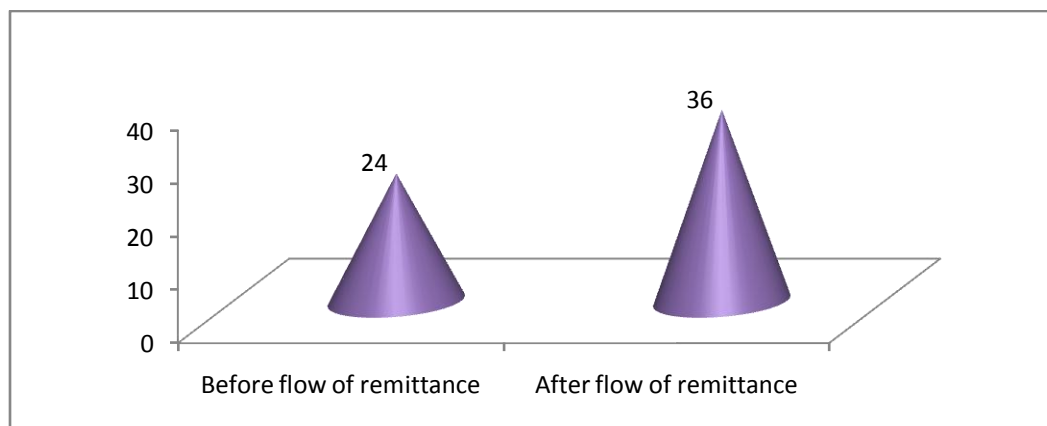
The above the table shows that before receiving remittance the loan condition of the total HHs was worth condition. 30% HHs was taken a loan 200000 to 400000. Similarly, 21.66% HHs was taken a loan below 200000 and 400000 to 600000. 15% HHs was taken a loan 600000 to 800000 and 11.66 % HHs was taken a loan more than 800000. The respondents were taken a loan to different non productive use.

After receiving remittance the respondent situation are changed. 45% HHs ware taken a loan below 2,00,000. Similarly, 23.33% HHs were taken a loan 200000 to 400000. 18.33% HHs were taken a loan 400000 to 600000. Similarly, 8.33% HHs were taken a loan 600000 to 800000 and 5% HHs were taken a loan more than 80000 which is used in productive sector like business and agriculture.

#### 4.5.1.4 Change in Health pattern

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

**Figure No. 4.3: Change in Health pattern**



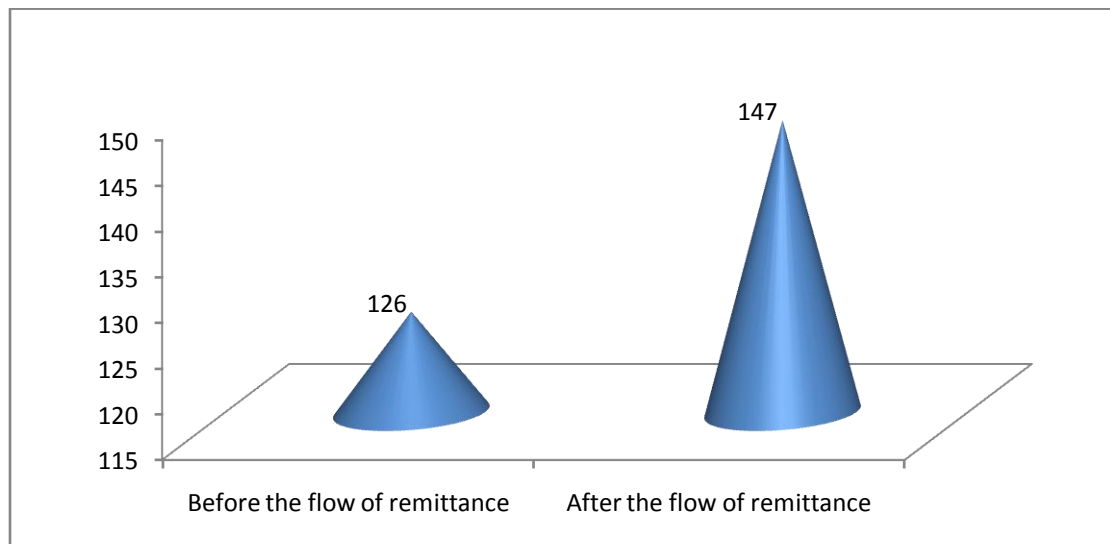
Source: Field Survey, 2017

According to the above figure, it was found that after receiving remittance 36 HHs are going for regular medical check-up in hospitals and health posts and buying medicine. Before only 24 HHs did so. There was significant progress in this sector and there was increased access to health facilities.

#### 4.5.1.5 Change in Educational Pattern

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 No. 4.4: Student going to school and college**

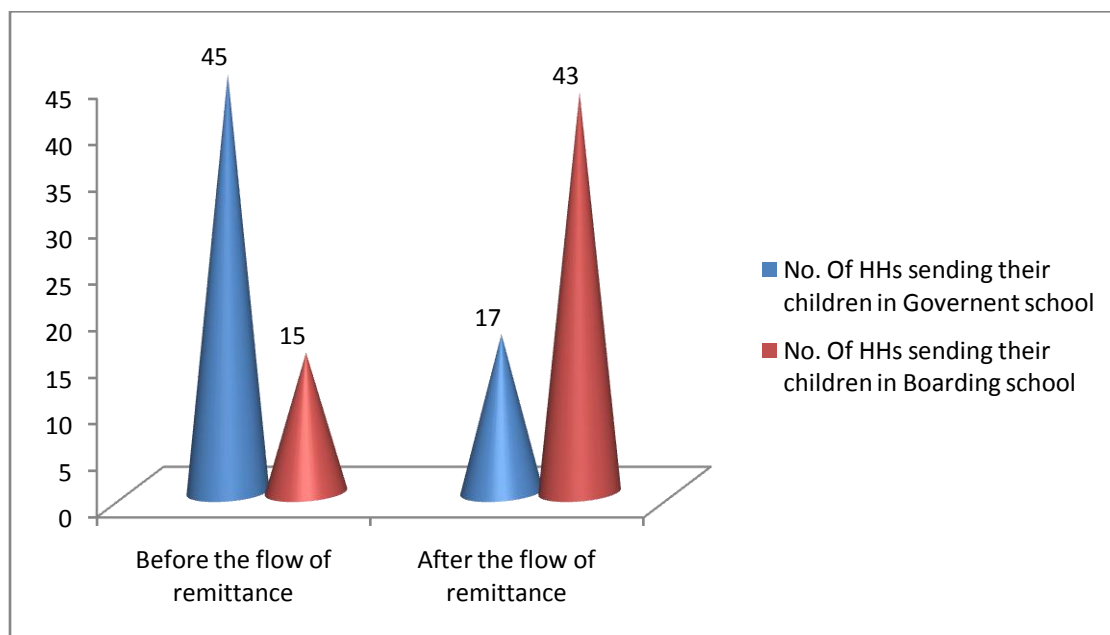


Source: Field Survey, 2017

Above table shows that 21 students were added to the school/college going lists after the flow of remittance, before only 126 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 No 4.5: Types of school enrolled before and after the flow of remittance**



Source: Field Survey, 2017

Above table shows that, before the flow of remittance, 45 HHs used to send their children in government schools and only 15 HHs used to send their children in boarding schools but after the flow of remittance the scenario was changed drastically. Only 17HHs children went to government school and 43 HHs 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.

#### **4.5.1.6 Change in Socio-Cultural Pattern**

It was found that there was more participation in jattras 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 jattras and festivals.

#### **4.5.1.7 Change in housing Condition**

The income of household is crucial factor that determines the people's way of living, their social economic strata etc which directly affect their access and affordability toward basic needs. Remittance has brought change in housing patterns too. The traditional pattern of housing is change into modern. The people use tradition material like fusko to build house. But change in income change the housing pattern too. The fusko house is replace by soil and brick, cemented house

**Table No. 4.13: Change in Housing Patterns**

Housing Patterns	No of HHs Before	Percentage(%)	No. of HHs After	Percentage (%)
Fusko House	11	18.33	5	8.33
Soil and Bricks House	21	35	16	26.66
Roof House	15	25	22	36.66
Cemented House	13	21.66	17	28.33
Total	60		60	

Source: Field Survey, 2017

Above the table shows that, before receiving remittance out of 11% HHs mostly used fusko House for building house. Similarly, 21% HHs was used Soil and Bricks House. 15 % HHs was used Roof house, 13% HHs was used Cemented house. Before not getting remittance most of the people were used Soil and Bricks material to build house. Now there is changes in use of building material after getting remittance. Remittance plays the important role for rural people. 8.33 % HHs use Fusko house. Similarly, 26.66% HHs use Soil and Bricks, 36.66% HHs use Roof house and 28.3% use Cemented house. The above data shows that remittance changes their housing patterns.

#### **4.5.1.8 Change in Expenditure Pattern**

The income of household is crucial factor that determines the people's way of living, their social economic strata etc which directly affect their access and affordability toward basic needs. Increase in income automatically increase expenditure. The household having less expenditure also increase after income from remittance.

**Table No. 4.14 Change in expenditure of before and after receiving remittance**

<b>Annual expenditure(000)</b>	<b>Before receiving remittance</b>	<b>Percentage (%)</b>	<b>After receiving remittance</b>	<b>Percentage(%)</b>
Up to 100	19	31.66	10	16.66
100 to 200	15	25	14	23.33
200 to 400	11	18.33	17	28.33
400 to 600	9	15	11	18.33
More than 600	6	10	8	13.33
Total	60		60	

The above the table shows that expenditure pattern before and after remittance. Annual expenditure less than NRs. 100,000 is 19% and more than NRs. 6,00,000 is just 6% before the remittance. Whereas Annual expenditure less than NRs. 100,000 is 16.66% and more than NRs. 6,00,000 is 13.33% after the remittance.



In average expenditure pattern increase, annual expenditure between 100 to 200 is 23.33%, 200 to 400 is 28.33%, 400 to 600 is 18.33% and 600 plus is 13.33%, which was 25%, 28.33%, 15% and 10% simultaneously before remittance received.

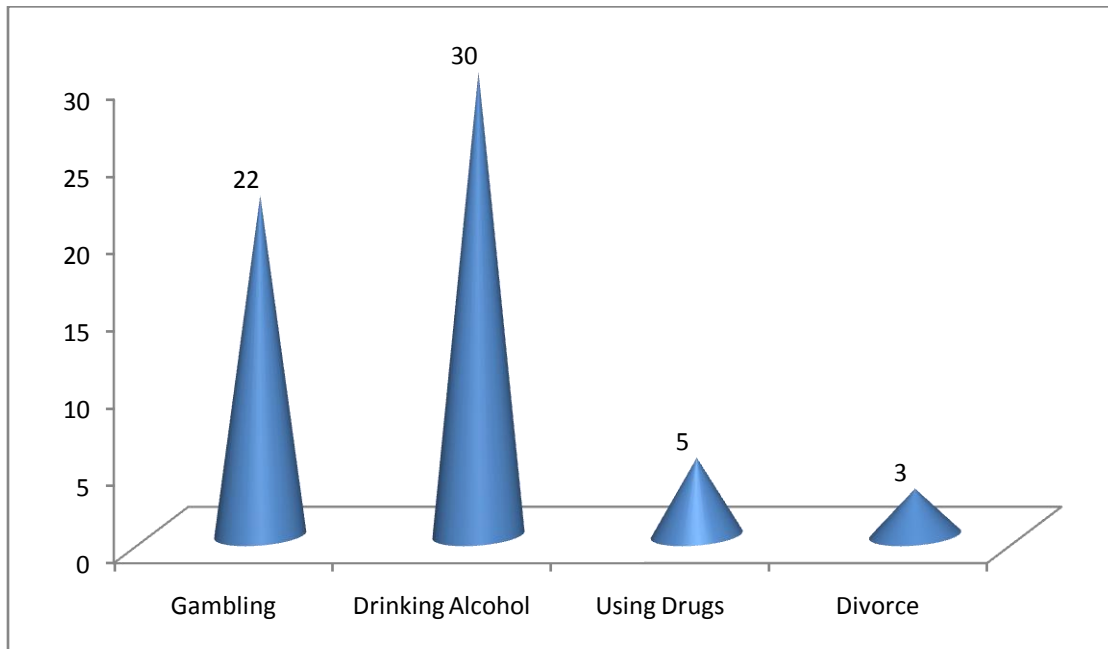
#### 4.5.2 Negative impacts of Remittance

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

##### 4.5.2.1 Socio-Cultural Impact

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 No. 4.6: HHs engaged in various activities**



Source: Field Survey, 2017

According to the above table, 22 HHs respondents are engaged in unsocial activities like gambling and almost all HHs (37) people used to drink alcohols. Similarly, 5 HHs respondents take drugs and there was 3 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.

## CHAPTER FIVE

### SUMMARY, FINDINGS AND RECOMMENDATIONS

#### 5.1 Summary of Finding

This study is focused on foreign employment and its impacts on livelihood at local level. International labor migration mostly in Gulf States, Malaysia, South Asian countries possesses history of only 20-30 years. Such migration has been increased during last few years because of political instability lack of employments and increased poverty within the country. Therefore, this study conducted in Dumarwana VDC of Bara District 3 wards 1, 2 & 4 to determine the causes of labor migration, selection criteria and impact on livelihood. Personal interview, group discussion and direct observation were the methods adopted during this study. Total sample size of the study was 60 households, the quantitative data were analyzed by using Microsoft excel and qualitative data were presented in descriptive forms.

All together five chapters have been given in this dissertation. Chapter one introduces a general background of the study, statement of the problem, objectives of the study, significant of the study, limitation of the study and organization of the study. Chapter two include review of some theories regarding to international labor migration, different scholars analyze labor migration with different perspectives and overall review of works done by previous scholar in the context of Nepal. This chapter also describes history, trends and present status of labor migration in Nepal, remittances and its contribution to household level as well as national economy. Chapter three includes, the method used for this study. Personal interview, group discussion and direct observation were the methods used during the field study. Socio-economic status of the village was taken as descriptive data. Quantitative data were collected using aforementioned methods. Consequently, collected data were analyzed using different descriptive and inferential statistics. Chapter four has introduced about the setting of the study area. The study area falls within the boundary of Dumarwana Village Development Committee. This chapter includes the socio-economic profile of the study area. In addition this chapter include demographic profile of migrants including ethnicity/caste, gender, educational status, destination of migration, and explore the causes of destination selection. There are two pushing and pulling factors are responsible to labor migration. Low production of agricultural goods, unemployment, low rate of

wages in home country, low level of education and follow up to their relatives and neighbors are pushing factors of the labor migration. Similarly, to get high salary in destination, recruit to the Indian army and the system of easily up on down to India, low cost for applying process, presences of relatives and friends in foreign employment and easy access of un skill work in destination are pulling factors of labor migration.

On the basis of caste 65.12% of Brahmin and 23.26% Dalit and 11.63 % Gurung were involved in foreign employment in different countries. Out of 60 migrants, 34.88% of peoples went to Qatar, 30.23% went to Dubai, and 16.28 percent went to Saudi Arab, 11.63% went to Malaysia, and others 6.99% went to Kuwait, Iraq and UAE. So, Qatar and Dubai is the most preferable countries to be migrated for foreign job. Lower production of agriculture, un-employment, lower rate of wages in home country, lower level of education and flow of relatives and neighbors are pulling factors of labor migration. Higher rate of salary, low expenses for processing, presence of the relatives and friends and easy access for unskilled work is pull factors of labor migration. This chapter also includes the socio economic impact of labor migration on the concerned families in which the following aspects were explored: effect on agriculture, daily consumption (Food and clothing) pattern, education, role and responsibility of male and female before/after labor migration, describes the remittances and socio economic impact. This chapter explores income level of migrants in destination, yearly remittance from labor migration, Uses of remittance in different sectors. This chapter has also describes impact of labor migration. The foreign employment has directly affected to agriculture, education and role and responsibilities of male and female. The last chapter eight deals the summery, general findings, conclusion of the study and some recommendation from researcher to concern agencies and policy maker of the government.

In the context of Nepal, foreign employment is seen as important economic source. In this regards, international labor migration has seen as livelihood strategy in Dumarwana VDC. During the field survey, I explored and examined different aspects regarding the international labor migration. The major findings of the study are listed below.

- ❖ Out of total households of the VDC, 60 households were taken as sample data. Among them involved in international labor migration on ethnicity (lama 30%, Bramin 21.66% and Chhetri 18.33%,) gender group (75.34% Male and 24.65% Female

- ❖ The popular destination for foreign employment from these area Gulf countries (Malaysia 21.66%, Qatar 15% persons and 18.33% so on out of 60 respondents)
- ❖ The study shows that, sector skill of the migrant labors are Electronic/Plumbing 25%, Hotel labor 21.66%, Construction Labor 41.66% and Bank/Business/Education 11.66%
- ❖ The main reason of international labor migration is poverty. I found that there are two causes push and pull factors behind the labor migration. The push factors are low production of agriculture, unemployment, low rate of wages in home country, low level of education and flow of relatives and neighbors. Similarly, the pull factors are high rate of salary, low expenses of processing, presence of the relatives and friends, easy access of working opportunity.
- ❖ The agriculture is the main occupation of the people of VDC. More than 80 percent of people were depending on agriculture but with due small pattern of land holding, low level of production, 86.07% households were unable to fulfill their food demand from their own land. They were depended on remittances from foreign employment to fulfill remaining food demand.
- ❖ Out of total 60 household 41.66% persons were engaged in agriculture, 25% engaged in service sector, 20% engaged on Business sector and 13.33% on daily wages labors.
- ❖ Educational status of children is same after/before labor migration is positive different.
- ❖ The annual income has been change after labor migration. Less than 300000 decrease from 27% to 21.66%, between 300000 to 600000 increases from 17% to 31.66%, Between 600000 to 900000 increases from 12 to 33.44, Between 900000 to 1200000 increases from 3% to 8.3% and more than 1200000 increases from 1% to 5%.

## **5.2Conclusion**

The significance of international labor migration to the Nepalese economy has been growing over time. Although the objective of international labor migration is economic it has direct and indirect impact on social aspect as well. Labor migration has become an important aspect of development because it has helped in enhancing various prerequisites of development such as raising people's living standard. This study is an attempt to describe and analyze the prospect of international labor migration on family level in concerned household as well as the society.

On the basis of findings, it can be concluded that the people of all castes and classes, gender and level of education are involved in foreign employment. On the basis of gender, none of female was involved in foreign employment. This shows that women are still dependent and bond to the domestic sphere. The main occupation of villagers is agriculture but more than 83% household were unable to fulfill their food requirement. The remittance received from foreign employment has supplemented to their food scarcity. The foreign employment is seen as means of economic growth among the Dumarwana VDC. In this sense, international labor migration is seen as a way to improve both the standard of living and social prestige.

### **5.3 Recommendations**

This study explores the current status of foreign employment and the causes and consequences of foreign employment. The results of the study showed that labor migration is growing as an alternative livelihood strategy in Dumarwana VDC. It has become an important aspect of development but it seems that the government has not yet fully realized the important of labor migration. As result, large numbers of Nepali people are working in critical condition in foreign countries. Based on the findings of this study, following recommendation has been made to concerned agencies and policy maker of the government.

- ❖ Although people from all castes, classes are involved in foreign employment, those from economically and socially deprived backgrounds have paid more than one lakhs for processing cost for going aboard. The large parts of earned money they have spent to pay debt. The ratio of repay debits is become double than they had taken. So, government of Nepal should be provided free loan or loan at cheap interest rate to socially and economically deprived people.
- ❖ Out of total worker, most of them applied through local agent for going aboard. They have paid cost to manpower through local agent. The ration of the cost paid to agent is higher than actual cost. The workers are being cheated by agent. On the other hand, some people were cheated by manpower agencies. It was also found that people were sent with duplicate document to foreign employment. As a result worker suffers and worked in critical condition. The government should develop effective polices for foreign employment so that people can work aboard with job security.

- ❖ Employment rate among women in foreign countries are very low. The government policy which makes it essential for women to gain permission from their parents before they apply for foreign employment is the factors behind the low number of women in foreign countries. In addition, the government has not been able to provide adequate security for their work in aboard. Therefore, the government should provide adequate security for the women and encourage them to participant in foreign employment
- ❖ The majority of households have been using the remittances for consumption and daily household maintenance and in children education. Only 6.53% households were able to invest their remittances on real estate (to purchase land or houses in urban area). People should invest the remittance received from foreign employment to creative income generation activities which can help social and economic development of the whole society.
- ❖ Agriculture is the main occupation of Dumarwana VDC and out of total 60 household migrant workers 41.66% persons were engaged in agriculture before involving in the foreign employment. But the agricultural system of VDC is traditional and consumption oriented. Due to the lack of market, knowledge on modern agricultural systems they are not being able to sell agricultural products. The government should explore modern farming technology, invest in providing modern technology and should train the farmers for commercial farming.

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## Questionnaire Schedule

### Questionnaire

#### 1. General Information

Interview Location:

Interview Date:

Respondent Name	Age	Sex	Caste	Education	Occupation	Number of Family Member	
						Male	Female

#### 2. Who is the head of your household?

- a) Only male      b) only female      c) both together

#### 3. How Many member of family has gone abroad?

S.N	Country Name
1.	
2	
3	
4	
5	

6	
7	

4. In which country did your family member has gone for foreign employment?

S.N	Country Name
1.	
2	
3	
4	
5	
6	
7	

5. Did he/ she have any technical skill going for foreign employment?

Skill	Before	After
Electrician		
Plumbing		
Construction		

Hotel		
Other		

6. In which sector does your family member work in abroad?
- Factory
  - hotel
  - Electrician
  - Plumber
  - Construction
  - Banking
  - Business
  - education
  - Other( specify)

**To assess the status of remittance flow in study area**

- Approximately annual income of your family?
  - Less than 3 lakh
  - 3 to 6 lakh
  - 6 lakh to 9 lakh
  - 9 lakh to 12 lakh
  - More than 12 lakh
  
- How much money did you receive from abroad per year?
  - Less than 2 lakh
  - 2 lakh to 4 lakh
  - 4 lakh to 6 lakh
  - 6 lakh to 8 lakh
  - 8 lakh to 10 lakh
  - 10 lakh to 12 lakh
  - More than 12 lakh
  
- Annual ratio of receiving money from abroad?
  - Regular in a month

- b) In between 3 month later
  - c) Twice a year
  - d) Every year
  - e) Other (Specify)
4. What is the medium that money is formally sent?
- a) Bank
  - b) IME
  - c) Hundi
  - d) Send through people
  - e) Other
5. In which forms are you receiving money?
- a) Direct Cash
  - b) Ornament
  - c) Electronic
  - d) Other (Specify)
6. Usuallywhoreceive money send from abroad?
- a) Father
  - b) Mother
  - c) Wife
  - d) Brother
  - e) Sister
  - f) Other
7. In your household who make the decision to use money receive from abroad?
- a) Male ( ) b) female ( ) c) both together ( )
8. Mostly In which sector receive money is being used?
- a) Education
  - b) Business
  - c) Agriculture
  - d) HHs expenditure
  - e) Saving
  - f) Other

**To compare the Socio-economic changes due to Remittance**

1. What is the main source of income of your family?

Source of income	Before	After
Farming		
Business		
Service		
Animal husbandry		
Daily wages labor		
Other		

2. Do you have sufficient production from farming to feed whole family throughout the year?

Food sufficiency	Before	After
Below 3 month		
3 month to 6 month		
6 month to 9 month		

9 month to 12 month		
More than 12 month		

3. Approximately annual income of your family?

Before going to foreign employment	
After going to foreign employment	

4. How much is your family annual income?(in 000) not

S.N.	Annual income (000)	Before receiving Remittance	After Receiving Remittance
1.	Less than 200		
2.	200 to 400		
3.	400 to 600		
4.	600 to 800		
5.	800 to 1000		
6.	1000 to 1200		
7	More than 1200		

5. How much is your family expenditure per year?

S.N.	Annual Expenditure (000)	Before receiving remittance	After receiving remittance

1.	Up to 100		
2.	100 to 200		
3.	200 to 400		
4.	400 to 600		
5.	More than 600		

6. What is the main source of cooking fuel?

S.N.	Source of cooking fuel	Before receiving remittance	After receiving remittance
1	Wood		
2	Biogas		
3	L.P. gas		
4	Electricity		
5	Other		

7. How is the housing pattern?

S.N.	Housing pattern	Before receiving remittance	After receiving remittance
1	Fusko house		
2	Soil and bricks house		

3	Roof house		
4	Cemented house		
5	Other		

8. How is the consumption pattern?

S.N.	Consumption pattern	Before receiving remittance	After receiving remittance
1	Buy ornaments		
2	Buy lands and house		
3	Buy vehicles		
4	Buy electronic device		
5	Other( specify)		

9. How is the education pattern?

Education	Before receiving remittance	After receiving remittance
Public School		
Private School		

10. How is the normal HHs expenditure per year?



S.N.	Normal HHs Expenditure	Amount	
		Before receiving remittance	After receiving remittance
1	Education expenditure		
2	Health expenditure		
3	Clothing expenditure		
4	Agriculture tool		
5	Entertainment		
6	Food		
7.	Electricity, Phone, internet		
8.	Other (Specify)		

11. How is the loan condition?

Loan /Debt condition(000)	Before receiving remittance	After receiving remittance
Below 200		
200 to 400		
400 to 600		
600 to 800		

More than 800		
---------------	--	--

**To analyze the Problems and prospects of Remittance**

1. Do you feel remittance play important role in productive sector?

a. Yes      b. no

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

2. Do you feel remittance improve your livelihood?

.....  
.....  
.....  
.....  
.....  
.....  
.....

.....

3. What is the negative impact of remittance in socio-culture?
  - a. Divorce.....
  - b. Gambling.....
  - c. Weak social bond among family members and society.....
  - d. Using drugs and alcohol.....
  - e. Increment is social evils.....
  - f. Others (specify).....

4. What is the negatives impact of remittance in economy?

.....  
.....  
.....  
.....  
.....  
.....  
.....

### Key Informant Interview Guideline

1. What is the main occupation in this place?
2. What is the main source of income of community?
3. Do community people have sufficient food to feed whole year?
4. How much money has paid community people processing to going abroad?
5. Expenditure sector

Before	After

**Observations Checklist**

1. In which country gone for work in your family member?

S.N	Country Name
1.	
2	

3	
4	
5	
6	
7	

2. In which sector do community peoplework in abroad?

- a.
- b.
- c.
- d.
- e.
- f.

3. What is the medium that money is formally sent?

- a.
- b.
- c.
- d.
- e.
- f.

4. Mostly In which sector receive money is being used?

- a.
- b.
- c.
- d.
- e.
- f.

5. How is the consumption pattern?

S.N.	Before receiving remittance	After receiving remittance
1		
2		
3		
4		
5		
6		
7		

6. How is the normal HHs expenditure per year?

S.N.	Before receiving remittance	After receiving remittance
1		
2		
3		
4		
5		
6		
7.		
8.		

## ANNEXE IV

### Focus Group Discussion Questionnaire

1. In your opinion what are the main cause's people in your ward are going for foreign employment?
2. What are the changes that remittance have played vital role in social dimensions?
3. What do you think about negative impact that has been bought by foreign employment and how can we reduce it?
4. Is it possible that without foreign employment we can boost up that livelihood without remittance in this ward?
5. What are the challenges that people are facing for foreign employment?



