

CHAPTER I

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 is characterized by small landholding, a fragile economy, politically in transitional phase.

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 will 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).

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.

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 Kolhavi 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 Kolhavi VDC however, there are no study done on the factors which has transformed their livelihood. Thus, through this study the researcher will find which factor in their

livelihood has been changed. The researcher will 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?
- Where and how the remittance has been used?

1.3 OBJECTIVES OF THE STUDY

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

- i. To examine the socio-economic status of the people of the study area.
- ii. To explore the impacts of remittance in income, education and health condition of the family members of the study area.
- iii. To analyze the evolving practices of migrant labors in the study area.

1.4 SIGNIFICANCE OF THE STUDY

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)

But most of the remittance income is used in the unproductive fields like house building, land purchasing, purchasing of luxurious goods and consumption etc. therefore the remittance income is not playing it's actual role for the development of the country as well as the reduction of the poverty level of the entire country. In other words, in these days the remittance income is using in the advantage of the migrated people and their families only. If the remittance income is invested in the productive sectors like industries, development activities etc, then only the effect of that remittance income can be felt by other citizens of Nepal.(NRB, Special Study Section, 2006)

Remittance is the back bone to the development of the economy in the sense of the Nepal in the recent years. The topic is very much interesting and challenging in the subject to thesis. As a student of rural development, this topic matches with both the urban and rural area, but now the rural area's economy is much attached to the foreign employment which invites the remittance in the country.

Finding of this study will put the economists and policy makers in place to know whether remittance is contributing to the national development or not. Foreign employment has reduced the state of poverty and unemployment to a certain extent. The life style of the households who succeeded in going for foreign employment has changed. But they have not been able to utilize and invest the whole remittance in the productive sector.

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 Kolhavi VDC so I believe that this thesis will be equally useful to the interested readers, students and concerned persons who desire to get knowledge and information about the relationship between the remittance and the rural poverty.

1.5 LIMITATIONS OF THE STUDY

The scope of the study is 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 Kolhavi VDC of Bara 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 Kolhavi 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 n may have limited accuracy.
5. The people permanently settled over foreign countries not sending remittance to Kolhavi VDC and the remittance received from India are excluded.

6. The data were taken with the people who had been in abroad for a period of 2 years or more so people who are/were in abroad for a period of less than 2 years has been excluded.

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 chapter four while major findings, conclusions and recommendation are incorporated in chapter five.

CHAPTER II

LITERATURE REVIEW

Different institutions i.e. CEDA, CENAS, NPC, NEW ERA, CBS as well as other independent institutes have performed their researches on migration. Various emigrational Aspects have been studied mostly the causes, effects pattern, distinction, characteristics, problems, etc. All those confine it to the migrant. The utilization of remittance and its effects in rural development have not been studied. Thus, availability of literature referring to Nepal; in this regard is almost absent. It does not mean that there is nothing available about the scenes behind the migrant but these are not directly concerned with the problem. In this respect, some sample studies have been done in some Asian countries which are put here for review.

IMPARICAL REVIEW

Neoclassical economics: macro theory views geographic differences in the supply and demand for labor in origin and destination countries as the major factors driving individual migration decisions. Among the assumptions of this model are that international migration will not occur in the absence of these differentials, that their elimination will bring an end to international movements, and that labor markets (not other markets) are the primary mechanism inducing movements (Bhattarai, 2005).

Neoclassical economics: micro theory focuses on the level of individual rational actors who make decisions to migrate based upon a cost-benefit calculation that indicates a positive net return to movement. In this approach, human capital characteristics that raise the potential benefits of migration, and individual, social, or technological factors that lower costs, will lead to increased migration (Bhattarai, 2005).

Dual labor market theory holds that demand for low-level workers in more developed economies are the critical factor shaping international migration. To avoid the structural inflation that would result from raising entry wages of native workers, and to maintain labor as a variable factor of production, employers seek low-wage migrant workers (Bhattarai 2005).

World systems theory focuses not on labor markets in national economies, but on the structure of the world market--notably the "penetration of capitalist economic relations into peripheral, no capitalist societies," which takes place through the concerted actions of neo-colonial governments, multinational firms, and national elites. International migration is generated as land, raw materials, and labor in areas of origin is drawn into the world market economy and traditional systems are disrupted (Bhattarai, 2005).

In the 1740's, the process of unifying Nepal provoked large scale foreign migrations. Unification brought hardship to peasants and the poor in the form of curve labor, over taxation, and exploitation from state agencies and their functionaries. As a consequence mass numbers of people migrated to India, where newly established tea states and the opening of land in Assam, Sikkim and Nagaland had made work available (Bhattarai, 2007).

Stiller, (1976)in his book entitled“*The Silent Cry*” pointed out the factors of migration of thousands into unknown lands. The primary factor was the building economic pressure: oppressive land and labor policies and the ensuing rampant rural indebtedness, which threatened the Villagers, vary survival. The economic position of the villagers could be expected to deteriorate as direct and immediate result of unification. The increased cost of government and defense had to be paid out of substantially the same pool of agricultural revenues that had formerly financed mini states (Stiller 1976:74-75).

Perry, (1996) in her book entitled “*Nepali around the World*”, mentions the oppressive taxation on land was also major factors of migration. If tenants could not pay they were alienated from their land. This economic pressure on villagers intensified dramatically when rent payment under the “*Kut*” system began to require payment in cash. In the ensuing search for cash, many villagers fell into a descending spiral of debt, leading to loss of tenancy rights of dispossession of their land, bondage of one or more members of the family and even slavery. In addition to these economic pressures, the villagers were subject to an oppressive compulsory labor system “*Jhara.*” The only escape was through the developments of some source of income other than agriculture.

All these pushes toward migration only needed the pull of outside opportunity. This came with the expansion of British power in India, their unquenchable need for labor, and the opening up of new sparsely populated land (Perry, 1996:15:76) Thus, it shows that historically the cause of labor migration was solely economic. In the present context,

however, the reasons have extended beyond the late 20th century until now, the attraction of wage labor opportunities has plunged Nepalese around the world, especially to the Gulf Countries, Eastern Asian Nations, America and Europe. This process of labor migration has been fuelled by the political conflict during the Maoist insurgency.

Studied the international labor migration of Nepalese women and their remittance in terms of poverty reduction. Labor migration of Nepalese women to foreign countries is limited to Gulf countries. The movement of labor migration for employment makes significant contributions to the social wellbeing and economic development of the countries of destination as well as the countries of origin. On the one hand, migrant workers push the economy of the host country by acting as the basic factor of production i.e., labor better termed as human resources. On the other hand, the economic contribution from migrant remittances is source of income. She point out Nepalese women's international labor migration is mainly prompted by poverty at home and the significant impact of their remittances on overall poverty reduction at the household level. She has also mentioned the role of remittances received from the women from foreign employment in concerned to poverty reduction in this regards she writes: the basic reason for work is to seek better employment opportunities outside the country of origin and, as indicated above, the vast majority of people migrate to fulfill the basic needs of their families. Hence remittances have a direct impact on poverty reduction, as they tend to flow directly to poor households. They are primarily used for meeting basic needs of food, shelter, education and health care. In most instances, remittances are not used for "productive" investment, because poor households have no option but to use it for basic needs. (Bhadra, 2007)

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).

What types of people tend to participate in labor migration? This is also an important question. A study by Basnet, (1996) of *ShishuwaAdharsha*VDC in Kaski, District indicated that households involved in foreign labor migration tend to have less agricultural land and less food self-sufficient than those not so involved producing 2.35 *Muriper* capita a year as compared with 3.91 *Muri*years. In this village, two thirds of income from employment abroad was spent on immediate ‘food and family requirement’ (55%) and on debt payment (12%), while what can be termed investment (Housing, land purchase, bank saving, education, marriage and business) accounted for the rest.

Remittance from foreign countries has brought positive impact on the family in a case study by Parajuli, (2006) in *Valam*VDC, Kaski district. Labor migration is seen as a means to improve both the standard of living and social prestige. People of all caste and classes are involved in foreign work. The remittances from foreign worker are used for their health, education, and land purchase. In case in *Valam*VDC, all the *chhetris* labor migration has contributed to uplift their standard of living and 76.92% have been able to make future investment. Similarly, 50% of occupational caste (*Dalits*) was also able to make further investment in their daily chores through the remittance received.

In the article “Nepali women and foreign employment” published in Kathmandu post 28 Aug 2005, Thapa, L.B. asserts that although Nepali law does not discriminate between male and female worker, this is not the case when it comes to foreign employment. Over the last few years, many incidents had reported that Nepali women are manhandled in the Gulf countries. As a result of this, the government decided to ban sending Nepali women worker to these countries. The government has made a provision for women to get permission from their families before they apply for overseas job. Nepalese women accuse the government of failing to advocate and defend their interest in the Gulf countries. The government of Nepal doesn’t have diplomatic relationship with Gulf countries; there is no one to present Nepalese worker. As a result the lives of Nepalese worker in Gulf countries have become difficulties especially female worker have faced many problems.

Adhikari, (1996:21) has noted the lack of research into how labor migration and remittances affect local village and household economy and society. According to him most research studies conducted in Nepal have paid little attention to the growing role of off-farm work in the village and household economy. Although a few studies give some account of off farm employment, their main concern has been with the relative size of the

income generated rather than with its role in the livelihood strategies of different village groups.

According to the Department of Foreign Employment, Government of Nepal in between the FY 1994/95 – 2011/12, total number of Nepalese who went to work abroad is 2465699, among them 773940 people went to Malaysia (highest), 690395 people opted to go to Qatar (second highest) and 64219 people went to Kuwait (third highest). Similarly in the present FY 2012/2013, at the end of July, 49448 people went to work formally in different countries among them 48088 people are male and 1360 people are female.

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 Lahor to join army of Sikh Ruler Ranjeet Singh. Formally it was started after Anglo-Nepal friendship treaty of 1816 that recruited 3000 Nepalese soldiers in British Gorkha Regiment. (Dahal, 2004)

Nepal Living Standard Survey (NLSS-2010/11, volume 2), (CBS, 2012) has defined remittance as a transfer income received by a household within last 12 months. All incomes transferred from a single source (individual/household) are counted as one remittance. According to the survey, the proportion of all households that receive remittance is 56 percent in Nepal. The average income transfer in the form of remittance is Rs. 80436 (in nominal terms) per recipient household. Per capita nominal remittance when the whole population is considered stands at NRs. 9245. According to the survey, remittance flows from internal and external sources. A majority of remittance (58 percent) come from within the country, followed by India (19 percent) and other countries (23 percent). Perhaps a better indicator of source shares is by size of transfer incomes. The survey summarizes number, size and share of remittances by source also. NLSS II estimates that the total amount of remittance received in the country is Rs. 259088477460.

NLSS 2010/2011, (CBS, 2012) estimates that the total amount of remittance in the country is Rs. 259 billion in nominal terms. Internal source accounts for 20 percent of this amount. Gulf countries (especially Saudi Arab and Qatar) together account for 26 percent, Malaysia 8 percent, India 11 percent and the remaining 35 percent is accounted by other countries (table). Of the total remittance, 77 percent of remittance is transferred by

person, 19 percent via financial institutions, 3 percent via *Hundi* and 2 percent by other means. The majority of the remittances are brought in by “self” (by the donor himself/herself) in case of internal sources whereas financial institutions are the main media for external sources except India. The majority of remittances are sent through financial institutions from these countries: Malaysia (81 percent), Saudi Arab (73 percent) and Qatar (64 percent).

This report also shows that the two most reported use of remittances received are “for daily consumption” and “for repaying loans”. About 79 percent of the total remittances received by the households is used for daily consumption while 7 percent is used for loans repayment. Other uses are – to acquire household property (5 percent) and for the education (4 percent). Only a small percentage of the remittance (2 percent) is used for capital formation and the remaining (3 percent) is used for other purposes.

The NLSS, 2010/11, (CBS, 2012) reported that the common Nepalese access to basic facilities has improved over the years. Despite political upheavals and unrest, the average household income of Nepalese has increased by more than four-fold to Rs. 202,374 over the span of 15 years due to increased receipt of remittances. According to the report, the increased remittance per household has not only increased consumption pattern but changed the social structure too. The nominal per capita consumption expenditure in aggregate increased from NRs. 15,848 in 2003/04 to NRs.34,829 in 2010, at an annual average growth rate of 14 percent. The survey also identified urban hills (9 percent) and Bara (11 percent) having the least poor population while the highest population identified as poor live in the mountains (42 percent) and rural hills in the Mid and Far-West regions (37 percent). In the census of 2001, the total number of migrant from Nepal has slightly increased from 5,87,243 persons in 1991 to 5,89,050 in 2001, an increase of 1,807 persons or 0.3 percent only and the percentage of Nepalese migrants to India had gone down from 89.21 percent in 1991 to 77.28 percent in 2001. This indicates the increasing trend of migration of Nepali beyond India to other countries. The second largest destination of the Nepali migrants was Saudi Arabia, which accounted for 8.85 percent of the total migrants followed by Qatar and United Arab Emirate. The total number of Nepali migrants to Gulf countries including other countries like Kuwait, UEA and Bahrain accounted for 16 percent of the total. Hong Kong is the fourth largest destination of the Nepalese migrants followed by Japan, Korea and China and the Nepalese migrants to these East Asian Countries together accounted for 2.83 percent of the total migrants. Malaysia represents the sixth largest destination of Nepalese

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Besides, Amuedo, Dorantes and Pozo (2006) concluded that the increased remittance in receiving country provide a cushion for income risk for receiving migrants. An increasing number of studies indicate that economic and currency crises on origin countries tend increase. Remittance transfers corroborating the idea that remittance serve to spread income risks and smooth consumption (Blue (2004)).

Edelman et al. (1988) used a social allocation matrix (SAM) approach for a rural village in Mexico and found that there is a significant role of remittance from both domestic and international migration to affect economic activities in the village.

Seddon (2003) defines that the proportion of migrants from developing countries has become increasingly significant and he included the urban area as the destination of Nepalese migrant's workers. Similarly, he points remittance to be of national importance as it forms the major part of national income in a country like Nepal and boosts up the household standard of the people

Poudel (1990) has studied employment and working condition as well as the mode of living in the case of Nepali watchman in Bombay. He reported that most of the Nepalese watchmen in Bombay migrate from the hill area of far western development region (FWDR) of Nepal, particularly from the Doti, Achham, Baitadi and Dadeldhura districts because of the scarcity of farmland, low agriculture particularly and very little non-farming employment. Similarly, on the average, Far Western Development Region, people are poor and indebted. So to meet their household expenses and payment of their

loan, they have to look for work outside the area. In addition, the pull factors (high level of wage, easy access to work, open boarder and high industrialization etc.) are supporting factor for them to migrate. This study analyzes the sector of employment working condition and mode of life of a migrant worker in general.

The Nepal Living Standard Survey (NLSS) 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)

World Development Report (2006); defines that remittance is the money sent by migrants working abroad to their home countries and considered as the development tool. It has considered that remittance contributes to a huge international capital flow. The report has indicated that the value of remittance worldwide is estimated to be US \$232 billion across all countries and \$167 billion of which was sent to developing countries. Another study by the world Bank (2005) found remittances to be effective in reducing Poverty consequences either they are in the form of books or articles. This chapter helps to take adequate feedback to broader the information base and inputs to the study. Since there are not so much adequate study materials related with this topic published in Nepal. This chapter tries to detail the conceptual theoretical concept regarding the definition of remittance as well as the term poverty. Remittance means the transferring money from one place to another. Remittance is the amount transferred by workers aboard to support their families back home. Euphemistically, present day Nepalese economy is characterized by "Remittance Economy". Its genesis starts from right from the beginning of world war which Nepalese fought not for the protection of

According to a study conducted by Prof. Seddon, Jagannath Adhikari and Ganesh Gurung entitled "Foreign Labor Migration and the 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. Data of the people migrated for their further studies but getting employment there and sending money and migrated with their own effort is not available with the Government.

According to the Director General of Labor and Employment Promotion Department Mr. Keshar Bahadur Baniya (2062/63); Nepalese people are migrated to other countries because they can get the desired work there and also they can earn more money than in the native country. According to the Government data, maximum of 1 lakh 65 thousand people are migrated in the year 2062/63. The number of people going to the foreign employment is not decreasing after the restoration of peace in Nepal also. In the period of one month (Jestha 2064), about 65 thousand people are migrated for the foreign employment. Generally, semi-skilled people are migrating to the Gulf countries like Qatar, Malaysia, UAE etc and the literate and skilled labor is migrating to the countries like Korea, Israel, Cyprus, Hong-Kong etc. The Government of Nepal opened 107 countries for the foreign employment of Nepalese labors, but the labor-contract was signed with Qatar only.

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. The above literature is basically focused on the cause and consequences of the migration. Even though there is no more literature in Nepali context, internationally there are adequate literatures which are also more focused on the implications of migration. It is a considerable condition that minimum literature of Nepal is not more focused on remittance and its impact at household level. Thus, this study has been carried out at the micro level to fulfill the need of how remittance can be useful to contribute to the livelihood of rural people.

This research report also has some suggestions and recommendations for the improvement of the foreign employment sector as well as to raise the productivity of the remittance income. Which are like, the Government should be clear about the agendas related to the foreign employment, the line agencies of government, and other private

sectors and Non-Government Organizations also should be clear about the foreign employment policy of Nepal. There should be a good cooperation between ministry of Finance, Nepal Rastra Bank, Department of Labor, Central bureau of statistics and department of tourism. There should be a strong policy to increase the investment form that remittance income in Nepal. The government should open the labor offices in the countries like Malaysia, Qatar, UAE etc, where more than 5000 Nepalese people are migrated for work. The present system of Brokers in the foreign employment sector should be replaced. There should be strong observation to the foreign employment agencies about whether they are following all the rules and regulations of the Government as well as the "Foreign Employment act-1992" , which has fixed the minimum wage is US\$ 125. There should be foreign employment information centers in all the regions of the country to give actual suggestions and recommendations to the people who want to go for foreign employment.(Foreign Employment Act,1992)

Remittance means transferring of money from one place to another. Remittance is the amount transferred by workers aboard to support their families back home. Euphemistically, present day Nepalese economy is characterized by "Remittance Economy". Its genesis starts 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 Luck now 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 soldiers received formed the part to support their families. Remittance business is created by the foreign employment that has the long experience in Nepal. For the foreign employment Nepalese people are engaged before some centuries. The Nepalese people were earned "Brave Soldier" in the history of 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 Lahore which is in Pakistan now. Some of the Nepalese were earned money in Malaysia so they were called "MalayakoLahure". (NRB report, 1997)

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).

Remittance has played a vital role in poverty reduction. Various reports and documents published in recent times have attributed the dramatic fall in absolute poverty to the inflow of remittance in Nepal. The percentage of all households receiving remittance in Nepal during the year 2010/11 was 55.8 percent. This is sharp rise from the year 2003/04 when it stood at 3.19 percent. There has been an 18 percent decline in absolute poverty in the six years between 2003/04 and 2009/10. Therefore, foreign employment is a major economic phenomenon in Nepal and its relation to the economic growth of the country is integral. (NRB, QEB, Mid April, 2013)

Foreign remittances generally refer to the money and goods that are transferred to families by migrant workers waged outside of their country of origin. The flows of migrant workers' remittances from developing to developed countries have been growing constantly. Remittances have become vital private financial resources for families in home countries of migrants, while they cannot be viewed as an auxiliary for foreign direct investment, official development assistance, debt relief or other public sources of finance development. The World Bank (2014) shows that this year's foreign remittance will be upsurge to 7.8 percent over the 2013 volume of US\$ 404 billion, expanding to US\$ 516 billion in 2016 to developing countries. For several developing countries, foreign remittances are a vital source of foreign exchange, exceeding earnings from main exports, and covering a considerable portion of imports. Remittances flow far surpassing ODA and relatively stable than private debt and portfolio equity flows. In the case of Nepal, remittances are almost doubled the country's revenues from exports of goods and services, while in the Philippines and Sri Lanka, remittances are above 39% and 50%, respectively (The World Bank, 2014)

CHAPTER III

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 were 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, a descriptive and exploratory research design was followed. The purpose of the study was to describe the role of remittance in the reduction of rural poverty in the household level of Kolhavi VDC of Bara district. The descriptive method was used for the qualitative data obtained during the study. The data's that were not quantifiable was explained literally. On the other hand, researcher analyzed and discovered degree of interdependence between various characteristics/activities that were influenced by remittance; in such cases the exploratory research design was used. Researcher also 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 Rationale of the Selection of Study Area

Since last decade remittance has emerged as an important source of income in Kolhavi VDC of Bara district. So the present study was carried out in Kolhavi VDC. This VDC lies in the south-western part of Bara.

The reason to select Kolhavi was that the development was heard very much in the local newspapers about the benefit the people are receiving from the remittance. The researcher himself is the local inhabitant of the same district, so he is familiar with the local culture and practices.. All in all the researcher was well convinced that by the selection of this VDC, it could get more accurate information to fulfill his objectives easily and effectively under any circumstance than any other study area.

3.3 Nature and Sources of Data:

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.

Since, this research was more concentrated towards the prospects of remittance in rural area of Nepal i.e. Kolhavi VDC of Bara district, the degree and depth of impact of remittance is different in different aspects of rural livelihood was studied. On this regard quantitative research was carried out. It is because it helps to analyze the calculated information with the standard normative values and helps in comparisons. The attitude, awareness and perception of various stakeholders was studied through qualitative research method. However, every information cannot be quantified nor all the data can be interpreted quantitatively so various elements was interpreted in qualitative nature. So the data gathered are both qualitative and quantitative in their nature.

Similarly both primary and secondary data were used in this study.

3.3.1 Primary Data

In the due course of my research, primary data was collected through observation, interview, and through structured and semi structured questionnaire as per the convenience to aid to the study.

3.3.2 Secondary Data

Since, this research is mounted on the base of description and analysis, secondary data plays the vital role. The various internal and external sources were used for acquiring the secondary data. The various sources consist of:-

- Village Development Committee
- Nepal Rastra Bank
- Government of Nepal, Department of Foreign Employment
- Central Bureau of statistics
- Economic surveys published by NRB

- Nepal living standard survey by CBS
- Records of department of Labor, Government of Nepal
- Bulletins/reports, Google, etc.

3.4 Universe and Sampling

In Kolhavi VDC, there are 1272 households and total population is 6,567 out of which male and female population is 3171 and 3396 respectively. (Population and Housing census, 2011). Among them, 180 households receive remittance which is about 10 percentage of the total households. (VDC profile, 2011).

Among the 180 households receiving remittance, 62 households who were in abroad for a period of more than 2 years was selected on the basis of purposive sampling method. In order to make the study meaningful as well as advanced, within the limited time period a larger sample size was not feasible. The sample taken is about 40 percent of the total households receiving remittance, which can be considered to be good representative of the universe of study. The strata are the nine wards of the VDC and the sample was taken from the 4 wards. (2,4,7, and 9) equally i.e. 15 households from each ward. The reason to exclude the remaining wards was very few persons had gone abroad for working purpose and similarly the persons gone for work for less than a period of 2 years should be excluded so the ward no. 1,3,5,6,8 has been ignored. (VDC profile, 2011)

S.NO.	Ward	Migrant Population	Sample Size	Percentage
1	2	7	15	46.67%
2	4	13	17	76.47%
3	7	4	15	26.67%
4	9	5	15	33.33%

3.5 Techniques and Tools of Data collection

This research was conducted by employing various methods for data collection. Both primary and secondary data were collected. The researcher himself collected the primary data from the respondents by conducting the questionnaire survey with the family of the local people receiving remittance. For the collection of primary data following data collection techniques was adopted:

3.5.1 Household Survey

The name list of the household head was obtained from the VDC office and house to house survey was conducted. Questions were prepared and the questionnaire forms were filled up by the researcher interviewing with household heads using structured questionnaire tool. In the absence of household head, another senior person present at the home was taken as the respondent.

Similarly to explore remittance related problems and prospects in the study area, interview method was also conducted by the researcher. General problems, advantages and disadvantages regarding remittance was asked with the respondents in the study area. The data's were collected under the probability sample through formal and informal interviews using structured and open end questions.

3.5.2 Focus Group Discussion

Focus group discussion method was essential for collection of more information about remittance used in the study area. The tool of focus group discussion were checklist and questionnaire. Common problems faced by migrant labors was asked and suggestions to overcome such problems was discovered.

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 it is major key information; key informant interview will be conducted within the study area. The key informant will be VDC staff, organization staff and beneficiaries.

3.6 Data Processing and Analysis

The collected raw data can be molded as per the requirement and objectives of the research. The various steps that were followed are

3.6.1. Data Processing:

- a. Editing: The collected raw data was edited to detect error and omissions. So to overcome the possible error in the research editing was done carefully.
- b. Coding: In order to make the research more systematic and scientific, assigning of numerals or symbols to answer was carried out, so that it helped to allocate the answer whenever necessary.
- c. Classification: The result of research study was at large volume in the form of raw data. So in order to simplify it has been classified into homogeneous groups, so a meaningful relationship can be profoundly studied.
- d. Tabulation: After the necessary classification of data the next step was arranging the data in respective tables/ charts. The tabulation is essential in order to systematize and logical arrangement of data for further manipulation.

3.6.2 Data Analysis:

All the data's were analyzed systematically with the help of a scientific calculator and the computer. Data was presented in percentage form when required. Tables, graphs, diagram was used to meet the requirement of this study. Data was studied comparatively to get required results about the efficiency of that remittance income and the effect of that remittance income in the research area.

CHAPTER- IV

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 Bara district and Kolhavi VDC regarding its demographic, socio-cultural, economic, geological, political and other aspects.

4.1 Study Area

4.1.1 Kolhavi VDC of Bara District

Bara district is located in Bara valley, 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 Kalaiya city 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 Christians.

The study was undertaken at Kolhavi VDC of Bara district. This VDC lies in constituency no.03 of Bara district. It lies between the altitude of 100 m to 400 m. Total population of Kolhavi VDC is 6567 having 3171 male and 3396 female populations. There are all together 1272 households. (National Population and Housing Census, 2011).

Within the VDC, our study is mainly focused in ward no 2, 4,7 and 9 which is composed of different ethnic groups; largest population in the Kolhavi is Madhesi. Besides, the other castes and ethnicities like Chhetri, Brahmin, Newar, Madhesi. Dalit, Magaretc.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 of the Households

4.2.1 Ethnicity/Caste

Table No.4.1: Ethnicity/Caste Composition of the Sample HHs

S.NO	Ethnicity/Caste	No. of HHs	Percentage (%)
1	Madhesi	20	32.25
2	Chhetri	12	19.35
3	Bramin	13	21
4	Newar	7	12
5	Rajput	4	6.70
6	Magar	6	9.50
	Total	62	100%

Source: Field Survey, 2017

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

Above table shows that out of the total HHs, Madhesi (32.25%) are the predominant in going outside as migrant labors followed by Bramin (21%) and Chhetri (19.35%) respectively. Similarly (6.70%) of total sample HHs was Rajput. Only(12 %)of the sample HHs were from Newar and(9.50%) of Magar ethnic group.

4.2.2 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 in table no. 4.2

Table No. 4.2: 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, 2017

The above table shows that in the study area, the female population is slightly higher 51.79% than male population, 48.21 %.The total population of 62 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%.

4.2.3 Household Size of the Respondents

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: Distribution by the Households size of the Respondents

S.N.	HH size	No. of HHs	Percentage (%)
1.	1 to 4	22	35.48
2.	5 to 8	23	38
3.	Above 8	17	27.45
TOTAL		62	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 Kolhavi VDC is 4.4%.

4.2.4 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 No. 4.4: Distribution of sample HHs on the basis of occupation

S.N	Occupation	No. of HHs	Percentage(%)
1.	Agriculture/ Animal Husbandry	27	43.54
2.	Service/Job	15	25
3.	Business/factories	12	20
4.	Daily wage labors	8	13.33
TOTAL		62	100%

Source:Field Survey, 2017

The above table shows that majority of HHs (43.54%) 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, parlors, factories, cooperatives etc. (13.33%) people are daily wage labors.

4.2.5 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 No. 4.5: Distribution of sex of migrant labors of sample HHs

S.N.	Sex (M/F)	No of migrant labors	Percentage (%)
1.	Male	57	91.93
2.	Female	5	8.06
TOTAL		62	100%

Source: Field Survey, 2017

The above table shows that out of the total labor migrants, 91.93% are male and 8.06% are female. Because of many reasons i.e. male-dominated society, backwardness of women, less position of women in decision making process, dogmatic beliefs, and security of young women and question of sexuality is aroused by the family members, etc.

4.3 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 No. 4.6: Name of country gone to work by the respondents of sample HHs

S.N	Name of country	No. of respondents	Percentage (%)
1.	Malaysia	13	21.66
2.	UAE	9	15
3.	Qatar	11	18.33
4.	Macau	4	6.66
5.	Japan	5	8.33
6.	Europe	2	3.33
7.	USA	1	1.66
8.	Saudi Arabia	10	16.66
9.	Cyprus	3	5
10.	South Korea	4	6.45
	TOTAL	62	100%

Source: Field Survey, 2017

Above table shows that, the 62 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. 6.45% 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.

4.4 Distribution of the those sector skill of the migrant labors of sample HHs while going to work

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 4.7: Distribution of migrant labors on the basis of sector skill at the time of going

S.N.	Gone as	No of respondents	Percentage (%)
1.	Electrician or plumbing labor	15	24.19%
2.	Hotel labor	15	24.19%
3.	Construction or factory labor	25	40.32%
4	Banking , Business and education labor	7	11.29%
	Total	62	100%

Source: Field Survey, 2017

Above table shows that 40.32% of the total migrant labors were construction or factory labor. Similarly 24.19% were electrician or plumbing labor. Similarly 24.19% were hotel line labor and only 11.29% 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-dependent and the make rule for their health and life insurance from the company where they are going to work.

4.5 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 varieties of needs. The annual income that can support annual expenditure of sample HHs is shown in below table 4.5

Table No 4.8: 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	Below 3 months	7	11.29
2	3-6 months	17	27.33
3	6-9 months	19	30.64
4	9-12 months	11	17.74
5	More than 12 months	8	12.22
	TOTAL	62	100%

Source: field Survey, 2017

The above table shows that about 30.64% households can support annual expenditure for 6-9 months. This category includes HHs mostly whose major occupation is agriculture and animal husbandry. 27.33% HHs can support for a period of 3-6 months, they are those who are engaged in service and agriculture. 17.74% 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. 12.22% HHs can support for period more than 12 months, they are those who are engaged in small business and agriculture. 11.29 % 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.

4.6 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 No 4.9: Amount of remittance received annually by the sample HHs

S.N.	Annual Amount (NRs.)	No. of HHs	Percentage (%)
1.	Below 2,00,000	11	25

2.	200,000 - 400,000	13	29.54
3.	400,000 - 600,000	7	15.90
4.	6,00,000-8,00,000	6	13.63
5	800,000-10,00,000	3	6.81
6	10,00,000-12,00,000	3	6.81
7	More than 12,00,000	1	2.27
	TOTAL	44	100%

Source: Field Survey, 2017

Above table shows that, 29.54% of the total HHs received an amount of NRs. 2,00,000 to 4,00,000 per year in the same way 25% of the total HHs received an amount of below 2,00,000 per year. Similarly 15.90% of the total HHs received an amount of 4,00,000 to 6,00,000 per year. In the same way 13.63% of the total HHs received an amount of 6,00,000 to 8,00,000 per year. Similarly 6.81 % of the total HHs received an amount of 8,00,000 to 10,00,000 and 10,00,000 to 12,00,000 per year and the more than 12,00,000 per year was received by 2.27 % 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 different types of labor (see table no 4.3) so who are engaged in construction and factory area they have received low wages.

4.7 Classification of consumption patterns of the sample HHs

As mentioned earlier, 18% of the total remittance was consumed in various things such as buying ornaments (gold, silver, etc), buying land, building houses, buying vehicles (motorcycle, scooter, etc) and buying electronic devices (TV, computer, laptop, mobile, camera. etc). The consumption of various things of the sample HHs is listed below:

Table No 4.10 : Classification of consumption patterns of the sample HHs

S.N.	Assets	No. of HHs
1.	Buying ornaments (gold/silver)	19
2.	Buying land and house	9
3.	Buy electronic devices (TV, Computer, laptop, mobile etc.)	12
4.	Buying vehicle (motorcycle/scooter etc.)	6
	Total No. Of HHs	46

Source: Field Survey, 2017

Above table shows that, out of 46 HHs, all HHs used their money buying ornaments, mostly gold and silver was bought. Similarly, 19 HHs bought ornaments, 12 HHs bought electronic device, 9 HHs bought land and house and 6 HHs bought vehicles.

4.8 Classification of cooking fuel patterns of the sample HHs

Above the pie chart shows that, out of 44 HHs mostly used wood and bio gas for cook. Similarly, 15 and 21 HHs was used wood and bio gas for cook. 4 HHs was used L.P gas and 4 HHs was used electricity 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.

4.9 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 will be discussed precisely below.

4.9.1 Positive Impacts of Remittance

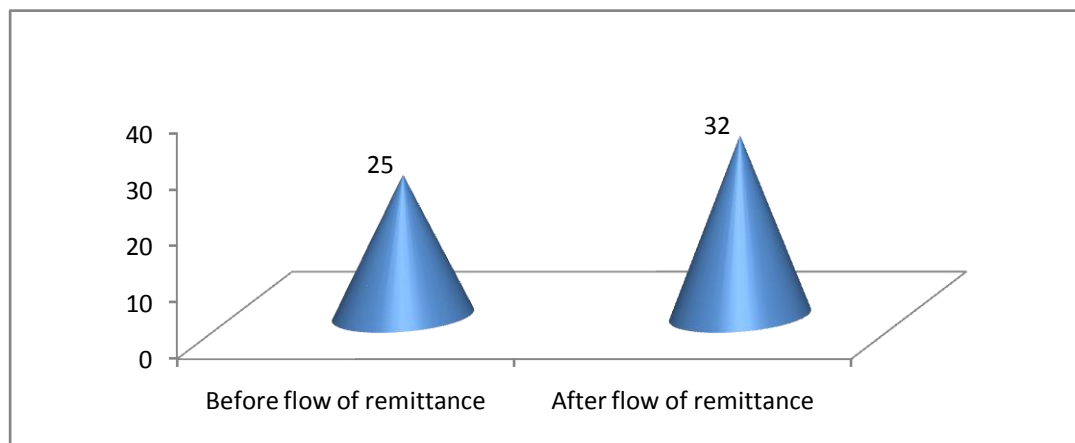
Remittance has been seen as the backbone of economy from the last decade or so but the important thing to notice is remittance not only helps in economic sector but it has positive impacts on health, education and socio-cultural sector as well. Economic benefits

has been discussed in the above topics so, focus will be made on health, education and socio-cultural sector below.

4.9.1.1 Health

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

Figure No 4.1 :No. Of HHs going for Medical Check-up



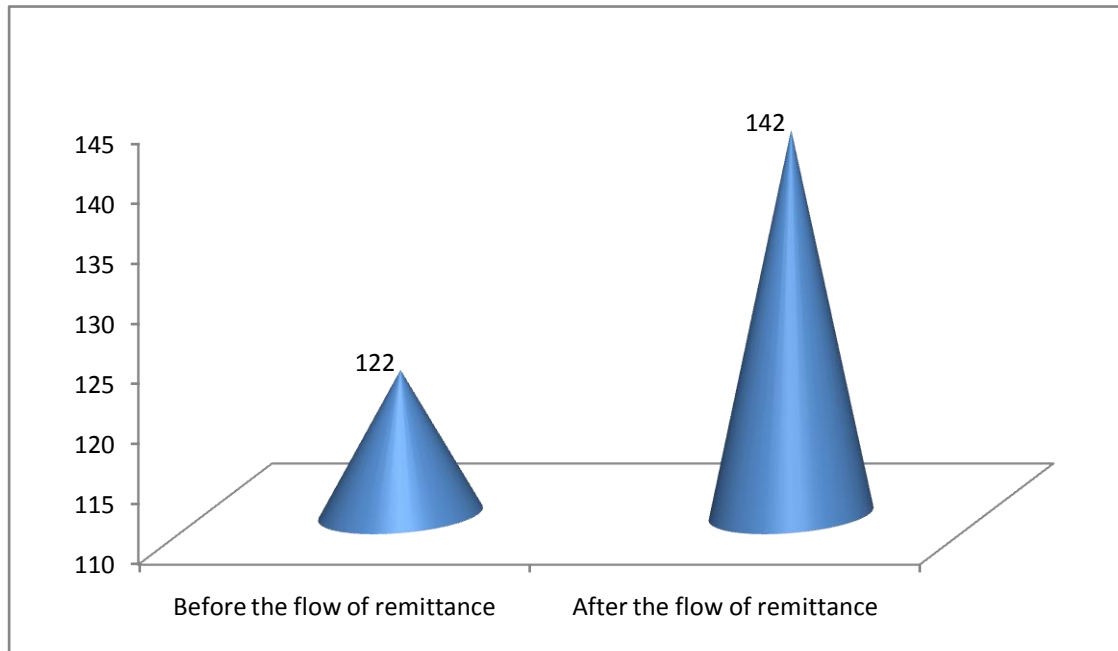
Source: Field Survey, 2017

According to the above figure, it was found that after receiving remittance 32 HHs are going for regular medical check-up in hospitals and health posts and buying medicine. Before only 25HHs did so. There was significant progress in this sector and there was increased access to health facilities.

4.9.1.2 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 No 4.2 :No. of students going to school and colleges

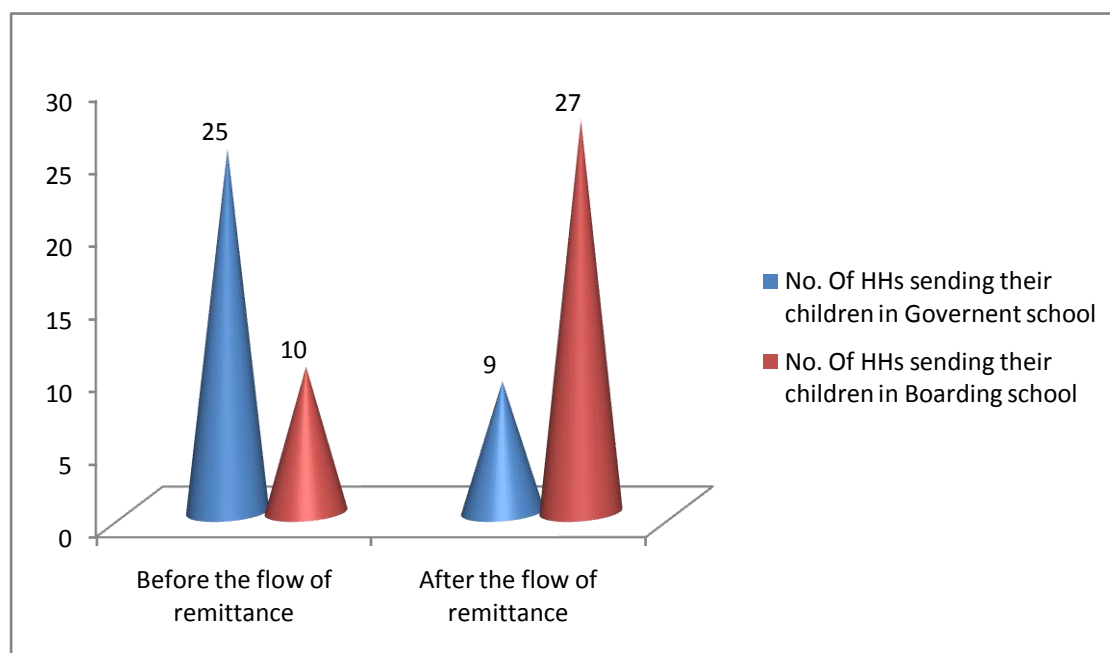


Source: Field Survey, 2017

Above table shows that 142 students were added to the school/college going lists after the flow of remittance, before only 122 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 4.3 :Types of school enrolled before and after the flow of remittance



Source: Field Survey, 2017

Above table shows that, before the flow of remittance, 25HHs used to send their children in government schools and only 10HHs used to send their children in boarding schools but after the flow of remittance the scenario was changed drastically. Only 9HHs children went to government school and 27HHs 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.

4.9.1.3 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.

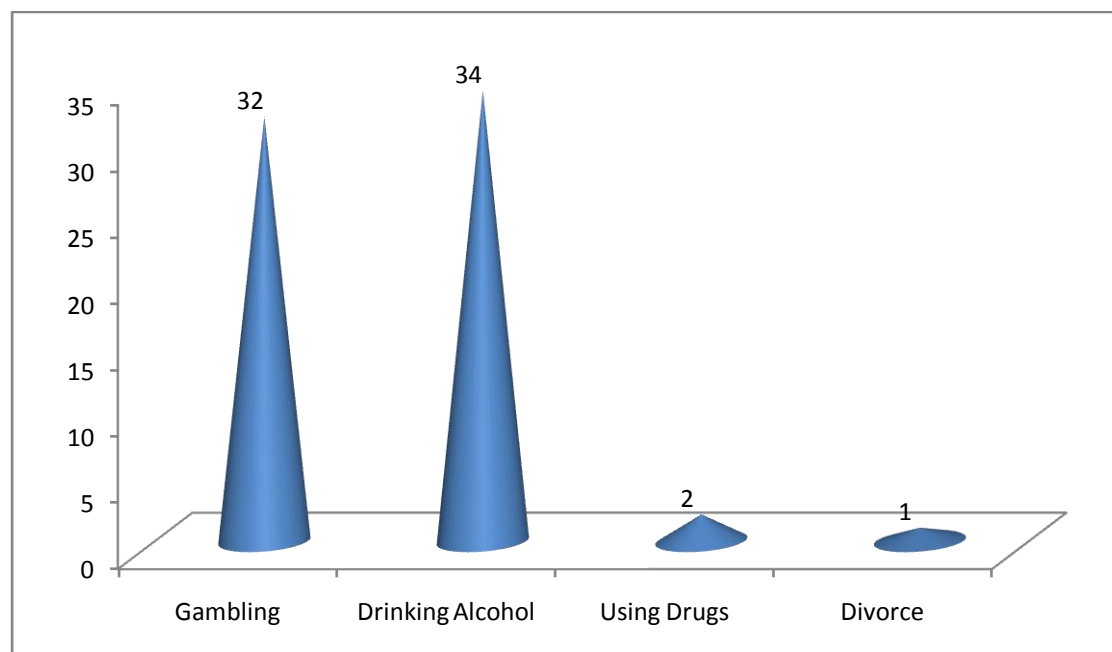
4.9.2 Problems Regarding Remittance

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

4.9.2.1 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 No 4.4 :HHs engaged in various activities



Source: Field Survey, 2017

According to the above table, 32HHs respondents are engaged in unsocial activities like gambling and almost all HHs 34 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.

4.10 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.

4.10.1 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.

4.10.2 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.

4.10.2.1 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.

4.10.2.2 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.

4.10.2.3 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.

4.10.2.4 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 will go with a sweet dream but come back with a sad story during their work place.

4.10.2.5 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.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Findings

Following are some of the highlights of the key findings:

Kolhavi VDC of Bara district is the study area.

The VDC has 1272 households with total population 6,567, male 3171 and female 3396. 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 62. In the study area average HHs size is found to be 5.41. Highest no of households in the study area are Madesi 32.25% , Chettri 19.35%, Brahmin 21%, Newar 12%, Magar 9.50% and Rajput 6.70% . The average literacy rate of sample HHs is 70.25%, Male literacy 78.72% and female literacy rate 62.37%. Major occupation status of the sample HHs, Agriculture 43.54%, service/jobs 25%, business/factories 20% and daily wage labors 13.33%.

27.33% sample households agreed that their income supports expenditure for 6 months while 17.74% sample HHs for 12 months, 12.22% sample HHs for 12+ months and 11.29% for 3 months. Out of total migrant labors in the sample HHs, 91.93% are male and 8.06% are female. Out of the total migrant labors of the sample HHs, 21.66% has gone to Malaysia, 15% to UAE, 18.33 % to Qatar, 6.66% to Macau, 8.33% to Japan, 3.33% to Europe, 1.66% to USA, 16.66% to Saudi Arabia, 5% to Cyprus and 6.45% South Korea.

Out of the total migrant labors of the sample HHs, 52.63% labors had gone as unskilled labor, 34.21% as semiskilled labor and only 13.15% as skilled labor.

52.63 % migrant labors of the sample HHs had gone abroad to pay debt, 21.05% because of frustration and 15.78% due to unemployment.

94.44% of the sample HHs had taken debt while going as migrant labor. 10 sample HHs had taken debt from financial institutions, 7 sample HHs took from family members/friends, 6 sample HHs from local money lenders and 3 sample HHs from self-

help groups..42.5% sample HHs used hundias their mediums of transfer of remittance, 35% sample HHs through financial institutions, 15% through family members/friends and 7.5% sample HHs brought remittance themselves.Out of the total sample 62 HHs,25%received an amount of below NRs. 2,00,000 as remittance per year,29.54% NRs. 2,00,000-4,00,000,15.90% HHs received between NRs. 400,000 to 600,000, 13.63% HHs received above NRs. 600,000-800,000,6.81% NRs 800,000-10,00,000, 6.81% 10,00,000-12,00,000 and 2.27% more than 12,00,000 received remittance annually.

40.14% of the remittance received was used in normal HHs expenditure, 18% of the remittance was used in consumption of various things (buying ornaments, lands, electronic devices, vehicles, building house, etc.), 12% in paying debt, 10.42% was used in education sector, 10.8% in saving and 8.64% of the total remittance received in health sector.19sample HHs bought ornaments (gold and silver), 9 sample bought lands and house, 6 sample HHs bought vehicles (motorcycle/scooter) and all sample HHs i.e. 12 HHs bought electronic devices (laptop, camera, TV, mobile, etc.).52.77% of the sample HHs had an annual saving of above NRs. 100,000. 27.77% HHs had between NRs. 25,000 - 50,000. 16.67% of the sample HHs had annual saving between NRs. 50,000 - 100,000 and 2.77% of the sample HHs had an annual saving below NRs. 25,000. 30 sample HHs deposited net saved money in financial institutions, 35 sample HHs deposited in self-help groups, 4 HHs gave credit to others, 15HHs invested in agriculture and 10 sample HHs opened shop.

Out of the total sample HHs depositing money in financial institutions 40% HHs received an annual interest rate of 3 to 5%, 33.33% HHs received below 3% and 26.67% HHs received above 5% p.a.Out of the total sample HHs depositing money in the self-help groups, 88.57% HHs received yearly interest rate of 5 to 10% and 11.42% HHs received above 10% p.a.Out of the total sample HHs giving their money as credit to others, 70% HHs received an interest rate of 30-40% p.a. 20% HHs received an interest rate of 20-30% and 10% HHs received 10 to 20% p.a.The number of 32 HHs going for regular health and medical check-up increasedby after the flow of remittance.The number of school and college going students increased by 20 after the flow of remittance.

27 samples HHs send their children to boarding school after the flow of remittance before only 10 HHs children were going to boarding school. Some of the samples HHs were engaged in unsocial activities like gambling (32HHs), drug abuse (2HHs), drinking alcohol (34 HHs), etc.

5.2 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 will 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.

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 extra-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 will be 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.

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.

5.3 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.

A) Policy Level

- 1) Government should make new policy to identify new potential destinations and create opportunities to go these destinations where the workers will earn more money. Apart from these the labor contract should be done between two countries to give safe environment for the workers.
- 2) Dealing with both prospects and challenges of labor migration and remittances, the country needs a rationally designed and improved institutional framework.
- 3) Government should also think of channeling remittance flows towards more effective poverty reduction and rural development outcomes.
- 4) Effective monitoring and evaluation of manpower companies and institutions should be done on regular basis.
- 5) There must be provision of rewarding and giving punishment to good and fake manpower companies.
- 6) Nepalese economy has received large amount of remittance but remittances are still being transferred through informal channels like hundi. Formal channels should be promoted. At least one formal institution must be established to facilitate transfer remittance in each destination. The government should prepare plans and policies in order to encourage the migrant workers to use formal channels for remittance purpose. It should provide orientation classes and distribute booklets mentioning the disadvantages of using illegal banking channels like Hundi, for instance. The only way we can control Hundi transactions is through easy banking access and close monitoring.
- 7) The concept of economic diplomacy should be implemented from the government of Nepal to increase the demand of Nepalese labor in the foreign labor market.
- 8) The Bilateral agreement should be done from the ministry level with all the labor importing countries. Agreement done with United Arab Emirates and South Korea can be the best examples of positive impact of agreement.
- 9) The concept of labor attaché should be implemented in every embassy. Sothe problems of migrated labors can be solved from the different desk.

B)Others

- 1) Maximum part of the remittance income have been used in unproductive sectors like regular household expenses, loan payment, house improvement and social spending etc. this don't give any return in the future. Thus the policy should be made and social awareness should be provided to give more information to the respondents on using their remittance income into productive and income generating sectors like investment in Shares, Business, Agriculture, etc.
- 2) 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.
- 3) 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.

ANNEX

Role of Remittance in the Reduction of Rural Poverty

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	
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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?

- a) Factory
- b) hotel
- c) Electrician
- d) Plumber

- e) Construction
- f) Banking
- g) Business
- h) education
- i) Other(specify)

To assess the status of remittance flow in study area

1. Approximately annual income of your family?
 - a) Less than 3 lakh
 - b) 3 to 6 lakh
 - c) 6 lakh to 9 lakh
 - d) 9 lakh to 12 lakh
 - e) More than 12 lakh

2. How much money did you receive from abroad per year?
 - a) Less than 2 lakh
 - b) 2 lakh to 4 lakh
 - c) 4 lakh to 6 lakh
 - d) 6 lakh to 8 lakh
 - e) 8 lakh to 10 lakh
 - f) 10 lakh to 12 lakh
 - g) More than 12 lakh

3. Annual ratio of receiving money from abroad?
 - a) 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. Usually where receive 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 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		

5. 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		

6. 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		

7. 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)		

8. How is the education pattern?

Education	Before receiving remittance	After receiving remittance
Public School		
Private School		

9. 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)		

10. How is the loan condition?

Loan /Debt condition(000)	Before receiving	After receiving

	remittance	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

1.1 If yes then what are they?

- a) Agriculture
- b) Business
- c) Education
- d) Infrastructure
- e) Skill development
- f) Others.....

2. Do you feel remittance improve your livelihood?

- a. yes b. no

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?
 - a. Concretization of agriculture land
 - b. Dependency
 - c. Laziness of people
 - d. Low production
 - e. Others.....

KII Checklist

1. What is the main source of income of community People?
2. Do community people have sufficient food to feed whole year?
3. Mostly in which sectors the people are spending the money they received from foreign employment?
4. What are Positive and Negative Impact of remittance in community?

Positive	Negative

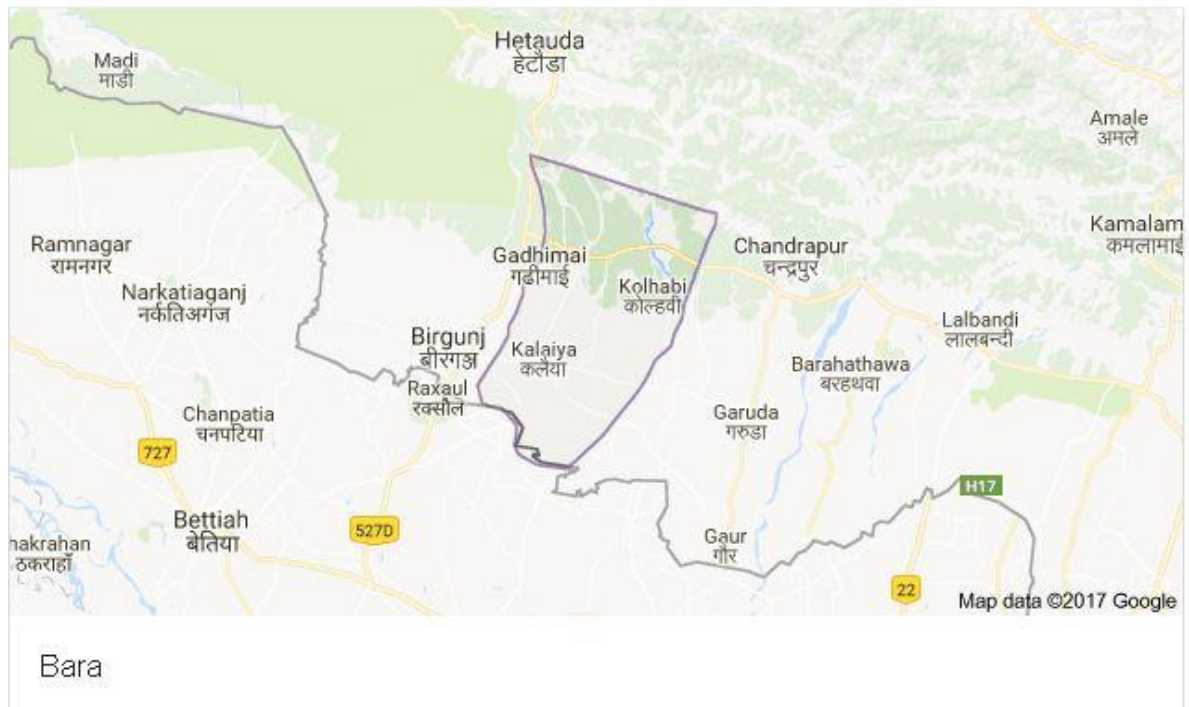
5. What re the changes bought through remittance?

Before	After

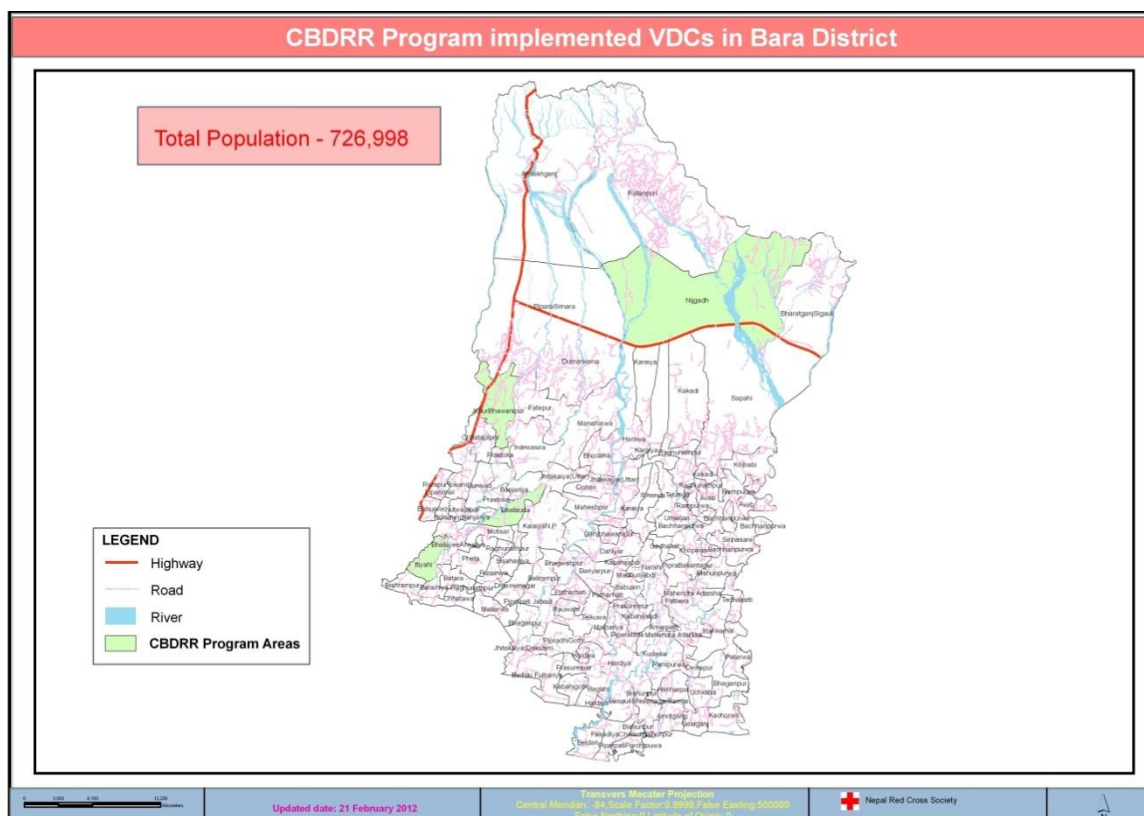
6. In your opinion what should be done to reduce the negative impacts of remittance?

FGD checklist

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?



BARA DISTRICT



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