

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Remittance consists of financial instruments transferred by migrants living and working abroad to residents of the home country of the migrants. It is limited to transfers made by workers that had stayed in foreign economies for at least one year whereas, migrants that are self employed are excluded (Faul, 2013).

The major reasons behind migration are: search for reliable job opportunities, poverty, and existing limited employment opportunities in the home country, deteriorating agricultural productivity as well as prolonged armed-conflict and domestic violence. Large number of workers, at present, either from developed or developing countries in the world are working out of the country thereby, contributing to their home economy. Foreign employment has become one of the major sources of national income for least developed countries, countries in transition and developing countries. LDCs, country in transition and developing countries have considered foreign employment as their major income sector since it consists of one third of their GDP (Stark & Bloom, 2018).

Millions of people from around the world, especially from the developing world, are leaving their usual place of residence in search of better employment opportunities in order to supply food for their dependents (ILO, 2016). Globalization and integration of regional economy have added impetus to the growing mobility of workers across borders. Poverty and the inability to earn enough or produce enough to support oneself or a family are major reasons behind the movement of work seekers from one place to another. These are not only characteristics of migration from poor to rich states; poverty also fuels movement from one developing country to others where work prospects seem-at a distance, at least-to be better (Orzell, 2013).

Apart from intraregional migration, the Gulf oil boom sparked a different type of labor movement from South Asia to the Middle East beginning in the 1970s. Since then, South Asian countries have sent a significant number of temporary labor

migrants to work abroad who send remittances home. ILO (2016) in the report examined different aspects of temporary labor migration within Bangladesh, India, Nepal, and Sri Lanka and from the study region to the countries of the Cooperation Council for the Arab States of the Gulf, known as the Gulf Cooperation Council (GCC). The GCC countries include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE). Over the last decade, the number of South Asian migrant workers going abroad has continuously risen, reaching into hundreds of millions in 2018. It is important to note, however, that these officially recorded figures for out migration and remittances neglect irregular and informal activity. Keeping this underestimation in mind, the fact that formal remittances comprise such a high percentage of South Asian gross domestic product (GDP) signals the region's reliance on temporary labor migration (Peter, 2018).

Despite the Asian sub-region's impressive record of economic growth and poverty reduction since the turn of the twenty-first century, Nepal has struggled more than any other country in South Asia to develop its economy. With a population of 27 million, Nepal has a per-capita GDP of about US\$600, the lowest in the study area. Unemployment is a growing problem, but precise rates are difficult to guess (World Bank, 2018).

In recent years, the trend in migration of worker from either developing to developed or developed to developing countries is at increasing rate. On the one hand, this practice has been contributing for the growth of the economy. But on the other, it has challenged and brought severe problems like unemployment, dependency, competition etc. in the recruiting countries. Thus, migration has remained a hot cake for the policy makers as well as to the concerned authorities (Ghimire, 2018).

Remittances consist of goods or financial instruments transferred by migrants living and working abroad to residents of the home economies of the migrants. It is limited to transfers made by workers that had stayed in foreign economies for at least one year stayed transfers from migrants that are self-employed are excluded (Faul, 2013). Remittance is a transfer of money by a foreign worker to an individual in his or her home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. In general, remittance is a

small amount of money which is sent by the migrants who are involved in foreign employment (Regmi, 2016).

The main aim of labor migration is to send money back home. Remittance from Nepali migrant workers in foreign countries is an important component of Nepali economy. Its contribution is not only the cash income and other goods and commodities that come to Nepal, but also the foreign exchange which has other positive contributions in terms of social and human development (Gurung et al., 2016).

Remittances to Nepal have a stronghold in the national economy and they have also improved the lives of a large number of rural people. Remittance inflow in Nepal began with the entry of Nepalese youths in the British /Indian Army during the World War I. Following this, there were increased remittances to Nepal when a large number of Nepalese youths joined the Indian army in the 1950s and 60s. Simultaneous to this, the increased number of Nepalese migrant workers in India also contributed to bring in remittances from India (NRB, 2015).

Remittances have become a major source of hard currencies for the national economy as well as of household income. Number of remittance receiving household has reached 56 percent in the country (CBS, 2011). Remittance has approximately 25 percent share in GDP and has surpassed the incomes received from tourism and national exports for the last three consecutive years. Remittance inflow has been credited for heavy foreign reserve and management of monetary resource for small and medium scale industries. Besides, remittance has helped the country's economy from facing debt crisis at a time when the world was under recession period. Remittance also supports for poverty alleviation (MoF, 2019).

Official remittance inflows to Nepal reached 26.3 percent of GDP in 2017, which makes Nepal the 19<sup>th</sup> top remittance receiving country of the world and it ranks fourth position when remittance is compared as percentage of GDP (WB, 2020). The volume of financial remittance has significantly increased in recent years from 2.54 billion in 2010/11 to 8.79 billion USD in 2018/19 (MoLESS, 2020). Large population are attracted towards foreign migration because of lack of employment inside the country, low agricultural productivity, weak agricultural policy by government, short comings

of land tenure system, unfavorable form of trade, wide dispersion of poverty, attractive foreign government's labor policy, possibility of better education opportunities, expanding form of employment etc.

At present, remittance has become an important source of revenue for government through tax and fees. These fees include fees paid by manpower companies, passport fees, value added tax and other non-tax revenues. Similarly, remittance has become an important source of revenue for private sector as well. Various recruitment agencies, agents, medical institute, orientation institute, training institute, advertisement, photograph shop, air-ticketing, local transport, hotels, restaurants etc has been collecting significant amount of revenue – Rs. 107 million per day, since the foreign labor migration has become a common phenomenon (MoF, 2019).

## **1.2 Statement of the Problem**

It is not easy to find job nowadays as a result of which most of the people are unemployed. In order to earn and make a living people have only one way and that is to migrate to the foreign countries borrowing loans with high interest rate whereby most of their income earned after toiling in foreign land is spent in repayment of that debt. Because of being uneducated and unskilled human resources, they are facing many problems. Due to political instability industries and businesses are not being to increase its pace towards profit and success. Development in agricultural sector is also becoming inadequate. Thus, remittance has emerged as one of the premier source of foreign exchange in Nepal as a whole including the study area. These recent years, remittance has become one important avenue of support for family members remaining at home. It is evident that foreign migration is important source of employment.

In the course of financing for foreign employment, several workers take loan and some even sell and pledge their ancestral property, while small number of migrants invests their family savings. It is strongly felt that government should establish a proper mechanism to finance foreign employment with minimum interest rate. On the other hand, average annual investment on a productive sector is lower than the average annual expenditure on unproductive sector. It may be due to lack of knowledge and lack of proper policy of government for the utilization of remittance.

The specific issues associated with the role of foreign employment and use of remittance are as follows: -

1. What is the pattern of utilization of remittance in the study area?
2. How does remittance help to bring socio-economic change?

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

The main objective of this study is to assess the contribution of remittances in economic status of rural households in the study area. The specific objectives are as follows:

1. To examine the utilization pattern of remittance in the study area.
2. To analyze the socio-economic status of migrant household before and after receipt of remittance.

### **1.4 Significance of the Study**

At present, remittance has become an integral part of urban and rural household for livelihood strategies in many parts of our country. So, the remitted money is a crucial part and reliable source of livelihood in much rural part of the country which is especially used for children's education, nutrition and to fulfill other requirements. It permits household to increase their consumption of more goods and services. At a community level, remittance creates multiplier effect in the domestic economy, producing employment opportunities and creating new economic infrastructure and services especially in remote rural areas where state resources have not been effective. The use of remittance depends on the priority placed by the individuals of different families. It is observed that poor families have increased their living standard, economic status as well as all aspect of the household through foreign employment. Because of increase in the number of migrants, the study area as well as most of the part of Bagmati Rural Municipality-3, Lalitpur district is losing its youth day by day. Last year from 2018 July till 2019 July, 280 youths migrated abroad for short and long tenure in the study area. This has evolved a new problem regarding utilization of local resources and implementation of development program with involvement of less youth in the target area and Nepal as a whole.

Thus, the significance of this study is to examine the utilization pattern of remittance within household and compare their status before and after recipient of remittances. The study will be helpful to government, policy makers and stakeholders (i.e. migrants, future researchers) thereby giving a knowledge about the utilization pattern of remittance income and compare the economic status before and after remittances of the area.

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

Every study carries some limitations which are unavoidable due to time, resource and budget constraints. The main limitations of the study are as follows.

1. This study is mainly focused on the remittances received by the people of Bagmati Rural Municipality-3.
2. Most of the analysis is based on primary data so any distortion of the reality from this study may be due to biasness of the respondents.
3. This study only focuses on migrants in overseas for foreign employment and remittances from them but does not concern migration in India.

### **1.6 Organization of the Study**

This study is organized into following five chapters:

*The first* chapter includes background of the study which deals with statement of the problem, objective of the study, rationale of the study and limitations of the study. Literature review in *The second* chapter deals with theoretical and empirical evidences regarding migration. *The third* chapter is research methodology of the study which deals with research design, rationale for the selection of study area, nature and sources of data, sample selection procedure, data collection techniques and tools, data processing and tools for data analysis. *The fourth* chapter deals with data presentation and analysis. This chapter includes overview of foreign employment and utilization of remittance in Bagmati Rural Municipality-3, area, comparison of economic status of households before and after remittance received. *The fifth* chapter deals with summary, conclusion and recommendations. References and appendices are also included at the end of the study.

## CHAPTER-II

### REVIEW OF LITERATURE

#### 2.1 Theoretical Review

Historically Nepalese people established their business and worked with neighboring countries like Tibet, China and India a long time ago. Lichhavi period promoted Nepalese arts and popularized Nepalese culture by Bhrikuti in China and many artists as well as designers worked there. Artist Arniko was invited by Kublie Khan to construct temples and stupas in China (Panta, 2016). Their histories are a proof that at that time Nepalese were working in neighboring countries and they sent their earnings to their motherland. Nepal was rich in its culture, arts heritages and was also economically self-reliant during Malla regime. Nepalese carried on the job continuously focusing trade between the neighboring countries.

Lewis (1984) in Economic Growth with unlimited supplies of labor distinguishes subsistence sector and developed sector within the economy. In other words, the first relates to agro-based, undeveloped sector or rural area and second is industrial, developed, urban territory. The prime reason for migration is due to wage difference unlimited supply of labor force prevailing at low wage rate which is why people are attracted to industrial sector until substance sector provides equal wage rate like that of urban sector i.e. migration exists whenever wage differential exists and elimination of such differences help to end labor mobility.

Todaro (1996) in his study “International Migration in Developing Countries” clarified that migration is stimulated primarily by rational economic consideration of relative benefit. The financial decision to migrate is influenced by the difference between expected incomes between two places. He added probability of getting job in new area is inversely related to unemployment rate in the new area.

As stated in the Balance of Payment (BOP) manual, (IMF, 2013) worker's remittance cover current transfers by migrants who are employed in new economies and considered residents there. A migrant is a person who comes to one economy and stays or is expected to stay for a year or more. People who work for and stay in new

economies for less than a year are considered nonresidents; their transactions are appropriate mainly to the component for compensation of employees.

Addison (2004) found that remittances have for several generations been important means of support for family members remaining at home. As migration continues to increase, the corresponding growth of remittance has come to constitute a critical flow of foreign currency into many developing countries. Africa in particular among developing countries has started to streamline financial system removing controls creating incentives, with the aim of attracting remittance especially through official channels. Remittance helps to create a positive impact on the economy of remittance receiving country through various channels. The general understanding among various economic thinkers is that remittances can impact on the economy through saving investment, growth of consumption and income distribution. The importance of remittance flow becomes critical in economies with credit market imperfections as in the case in most developing countries. As the rates of population growth, unemployment, poverty within country are responsible for migration to other industrialized countries. The "push factor" like population, unemployment and crisis pressures in less developed countries established inter-country networks based on family, culture and history. Push factors are unfavorable situations which force a person to leave whereas pull factors are favorable conditions pulling people in developed country.

Sasikumar (2009) assessed that macroeconomic study demonstrates that though remittance is affected by the economic cycles of source and host countries, they often provide a significant source of foreign currency, raise national income, finance imports and contribute to the balance of payment, whereas other capital flows tend to increase during favorable economic cycles and decline in period of economic downturn. Thus, remittances seem to react less violently and reveal incredible stability over time. For instance, remittances to developing countries continued to go up steadily in 1998-2001 when private capital flows declined in the wake of the Asian financial crisis. Even the more stable components of capital flows FDI and official flows-declined in 2000-2001, while remittances continued to rise.

Gupta (2009) investigated that remittance from abroad has become a very important component to the balance of payment for developing countries in recent years. For



some countries they have exceeded various types of capital flows. Global development finance shows that remittance to developing countries are higher than official aid flows and are, also higher than most other types of private capital flows. Remittances have increased rapidly for India too in the past decade making it one of the largest recipients of remittance in the world. The research found that, comparatively with the increase in the number of migrants from India and the migration of higher skilled workers over time, private transfer to India on current account have been very robust in the past decade. In this paper she also finds that, the private transfers have been stable sources of funds and have not been affected by the risk return considering to some extent that, flows on capital accounts have been such as portfolio investment. Thus, they have proven to be a source of strength in the balance of payment in India.

Coss (2009) examined the remittance flows as an important source of funds for many developing countries. Worker's remittances have been growing rapidly in the past few years and now represent the largest sources of foreign income for many developing countries. It is hard to estimate the exact size of remittance flows because many transfers take place through unofficial channels and therefore, are not taken into consideration by authorities worldwide. Officially recorded international migrant remittance had projected to exceed 232 billion in 2005, with & 167 billion flowing to developing countries. After 1997 the flow of recorded remittance grew much faster than Foreign Direct Investment (FDI). Unrecorded flows through informal channels are believed to be at least 50 percent larger than recorded flows not only are remittances large but they are also more evenly distributed among developing countries than capital flows, including foreign direct investment most of which goes to a few big emerging market. In fact, remittances are especially important for low income countries. This study suggests that remittance may rise per capita income and reduce poverty in some countries. For instance, a 10 percent increases in the share of remittances to GDP in a given country would lead to a 1.6 percent decline in the share of people living in poverty. Remittance may have reduced the share of poverty by 11 percent in Uganda, 6 percent in Bangladesh and 5 percent Ghana. In China where more than 150 million people are internal migrants, remittance has become the second most important factor for lifting a household out of poverty.

## 2.2 Review of Previous Studies

The Nepal Labor Force Survey (CBS, 2008) analyzed the data of different parts of Nepal by using the stage stratified sampling where Nepal as a whole country was divided into six strata distributed equally into rural and urban areas. At the first stage 800 wards were taken by the Primary Sampling Units (PSU), in the second stage among these wards 160 were taken by using Secondary Sampling Units (SSU). This survey has shown the proportion of household receiving a remittance (from either an absentee or from another person) was 30 percent of all enumerated household. The average amount received over all households in the last 12 months was Rs. 25050. Further the survey shows that most remittance income were received from outside of Nepal (including India, Malaysia, Saudi Arabia, Qatar etc.) with 82.9 percent of all remittance income (absentees and other combined) coming from outside. The share of remittance received from abroad is the highest from Qatar (21.3 percent) and 19.2 percent, 14.9 percent, 13.4 percent, 2.2 percent, 2.1 percent respectively from Malaysia, Saudi Arabia, India, United Kingdom and other countries. This survey collected data of various districts where remittance was sent but this study being vague, it is insufficient to distinguish remittance received by urban rural areas.

Shrestha (2011) found that the remittance to GDP ratio was only 0.5 percent in 1990/91. Recently, the remittance to GDP ratio increased from 10.34 percent in 2001/02 to 15.12 percent accounted highest is 2005/06. But the share of remittance to GDP decreased to 14.83 percent as compared to previous year. It indicates that contribution of remittance in Nepal is immense justifying the fact that Nepal's economy is 'remittance economy'. This study found that the contribution of remittance of the different sector of economy becomes much more important. Finally, she suggests in her research paper, considering the present scenario, GON and the concerned authorities must visualize and address the issues of foreign employment and remittance in Nepal from the new perspective.

Panta (2012) found that remittance refers to migrant's earnings sent from the migration destination to the place of origin. The term remittance is normally limited to denoted monetary and other kinds of transfers transmitted by migrant workers to their families and communities. Remittance falls under the BoP standard measures based on three items in report as incorporated in the IMF balance of payment statistical year

book. There are three forms of remittances: (1) workers' remittances (Money sent by workers living abroad for more than one year); (2) Compensation of employees (gross earning of foreigners living abroad for less than one year); and (3) migrant transfer (net worth of migrants moving from one country to another). Remittance is one of the major sources of the income of the country which can be further increased if new potential destinations of foreign employment like Korea apart from the traditional employment destination such as the Arab countries could be explored and utilized.

Rajan (2013) assessed the migration and remittance in India (Kerala) and experimented using random sampling method with probability proportional to the no. of households with sample drawn from 300 Panchayats (location) using sample method in fifty households. The study found that average age of emigrants was twenty-eight, average age of return forty-four, average life in Gulf countries sixteen, unemployment rate before emigration twenty-three and unemployment rate after return twenty-nine.

Rajan assessed that most of the Malayali people migrated to Gulf countries in search of appropriate employment opportunities where they earned money (remittance) and sent back to their origin place (home). Its impact was found to be especially 1-28 times more than the government revenue. It was also observed that remittance was received four times more than the transfer from the central government, 1.5 times more than the government expenditure and fifteen to eighteen times more than the earning from cashew and marine products. The study found that remittance particularly impact on poverty, unemployment, standard of living, ownership of houses, quality of house, consumer durability and income redistribution or social mobility on the other hand impact on migration of women older people, children due to loneliness.

Amjad (2014) examined remittance using time series data set which included 34 observations over the period of 1975 to 2008. Data was collected from various sources such as remittance series (total and by region), GDP and per capita from various issues of economic survey., In Amjad and Kemal's, economic survey, missing data for poverty has been interpolated and extrapolated where intercept dummies have been used to capture the impact of variation in remittance. Over the three decades 1980's, 1990's and 2000 the study investigated that impact of remittance on poverty is

inversely and negatively related. The study also found that some female headed households are in worst position as they received only 38 percent of remittance. Similarly, decline in remittance inflows became a major contributing factor to the increasing size of poverty in Pakistan during 1980's. Amjad also provided some observable recommendations for developing well managed data set keeping documentation system of overseas migration and remittances as well encouraging migrants to send their remittance through legal channels.

Sigdel (2014) found through evaluation of the significance of inward remittance in Nepal's overall economy which was found to have improved economy of our country. Employment in abroad has not only helped overcome Nepal's ever-growing unemployment problem but it has also injected much needed foreign currency into our economy to fill up foreign exchange and investment gap, thereby helping Nepal avoid a major BOP crisis.

Shrestha (2014) found that remittance now a day is considered as one of the six pillars of economy other being investment, trade, agriculture, water and tourism. At the household level, it helps to create suitable environment for the consumption and investment in human and physical capital. Remittance also generates benefits to the community, if it is spent on locally produced goods and services it will help in poverty reduction since money is utilized for rural development. In Nepal's case the penetration of the remittances into remote villages has helped in poverty reduction. As the IMF country report states that in the absence of remittance, the percent level of poverty would be 36 to 37 percent.

Dahal (2015) found that about 2 million youth work abroad and send foreign currency as remittance, which is being used as a source of consumption by the government and banking system where about 15 percent is being used in buying land and investing in agriculture and industries. The study denoted that two important resources youth and remittance are interrelated. The study also clarified that the remittance is cash money created by youth that contributes 21.8 percent to nation's GDP. It was 10.7 percent in 2000/01. The total amount of remittance reached 217 billion in fiscal year 2008/09. But the two factors are left to unpredictability and need of market. The major finding of this study is that the state must capitalize both resources for the long term prospects of nation. Finally, his study shows, remittance is not a permanent resource; it is a

significant transitional resource that can be utilized for productive economic investment.

Salim (2015) examined Bangladesh using time series econometric analysis linking remittance and economic growth in Bangladesh over period 1981-2006. Likewise, he also used Computable General Equilibrium (CGE) to analyze objectives explaining the impact of remittance growth on poverty reduction during 2000 and 2005. Also a cross section economic analysis was used explaining the link between remittances and poverty for the household using the latest household survey data. From the survey it was found that the average economic growth was around 5.5 percent and population growth was 1.2 percent. The analyzed growth of per capita income was found to be 4.2 percent, a phenomenal growth on inflow of remittance increased from USD 1949 million in 2000 to USD 3848 million in 2005 implying a 97 percent growth over the period, and the analyzed remittance growth was around 20 percent. And in the Household Integrated Economic Survey (HIES 2005) data set observing around 1800 HHs, only 905 households (HHs) received international remittance while rest 50 did not receive any international remittances. At the first step they separated all households there receiving international remittances. In the second step they identified those HHs who did not receive remittance but they found similar probability of receiving remittance.

Sonam (2016) investigated in Bhutan about the economic impact of remittances particularly in household's income, assets, foreign exchange (BOP) social security and discriminations. The comprehensive analytical study was based on the survey of RUM, PPD & MOA 2005 and found that some key issues are; high transaction cost for visa and documentation, remittance transfer cost charged by banks, lack of legal from of work on assess of poor people in migration. This study suggested some viable recommendations and need for enabling policies required to be followed in order to promote the competition in remittance industry for the protection of migrant working abroad Nisal & Dushan (2016) examined the impact of migrants and remittance on economy using the survey of central bank's time series data of 2003-04 (secondary data). The study examined macro level (economic stability national study and labor market) and micro level (household's expenditure, HHs income & people welfare). They found that macro-economic impact of remittance is to strengthen economy

through steady sources of fund i.e FDI portfolio and remove external shocks (i.e. natural disaster, financial crisis and political conflict etc). Similarly, micro-economic impact of remittance on household income & expenditure helps in reducing poverty and improving health, education & standard of living.

Bhattarai, (2016) found that Nepal has opened foreign employment opportunities with more than 107 countries in the world. Among these only in 75 countries Nepalese have gone for the foreign employment. It is recorded that 20,29,423 Nepalese employees went with labor permit (Ashad,2073). It was also found that about 25 million Nepalese processed for foreign employment by the open boarder without any permit, which is nearly 10 percent of whole population. Among them applicants for foreign labors included 71 percent untrained 27 percent semi-trained with only 2 percent of them trained. According to the study the cross country analysis showed that when unofficially recorded 10 percent individual's remittance increased then the poverty decreased by 3.5 percent and also international level study shows that more than 35 percent of remittance is used in rural areas.

Neupane (2017) found that the major reasons to seek foreign employment included unemployment, family debt burden, conflict problems etc. Major sector of employment for Nepalese workers were building construction and mechanical. Remittances have increased their household's economic status and social indicators after returning from foreign employment. In his survey about 81.73 percent respondents said that remittances have increased their economic status.

Deshal and Suwendrani (2017) investigated in Maldives the impact of remittance in poverty and consumption using time series data in period (1997-2015). They found that significant role of remittance is to reduce poverty (i.e. 10 percent increases in remittance leads to 3.5 percent decline in poverty). The study investigated some policy implications to keep well documentation of migrant and encourage them to send money through legal channel also building strong policy frame work needed for management of foreign employment etc.

Tilani and Roshni (2017) analytically studied the impact of migrant in Afghanistan using cross sectional data from National Risk and Vulnerability Assessment (NRVA) 2005 and 2015. The survey was conducted which covered 11,227 households, out of

the total households 2332 number of households had at least one member who migrated to foreign countries. Similarly, survey of NRVA, 2005 was conducted with main objective to gather information in order to update and guide policy makers in their development decisions to include plans for the migrants & remittances. The study found that remittance is the most tangible result of migration and is directly linked to development. Remittance has direct positive impact on poverty alleviation, access to education and health facilities.

Stark and Bloom (2018) examined the empirical evidences that the initial relative deprivation of household in their village reference group plays a significant role in migration control initial absolute income and the expected income gains from migration. They showed that the prosperity of household to participate in international migration is directly related to the household initial relative deprivation.

World Bank (2018) assessed that remittance constituted worker's remittance, compensation of employees and migrant transfer. The migrant remittances are defined broadly as the monetary transfer that a migrant makes to the country of origin. International migrant remittances are the second largest source of external finance in developing economies. Compared to foreign direct investment, international migrant remittances received by developing countries are estimated to be approximately USD 167 billion in 2005 and have doubled in last five years.

Lots of research had been done on “remittance” in Nepal and area specified. By many the contribution of remittance on national level i.e. macro level had been studied. The nature of area is different in context to Nepal. In most of the part of Nepal, prevalence of different nature on expenditure and remittance inflow is observed. Different people spend different level of migration cost according to the specification as to which country they are migrating to. This study tries to examine the contribution of remittance in household economy and compare status before and after. Thus, the study will be helpful to those interested person, parties, scholars, professor, students, businessman and government for academically as well as policy perspective. This study aims to help others researchers in future in the related field.

## **CHAPTER–III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This study is based on the explorative as well as descriptive research design. It has been conducted by collecting information about socio-economic condition of the respondents. This helps to investigate the contribution of foreign employment in household economy. Moreover, descriptive research design has been used to collect the information regarding contribution of foreign employment in the study area.

#### **3.2 Rationale for the Selection of Study Area**

Bagmati Rural Municipality ward no. 3 located in Province 3 is a small village of Lalitpur district which is rich in terms of various aspects regarding cultural heritages, arts and crafts, resources and histories. There are people of Hindu and Buddhist religion. The largest population is occupied by Brahmin followed by Tamang and Chhetri. The interview has been taken from ward no. 3 of Bagmati Rural Municipality, focusing more on the migrants and their family members of study area. There has been no study in Bagmati Rural Municipality, regarding the contribution of foreign employment in household's economy. Many people of the study area have gone abroad for several years and the tendency still continues to this day. Thus, this study attempts to explore the contribution of foreign employment in household economy of Bagmati Rural Municipality-3, Lalitpur district.

#### **3.3 Nature and Sources of Data**

This study is based on primary data and secondary data in order to meet stated objective of the study. Structured questionnaires were used to collect data through field survey.

##### **3.3.1 Primary Data**

Primary data has been collected by using the major procedure of data collection encompassing questionnaire and interviews with the abroad migrant's household,



cross checking editing and indirect questionnaire had also been put forward for the answers to be more realistic at the time of household survey.

### **3.3.2 Secondary Data**

Beside the primary data, secondary data had also been collected to fulfill the research objective. So, the available data from official and unofficial sources, National Planning Commission Secretariat, Central Bureau of Statistics (CBS), budget speech of government, economic survey, and annual publication of Nepal Rasta Bank (NRB) had been consulted. Other different journals, websites, books, reports, magazines and information form donor agencies like World Bank, ADB, IMF, and UNDP etc had also been studied.

### **3.4 Universe and Sampling Procedure**

It was not possible to take total survey of whole migrant household due to the limitation of time and other sources. There are all together 429 total households and the total population is 2057 in ward no.3 of the Bagmati Rural Municipality. Among them, 280 household members have migrated for foreign employment. But in this study only 50 households had been taken among the migrant households from ward no. 3 of the study area using systematic random sampling design. Systematic Sampling procedure was adopted to select the respondent for this study. For instance, to select a sample from 50 units, a unit at random from the first 1 to 5 ( $280/50=5$ ) numbers was taken and thereafter every 5<sup>th</sup> unit was taken as a sample. For example, when first unit drawn was number 3, the succession subsequent units are numbers 8, 13, 18, 23, 28 and so on till 50 respondents have been selected. The selection of the first unit determines the whole sample.

### **3.5 Data Collection Techniques and Tools**

In order to obtain necessary and reliable data for this study, both quantitative and qualitative techniques of data collection had been adopted. For quantitative and qualitative data collection, structured questionnaire was used to take interview of the target groups and key informants.

#### **3.5.1 Interview Schedule**

Direct personal interview with remittance receiver or sender's family members were

taken for the study by the field survey. Fifty households were surveyed. In this study, structured questionnaire had been used for the collection of data regarding information of remittance receiver's socio-economic status. In general, the questions were designed based on socio-economic condition. It helped to verify data directly.

### **3.5.2 Key Informants Interview**

Qualitative methods of data collection by the structured interview cannot collect in depth information about the respondents. Only by establishing a co-operative and mutual relation with the informants can the data of internal feelings and emotions be acquired through informal interview with selected people. Therefore, three people of Bagmati Rural Municipality-3 area such as local political leaders ward chairman and, ex-ward chairman and other people like social workers and Intellectual people were interviewed (See Annex-II).

### **3.5.3 Observation**

Observation method was used to collect the observable information such as living standard, structure of house and household activities. This method of data collection through observation helped to support in structuring data. Human nature being hesitant to exposing their weakness can hide important truths whereby in depth observation has helped to collect such information.

### **3.6 Data Processing**

After completing field work, all the information filled up questionnaire were collected and processed. This questionnaire became the major source of information which identified the total number of respondents and other related variables where some variables have been described after editing and cross checking.

### **3.7 Tools for Data Analysis**

Simple quantitative tools have been used to analyze the collected information and data in order to fulfill the requirement of the study. The following steps have been used to analyze the collected data:

- (i) Collected data have been processed by tabulating them.
- (ii) Some statistical tools like percentage, average and ratio has been used to analyze the data.

## CHAPTER-IV

### DATA PRESENTATION AND INTERPRETATION

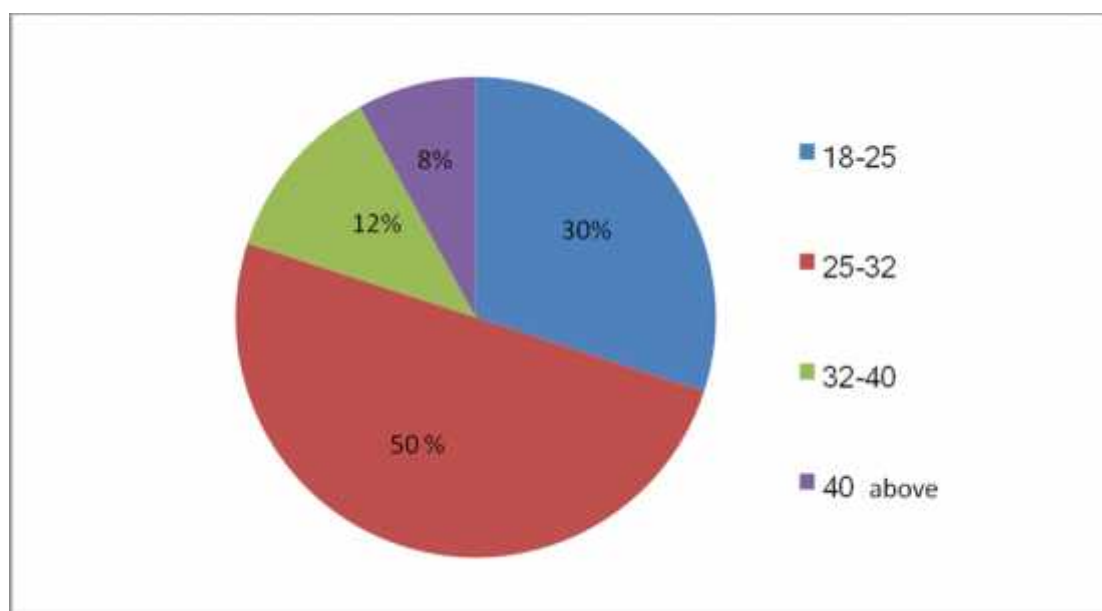
#### 4.1 An Overview of Respondents

##### 4.1.1 Age Composition of Migrant Workers

In this section, age description of migrant workers has been analyzed which helps to know the number of people migrating to foreign countries among these age groups from study area.

**Table 4.1: Age Composition of Migrants**

Age group	No. of respondents	Percent
18 – 25	15	30.0
25 – 32	25	50.0
32 – 40	6	12.0
> 40	4	8.0
Total	50	100



*Source: Field Survey, 2021*

Table 4.1 shows that 30 percent migrant workers are within the age group of 18 to 25 years. Migrants within the age group of 25 to 32 covered 50 percent. Migrants above 40 years were found only 8.0 percent and 12.0 percent with the age group of 32 to 40

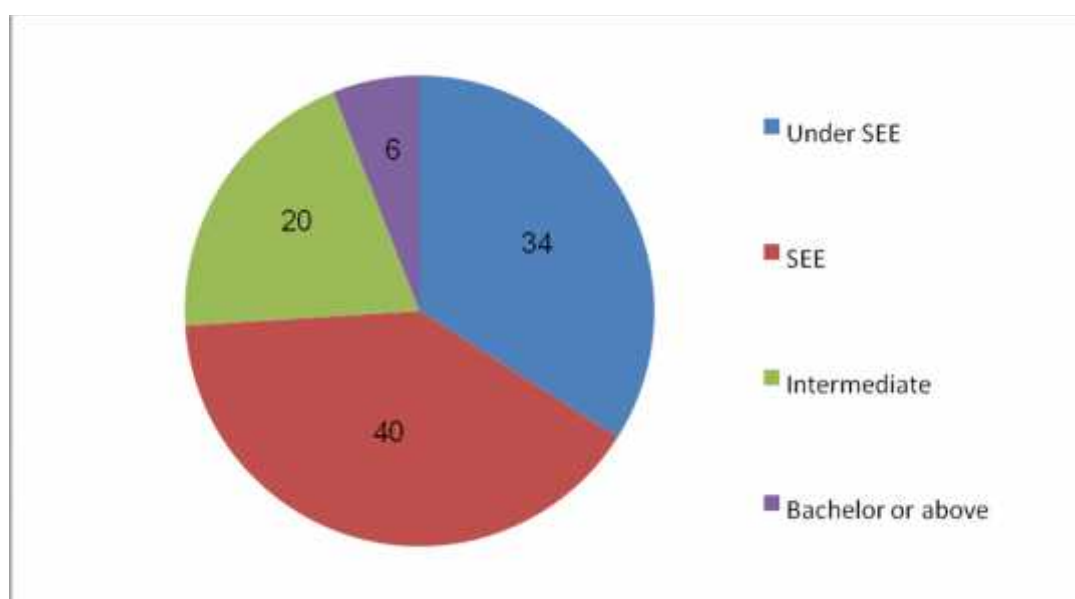
years. This trend shows that, most of the economically active people have gone to the foreign country, because of the main responsibilities of the family. Considering that age group 18-32 years are more energetic, dynamic, able to do risky tasks and frequent traveler for foreign job.

#### 4.1.2. Education Status of Migrant Workers

In the table 4.2 the educational background of the migrant workers has been shown.

**Table 4.2: Educational Status of Foreign Migrant Workers**

Education Background	No. of Respondents	Percent
Under SEE	17	34.0
SEE	20	40.0
Intermediate	10	20.0
Bachelor or above	3	6.0
Total	50	100



*Source: Field Survey, 2021*

The table 4.2 shows the educational status of migrant workers. About 34.0 percent of them are under SEE. Forty percent of them have passed SEE, 20 percent of them have got onto the intermediate level. Only 6.0 percent have completed bachelor or level above it. These data clarify that those more than 50 percent migrant workers have below or equal SEE level qualification which explains the poor educational standard

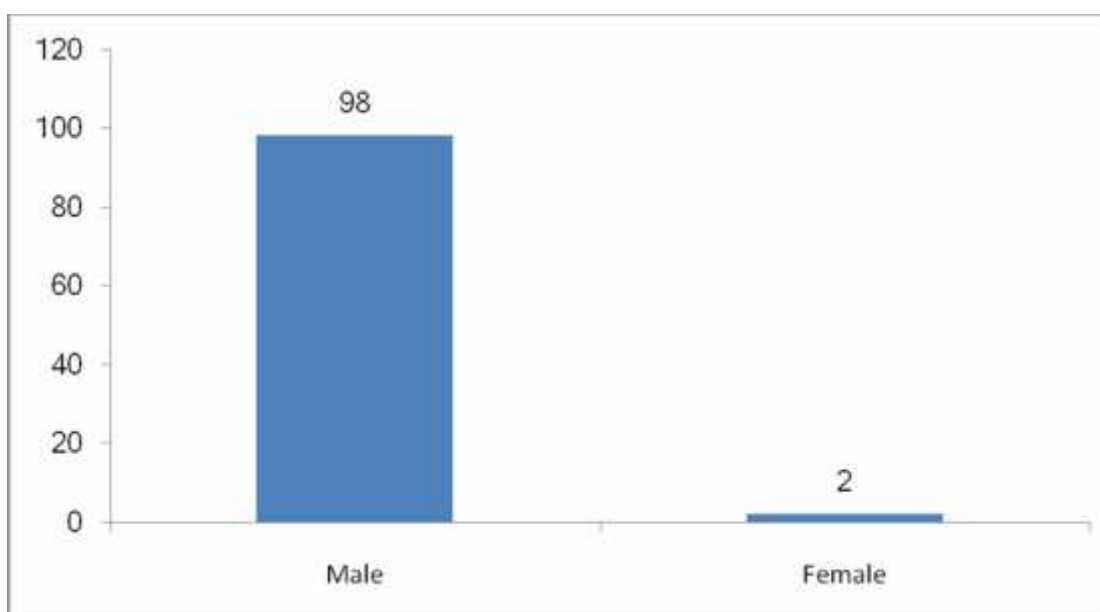
of the migrants. Educated migrants were skilled labors and they could get higher salary for their better job performance. Whereas less educated migrants are semi-skilled or unskilled labor and comparatively they get lower salary than skilled labor.

#### 4.1.3. Gender Description of Foreign Migrants Workers

In this section gender description of migrant workers has been included and this table helps to know the number of male and female workers going abroad for foreign employment.

**Table 4.3: Gender Description of Foreign Migrant Workers**

Gender	No. of Respondents	Percent
Male	49	98.0
Female	1	2.0
Total	50	100



*Source: Field Survey, 2021*

Table 4.3 shows the gender description of migrants where out of the total migrants 98 percent of them are male and only 2 percent of them are female. It means only one female has gone for foreign employment against 49 males. This trend shows that most of the migrant workers were male because of main responsibilities of family. Despite

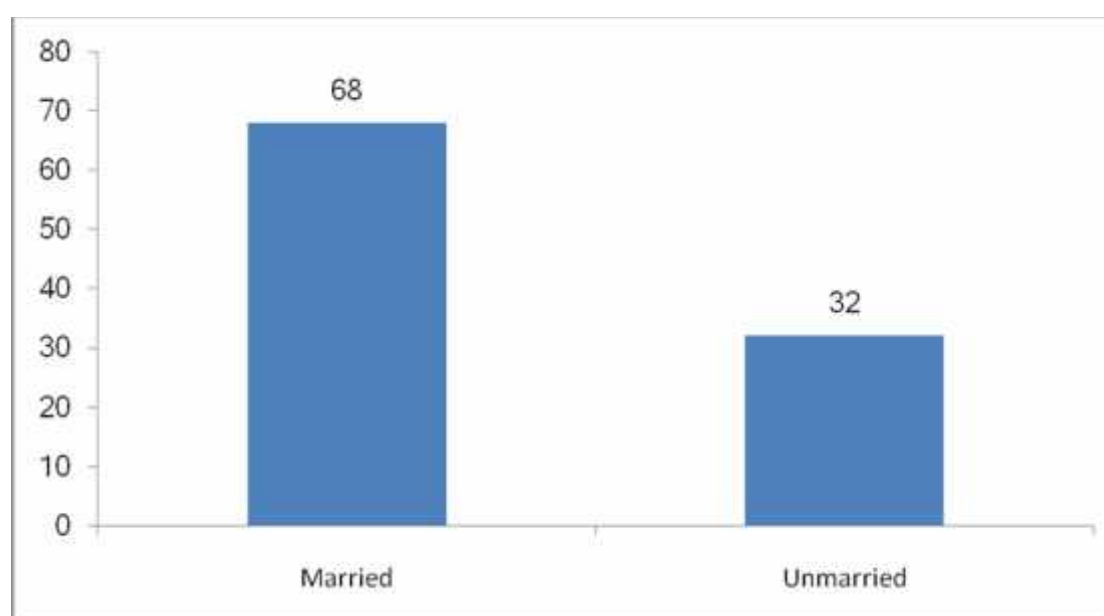
these facts women's migration rate has been increasing in Nepal. This data showed that mostly men migrate as a breadwinner of household.

#### 4.1.4. Marital Status of Foreign Migrant Workers

In the table 4.4 the marital status of foreign migrant workers has been shown.

**Table 4.4: Marital status of foreign migrants**

Status	No. of Respondents	Percent
Married	34	68.0
Unmarried	16	32.0
Total	50	100



Source: Field Survey, 2021

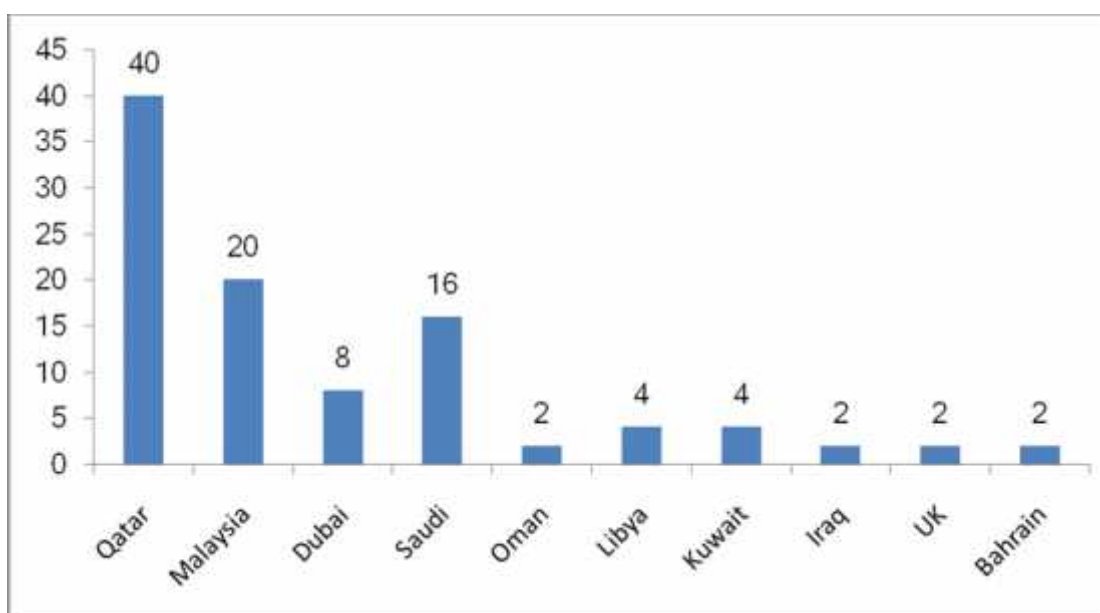
Table 4.4 shows that 68 percent of the foreign migrant workers in the study area are married and 32 percent are unmarried. These data clearly show that people migrate because of their responsibility towards their family. They have to look after the family and support economically to other household members.

#### 4.1.5 Major Destination of Foreign Migrant Workers

In this section, major destination of foreign migrant worker has been included which helps to know the country of choice for migration amongst the people from the study area.

**Table 4.5: Major Destination of Foreign Migrant Workers**

Country	No. of Respondents	Percent
Qatar	20	40.0
Malaysia	10	20.0
Dubai	4	8.0
Saudi	8	16.0
Oman	1	2.0
Libya	2	4.0
Kuwait	2	4.0
Iraq	1	2.0
UK	1	2.0
Bahrain	1	2.0
Total	50	100



*Source: Field Study, 2021*

Table 4.5 shows that 40 percent workers are working in Qatar, 20 percent are working in Malaysia, 16 percent of them in Saudi Arabia and 8 percent of them are in Dubai. Libya and Kuwait have equal share of 4 percent similarly, on the other hand UK, Bahrain, Iraq and Bahrain have taken the equal share of 2 percent. It showed that the Gulf countries are most favored destination for foreign employment from the study area. It is found that only 1 amongst the total respondents i.e. 2 percent of migrants went UK through student visa initially whereby ultimately working to earn a living.



It is clear that, most of the workers have gone in Gulf country due to lack of skill and low literacy status. So, the main destination countries are Gulf for the foreign employment from the study area.

## **4.2 Contribution of Foreign Employment in Livelihood**

In the following section the contribution of foreign employment in livelihood has been shown.

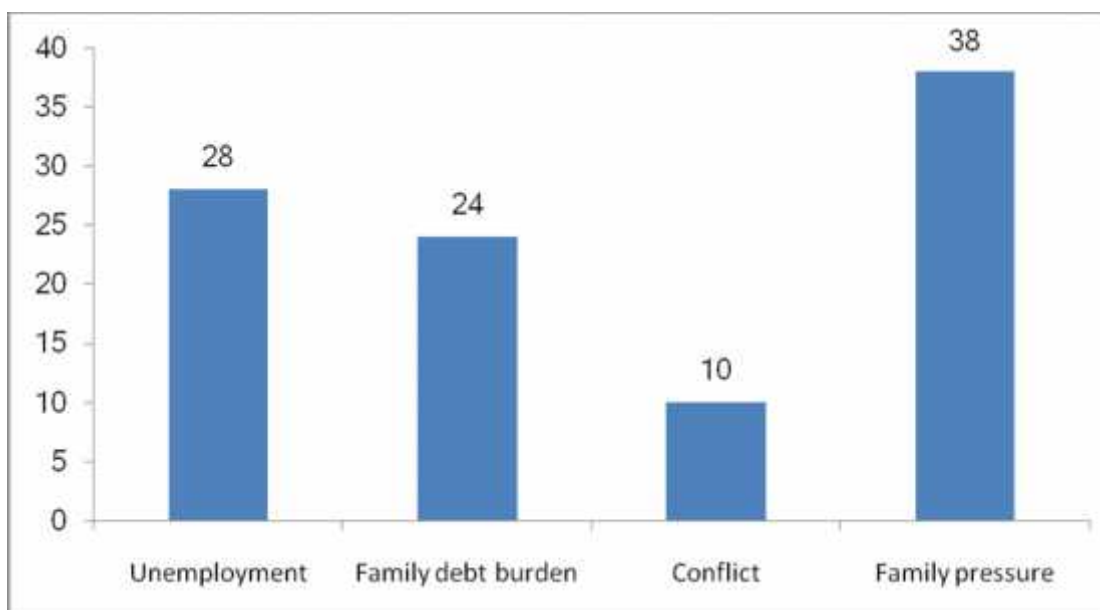
### **4.2.1 Causes of Foreign Employment**

There are several reasons of seeking foreign employment. Those reasons might be economical, social, and political. They may be related to the acquired skill and other reasons. To find out the causes for seeking employment opportunities in the foreign countries, respondents were asked to identify the prime causes to go for foreign employment. They gave more than one reasons which are shown in the table below.

**Table 4.6: Frequency Distribution of Causes of Seeking Foreign Employment**

<b>Country / Causes</b>	<b>Qatar</b>	<b>Malaysia</b>	<b>Saudi Arabia</b>	<b>Dubai</b>	<b>Others</b>	<b>Total No. of Respondents</b>	<b>Percent</b>
Unemployment	7	2	3	1	1	14	28
Family debt burden	5	3		1	3	12	24
Conflict	1	1		1	2	5	10
Family pressure	7	4	5	1	2	19	38
Total	20	10	8	4	8	50	100

*Source: Field Survey, 2021*



Source: *Field Survey, 2021*

(Here, other includes Kuwait, Iraq, Oman, UK, Bahrain, Libya etc)

Table 4.6 shows the causes of seeking foreign employment. Family pressure was found to be the main cause of foreign employment. Many respondents told that there is lack of employment opportunities within the country. So 28 percent went for foreign country due to unemployment, 38 percent moved out in order to earn money due to family pressure, 24 percent went to earn because of family debt burden and 10 percent of them migrated because of conflict. It is concluded that unemployment, family debt burden and family pressure are the main causes of seeking foreign employment.

#### **4.2.2 Source of Financing**

Most of the rural people of Nepal who want to go for foreign employment use several sources of financing. They are loan: sales of property including internal savings as well as fund mobilized through the friends, relatives, merchant etc. To find out the extent of sources used by the respondents they were asked to provide their source of financing for the foreign employment. The information collected from the interview is presented in the following table.

**Table 4.7: Frequency Distribution of Source of Financing for the Cost of Foreign Employment for Different Countries**

Source	No. of Respondents	Percent
Bank	6	12.0
Cooperative	4	8.0
Relative	23	46.0
Merchant	3	6.0
Friend	6	12.0
Sales of land	5	10.0
Family saving	3	6.0
Total	50	100

*Source: Field Survey, 2021*

Migration of the people needs some financial cost. Here majority of the people of Bagmati Rural Municipality-3 took loan for migration. They took loan from cooperatives, commercial banks, friends, and relatives that had to be paid back with interest. However, 6 percent managed cost through family savings and 10 percent by selling land.

#### **4.2.3 Different Kinds of Job According to Education**

Education is essential to get a good job in the job market. So education also determines the job people get in the foreign country. Uneducated people have to work as a laborer and they get less remuneration. But the educated people can get high paying job and better salary. So, it is evident that remuneration varies from educated people to uneducated people in great extent.

Table 4.8 shows us that among the 50 respondents, 17 respondents have achieved the education of under SEE level, 20 respondents have achieved SEE, 10 have achieved intermediate and 3 respondents achieved Bachelor or above.

**Table 4.8: Frequency Distribution of Migrated People’s Education and Field of Work**

<b>Field of work/Education level</b>	<b>Under SEE</b>	<b>SEE</b>	<b>Intermediate</b>	<b>Bachelor or above</b>	<b>Total</b>
Security	3 (17.65)	2(10.0)	1 (10.0)	1(33)	7
Construction	2 (11.76)	4(20.0)	2(20.0)	-	8
Hotel	3 (17.65)	3(15.0)	1(10.0)	-	7
Driving	3(17.65)	3(15.0)	2(20.0)	-	8
Salesman	2(11.76)	3(15.0)	1 (10.0)	1(33)	7
Manufacturing	3 (17.65)	2(10.0)	1(10.0)	-	6
Other	1(5.88)	3(15.0)	2(20.0)	1 (33)	7
Total	17	20	10	3	50
Percent	34	40	20	6	100

*Source: Field Survey, 2021*

*Note: Figure in parenthesis of row and column indicate percentage*

Higher the education level more diversified the workers in different field of work and gradually choosing more skilled works and lesser the education narrower the field of work and workers gather in semiskilled category of work. From the above table, under SEE level education workers can get security type of work and SEE or above SEE education workers can get diversified category of work like construction, hotel, salesman, manufacturing etc. It is strongly felt that proper screening of the workers should be done as per their education and proper trainings/skill should be provided before going for foreign employment.

#### **4.2.4 Average Earning in Different Country**

Generally, people of our country go for foreign employment with the purpose of earning better money. But most of the migrants are unskilled in nature. That is the main reason in earning low amount of money. The situation of average earning of the migrated person from amongst the different country is given in table 4.9.

**Table 4.9: Country and Average Earning**

<b>Country</b>	<b>No .of Respondents</b>	<b>Average Earning (in Rs.) per year</b>	<b>Average Earning (in Rs.) per month</b>
Qatar	20	160000	13333.33
Malaysia	10	155000	12916.66
Dubai	4	215000	17916.66
Saudi Arabia	8	195000	16250.0
Other	8	350000	29166.66
Total	50	1075000	17916.66

*Source: Field Study, 2021*

Table 4.9 displays the average earning of the migrants and the country where they had migrated. The people who went to other category belonged to higher class and educated people. They went there for academic purpose and earning money. The average earning of those respondents was NRs 3,50,000 last year. Similarly, out of 50 respondents 40 percent had gone to Qatar and their average earning amount was NRs 1,60,000 in last year. Average income in Malaysia was NRs 1,55,000. In comparison to the income of the respondents who had gone to other countries, the average income of the respondents who had gone Malaysia and other Gulf countries were lower. It was because of lack of skill and education which categorized the respondents as the semi-skilled and unskilled manpower. To sum up, it becomes evident from the data that the respondents who had gone to other countries were from higher class, educated and they were skilled. So, they became successful in getting better job opportunities and earn much money as compared to the rest of the respondents. The overall average income for 50 respondents is Rs. 17,916.66 per month.

#### **4.2.5 Medium Used to Obtain Foreign Employment**

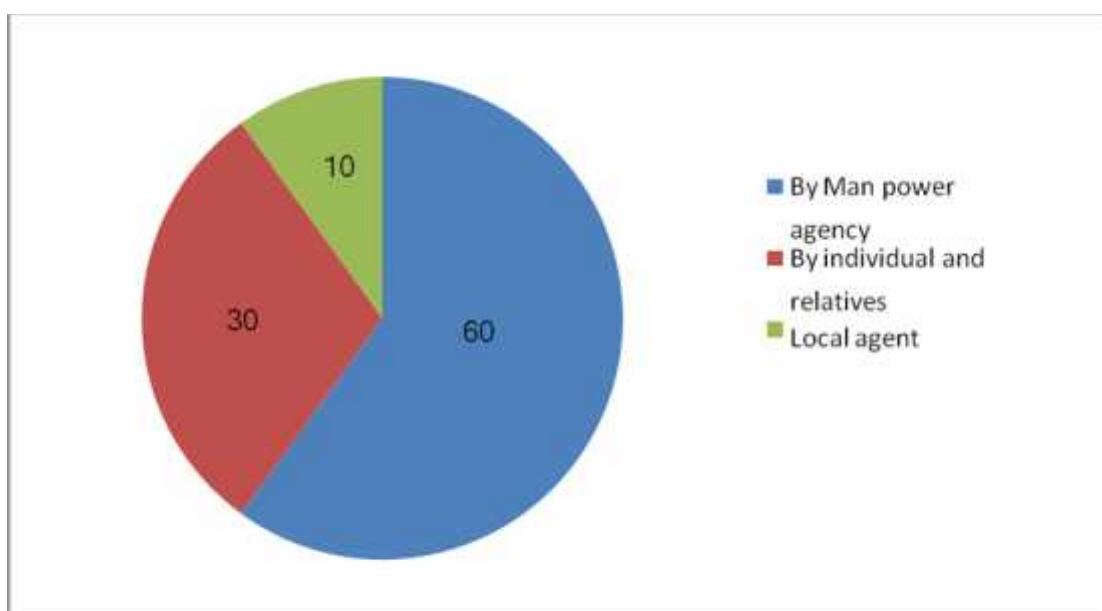
People who want to work for foreign economies need to know the type of job, salary, the nature of contract and the cost of getting employment opportunity. Generally, government registered manpower agencies (MPAs) are supposed to cater the needs for foreign employment seekers. Besides them individual contract also play important role. The quality of job and the cost is related to the medium used by the individual. Among which financial cheating by agents and the psychological torture are also related with the medium used. The medium used is considered to be important and the

respondents were asked to identify it. The answers given by respondents are given in the following table.

**Table 4.10: Frequency distribution of medium used to go for Foreign Employment by Respondents**

Medium	No .of Respondents	Percent
By Man power agency	30	60
By individual and relatives	15	30
Local agent	5	10
Total	50	100

*Source: Field Survey, 2021*



*Source: Field Study, 2021*

Table 4.10 shows that among the respondents, 60 percent of respondents went to foreign country through man power agency. MPA are growing business of Nepalese people at present. If people go abroad through MPA there is possibility of lower exploitation of those people. However, MPA are also diverted towards exploitation of people taking lots of profit margins. Those people could claim for MPA in case they are cheated. However, the process is troublesome and time consuming. On the other hand, the survey showed that 30 percent of migrants went to foreign countries through personal contact and 10 percent went through local agent. It is concluded that the majority of foreign job seekers used MPAs as a medium to find the jobs. Some used their friends and relatives as medium. Foreign migrants should follow the proper legal

medium to go for foreign employment, so that it will be easy to get access to legal rescue when at risk of being cheated. Also, the government should strictly discourage and control the use of illegal medium for foreign employment and closely monitor the medium used for foreign employment.

#### 4.2.6 Cost of Foreign Employment

A sizeable amount of money needs to be invested as a cost of foreign employment. The cost started from obtaining a passport, medical checkup, cost of manpower agency, commission for visa fees, air fare, cost of internal travels and hotel charge in Kathmandu at the time of processing for foreign employment. To find out the cost paid by the respondents they were asked to quote expenses which are given by the following table.

**Table 4.11: Average Cost Paid for Foreign Employment in Study Area**

(Cost in Rs'000')

Employment Country	No. of Respondents	Average Cost	Ranges of Cost	
			Minimum	Maximum
Qatar	20	90	30	110
Malaysia	10	92	40	120
Dubai	4	150	50	150
Saudi Arabia	8	95	35	140
Other (UK, Kuwait etc.)	8	210	140	450
Total	50			

Source: Field Survey, 2021

Table 4.11 shows the maximum cost that is paid by the migrants who go for foreign employment. The number of migrants migrating to developed countries is less than the migrants who went to the Gulf countries in order to earn money as the cost required seemed higher compared to the cost for moving to Gulf countries. This concluded that the cost of migrating to the gulf countries is comparatively found to be less in amount. The cost of foreign employment shows us that there would be financial burden for migrant as they belonged to illiterate and poor family background that had to be repaid through their future earnings.

#### 4.2.7 Status of Skilled and unskilled Migrant Workers

Skill is one of the most important factors which helps to find a proper job and increases the purchasing power of labor. Anybody who is trained can earn more

money and get better job than unskilled. Most of the Nepalese seeking foreign employment are said to be untrained. They do not have adequate skills due to which they are forced for being employed in menial work and are paid low. The assessment of individual towards their own status of skill development was done where the respondents were asked about the sources of training in the interview, while the responses received are presented in the following table.

**Table 4.12: Frequency Distribution of Skill Status of Migrant Workers**

Employment Country	No. of Respondents	Unskilled respondents	Skill developed through		
			Institute	Friends/Relatives	Other
Qatar	20	15	1	1	3
Malaysia	10	7	1	1	1
Saudi Arabia	8	3	1	1	3
Dubai	4	1	1	1	1
Other	8	2	3	2	1
Total	50	28	7	6	9
Percent	100	56	14	12	18

*Source: Field Survey, 2021*

Table 4.12 shows that 56 percent of job seeker considered themselves as unskilled before going to foreign employment. The remaining 22 respondents i.e. 44 percent had some skills related to driving, electricity wiring, carpentry etc. Some had simple training in hotel management. Out of 22 individuals 7 were trained in training institute, 6 individual developed skill through their friends and relatives and 9 were from others (by self, by own family, with the help of experience). It shows that most of the foreign migrants were untrained and unskilled.

### **4.3 Contribution of Foreign Employment in Household Economy**

#### **4.3.1 Use of Remittance on Unproductive Sector**

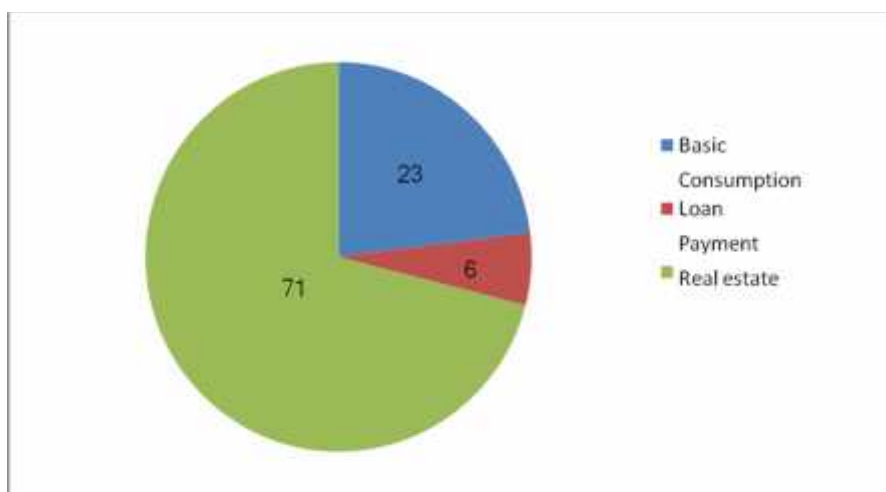
The use of remittance depends on the priority placed by the individuals on different areas like size of remittance, the time availability, opportunities for investment and several other factors. Majority of migrant workers go abroad because of unemployment at home and poverty in the households. Generally, the earnings made by them are not big. The cost of foreign employment is managed by borrowings. Keeping all these conditions in mind, the respondents were asked to identify the uses they made for the money earned abroad. Generally, the small amount of money was spent on recurring expenditures like clothing, loan payment, cultural expenses,



consumption expenses, durable consumer goods and other sectors which have huge investment but have no immediate return like real estate are known as unproductive investment. To find out the use of remittance by the respondents they were asked to list the use of money in different areas. The answers given by respondents are presented in the following table.

**Table 4.13: Average Annual Expenditure on Unproductive Sector**

Sector	Average Annual expenditure(in NRs)	Percent
Basic Consumption	36700	23.0
Loan Payment	10200	6.0
Real estate	110000	71.0
Total	156900	100



*Source: Field Survey, 2021*

Table 4.13 shows the average annual expenditure on different sector after remittance is sent home. According to this table, the sampled respondents were spending on an average NRs 36,700 for the purpose of basic consumption like clothing, consumer durable goods, cultural expenses and food consumption. 6.0 percent used to pay the loan and a huge amount of remittance covering 71.0 percent of the total amount was spent for the purchase of real estate. From this it is concluded that in an average 1,56,900 is spent annually on unproductive sectors.

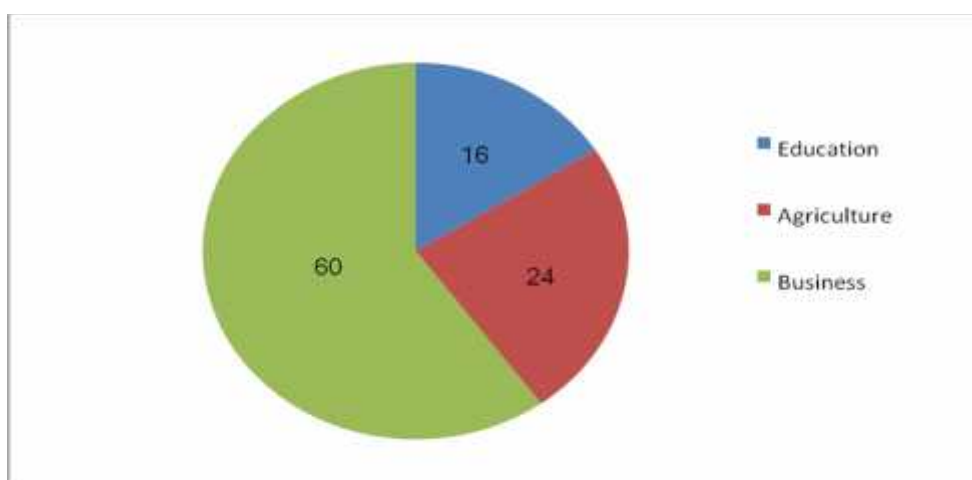
#### **4.3.2 Use of Remittance in Productive Sectors**

The money sent back to home economy of the migrants are spent by the family members to fulfill their basic needs at first. Only after using the remittance remaining

are spent wisely by some. In the study area the remittance receivers have not used their total income into productive sectors because of existing prioritized sectors which needs to be invested as soon as money arrives as for example loans, food, health, shelter etc. The wise use of remittance is found rarely because of several causes such as lack of knowledge, lack of market, lack of sufficient capital, non availability of opportunities for investment etc. Generally, a huge amount i.e. 85 percent of money which is spent on capital expenditure like education, agriculture, business and bank deposit requiring huge investment and resulting in profitable return is known as productive investment.

**Table 4.14: Average Annual Investment on Productive Sector**

Sectors	Average Annual Investment (in NRs)	Percent
Education	20000	16.0
Agriculture	30000	24.0
Business	75000	60.0
Total	125000	100



*Source: Field Survey, 2021*

Table 4.14 shows the average annual investment on different sectors after receiving remittance. According to this, the sampled respondents were spending on an average NRs 20,000 for the purpose of education of family members which is 16.0 percent of total expenditure on productive sectors. The sampled respondents were spending on average NRs 30,000 for the purpose of investing in agriculture sector which is 24.0 percent of the total expenditure being spent on different sector. Similarly, for the purpose of business comparatively huge amount of remittance is observed to have

been invested among other which is 60.0 percent of the total productive expenditure. Most of the migrant households when they received remittance they started doing small business like hotel, cosmetic shop etc. So, start up business covered the larger percentage as found by the field survey of the study area. From above table it can be concluded that from the total of NRs 2,81,900, the average annual investment on a productive sector (NRs 1,25,000) is lower than the average annual expenditure on unproductive sector (NRs 1,56,900). It may be due to lack of sufficient knowledge and proper policy of government for the contribution of remittance. In addition to this, Demonstration Effect is another reason behind unproductive expenses because of their longing toward extravagant lifestyles and use of luxurious goods as it is even expected by the society.

#### 4.3.3 Average Income and Expenditure

Generally, more the income more is the expenditure as the need of the people increases with the increment in their income. But the table below shows opposite the generalization of mankind as the respondents was asked about their income and expenditure habit.

**Table 4.15: Income and Expenditure Analysis of Household**

Different Sectors	Average Annual Expenditure (E) (in NRs)	Source of income	Average Annual Earnings (I)	Savings Yearly (I-E)
Clothing	5500	Qatar	160000	
Loan Payment	10200	Malaysia	155000	
Real estate	110000	Dubai	215000	
Cultural Expenses	5200	Saudi Arabia	195000	
Durable consumer Goods	21000	Other	350000	
Food Consumption	5000			
Education	20000			
Agriculture	5000			
Business	100000			
Total	2,81,900		10,75,000	7,93,100

*Source: Field Survey, 2021*

Table 4.15 shows that the average annual income of foreign employment is Rs. 10,75,000 and average annual expenditure is Rs. 2,81,900. Likewise, average monthly

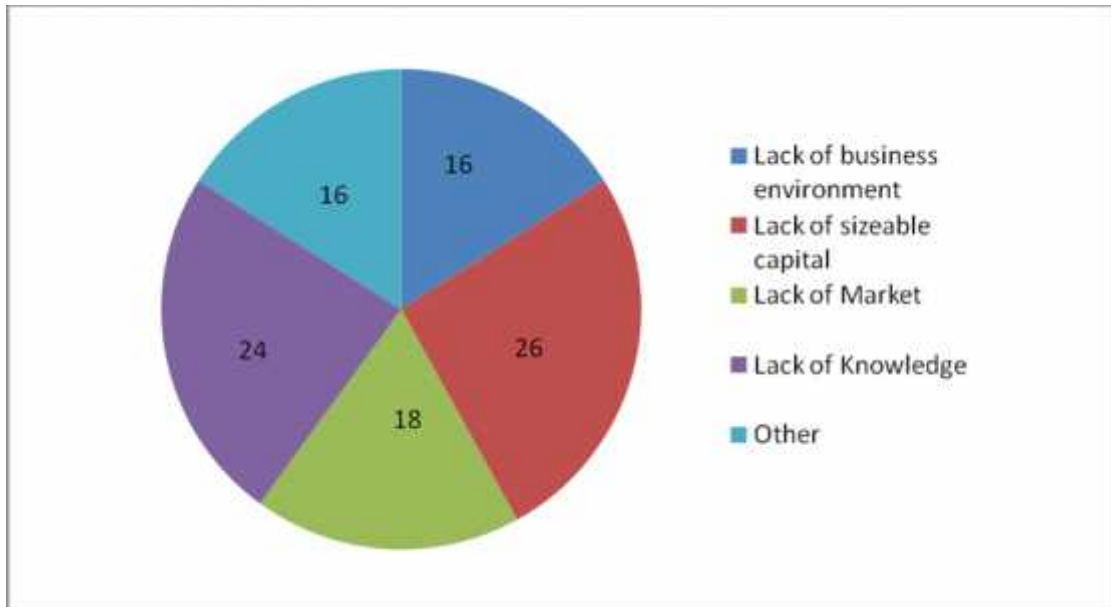
income is Rs. 89583.33 and average monthly expenditure is Rs. 23491.66. The difference between income and expenditure is Rs. 793100 (annual savings). It can be concluded that the average monthly income is higher than average monthly expenditure. It is observed that from the savings they used to purchase land, computer, laptop, mobile, doing business and bank deposit. From these assets they feel easy for their future living standard.

#### **4.3.4 Reason of Non-Utilization of Remittance into Productive Sector**

Bagmati Rural Municipality-3 migrant workers have earned some money abroad and they were sent home through various media. But they have not yet used their income in to productive sectors. Why they haven't used their income in to productive sector? They may have several reasons. These reasons might be insecurity, lack of knowledge, lack of market, lack of sufficient capital, non-availability of opportunities for investment etc. To find out the reasons of non-utilization of remittance in to productive sector the respondents of this study area were asked and their answers are given in the following table:

**Table 4.16: Causes of Non-Utilization of Remittance into Different sector**

<b>Causes/Reason</b>	<b>No. of Respondents</b>	<b>Percent</b>
Lack of business environment	8	16
Lack of sizeable capital	13	26
Lack of Market	9	18
Lack of Knowledge	12	24
Other	8	16
Total	50	100



Source: Field Survey, 2021

Table 4.16 shows that the use of remittance has been affected by many factors. For the convenience the non-utilization of the remittance has been classified into five heading and the data are compiled in accordance to the number of respondents. The causes of non-utilization vary from different households. Among the total respondents 26 percent said that the main cause is lack of sizeable capital which cannot be used in productive sector, 18 percent of them reported the reason as due to lack of market, 24 percent as lack of knowledge and 16 percent as lack of business environment. Thus, they used the remittance in unproductive sectors. Here other causes include family condition, lack of education, unpredicted events etc.

#### **4.4 Comparison of the Economic Status of Migrant Workers before and After Receiving Remittance**

In this chapter, the economic status of migrant household before and after receiving remittance is compared. So for this, the respondents were asked questions about their experience and according to their answer the data have been analyzed with different topic as follows.

##### **4.4.1 Total Land Holding Before and After Remittance Income**

The landholding exercises before and after remittance income is shown in the table 4.17 as below:

**Table 4.17: Land Purchase by Using Remittance Income**

Land holding Before Remittance			Land holding After Remittance		
Land holding size	No. of respondents	Percent	Land holding size	No. of Respondents	Percent
Landless	1	2	Landless	-	-
Up to 5 ropani	4	8	Up to 5 ropani	2	4
5-10 ropani	9	18	5-10 ropani	11	22
10-15 ropani	21	42	10-15 ropani	18	37
15+ ropani	15	30	15+ ropani	19	38
	50	100		50	100

*Source: Field Survey, 2021*

*Note: 1hectare = 19.65 ropani*

Table 4.17 shows the figure of land holding size before and after the remittance income. It is observed that the landless household decreased to zero after remittance income. It is found that people in rural area prefer having own land rather than starting other business activities. It is also found that those households who have already owned land also tend to buy new land from their remittance income. This figure symbolized the characteristics of rural practices of Nepalese economy that people say “land is the property which cannot be stolen.” It is clear from this observation that people do not prefer to take risk by investing in other sector as the households' owning enough land area further buy extra land adding to their existing property from their foreign money.

#### **4.4.2 Changes in Household Economy due to Foreign Employment**

It is believed that remittance helps to improve the economic condition of a household. On the other hand, the change in economic wellbeing and improvement in living standard brought upon by remittance helps to improve the social status of household. To find out the change in household due to remittance the respondents were asked to give their own adjustment. The answer given by them is presented in the table 4.18

**Table 4.18: Frequency Distribution of Changes in Different Indicators of the Respondents caused by remittance**

Indicators	Change in condition (percent)		
	Increased	Constant	Decreased
Economic status	75.0	20.0	5.0
Standard of living	78.0	17.0	5.0
Social Attitude	80.0	13.0	7.0
Skill	83.0	13.0	3.0

*Source: Field Survey, 2021*

Table 4.18 shows that 75 percent respondents reported that their economic status, having cash balance for consumption purposes, has increased after receiving the remittance, other 20 percent respondents said that their economic status remained the same, 5 percent said that their economic status decreased. Decreases in economic condition might have been resulted because of high cost of variables, loan payment or short employment period in foreign country. 78 percent respondents said to have improved living standard which enabled them to consume nutritious food and have luxurious items on time after being engaged in foreign employment or receiving remittance. 17 percent experienced no change in their living standard while only about 5 percent is said to have experienced worsened living standard. Eighty percent respondents felt that social attitude; social esteem and reputation towards them have changed and were looked upward because of their earning. While, 13 percent respondents said that they gained some skills and technical knowledge because they performed same work abroad as they had done in Nepal.

It can be concluded that most of the respondents felt that there was a positive change in their household economic status and social indicators after migrating for foreign employment.

#### **4.4.3 Effect on Other Indicators**

How the foreign employment and remittance impacted on certain household indicators? Do they live in better house? Do they send their children to better school? How the health condition has changed? Is their family better dressed? Are they protected from rural indebtedness at the time of need? These were very pertinent questions which arose at the time of survey. Positive impact on them depended on

size of income of migrants brought from foreign employment, family size, economic condition of family, skill and knowledge of the migrants before moving to other countries, culture of society etc. To find out the impact of remittance on household indicators the respondents were asked to respond about the changes brought by foreign employment. The answers provided are given in the following table.

**Table 4.19: Frequency Distribution of Impact on Other Household Indicators of the Respondents**

Indicators	Change in Condition (percent)		
	Increased	Constant	Decrease
Condition of housing	86.0	12.0	2.0
Education of children	62.0	34.0	4.0
Health of family members	80.0	14.0	6.0
Clothing	90.0	8.0	2.0
Cash reserve within the family	74.0	22.0	4.0

*Source: Field Survey, 2021*

Table 4.19 shows that 86 percent of the respondents have improved condition of housing. It shows that anybody who are receiving remittance from foreign employment either have made new house or repair their old house. Around 12 percent respondents reported that the house condition remained same. The reason might be low income or other more pressing priorities. More than half of the respondents reported that the priority towards education of their children has improved after foreign employment. It might be the result of improvement of the economic condition of individual as they could afford boarding school for their children. But around 4 percent of the respondents reported that the educational conditions of their children became worst. It might be due to the absence of parents to guide the children at home.

Around 34 percent of the respondents reported that the level of education of their children remained same. 80 percent of the respondents reported that the health condition of their family members has improved. It might be result of again income and affordability of medical services. Around 6 percent of the respondents reported worsened health condition of their family members. It might be due to heavy work load or burden in the family chores. About 14 percent of the respondents said that the availability of finance towards maintenance of health condition of their family



members remained the same. It might be due to general health condition of the area and health awareness. More than half of the respondents said that household members are using better clothing after receiving the remittance as there is availability of liquid cash to meet their need. About two percent of the respondents said that they were worse off. While 8 percent of the respondents said that they are in usual situation. On the other hand, cash reserve by the family members has said to have increased according to 74 percent of the respondents, remained the same according to 22 percent of the respondents and decreased according to 4 percent of the respondents.

It can be concluded that around 78 percent of the respondents have improved different household's economic indicators due to foreign employment. In short, people who have reformed economic indicators due to foreign employment have received some economic benefit and improved their financial, social and economic condition but it cannot be said it has improved their life tremendously.

#### **4.4.4 Effect on Physical Assets due to Remittance**

The migrants' household seems to have more impact on the sector of physical assets by the comparison of the condition of physical assets bought before and after receiving remittance. Here, the main concern is with the effect on agricultural tools, T.V., telephone, computer, landholding etc. So, questions were asked to the respondents whose answers have been found helpful in knowing the status of physical assets before and after receiving remittance income; which is shown by the following table.

**Table 4.20: Comparison on Physical Assets of Households Before and After Receiving Remittance**

Physical assets	Before receiving remittance	After receiving remittance
Agricultural Tools	35	45
Vehicles	2	6
T.V. Radio	15	45
Telephone	10	50
Refrigerator	-	-
Computer	-	2
Landholding	10	20

*Source: Field Survey, 2021*

Table 4.20 shows that, out of total sampled respondents 35 respondents already possess agricultural tools even before receiving remittance but the possession increased to 45 people using those tools. Similarly, increment in the number of vehicles using households, mainly motorbike, taxi etc. was also observed. It is clear that more than half of the sampled respondents bought T.V., Radio, Telephone after receiving remittance while only 2 respondents have been able to buy a computer after receiving remittance. A huge amount of remittance is used for the purpose of buying these types of things. There is also increase in the number of land holding respondents after receiving remittance. Especially they buy the land in urban sector or quite developed areas like near a bazaar, near main road etc.

#### **4.4.5 Comparison of Consumption Pattern Before and After Receiving Remittance**

Consumption is the essential part of human beings like food consumption. Either low income or high income group they have to consumed, but in different ways is deepens up on their income level. To understand this pattern, interview was taken with sampled respondents about the effect of income on consumption. The responses are illustrated in the following table.

**Table 4.21: Consumption Pattern of Remittance Receiving Household Before and After Receiving Remittance**

Consumption Pattern	Before (days in week)	After (days in week)	Amount (Rs.)	
			Before	After
Food	7	7	1000	1500
Fruit	2	5	500	1000
Meat	1	3	500	1000

*Source: Field Survey, 2021*

Table 4.21 shows the consumption pattern of the households before and after receiving remittance. Normally, the food consumption is all days in a week but the amount paid for the food is low, which is only NRs 1000 before remittance income in a week. But, after receiving the remittance income it increases by 500 NRs or 1500 NRs per week have been found to be paid for the food consumption by the sampled respondents. The study showed that in a week there is only 3 days' fruit consumption of 500 NRs before receiving remittance but after receiving remittance the days of fruit

consumption increased to 5 days in a week. It was observed that the respondents could afford meat of 500 NRs one day a week because they could not afford enough money but as they received remittance meat consumption pattern also increased by 3 days in a week as a result of which the paid amount also increased.

It is clear from the comparisons of above data that the income level affected on consumption pattern of the family directly.

#### **4.4.6 Loan/ Debt Condition Before and After Receiving the Remittance Income**

If the household income level is not sufficient to sustain the activities, then in such condition the family has to take loan which also depends upon the capacity of the household to pay back on time. To find out the reality of such families about the condition of debt before and after receiving remittance the respondents were asked relatable questions whose answer have been documented as shown in the following table.

**Table 4.22: Comparison of Loan/ Debt Condition of Households Before and After Receiving Remittance**

Loan/ Debt condition	Amount (Rs.)	
	Before	After
For Households expenditure	10000	0
For Education of children	4000	0
For Food	3000	0
For Other	2000	0

*Source: Field Survey, 2021*

Table 4.22 shows that for the purpose of household expenditure the sampled respondents (but not all) reported that they had taken loan about 10,000 NRs before receiving remittance. Similarly, NRs 4,000, 3,000 and 2,000 was being spent for the purpose of education of children, food and for other activities like cultural expenses, health etc respectively. But they said that after receiving remittance the family did not find it necessary to take loan again in order to fulfill these requirements of household's regular activities.

#### **4.4.7 Suggestion for Proper Utilization of Remittance by the Respondents**

Some questions were asked during the field survey about what kind of suggestions they would like to give regarding proper utilization of remittance and their views about it is given in the following table.

Table 4.23 shows that 18.0 percent of the respondents have views that the government should provide vocational training for investment in small and medium scale industries. 24 percent respondents have answered that the government should encourage the people to use the remittance in productive sectors or other benefiting fields. 28 percent of them have viewed that the government should create investment opportunities through adequate construction of physical infrastructures like hydroelectricity, road etc.

**Table 4.23: Suggestion for Proper Utilization of Remittance**

Suggestions	No. of Respondents	Percent
Government should bring secure policy for investment like rebate of tax for certain period and providing incentives for export oriented industries.	15	30.0
Government should encourage the people to use remittance in productive sectors	12	24.0
Government should provide vocational training for investment of remittance in small and medium scale industries.	9	18.0
Should create investment opportunities through adequate construction of physical infrastructure	14	28.0
Total	50	100

*Source: Field Survey, 2021*

Similarly, 30.0 percent have answered that government should bring secure policy for investment like rebate of tax for certain period for those who wants to establish industries in remote area and providing incentives for export oriented industries. This implies that the proper utilization of remittance has not been yet done due to lack of appropriate policy and environment.

After talking to key informants it can be concluded that more than 80 percent respondents of this area have improved household's economic indicators because of remittance. In short, people who have received remittance have in a way reformed their economic indicators as they have benefited economically thus improving their financial, social and economic condition but it cannot be said that remittance has improved their life tremendously.

## CHAPTER V

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

Bagmati Rural Municipality-3, Lalitpur district was selected as study area. Among 280 households, 50 households were chosen by using systematic sampling method and the data were collected through the questionnaire method.

Through this thorough study of the study area it is observed that the main destination of Nepalese workers is gulf countries in which Qatar has become easily accessible destination for the migrants in terms of financial investment required for migration. Only 2.0 percent of the respondents had gone to European or other development countries. The reason behind developed countries not being the target country of migration was because of less qualification and higher price required for migration. On the other hand, unemployment and family debt burden play vital role in compelling people to migrate to other countries for earning foreign money. More than 50 percent of sampled respondents migrated through man power agency. Other went either through the unregistered agents or personal initiative.

Borrowing was found to be the main source of finance for foreign employment for about 80 percent migrants, 6 percent used their family savings and 10 percent managed the cost by selling their land.

Regarding education about 34.0 percent of them were under SEE. 40 percent of them were found to have passed SEE, 20 percent of them had got intermediate level certificate. Finally, only 6.0 percent have got bachelor or above level.

On the other hand, regarding causes of seeking foreign employment family pressures were the main causes of foreign employment. Many respondents told that there is lack of employment opportunities in the country. So 28 percent went for foreign country due to unemployment, 38 percent had gone in order to earn money due to family pressure, 24 percent had gone to earn for family debt burden, 10 percent of them had gone because of conflict. It is concluded that unemployment, family debt burden and family pressure are the main causes of seeking foreign employment.

The study found that under SEE level education workers can get jobs which earns a little like security, cleaner, labor etc which doesn't require much communication and qualification. While SEE or above SEE education individuals can get diversified category of work like construction, hotel, salesman, manufacturing etc. It is strongly felt that proper screening of the workers should be done as per their education and qualification. Those who are unskilled and semi skilled should be provided proper trainings/skill before they are sent for foreign employment.

The study also found the average annual expenditure on different sector after remittance income of the target area and the people. According to this study, the sampled respondents were spending on an average NRs 36700 for the purpose of basic consumption like clothing, consumer durable goods, cultural expenses and food consumption. Huge amount of remittance was used in this sector. 6.0 percent used the remittance to pay the loan and 71.0 percent of the total respondents used the amount for the purchase of real estate.

Regarding investment, the respondents were spending on an average NRs 20,000 for the purpose of education of family which is 16.0 percent of total expenditure on productive sectors. The sampled respondents were spending on average NRs 30,000 for the purpose of the agriculture tools which are 24.0 percent of the total expenditure on being different sector. Similarly, for the purpose of business use of remittance income was found to be huge among other sector which is 60.0 percent of the total productive expenditure. Because of this most of the migrant's households when they received remittance they started doing small business by opening hotels, cosmetic shops etc. So, investment in small businesses covered the larger percent which is found by the field survey of the study area. From this study it can be concluded that the average annual investment on a productive sector is lower than the average annual expenditure on unproductive sector. It may be due to lack of knowledge and proper policy of government for the fruitful investment of remittance.

Moreover, it is found that people in rural area prefer having their own land than doing other business activities as the land ownership is benefiting since the price of land never decreases. It is also found the household who have already owned land also buy new land from their foreign employment remittance. This figure symbolized the characteristics of rural practices of Nepalese economy that people say "land is the

property which cannot be stolen.” It is proved that people do not prefer to take risk by investing in other sectors as the households with land they keep on adding new lands as the value of land never decline.

Furthermore, the study found that 75 percent respondents reported about their economic status being increased after foreign employment, other 20 percent respondents said that their economic status remained same, 5 percent said that their economic status decreased. Decrease in economic status might have been resulted with high cost, loan payment or short employment in foreign country. 78 percent respondents have experienced improvement in their living standard after foreign employment or receiving remittance, 17 percent said their living standard remained the same, only about 5 percent said there was deterioration in their living standard. Eighty percent respondents felt that social attitude towards them have changed and were looked upward because of their earning. But 13 percent respondents said that they had some skill as they had an opportunity to perform the same work abroad as they had done previously in Nepal.

After going for foreign employment and sending the earned remittance to the family members, around 34 percent respondents reported that the level of education of their children remained same. 80 respondents reported that the health condition of their family members have improved after foreign employment. It might be the result of income which created an opportunity of affordability of medical services. Around 6 percent respondents reported worsened health condition of their family members. It might be due to over work or burden in the family responsibilities. About 14 percent respondents said that the health condition of their family members remained the same ever after returning from the foreign employment. It might be due to general health condition of the area and health awareness. More than half of the respondents said that the household members are using better clothing after receiving the remittance.

The study found that the major sectors of employment for Nepalese workers were security, building construction, hotel as well as manufacturing sector. The average earning of the migrant workers was also found to be quite less in Gulf countries than in other European countries. In other well developed countries the average income of all groups was found to be near about 3,50,000 per year but in Gulf countries it was around 1,60,000 per year. For the process of migration to foreign countries for

employment more than half percent of people spent 70 to 130 thousands. According to the study, major portion of the remittance was found to being used in unproductive sectors like basic consumption, real estate and paying loan. But some portion of the remittance was used in productive sector like education, business, agricultural sector, opening up of small business etc. The respondents of this study area are not utilizing their remittance in proper sectors because of non-security and unavailability of sizeable investment funds for investing in productive sectors of the economy.

The respondents of the study area said that remittance has increased their household economy and social indicators after received remittance. Around 75 percent respondents said that remittance has increased their economic status. Around 78 percent said that remittance has increased their standard of living. Whereas around 12 percent said that the economic status and living standard remained the same even after receiving remittance. And 8 percent of them said their social attitude and skill remained at the same level even after receiving the remittance.

The study found that, most of the economically active people have gone to the foreign countries, because of their responsibilities towards the family. Considering that age group 25-32 years are energetic, dynamic, able to do risky task and frequent traveler for foreign job their population is the highest amongst all the age groups. Educated migrants are skilled s and they can get higher salary for their better performance. Whereas less educated migrants are semi-skilled or unskilled and they get lower salary than skilled. Higher the literacy level of migrants, higher will be the salary and vice-versa.

The study also found that the landless household decreased by zero after remittance income. It was found that people in rural area prefer having own land than to do other business activities. It is also found the household who have already owned land also buy new land from their remittance income. This figure symbolized the characteristics of rural practices of Nepalese economy that people say “land is the property cannot be stolen.” It is proved that people do not prefer to take risk by investing in other sector as the households owning large areas prefer adding extra land from their remittance income.



## 5.2 Conclusions

Foreign employment has emerged as one of the premier sources of foreign exchange in Nepal. In recent year, remittance is taken as important revenue to support for family members remaining at home country. It is concluded that migrant workers play effective role for poverty reduction. Though foreign employment is boon to the economy, the facilities are inadequate to back up the changing trend of migration.

It is concluded that, most of the workers have gone in Gulf countries due to unskilled and low literacy status of migrants. So, the main destination countries are Gulf countries for the foreign employment from the study area.

It is concluded that most of the foreign employment seekers were untrained and unskilled. The average annual expenditure on unproductive sector is increasing day by day due to the 'Demonstration Effect'. In the foreign countries remittance earners have seen the extravagant life style, expensive cultural ceremonies and use of luxuries goods etc. So they spend their income on unproductive sectors in the verge of living the same kind of lifestyles as that of the foreigners.

The study concluded that the average annual investment on a productive sector is lower than the average annual expenditure on unproductive sector. It is because of lack of knowledge and proper government policy for the utilization of remittance. It is concluded that if the migrant workers are well educated, they can recommend their households to use the remittance in productive sectors but if the migrant workers are not well educated, they are unknown about the productive use of remittance. As a result, most of the uneducated households use their remittance in unproductive sectors.

It was also found that the unskilled migrant's household uses their remittance in unproductive sector more than productive sector, whereas the skilled migrant's households use their remittance in productive sector more than unproductive sector. It can be concluded that most of the respondents felt that there is positive change in their economic and social indicators after going for foreign employment and sending remittance back home.

It is also concluded that around 80 percent respondents of this area have improved different household's economic indicators due to foreign employment. Thus, remittance has not only uplifted the economic condition of the family members of the

remittance sender but also the socio-economic condition and in improving the GDP of the country as a whole.

### **5.3 Recommendations**

The study aims to make following recommendations:

- (i) Most of the migrants of this area have gone to foreign countries in search and expectation of good job opportunities while still being unskilled or semi-skilled. This is why they cannot earn more income comparatively than skilled workers. So, technical training institutions should be established in rural areas and people who want to go to the foreign countries for employment opportunities should be given training related to the work and also the language of migrating country before they are said to be eligible for foreign employment.
- (ii) From the study it is found that a large number of respondents have taken loan for financing cost of foreign employment and some migrants even sold their hierarchical land and a small number of migrants have used their family savings. It is strongly felt that the government should establish a proper mechanism to finance for foreign employment with minimum interest rate.
- (iii) Higher the education level more diversified the workers in different field of work and thus creating wider opportunities of choosing more sectors of work and lesser the education, narrower field of work and workers gather in semi-skilled category of work. From the study, it is found that under SEE level workers can get low salary bearing jobs and SEE or above SEE educated individuals can get diversified category of work like construction, hotel, salesman, manufacturing etc. It is strongly felt that proper screening of the workers should be done as per their education and proper trainings/skill should be provided before they are considered eligible for foreign employment.
- (iv) From the study it is found that 30 people have gone to seek foreign employment through registered manpower agencies, 15 respondents managed through their own contact, 5 respondents used local agent. It is concluded that the majority of foreign job seekers use the MPAs as a medium to find the jobs. Some used their friends and relatives as medium and very few chose local agents. Foreign migrants should follow the proper legal medium to go for foreign employment, so that it will be easy to get access to legal rescue when at risk. Also government should

strictly discourage and control the habit of adopting illegal medium for foreign employment and closely monitor the medium used for foreign employment.

- (v) Most of the respondents have not utilized their remittance and newly learnt skills after returning homeland, because of lack of technology, non availability of sizeable investment funds and lack of market etc. So, the benefiting policy should be made in order to create good environment for investment and provide sufficient technology as well as market in order to use learned knowledge after returning back home.
  
- (vi) In order to start a new business, it is imperative to have a sizeable amount of investment which a single individual cannot arrange. So, in such condition it is necessary to form a group or cooperative of like-minded people or those people who have returned back from foreign employment and want to start a business whether it be small or medium or even large scale industries. It will help to decrease the financial burden on an individual and helps to pave a way for sustainable utilization of remittance.

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## ANNEX: I

### Questionnaire for Household Survey

#### ROLE OF FOREIGN EMPLOYMENT ON ECONOMIC STATUS OF RURAL HOUSEHOLDS:

##### A Case Study of Bagmati Rural Municipality-3 Lalitpur

Questionnaire prepared for the households whose members have gone abroad for foreign employment.

1. Information of interviewee/respondents.

a. Name:

b. Age:

c. Sex:

d. Education:

e. Ward no:

f. Tole:

g. Number of family:

#### 2. Family Background:

S. N.	Name	Relation with migrant	Age	Sex	Education	Marital status	Occupation	Country	Field of employment

#### Codes: Occupation:

Agriculture =1, Business =2, Public services =3, Private Service =4, Cottage industry =5, Wage =6, Foreign employment =7, others =8

3. How many members of your family have gone for foreign employment?

.....



4. Did you\ she \he have any technical skill before going for foreign employment?

a. Yes ( )

b. No ( )

5. If yes, in which sector?

.....

6. To what extent, that skill is helpful to your\ she \ he in your\ her\ his recent area of employment in abroad?

.....

7. Why did you\ she\ he go for foreign employment?

Push factors	Pull factors
a. Conflict ( )	a. Employment ( )
b. Family loan burden ( )	b. Better living standard ( )
c. Education ( )	c. Friend ( )
d. Unemployment ( )	d. Attractive salary ( )
e. Other ( )	e. Other ( )

8. Which channel did you \ she\ he used to go for foreign employment?

i. M.P.A. ( )

ii. Local agents ( )

iii. Individual and relatives ( )

9. How much did you\ she\ he spend in order to go for foreign employment during visa fee and further preparation?

NRs.....

10. What was the source from which you\ she\ he collected money to go for foreign employment?

S.No.	Topic	Amount in NRs.
1	From own income	
2	Having loan from organized institutions- a. From bank b. Financial institutions c. cooperative	
3	Having loan from unorganized institutions	

	a. Local money lender b. Relatives	
4	From selling various things\ properties	
5.	Others	
Total		

11. What is the expected length of time to repay loan?

.....year.....months

12. What is the monthly salary, remittance inflow and channel of remitting money?

Monthly salary in NRS	Remittance inflow per year	Channel of remittance money

13. Did you\ she\ he get over time opportunities?

a. Yes ( ) b. No ( )

14. If yes how many hours per week and remuneration amount of over time?

..... Hours..... Rs

15. How much money can you\ she\he save per month?

.....

16. Area of uses remittance per year\ amount

a. In productive sectors

Area per year	Amount in NRs
Business	
Agriculture	
Investment	
Total	

b. In unproductive sectors.

Area per Year	Amount in NRs
Clothing	
Loan payment	
Real estate	
Cultural expenses/festival expenses	
Durables consumers Goods	
Food consumption/Children's Schooling	
Interest payment	
Bank deposit	
Total	

17. If you didn't invest remittance income in productive sector what are the reasons behind it?

- a. Lack of business environment
- b. Conflict
- c. Lack of market
- d. Lack of sufficient capital
- e. No idea about business\ investment at all
- f. Others

18. Where is your preference to invest?

.....

19. What is his/her annual income?

Before going for foreign employment	After going for foreign employment

20. What is your annual saving pattern?

Total income	Consumption	Saving

21. What is the effectiveness of remittance in economic status?

Consumption pattern	Before(days in week)	After(days in week)	Amount	
			Before	After
Food				
Fruit				
Meat				

Education expenditure	Before	After	Amount	
			Before	After

Clothing	Before	After	Amount	
			Before	After

Living Standard	Before	After	Amount	
			Before	After

Physical Assets	Before	After	Amount	
			Before	After
Agriculture\ tools				
Vehicles				
T.V\ Radio				
Telephone				
Refrigerator				
Landholding				
Jewelries				

22. Which area you prefer to invest for your savings?

Saving\ investment	Before	After	Amount	
			Before	After
Business investment a. Wax factory b. Mill c. Fancy shop d. Hotel e. Fishery f. Poultry g. Others				
Deposit\ Bank balance a. Bank b. Cooperative				
Investment in capital market a. Shares b. Bonds				
Investment in properties a. Land b. Jewelries				

23. What is the level of loan pattern before and after remittance received?

Loan\ Debt condition	Amount	
	Before	After

24. What is your relationship with neighbors?

- a. Good ( )    b. Bad ( )    c. Normal ( )

25. What is your social status after receiving remittance?

- a. Increased ( )    b. Decreased ( )    c. Normal ( )

26. What should do government for properly utilized of remittance income?

.....

27. In your opinion what is to be done to promote employment in own country?

.....

28. How many years has it been since he/she went to foreign country for employment?

.....

## **ANNEX: II**

### **KEY INFORMANTS INTERVIEW (KII)**

Name:

Position:

Address:

1. What is the economic status of local people after receiving remittances in study area?
2. What are the causes of foreign employment in study area?
3. What are the major problems of foreign migrant people in study area?
4. What are the advantages of remittances in study area?
5. Is there any special provision for sending people for foreign employment in this municipality?
6. What are the appropriate paths for creation of employment in local area?
7. In what ways is the remittance being utilized?
8. Has the local government made any provisions for the proper utilization of remittance?