

**IMPACT OF REMITTANCE ON MIGRANTS HOUSEHOLDS OF  
LAMIDANDA VDC, KHOTANG DISTRICT**

**A Dissertation Submitted to the Central Department of  
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# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Nepalese economy has been suffering from the low level of equilibrium trap surrounded by poverty. The economy is still facing the problem of political instability and country is in underway for economic development. Therefore in the recent year, thousands of Nepalese people are migrating abroad and remittance is becoming strong pillar for their livelihood.

Historical migration of human population begins with the movement of *Homo erectus* out of Africa across Eurasia about a million years ago. *Homo sapiens* appear to have occupied all of Africa about 150,000 years ago, and had spread across Australia. Asia and Europe by 40,000 years ago. Migration of the America took place 10,000 to 15,000 years ago and by 2,000 years ago most of the pacific Islands were colonized later population movement notably include the Neolithic Revolution. Indo European expansion and the early medieval Great migration including Turkic expansion (Trital, 2008).

With the flow of time and innovations in easy air travel, communication and improve productivity, migration was not necessarily a 'permanent relocation.' By working in a factory thousands of miles away, now a "migrant worker" can send money back to his family in the remote hills of the country and also return for a reunion during holidays. Foreign migration and employment become major sources of national income for many developing countries (Pandey, 2005)

In the Nepalese context working abroad started from 19<sup>th</sup> century. It has been nearly 200 years Nepalese began seeking work outside the country. Nepalese better Gorkhali were good Lahures and the then King of Nepal received royalties of their services. Hundreds of thousands Nepalese are spread over the world for employment, to serve master and their is the sources of incoming money. This tradition has continued to the present day in the British and then after 1947, in the India army as well. Till 1971, the earning of British Gurkhas were the highest sources of foreign currency for Nepal (Dhital, 2015).

Nowadays Nepalese are going abroad not only as the armed force but are also spread all over the world for employment (work). Although Nepalese has opened 108 countries for Nepalese workers there is an estimated half a million to 7000,000 mostly unskilled and semi-skilled Nepalese working in the Arabian Gulf. Although they have now started going in the large number of other regions as well, the Gulf region has more Nepalese workers than anywhere else in the world. Among the number of Nepalese workers in foreign countries 24 percent are in India, 16.3 percent in Saudi Arabia, 6.88 percent in Qatar, South Korea and U.K. 5.6 percent in UAE and 1.5 percent in Japan, Malaysia, Germany and United States (Dhital, 2015).

Remittance inflow which had amounted to Rs. 5.14 billion during 2013/14 rose by 48.42 billion during the last period of FY 2015/16 over the similar period in the previous period. The balance of payment witnessed a surplus of Rs 16.27 billion in the FY 2013/14 with comparison to the surplus Rs. 5.90 billion during FY 2006/07 consequently total foreign exchange reserve increased by 20.2 percent from 265.13 billion in mid July 2007 to Rs. 381.98 billion in mid-march 2015. At the prevailing

import trend. This reserve level would be sufficient to finance imports for 11.3 months and services imports for 9 months (MOF, 2015).

Remittance has become the second largest capital flow behind foreign direct investment (FDI) and a head of overseas development assistance (ODA) to developing countries. Hence, now a day around 23 percent of the total amount contribution on GDP by the remittance. It has not only helped lessen the impact of growing unemployment problem. Also continues to inject much needed cash into the economy. It has also been propping up foreign exchange reserve, helping the country, avoid the major balance of payment crisis. The central bank has said that all most two third of the budget is coming in as remittance every year.

In Nepal, remittance has emerged as one of the premier source of foreign exchange, and has becoming important source to support for family members remaining at home. It has been already demonstrated that remittances sent by the migrants' workers is an effective tool for poverty reduction. Though foreign employment is boon to the economy, the facilities are inadequate to back up the increasing trend of migration on jobs abroad, lack of assurance of safe working environment and right of the migrant workers are the other constraints for boosting foreign employment and remittance.

Thus the scenario clarifies that remittance are the potential sources of fund for increasing household income and the largest sources of external finance developing world like Nepal.

## **1.2 Statement of the Problem**

Rapidly increasing population, very slow industrialization process and frequent strikes due to political instability have been narrowing down employment opportunities in

Nepal. Unemployment is one of the most challenging problems of our country. So the numbers of Nepalese people wanted to go abroad. Because of this situation there is inflow of remittance income in the country which has helped to boost the country's overall balance of payment (BOP). In this sense it is said that Nepalese economy is based on the remittance business. It is the second source, after the agriculture, which pays the vital role in GDP. Remittance can contribute for the economic development if it is mostly mobilized in productive fields.

Remittances have emerged as one of the premier sources of foreign exchange in study area. Recent years they have been one important avenue of support for family members remaining at home. It seems migrant workers is an effective tool for poverty reduction. It is found that economic conditions of the study area migrant workers are poor. Therefore, they have gone to the foreign country through loan and most of the people spend their earning in repayment of debt. Because of being uneducated and unskilled manpower, they are facing many kinds of problem. There is quite male dominated society, if so about 100 percent take place by male migrants for foreign employment in the study area.

The use of remittance depends on the priority placed by the individuals of different families. Foreign employment and remittance do not have positive impact only rather negative impact of foreign employment and remittance is equally challenging. Poor family had increased their living standard, economics status as well as all aspect of the household in study area through foreign employment. Negative impact seems caused by foreign employment or after received remittance. The advantage of migrant worker goes beyond the immediate monetary gains. The returning migrants increase the social capital through exposure to new technology, ideas, languages and people

and produce intangible but important benefits to societies. Remittance money represent the most essential of family values: hard work, thrift, sacrifice and hope for effective use of remittance money which were lacking in the study area.

Huge amount of remittance inflow took place in study area by foreign labour migration. There is increasing economic prosperity in the study area. Likewise expenditure habit of people enhanced. There is change in occupational structure from agricultural sector to service sector i.e. production of agriculture goods diminished and depend on imported goods thereby increase on dependency on imported agriculture goods. This has reduced the productive base of the study area and therefore the economy of the study area will be very vulnerable towards external shocks and become depended towards external factor in future.

The study area as well as most of the part of Khotang district is losing their youth day by day, in last year till 2072 Ashad, 280 youth were migrants as the name of abroad migration for short time as well as long time in study area, which bring the serious problem in the study area to utilize the local resources and implementation of development program. Nowadays huge amount of remittance is sent from abroad by the migrant people. So this study will try to analyze the role of foreign employment and going abroad is effective or not in the sense of economic condition of the people in study area. The specific issues associated with the role of foreign employment and use of remittance is as follow:-

- ) How the remittance income is used by household in the study area?
- ) How the remittance affects the economic status of households?

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

The main objective of this study is to assess the role of foreign employment in economic status of rural households in the study area. The specific objectives as follows:

- ) To examine the utilization pattern of remittance in the study area.
- ) To compare the 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 remittance money is a crucial part and reliable sources of livelihood in much rural part of the country and for children education, nutrition and to fulfill other requirements. It permits household to increase their consumption of more goods and services. At a community level remittance create multiplier effect in the domestic economy, producing employment opportunities and spurring new economic infrastructure and services especially in remote rural areas where state resources have not been effective.

As remittance income is one of the major sources of foreign exchange earnings. The significance of the study is theoretical as well as applied. This study differs from the previous study in number of aspects:

- ) It inclusively studies the impact of remittance in different group of people especially in Lamidanda VDC, related to their economic condition.
- ) Inflow of remittance and its utilization pattern.

) This study tries to analyze household condition and the condition of economic activities as whole before and after received remittance.

This study will be helpful to know about the inflow of remittance in the Nepalese economy and its utilization and impact in the study area, such as researchers, students, governments and planners and for those who want to know about it as well as who want to undertake further study in this theme.

### **1.5 Organization of the Study**

This study has been organized into five chapters:

The first chapter "introduction" deals with statement of the problem, objective of the study, significance and limitation of the study. Theory of migration and about remittance has been reviewed in the second chapter, which is presented under the chapter "review of literature". The third chapter is research methodology of the study. The fourth chapter deals with data presentation and analysis. This chapter includes overview of foreign employment and utilization of remittance in Lamidanda VDC., comparison of economics status of households before and after remittance received. The fifth chapter deals with summary, conclusion and recommendations.

## **CHAPTER II**

### **REVIEW OF LITERATURE**

The present research aims to analyze the inflow of remittance and its utilization as well as its impact on economy which is entering inside the country. For this purpose, a review of related literatures in this concerned area is must, which will help to get clear ideas, opinions and other concepts. This chapter emphasize about the literatures which were concerned in this connections. Therefore, in this chapter conceptual framework given by different authors and intellectuals of this area, books, journals, research work and previous thesis related to labour migration and inward remittances are reviewed. Moreover labour migration issues and inflow of inward remittances are reviewed and attempt has been made to present them properly.

#### **2.1 Theoretical Review**

Historically Nepalese people established their business and work with neighboring countries like Tibet china and India. In Lichhavi period promoted Nepalese arts and popularity by Bhirkuti in China and many artists designers worked there. Artist Areniko invited by Kublie Khan for to constructing temples and stupas in China. Their histories show that at that time Nepalese were working in neighboring countries and send the earned amount to their motherland. At that period, Nepal was rich for culture, arts heritages and also economically in Malla regime too. Nepalese carried on the job continuously focusing trade between the neighboring countries.

Todaro in his study international migration in developing countries clarified that migration is stimulated primarily by rational economics consideration of relative benefit which are mostly financial Decision to migrant is influenced by the difference

between expected income between two place. He adds probability getting job in new area is inversely related to unemployment rate in the new area (Todaro, 1996).

Lewis, in *Economic Growth with unlimited supplies of labor* distinguishes subsistence sector and developed sector within the economy. In other words the first is 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 are attracted in to industrial sector until subsistence sector provides equal wage rate like that of urban sector i.e. migration exists whenever wage differential exist and eliminates of such differential causes to end labor mobility (Lewis, 1984).

Revenstein, (1985) was the first person to attempt migration theory. His law of migration is also known as push pull factor of migration push factor are land tenure system, unfavorable form of trade wide dispersion of poverty in income and so on, pull factors are employment education and other facilities and opportunities are known as bright of the town on one hand push factor migrant from their place of origin and on the other hand pull factors migrant to place of destination.

As stated in the BOP manual states workers remittance cover current transfer by migrants who are employed in new economics and considered residents there. A migrant is a person who comes to on economy and stays or in expected to stay for a year or more. Workers remittance often involved related persons. Persons 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 employs.

Addison, (2006) in his research paper says that remittances have for several generations been an 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 and Africa in particular. Policy makers in developing countries have started to streamline financial systems removing controls creating incentives, with the aim of attracting remittance specially through official channels. Generally, remittance can create a positive impact on the economy through various channels. The general understanding among various economic thinkers is that remittances can impact on the economy through saving investment, growth consumption poverty and income distribution. The importance of remittance flows becomes critical in economics with credit market imperfections as in the case in most developing countries (Addison, 2004).

Panta, (2008) make a study on his article 'Remittance inflows to Nepal Economic impact and policy options' defines that remittance refers to that portion of migrant's earnings sent from the migration destination to the place of origin. The term remittance are normally limited to denoted monetary and other kinds transfers transmitted by migrants 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 the form of: (1) workers remittances (Money sent by workers living abroad for greater 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 was one of the major sources of the income of the country, 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. (MOF, 2015)

Sigdel, (2010) Conducted a study entitled “An overview of Remittance economy of Nepal” with the aim to evaluating the significance of inward remittance in the overall economy developed of the economy of the country. Employment in abroad has not only helped Nepal ever-growing unemployment problem but it has also injected much needed foreign currency in to our economy to fill up foreign exchange and investment gap, thereby helping Nepal avoid a major BOP crisis.

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 smooth the consumption and investment in human and physical capital. Remittance also generates benefits to the community, if they are spent on locally produced goods and services, and helps 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. The IMF country report states that in the absence of remittance, the percent level of poverty would be 36 to 37 percent (IMF 2006 as quoted in Shrestha, 2010)

## **2.2 Review of Empirical Studies**

Stark and Bloom; in American Economic Review, studied international migration in the case of Mexico to the USA and found empirical evidences that the initial relative deprivation of household in their village reference group plays a significant role in migration controlling for 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 (Stark & Bloom, 1985).

Macroeconomic studies demonstrate that though remittances are 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, which other capital flows tend to increase during favorable economic cycles and decline in period of economic downturn 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 (Sasikumar, 1998).

The remittance flows as an important source of funds for many developing countries workers 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 captured 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 markets. In fact,

remittances are especially important for low income countries. This study suggests that remittance may rise per capital 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 people in the population by 11 percent in Uganda, 6 percent in Bangladesh and 5 percent Ghana. In China were more than 150 million people are internal migrants, the second most important factor for lifting a household out of poverty (Coss, 2008).

Remittance constitute workers remittance, compensation of employees and migrant transfer, 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 economics, neat to foreign direct investment international migrant remittances received by developing countries are estimated to be approximately us & 167 billion in 2005 and have doubled in last five years (World Bank, 2010).

In the IMF working paper Gupta says 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. She finds that, commensurate with the increase in the number of migrant 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 consideration to the some extent that flows on capital account have been such as portfolio investment. Thus they have proven to be a source of strength in the balance of payment in India. From the econometric models she analyzed not many macroeconomic factors are important in explaining the behavior of remittance around the trend over time. Among the variables that are found to be significantly associated with the movements in remittance include indicator of economic activity in the source countries Remittance are higher when economic conditions abroad are benign and remittance are also found to be some, what countercyclical, that in higher during the periods of negative agriculture growth (Gupta, 2007).

Rajan (2011) assessed about the entitled of “Migration and Remittance” in India (Kerala) experience with using random sampling method with probability proportional to the no. of households which sample drawn from 300 Panchyats (location) using mention of sample method in fifty households. He found that average age of emigrants twenty eight average ages at return forty four, life in Gulf sixteen, unemployment rate before emigration twenty three and unemployment rate after return twenty nine.

His studied shows that most of the Kerelian people migrant in Gulf countries to search the appropriate employment opportunity and they earned money (remittance) and sent back to their origin place (home) its impact specially 1-28 times more than the government revenue. Recipient four times more than the transfer from the central government 1.5 more than the government expenditure and fifteen to eighteen times more than the receipts from cashew marine products. His study finding that

remittance particularly impact on poverty, unemployment standard of living, ownership of houses, quality of house consumer durables and income redistribution or social mobility on the other hand impact of migration on women older people, children due to loneliness (Available in [www.ips.lk](http://www.ips.lk)).

Amjad, (2011) in the case of study of Pakistan studied using time series data set includes. 34 observations over the period of 1975 to 2008. Data collected from various sources like as Remittance series (total and by region) GDP per capita from various issues of economic survey, Amjad and Kemal, economic surveys missing data for poverty has been interpolated and extrapolated and intercept Dummies have been used to capture the impact of variation in remittance. Over the three decades 1980's 1990's and 2000.

This study shows that impact of remittance on poverty inversely and negatively related and studied find that some female headed households are in worst position due to they received only 38% of remittance, the decline in the remittance inflows a major contribution factor is explaining the size in poverty in Pakistan during 1980's. He provide some observable recommendations for developed well data set and keep well documentation of overseas migration and remittances and encourage migrants to send their remittance through legal channels ([www.ips.lk](http://www.ips.lk)).

Sonam Tobgay, (2011), studied in Bhutan about the economic impact of remittances particularly in households 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 changed by banks, lack of legal from work on assess of poor people in migration. This study suggested some viable

recommendation are to promote the competition in remittance industry, protect of migrant working and other related enabling policy environment need to adopt it (<http://www.ips.lk>)

Nisal, Priyanka & Dushan, (2011) presented a paper about Sri Lanka economy in international conference to examine 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 (Households expenditure, HHS income & people welfare). They found that macro-economic impact of remittance flows to strength economy through steady sources of fund FDI portfolio and remove external shocks (i.e. natural disaster, financial crisis and political conflict etc.) and micro impacts of remittance on HHS income & expenditure with reducing poverty and improving health, education & standard of living.

The study conclude and policy implicated that majority of lack skilled migrants but overtime skill migrant have skilled, remittance have provide significant BOP support, FDI improve national saving & policy implementation on domestic reform with skill develop of migrants and well documented system (<http://www.ips.lk>)

Deshal Demel and Suwendrani, (2011) studied in Maldives propose of assess the impact of remittance in poverty and consumption using time series data in period (1997-2005). They found that significant role of remittance to remove poverty (i.e. 10% increases in remittance leads to 3.5% decline in poverty) and internal migration another important aspect of remove inequality.

The study suggested some policy implication to keep well documentation of migrant people encourage to send money through legal channel and build strong policy frame work needed for management of foreign employment etc.(<http://www.ips.lk>)

Tilani & Roshni, (2011) analytical studied in impact of migrant in Afghanistan using cross sectional data from National Risk and Voluntability Survey (SNRVA) 2005 and 2005, the survey (NRVA 2005) conducted with covered 11,227 household out of the total households 2332 number of household had at least one number who migrated during the last year. Similarly survey of (NRVA, 2005) conducted with main objective to gather information update and guide policy makers in their development decision about the migrants & remittances.

The study found that remittances are the most tangible result of migration and direct link to development Remittance has direct positive impact on poverty alleviation, assess to education and health facilities ([www.ips.lk](http://www.ips.lk))

The Nepal Labour Force Survey (NLFS) carried out by the Central Bureau of Statistics (CBS) from January to December 2008, aim to analyze the data of different sector. For this purpose using the stage stratified sampling and as a whole country divided in to six strata was distributed equally in rural and urban. At the first stage 800 wards were taken by the primary sampling units (PSU) in the second stage among their words 1600 hundred were taken by using secondary sampling units (SSU) 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. 19721. Further the survey shows that most remittance income were received from outside of Nepal (including India, Malaysia, Saudi Arabia, Quarter etc.) with 82.9 percent of all

remittance income (absentees and other combined) coming from outside. The share of remittance received from abroad in the highest from Quarter (21.3%) and 19.2 percent, 14.9 percent, 13.4 percent, 2.2 percent 2.2 percent 29 percent respectively from Malaysia, Saudi Arabia, India, United Kingdom and Other countries. The survey collected data on the District from which the remittance was sent but this is insufficient to distinguish remittance from urban and from rural areas (CBS, 2008).

Shrestha (2011) Make a study on “Foreign Employment and Remittance in Nepal” with the objectives to reviews the using the analytical approach, taken the data dating back to 1990 to 2006/07, especially she tries to shows the contribution of remittance to GDP ratio her study shows that the remittance to GDP ratio was only 0.5 in 1990 /91. Recently the remittance to GDP ratio increased from 10-34 in 2001/02 to 15.12 accounted highest is 2005/06. But the share of remittance to GDP was decreased to 14.83 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’

Further her study shows that the contribution of Remittance of the different sector of economy becomes much more important. Finally she suggest in her research paper, considering the present scenario, GON and the concerned authorities most visualize and address the issue of foreign employment and remittance in Nepal from the changed perspective.

Dahal, (2012), make a study on ‘Youth and Remittance: key economic Resources of Nepal’ with the objectives to highlight importance of youth and Remittance in Nepalese economy and suggest some measures to mainstream youth and remittance for this purpose. He study shows about 2 million youth work abroad and send foreign currency as remittance, which is being used as a sources of consumption by the

government and banking system, about 15% in being used in buying land and investing agriculture and industries, He denote two important resources youth and remittance are interrelated. He says 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. Total amount of remittance reached 217 billion 2008/09. But the two factors are left to vagaries of market. The comment of this study in the state must capitalize both resources for the long term prospects of nation. Finally his study shows, Remittance is not a permanent resources; it is a significant transitional resources that can be utilized for productive economic investments in economy.

Bhattarai, (2012), Conducted in his study Nepal has opened foreign employment for 107 countries in the world. In 75 countries where Nepalese have been gone for the foreign employment. There have been 1429423 Nepalese employers were gone by labour permit (last Ashad 2066). And there have been 25 million Nepalese processed for foreign employment by the open boarder without any permit, which is nearly 10 percent of whole population. Among them foreign labours 71 percent untrained 27 percent semi trained and 2 percent are trained.

According to the NRB study the cross country analysis shows that when 10 percent individual remittance on official recorded increase then the poverty decreased by 3.5 percent and also international label study shows that more than 35 percent of remittance has been gone in rural area.

K.C. (2013), In his presentation paper about the title of "Foreign labour Employment and Financial Crisis in Nepal: A preliminary Assessment " try to shows that updating the data of labour migration in different fiscal year from FY 1993/94 to 2009/10 in such data shows that the high inconsistency till the FY 2007/08 from the beginning,

and after that some improvements in the number of Nepalese foreign workers were recorded by the end of the FY 2009/10. In his analysis also tries to shows an impact of global financial crisis in Nepalese economy from various pointed ways such as Media response, Government response etc. In the national wise effects of crisis in Nepalese economy though reduce aid generated capital investment by the European Union. The Media response of the financial crisis on Nepalese labour especially in Malaysia affected many Nepalese workers due to the government decision not to recruit foreign migrant workers in the manufacturing and service sector from January 2009 and double the levy for hiring them in order to increase the salaries of local workers.

Dhital, (2015), tried to assess remittance current position and it role in the economy on this area to dig out the ground realities using the primary as well as secondary data in his study. Finally her study concluded that remittance generate a positive multiples effects in output if they are consumed and contribute to economic growth if they are invested productively.

Movement of People from one place to another place is the outcome of human psychology and behavior. Any universal and uniform law cannot define human but, many studies relating to migration have tried to find out some pattern and order in migration decision of an individual. If a person goes to another country and sends back the money which he earns is defined as remittance. In the context of Nepal, the government of Nepal has received millions of dollars as a remittance per year, and even today played a vital role in the Nepalese economy. But, whether the family is using the remittance properly or not should be analyzed, which is an important aspect in the study of remittance in Nepal.

Remittance has opened the area of the research to the economist and policy makers. As its share and volume keep on going, economic and financial model have got strong ground of empirical testing of hypothesis as "Remittance Led Growth." So, remittance has grater scope of expansion for a "Role Play" in the positive impact on socio-economic development of developing countries. Nepal has as encouraging picture towards this direction. However, because of the lot of traditional and emerging new reasons, the remittance sectors also would go in jeopardy if timely and proper policy measures and strategic actions were not adopted. Temporary inflow of such remittance cannot serve the long-term objectives of the country. For this initiations and derives need to be directed to a safe, reliable diversified and sustainable remittance.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

The micro-level study of foreign employment is confined within the selected Lamidanda VDC of Khotang district. All 9 wards are taken in to consideration. This is the explorative as well as descriptive type of research design. The information and type of data collected for the study is cross-sectional.

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

This study is based on primary as well as secondary data in order to meet stated objective of the study.

##### **3.2.1 Primary Data**

Primary data have been collected by using the questionnaire method with the abroad migrant household.

##### **3.2.2 Secondary Data**

Beside the primary data, secondary data also have been collected to fulfill the research objective. So the sources of secondary data are 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). Other different journals, websites, book, report, magazines and information for donor agencies like World Bank, ADB, IMF, and UNDP etc.

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

Lamidanda Village Development Committee is the famous village of Khotang District in terms of various aspects. Lamidanda Village Development Committee consists of 9 wards and the population of Lamidanda Village Development Committee is 5592 and occupied the area of 0.85 square kilometer (CBS, 2011). The Interview was taken from nine wards of Lamidanda Village Development Committee, i.e. ward no, 1 to 9, focusing more on the three wards covering Ramkot. There is no study conducted in

Lamidanda Village Development Committee ward no. 1 to 9 regarding the utilization pattern of remittance. Thus, this study attempts to explore the factors that determine impact of remittances in rural area especially Lamidanda Village Development Committee of Khotang district.

### 3.4 Sample Selection Procedure

It has been not possible to take details survey of whole migrant household due to the limitation of time and other sources. So the samples of all 9 wards of the VDC are considered, where 969 total households and the total population are 5592 according to survey of VDC 2072 (VDC Profile, 2072). Among them, 280 HHs members were migrants for foreign employment. But in this study only 60 households have been taken among the migrant households from each ward of the study by using probability proportion to size technique through the single stage random sampling method selecting at least 6 households from each ward. The respondent of sample from each ward is as follows in the given table. Six households were selected from each ward as sample except wards no. 7 and 9. Whereas nine respondents were selected from each ward of 7 and 9 where higher numbers of households have gone foreign country for employment than other wards.

**Table 3.1: Sample Selection Procedure**

Ward no.	1	2	3	4	5	6	7	8	9	Total
Total No. of HHs	101	73	80	127	138	97	95	132	126	969
No. of total population	622	453	416	750	832	536	606	689	688	5592
No. of HHs for foreign Employment	25	25	16	35	30	25	40	38	46	280
Sampled HHs	6	6	6	6	6	6	9	6	9	60

### 3.5 Data Collection Techniques and Tools

In order to obtain necessary and reliable data for this study researcher has used data collection technique such as field survey, observation, interview etc. and tools such questionnaire, checklist and some case study.

#### 3.5.1 Survey-Interview

The direct personal interview with remittance receives or sender's family members were taken for the study by the field survey. 60 households were surveyed. An interview with structured-schedule was applied to collect data for meeting the purpose

of the study. In this study, structured questionnaire had been used for the collection of data and information of remittance receives' socio-economic status. In general the questions were design based on socio-economic condition. It helped researcher to verify data directly.

### **3.5.2 Key Informants Interview**

By the structured interview it is not possible to collect all the information about the respondents. Therefore, establishing a co-operative and mutual friendly relation with the informants, data of internal feeling and emotions were acquired by an informal interview with selected persons. 10 people of Lamidanda VDC such as local political leaders, social workers, ex-ward chairman and ward members were interviewed.

### **3.5.3 Observation**

Observation method has been used to collect the observable information such as living standard, structure of house and household activities. The data collection through observations had been used to support the structured data in relevant place in the text. Human nature is basically hesitating to explore their weakness so it helped to collect this information.

### **3.6 Data Processing**

After the competing field work all the information filled up questionnaire them which presented in the master sheet, that identified the respondents number and the variable related. Some variable will be 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 to fulfill the requirement of the study. The following steps have been used to analyze the data:

- ) Collected data has been processed by tabulating data.
- ) Cartographic techniques have been used to describe the table in this study.
- ) Some statistical tools like percentage; average ratio has been used to analyze data.

### **3.8 Limitation of the Study**

Every study carries some limitations which are unavoidable. This study covers only Lamidanda VDC of Khotang District. It may not be helpful to make general conclusions. Since it is the case study of Lamidanda VDC of Khotang District, the conclusions may or may not be applicable everywhere. So findings of the study can not be generalized for other area. This study mainly focused on the remittance received by the people of age group 18-45 years. Considering that these age group are energetic, dynamic, able to do risky task and frequent traveler for foreign job. 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. Due to lack of information, time and money this study is only limited to 60 households samples.

## CHAPTER IV

### DATA PRESENTATION AND ANALYSIS

In this chapter the data, which are collected during the field survey, are showed in different tables and diagram, mainly primary data are used in this study and these are analyzed in this chapter. Basic–economic information of migrants and their households are presented in this chapter.

#### 4.1 An Over View of Foreign Migrants

##### 4.1.1 Age Composition of Migrants

In this section, age description of migrant workers has been analyzed which helps to know how many people have been gone to foreign country among these age groups from study area.

**Table 4.1: Age Composition of Migrants**

Age group	No. of respondents	Percent
18 – 25	18	30.0
25 – 32	30	50.0
32 – 40	7	12.0
> 40	5	8.0
Total	60	100

*Source: Field Survey 2016*

Out of total migrants only 60 households were the sampled households; out of 60 migrant workers 30 percent are in the age 18 to 25 years. Migrants with in the age 25 to 32 is 50 percent. Above 40 years migrants have been gone only 8.0 percent and 12.0 percent with 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 18-45 years are energetic, dynamic, able to do risky task and frequent traveler for foreign job.

##### 4.1.2. Education Status of Migrant Workers

In the table 4.2 education statuses of migrants has been shown which illustrates the educational background of the migrant workers.

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

<b>Education Background</b>	<b>No. of Respondents</b>	<b>Percent</b>
Under S.L.C.	20	33.0
S.L.C.	24	40.0
Intermediate	12	20.0
Bachelor or above	4	7.0
Total	60	100

*Source: Field Survey 2016*

The table 4.2 shows the educational status of migrant workers. About 33.0 percent of them are under SLC passed. 40 percent of them have SLC passed, 20 percent of them have got intermediate level. Only 7.0 percent have got bachelor or above level. These data clarifies those more than 50 percent migrants workers have below or equal SLC level qualification which explain the poor educational standard of the migrants. Educated migrants are skilled labours and they can get higher salary for their better performance. Where as lower educated migrants are semi-skilled or unskilled labour and they get lower salary than skilled labour. Higher the literacy level of migrants, higher will be collection of remittance and vice-versa.

#### **4.1.3. Gender Description of foreign Migrants Workers**

In this section gender description of migrants' workers has been included and the table 4.3 helps to know how many people are male and female workers are gone for foreign employment.

**Table 4.3: Gender Description of Foreign Employment**

<b>Gender</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Male	59	98.3
Female	1	1.7
Total	60	100

*Source: Field Survey 2016*

Table 4.3 shows the gender description of migrants, out of the total migrants 98.3 percent of them are male and 1.7 percent of them are female. It means only one female have gone for foreign employment. This trend shows that most of the migrant workers are male because of main responsibilities of family and also shows that there is male dominated society.

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

Marital status of foreign migrant workers has been included in the table 4.4. The data on the table shows the marital status of foreign migrants.

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

Status	Total	%
Married	40	66.7
Unmarried	20	33.3
<i>Total</i>	60	100

*Source: Field Survey 2016*

Most of the foreign migrant workers in the study area i.e.66.7 percent of them are married and 33.3 percent are unmarried. These data clearly shows that, family pressure is the main cause to go foreign country because of being married. The married people have main responsibility for caring their family. They have to look after the family economically.

In the study area, the number of female migrants is very few in number. So, it does not essential to show each table individually, if so the table shows only overall data of migrants.

#### 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 that how many people have gone to foreign country from the study area.

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

Country	Total	%
Qatar	20	33.3
Malaysia	15	25.0
Dubai	5	8.3
Saudi	10	16.7
Oman	1	1.6
Libya	2	3.3
Kuwait	2	3.3
Iraq	1	1.6
UK	2	3.3
Bahrain	2	3.3
<i>Total</i>	60	100

*Source: Field Study 2016*

From the table 4.5 it clears that 33.3 percent workers are working in Qatar, 25 percent are working in Malaysia, 16.7 percent of them in Saudi Arabia and 8.3 percent of them are in Dubai. Libya, Kuwait, UK, and Bahrain have taken the equal share of 3.3 percent and also Iraq and Oman taken the equal percent of 1.6. It showed that the Gulf countries are most favored destination for foreign employment from the study area. Among of all, the highest percent have been taken by the Qatar and Malaysia followed by Qatar in second, the mere portion of the total has been taken by out of gulf countries. It is found that only 2 i.e. 3.3 percent of migrants went UK as student visa initially and ultimately they are working there.

It is clear that, most of the workers have gone in Gulf country due to unskilled and low literacy status of migrants. So the main destination countries are Gulf country for the foreign employment from the study area. Comparison with the national scenario from the previous chapter, it seems that Malaysia has been taken the higher share a percent for foreign employment, from the view of over all nations, but from the study area Qatar has been taken the higher percent of migrants than among other countries.

## 4.2 Contribution of Remittance in Livelihood

### 4.2.1 Causes of Foreign Employment

There must be several reasons of seeking foreign employment .The reason might be economical, social, and political. They may be related to the acquired skill and other reasons. To find out the causes seeking employment the respondents were asked to identify the prime causes to go for foreign employment, they gave more than one reasons which are shown by the following table.

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

Employment country	No. of respondents	Causes				
		Unemployment	Family debt burden	Conflict	Relatives	Earn money
Qatar	20	7	5	1	1	6
Malaysia	15	3	4	2	-	6
Saudi Arabia	10	4	-	-	1	5
Dubai	5	2	1	1	-	1
Other	10	1	5	2	-	2
Total	60	17	15	6	2	20
Percentage	100	28.3	25	10	3.4	33.3

*Source: Field Survey 2016*

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

Table 4.6 shows causes of seeking foreign employment. Earning enough money are the main causes of foreign employment. Many respondents showed that there is lack of employment opportunities with in the country. So 28.3 percent went for foreign country due to unemployment, 33.3 percent have gone in order to earn money, 25 percent have gone due to family debt burden, 10 percent of them have gone because of conflict and only 3.4 percent has gone due to their relatives' advice. It is concluded that unemployment, family debt burden and earning money 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 saving as well as fund mobilize through the friends, relatives, merchant etc. To find out of 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 of Cost of Foreign Employment for Different Country**

Employment country	No. of Respondents	Sources						Sales of land	Family saving
		Bank	Cooperative	Relative	Merchant	Friend	other		
Qatar	20	1	-	12	1	2	2	-	2
Malaysia	15	2	1	5	1	3	1	1	1
Saudi Arabia	5	-	-	3	-	1	-	-	1
Dubai	10	1	1	4	1	1	-	1	-
Other	10	3	3	3	1	-	-	1	-
Total	60	7	5	27	4	7	-	3	4
Percentage	100	11.7	8.3	45	6.7	11.7	5	5	6.7

Source: Field survey 2016

Table 4.7 shows that, 7 or 11.7 percent of the respondents took bank loan to pay for the cost of foreign employment. Out of 60 respondents 5 percent sold the land and 6.7 percent used their internal family saving in order to pay cost of foreign employment. Similarly out of total, 45 percent or 27 respondents have taken the loan from their relatives. 11.7 percent have taken loan from friends and 8.3 percent from cooperative

and 6.7 percent from merchant. So the large number of respondents have used loan for financing cost of foreign employment and some migrants sold land and small number of migrants have used their family saving. It is strongly felt that government should establish a proper mechanism to finance the foreign employment with minimum interest rate.

#### 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: Frequency Distribution of Migrated Persons Education and Field of Work**

Field of work/Education level	Under S.L.C.	S.L.C	Intermediate	Bachelor or above	Total
Security	4 (20.0)	3(12.5)	1 (8.3)	1(25)	9 (15.0)
Construction	2 (10.0)	5(20.8)	2(16.3)	-	9(15.0)
Hotel	4 (15.0)	3(12.5)	1(8.3)	-	8(13.3)
Driving	3(10.0)	4 (16.6)	3(25)	-	10(16.6)
Salesman	2(10.0)	4(16.6)	2 (16.3)	2(50)	10(16.6)
Manufacturing	3 (15.0)	2(8.3)	2(16.3)	-	7(11.6)
Other	2(10.0)	3(12.5)	1(8.3)	1 (25)	7(11.6)
Total	20	24	12	4	60
Percentage	33.3	40.0	20.0	6.7	100

*Source: Field survey 2016*

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

According to table 4.8, among the 60 respondents, 20 respondents have achieved the education of under S.L.C. level, 24 respondents have achieved S.L.C., 12 have achieved intermediate and 4 respondents achieved Bachelor or above.

Higher the education level more diversified the workers in different field of work and gradually choosing more skilled work and lesser the education more narrow field of work and workers gather in semiskilled category of work. From the above table, under SLC level education workers can get security type of work and SLC or above SLC 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

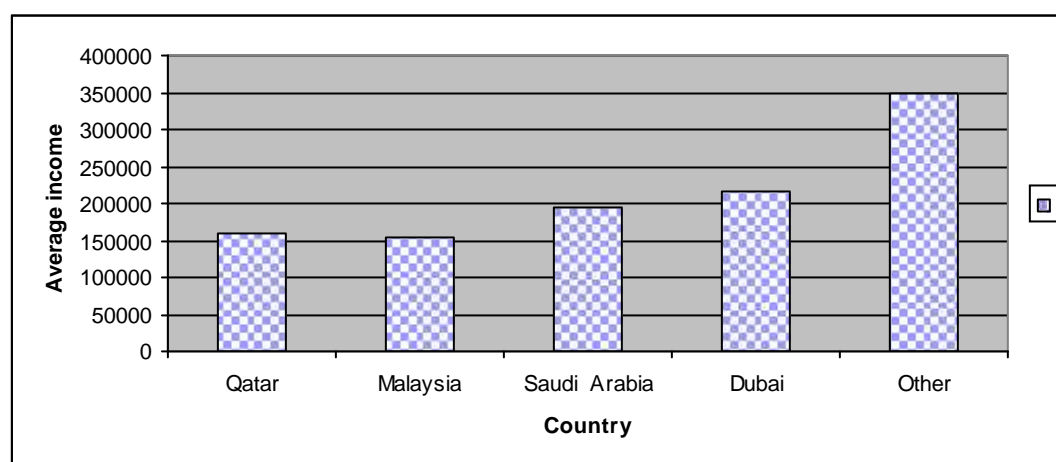
Generally people of our country go for foreign employment with the purpose of earning better money. But most of the migrants are unskilled in nature. That is the main reason to earn low amount of money. The situation of average earning of the migrated person from the different country is given in table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

**Table 4.9: Country and average Earning**

Country	No .of Respondents	Average Earning (in Rs.)
Qatar	20	160000
Malaysia	15	155000
Dubai	10	215000
Saudi Arabia	5	195000
Other	10	350000
Total	60	2370000

*Source: Field study 2016*

**Figure 4.1: Average Earning in Different Country**



The table 4.9 displays the average earning of the migrants people and the country where they had gone last year. According to the table out of 60 respondents 10 respondents went other countries like UK, Kuwait, Libya, Macau, Oman etc. The people went to other belongs to higher class educated people. They went there for academic purpose and earning money. The average earning of those respondents was NRs 350000 last year. Similarly out of 60 respondents 33.3 percent had gone Qatar and their average earn amount is NRs 160000 in last year. Average income in Malaysia was NRs 155000. In comparison to the income of the respondents who had

gone other countries, the average income of the respondents who had gone Malaysia and other Gulf countries was low. It is due to the semi-skilled and unskilled type of the respondents.

To sum up, it becomes evident from the data that the respondents who had gone other countries were from higher class and they were skilled. So they become successful to earn much money as compared to the rest of the respondents.

#### 4.2.5 Medium Used to Obtain Foreign Employment

Peoples who want to go for foreign employment need to know the 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. The cheating by agent and the torture are also related with the medium used. The medium used was 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**

Employment Country	No. of Respondents	Medium			
		By MPA	By individual	By local Agents/MPA broker	Relatives
Qatar	20	15	2	1	2
Malaysia	15	10	1	2	2
Dubai	10	6	2	-	2
Saudi Arabia	5	2	1	2	-
Other	10	3	3	1	3
Total	60	36	9	6	9
Percentage	100	60	15	10	15

*Source: Field Survey 2016*

Table 4.10 shows that among the respondents, 36 persons have gone to seek foreign employment through registered manpower agencies, 9 respondents managed through their own contact, 6 respondents used local agent and respondents with the help of their relatives. It is concluded that the majority of foreign job seekers uses the MPAs

as a medium to find the jobs. Some used their friends and relatives as medium and very few choose local agents. Foreign migrants should follow the proper legal medium to go for foreign employment, so that it will be easy to get/access legal rescue when at risk. Also government should strictly discourage/control for adopting illegal medium for foreign employment and closely monitored the medium used for foreign employment.

#### 4.2.6 Expenditure for 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, manpower agency, commission 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 in different group is given by the following table.

**Table 4.11: Average cost paid and Range of costs 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	15	92	40	120
Dubai	10	150	50	150
Saudi Arabia	5	95	35	140
Other	10	210	140	450
Total	60			

*Source: Field Survey 2016*

Table 4.11 shows the maximum cost that is paid by the migrants who go for foreign employment. Other than Gulf countries like UK, Kuwait etc., the number of migrants is less than the workers who go to the Gulf countries to earn money but the cost paid is seemed higher than Gulf countries. And for the gulf countries the cost of foreign employment is found less amount.

#### 4.2.7 Status of Skilled of Migrants Workers

Skill is one of the most important factors which helps to find the proper job and increases the purchasing power of labor. Anybody who is trained can earn more money and get better job than unskilled labour. Most of the Nepalese seeking foreign employment are said to be untrained. They do not have adequate skills due to which employment in menial work and are paid low. The assessment of individual towards

their own status of skill development the sources of training were asked in the interview, the responses received are presented in following table.

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

Employment Country	No. of Respondents	Unskilled respondents	Skill developed through		
			Institute	Friends/Relatives	Other
Qatar	20	15	1	2	2
Malaysia	15	8	1	1	1
Saudi Arabia	5	4	1	2	2
Dubai	10	4	3	2	1
Other	10	3	4	2	1
Total	60	34	10	9	7
Percent	100	56.7	16.7	15	11.6

*Source: Field Survey 2016*

Table 4.12 shows that 56.7 percent of job seeker considered themselves as unskilled before going foreign employment. The remaining 43.3 percent had some skills related to driving, electricity wiring, carpentry etc. Some had simple training in hotel management. Out of 26 individual 10 were trained in training institute, 9 individual developed skill through their friends and relatives and 7 were from others (by self, by own family, with the help of experience). It shows that most of the foreign seekers were untrained and unskilled labour.

### **4.3 Contribution of Remittance in Economic Status**

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

The use of remittance depends on the priority placed by the individuals on different uses like size of remittance, the time availability, opportunities for investment and several other factors. Majority of migrants 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 borne by borrowings. There may be family rituals in waiting. 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 spend on recurring expenditure like clothing, loan payment, cultural expenses, consumption expenses, durable consumer goods and 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 heads. The answers given by respondents are presented in the following table.

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

Sector	Average Annual expenditure(in NRs)	Percent
Clothing	5500	3.0
Loan Payment	10200	6.0
Real estate	110000	71.0
Cultural Expenses	5200	3.0
Durable consumer Goods	21000	14.0
Food Consumption	5000	3.0
Total	156900	100

*Source: Field Survey 2016*

In the table 4.13 averaged annual expenditure on unproductive sector after remittance income has been shown. According to this table, the sampled respondents were spending on an average NRs 5500 for the purpose of clothing which is 3.0 percent of total amount, 6.0 percent used to pay the loan, 71.0 percent of the total amount spent for the purpose of real estate. The huge amount of remittance used in this sector. 14.0 percent used to buy consumer durable goods. Similarly, from the above table we can see that, for unproductive sector, respondents used the remittance for the cultural expenses is 3.0 percent and only 3.0 percent of remittance used for the food consumption.

The average annual expenditure on unproductive sector, about 56900 NRs might be due to the 'Demonstration Effect'. In the foreign country remittance earners have seen the extravagant life style, expensive cultural ceremonies and uses of luxuries goods etc. So they spent their income on unproductive sectors.

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

Nepalese migrant's workers have earned some part of money and they were returned to home. But they have not used their total income into productive sectors, due to use of their total income into productive sectors, several causes such as lack of knowledge, lack of market, lack of sufficient capital, non availability of opportunities for investment etc. Generally the huge amount of money spend on capital expenditure like education, agriculture, business and bank deposit which have huge investment and have return are known as productive investment.

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

Sectors	Average Annual Expenditure (in NRs)	Percent
Education	20000	14.0
Agriculture	5000	3.0
Business	100000	68.0
Bank deposit	23000	15.0
Total	148000	100

*Source: Field Survey 2016*

Table 4.14 shows that average annual investment on productive sector after remittances have been shown. According to this, the sampled respondents were spending on an average NRs 20000 for the purpose of education which is 14.0 percent of total expenditure on productive sectors. The sampled respondents were spending on average NRs 5000 for the purpose of the agriculture tools which are 3.0 percent of the total expenditure on being productive sector. Similarly bank deposit 15.0 percent and for the purpose of business uses of remittance income seems hug amount among other which is 68.0 percent of the total productive expenditure, due to this most of the migrant households when they received remittance they start to do small business like hotel, cosmetic shop etc. So it covered the larger percent which is found by the field survey of the study area.

From above table it can be concluded that the average annual investment on a productive sector is lower than the average annual expenditure on unproductive sector. It is due to knowledge and also lack of proper policy of government for the utilization of remittance.

#### **4.3.3 Utilization Pattern by Marital Status of Migrants**

The uses of remittances are also depended on the marital status of migrants. So, according to the sampled respondents asking question about it and to find out the utilization pattern of their households the data are given by the following table.

**Table 4.15: Utilization Pattern of Remittance By Marital Status Of Migrants**

Use of remittance in productive sectors	Marital status		% of married	% of un married	Use of Remittance in unproductive Sectors	Status of Migrants		% of married	% of Unmarried
	Married	Un Married				Married	Un married		
Education	19	3	47.5	15	Clothing	4	1	10	20
Agriculture	6	2	15	10	Loan Repayment	4	1	10	5
Business	5	5	12.5	25	Real Estate	5	1	12.5	5
Bank Deposit	9	5	22.5	25	Cultural Expenses	8	2	20	10
Others	1	7	2.5	35	Durable Consumer Goods	4	7	10	35
					Food Consumption	14	2	35	10
					other	1	3	2.5	15
Total	40	20	100	100	Total	40	20	100	100

Source: Field Survey 2016

**Figure 4.2: Utilization Pattern of Remittance on Productive Sector by Marital Status of Migrants**

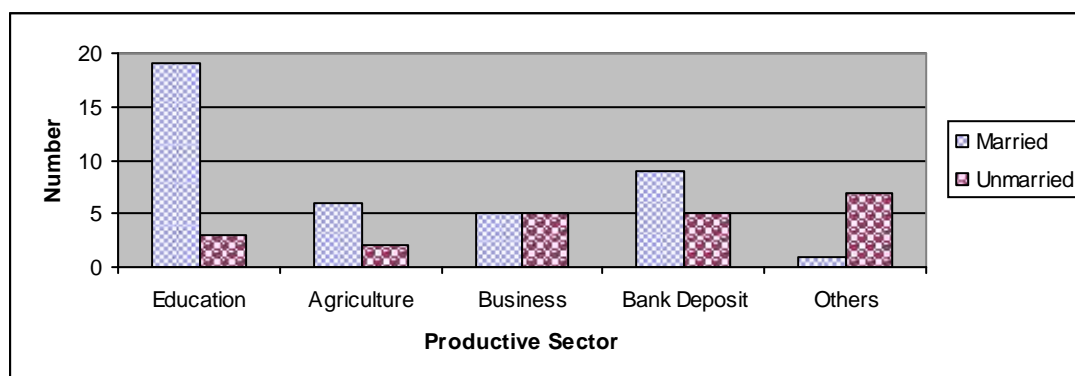
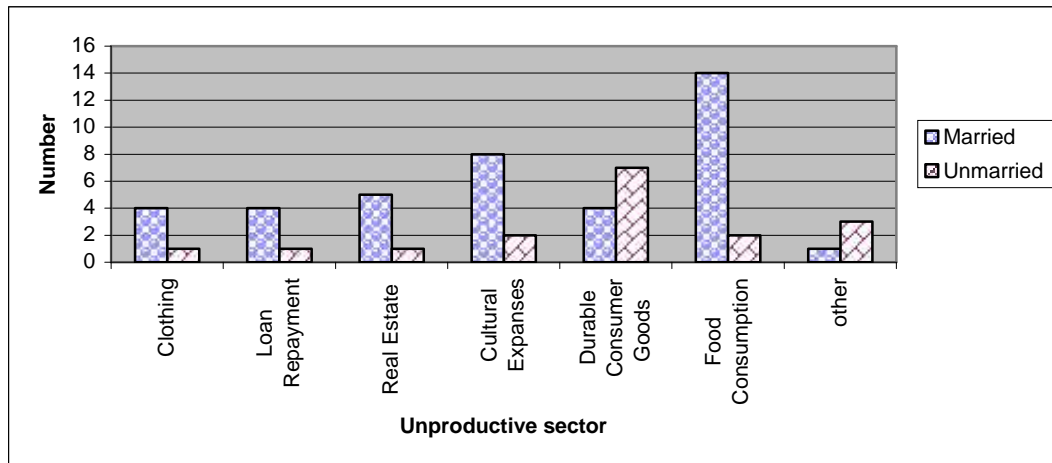


Table 4.15 shows the expenditure pattern of married and unmarried workers households in productive sector as well as unproductive sectors. Among the married workers households 47.5 percent of them make expenditure on productive sectors in education. Similarly, among the unmarried workers households especially more expenditure on unproductive sectors like durable consumer goods by 35 percent and married workers households also used their remittance on food consumption by 35 percent. In productive sectors bank deposit kept by married households with 9 percent and unmarried household by 5 percent. On the other side in unproductive sector 20 percent of unmarried workers households make expenditure on clothing and 10 percent married workers household expenditure on clothing. Likewise, uses of

remittance on productive agricultural sector of married households have higher than that unmarried households and in unproductive sector more expenditure of unmarried workers remittance unknown sectors denoted by other with 15 percent.

**Figure 4.3: Utilization Pattern of Remittance on Unproductive Sector by Marital Status of Migrants**



In conclusion, from the above table the married workers households use their remittance in productive sector more than unmarried workers' households.

#### 4.3.4 Utilization Pattern of Remittance by Educational Status of Migrants

The utilization of remittance according to the educational status of migrant's workers households depend upon the education status of migrants. Because, if the migrants worker is well educated he knows about the utilization pattern of remittance and if the migrant is not well educated he does not know about the utilization pattern of remittance in productive sectors, so their households used the remittance in unproductive sectors. To know the fact about it question are asked with the respondents. According to their answer the data are shown in the following table.

The table 4.16 shows that the households use the remittance in different sectors (productive and unproductive) according to migrant's workers educational status. To see the table among migrants workers, under the SLC educational level household expenses on more unproductive sectors like clothing, consumer durable goods and other unknown sectors. This may be due to the lack of proper knowledge about uses of remittance. In education status of SLC also shows that more than half percent of remittance used in productive sectors such as real estate (75%) cultural expenses (50%) etc. And to see the productive sector uses in agriculture sector and bank deposit sector seems to equal percent as 37.5.

**Table 4.16: Utilization pattern of Remittance by Educational Status of Migrants**

Use Sector of Remittance	Under SLC	SLC	Intermediate	Bachelor or Above	Total
Education	1 (12.5)	2 (25)	3 (37.5)	2 (25)	8
Agriculture	2 (28.5)	3 (37.5)	2 (28.5)	-	7
Business	-	3 (37.5)	1 (20)	1 (12.5)	5
Bank Deposit	1(12.5)	2 (37.5)	3 (37.5)	1 (12.5)	8
Clothing	3 (60)	2 (40)	-	-	5
Loan Repayment	2 (40)	2 (40)	1 (20)	-	5
Real Estate	1 (25)	3 (75)	-	-	4
Cultural Exp.	2 (50)	2 (50)	-	-	4
Durable Consumer Goods	4 (66.6)	2 (33.3)	-	-	6
Food Consumption	2 (33.3)	2(33.3)	2 (33.3)	-	6
Other	2 (100)	-	-	-	2
Total in Productive	4	11	9	4	27
Total in Unproductive	16	13	3	-	33
Grand Total	20	24	12	4	60

*Source: Field Survey 2016*

*Note: Figure in Parenthesis of row and column indicates percent.*

The education level of intermediate migrants households use their remittance quite more in productive sector like education and bank deposit 37.5 percent, 28.5 percent in agriculture sector. Similarly the education level of bachelor of migrants' workers households, all these remittance uses in productive sector like education, business and bank deposit .This might be due to the educated migrants workers proper guidance their households means as to using their remittance in productive sectors.

In conclusion from above table if the migrant workers are well educated they recommend to their households to use the remittance in productive sectors but if the migrant workers are not well educated they unknown about the use of remittance, so their households uses their remittance in unproductive sectors.

#### **4.3.5 Utilization of Remittance by Skill Status of Migrants**

The following table shows the utilization pattern of remittance according to the skill of migrants workers. Skilled labors are those labors who have taken special type of training from recognized organizations.

**Table 4.17: Utilization of Remittance by Skill Status of Migrants**

Uses of Remittance in Productive sector	Skill Status		% use by		Use in unproductive Sector	Skill Status		% use by	
	Skilled	Unskilled	Skilled	Unskilled		Skilled	Unskilled	Skilled	Unskilled
Education	7	6	26.9	17.6	Clothing	4	5	15.4	14.7
Agriculture	4	9	15.4	26.47	Loan Repayment	2	3	7.7	8.8
business	2	6	7.7	17.6	Real Estate	6	7	23.1	20.6
Bank Deposit	12	8	46.2	23.5	Cultural Exp.	5	8	19.2	23.5
Other	1	5	3.8	14.7	Durable consumer goods	2	4	7.7	11.7
					Food Consumption	6	5	19.2	14.7
					Other	1	2	3.8	5.8
Total	26	34	100	100	Total	26	34	100	100

*Source: Field Survey 2016*

Table 4.17 shows the remittance uses by households according to the skill of migrants workers in productive sector as well as non-productive sector. Among the skilled workers households 26.9 percent of them used their remittance in productive (education) sectors, whereas unskilled uses only 17.6 percent in this sector. Similarly if the migrants have been gone abroad with skilled, he might be earned more than unskilled migrants. So the skilled migrant's households received more remittance and used in productive sector such as bank deposit, agriculture, education etc. On the other if the migrants have gone without any skilled, less opportunities to get good job as well as lesser salary, due to this the unskilled migrants households use their remittance in unproductive sector like real state, durable consumer goods cultural expenses etc. So he know about the proper uses of remittance, but who have been gone without skilled he might be also not well educated and he is unknown about the uses of remittance, so his households use the remittance in unproductive sector.

The above table concluded 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.

#### 4.3.6 Reason of Non-Utilization of Remittance into Productive Sector

Nepalese migrants workers have earned some part of money in abroad and they were sent their earn amount or return in home. 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 been 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 VDC were asked and there answers are given in the following table:

**Table 4.18: Causes of Non-Utilization of Remittance in to Productive sector**

Causes/Reason	No. of Respondents	% of Respondents
Conflict	9	15
Lack of sizeable capital	16	26.6
Lack of Market	10	16.7
Lack of Knowledge	15	25
Other	10	16.7
Total	60	100

*Source: Field Survey 2016*

The table 4.18 shows that the remittance has been affected by many factors. For the convenience; these factors are termed as 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 26.6 percent says that the causes is lack of sizeable capital is not used the remittance in productive sector, equal percent 16.7 of them have reported that due to the lack of market and other causes, 25 percent has lack of knowledge, 15 percent were conflict they used the remittance in unproductive sectors. Here other causes are might be lack of proper knowledge and education.

#### 4.4 To Compare the Economic Status of Migrant Workers before and After Receiving Remittance

In this chapter, we can compare the economic status of migrant household before and after received remittance as well as what the impact of remittance is after received it. So for this, asked the question with respondents about it 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 exercise before and after remittance income is shown in the table 4.19

**Table 4.19: Total Land Holding Before and After Received Remittance**

Before Remittance income			After Remittance income		
Land holding size *	No. of respondent	Percentage	Land holding size	No. of Respondents	Percentage
Landless	1	1.7	Landless	-	-
Up to 5	5	8.3	Up to 5	2	3.3
5-20	10	16.6	5-20	13	21.7
20-40	25	42.4	20-40	22	36.7
40+	19	31.6	40+	23	38.3
	60	100		60	100

*Source: Field survey 2016*

\*Ropani (1 hector=19. 657178 Ropani)

Table 4.19 shows the figure of land holding size before and after the remittance income. It is observed that the landless household decreased zero after remittance income. It is 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 with high ropani land buy extra land from their remittance.

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

It is believed that if somebody received remittance in households, his/her economy improved. The change in economic wellbeing and improvement in living standard will improve the social status of household where the change takes place. To find out the change in household due to remittance or foreign employment the respondents were asked to give their own adjustment. The answer given by them is presented in the table 4.20

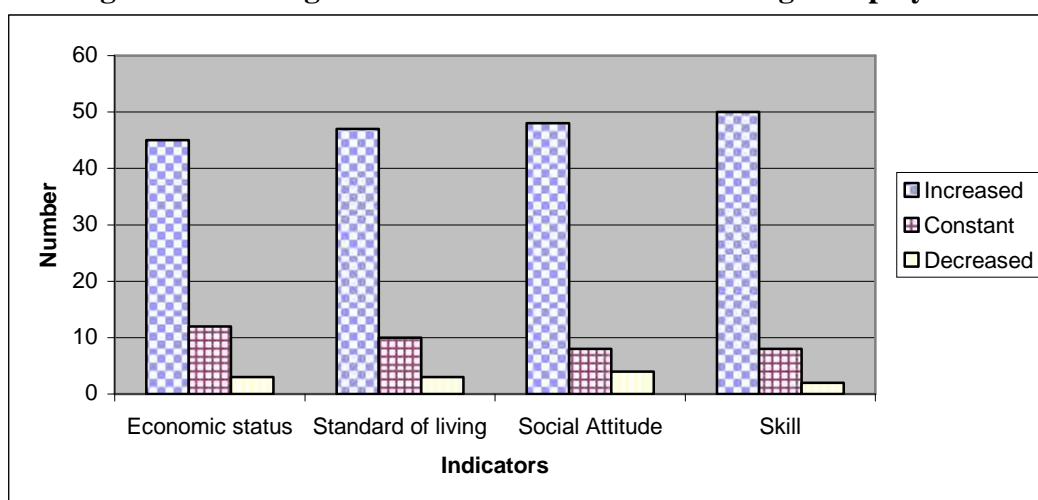
**Table 4.20: Frequency Distribution of Changed in Different Indicators of the Respondents**

Indicators	Change in condition			Total
	Increased	Constant	Decreased	
Economic status	45 (75)	12(20)	3(5)	60
Standard of living	47(78.3)	10(16.7)	3(5)	60
Social Attitude	48(80)	8(13.3)	4(6.7)	60
Skill	50(83.3)	8(13.3)	2(3.3)	60

Source: Field Survey 2016

Note: Figure in parenthesis of row and column indicate percent

**Figure 4.4: Change in Economic Status due to Foreign Employment**



Above analysis is based on the total sample without separation. It shows that 75 percent respondents reported that their economic status has increased after received the remittance, other 20 percent respondents said that their economic status remain same, 5 percent said that their economic status decreased. Decreases in economics might have been resulted with high cost, low pay or short employment. 78.3 percent respondents have increased the living standard after foreign employment or received remittance, 16.7 percent remain their standard of living same, only about 5 percent said decreased their living standard. 80 percent respondents felt that social attitude towards them have changed and were looked upward because of their earning. But 13.3 percent respondents said that they had some skill because performed same work abroad as they have done in Nepal.

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

#### 4.4.3 Effect on Other Indicators

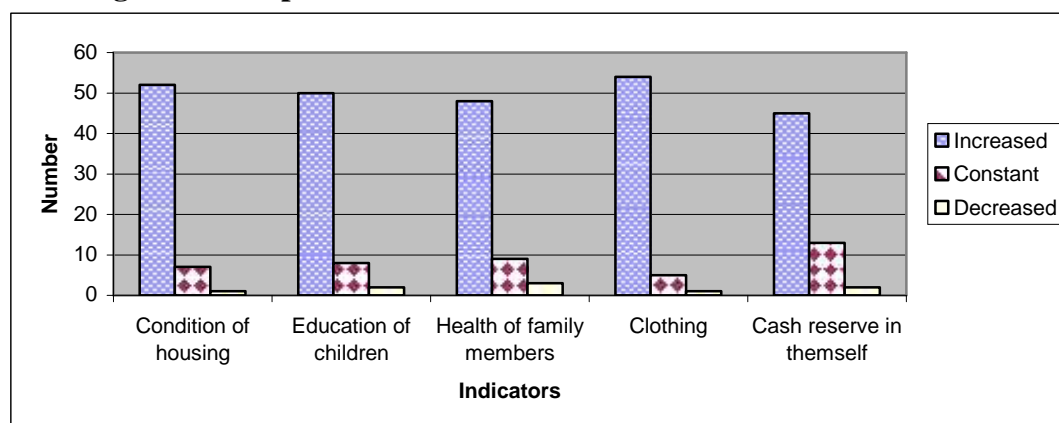
How the foreign employment and remittance impacted on certain household indicators? Do they live in better house? Do they send their children to better school? How the health has changed? Is their family batterer dressed? Are they protected from rural indebtedness at the time of need? These were very pertinent questions positive impact on them depended on size of income of respondents brought from foreign employment, family size, economic condition of family, before foreign employment knowledge of respondents, culture of society etc. To find out the impact for an employment on household indicators the respondents were asked to respond on changed brought by foreign employment. The answers provided are given in the following table.

**Table 4.21: Frequency Distribution of Impact on Other Household Indicators of the Respondents**

Indicators	Change in Condition		
	Increased	Constant	Decrease
Condition of housing	52(86.6)	7(11.7)	1(1.7)
Education of children	50(63.3)	8(13.3)	2(33)
Health of family members	48(80)	9(15)	3(5)
Clothing	54(90)	5(8.3)	1(1.7)
Cash reserve in themselves	45(75)	13(21.7)	2(3.30)

Source: Field Survey 2016, \*The figure in parenthesis of row and column indicates percent.

**Figure 4.5: Impact on Other Indicators of Households**



Source: Based on table 4.21

Table 4.21 shows that 86.6 percent respondents have improved the condition of housing. It shows that anybody who came from foreign employment either have made new house or repair 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 education of the children have improved after foreign employment. It might be the result of improvement of the economic condition of individual who could afford boarding school for their children. But around the 3.3 percent of the respondents reported that the educational conditions of their children become worsted. It might be due to the absence of parents to guide the children at home.

Around 13.3 percent respondents reported that the level of education of their children remained same. 48 respondents reported that the health condition of their family members have improved after foreign employment. It might be result of again income and affordability of medical services. Around 5 percent respondents reported worsened health condition of their family members. It might be due to over wok or burden in the family cores. About 15 percent respondents said that the health condition of their family members remaining 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 household members are using better clothing after received the remittance. When the availability of liquid cash to meet their need. About one six of the respondents said that they were worse off. Remaining one half said that they are in usual situation. It indicates that foreign employment has increased the liquidity situation of the participation of the foreign employment. The lower level of liquidity might have been the result of high expenses, low income of the high cost of foreign employment. It was not analyzed in detailed in this study.

It can be concluded that around 80 percent respondents of this VDC have improve 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. It might be indicators that remittances brought by the foreign bound labour have benefitted other than the employee himself.

#### 4.4.4 Effective on Physical Assets due to Remittance

The migrants' household seems to more impact on the sector of physical assets by the comparison of the condition of physical between before and after received remittance. Here mainly concern with the effect on agricultural tools, T.V., Telephone, computer etc. So asked to the sampled respondents about it answer have been found which has been helped to know, what the impact is or to comparison the status of physical assets before and after received remittance income; which is shown by the following table.

**Table 4.22: Comparison on Physical Assets of Households Before and After Remittance Received**

Physical assets	Before households	After households	Amount	
			Before	After
Agricultural Tools	35	45	50000	12000
Vehicles	2	6	10000000	1500000
T.V. Radio	15	45	6000	1500000
Telephone	10	50	5000	10000
Refrigerator	-	-	-	250000
Computer	-	2	-	35000
Landholding	10	20	500000	1000000

*Source: Field survey 2016*

Above table shows that, out of total sampled respondents 35 respondents have agricultural tools before they received remittance but after when they received the remittance which is increased to 45 people using it and paid 12000 NRs of received remittance. Similarly increase seen in the number of vehicles uses households (here vehicles indicate mainly motorbike, taxi etc.). It is clear that more than half of the sampled respondents buy the T.V., Radio, Telephone after received the remittance, Only 2 respondents have been given the answer to buy the computer after remittance income. The huge amount of remittance is used for the purpose of buying these types of things. There is also increase in the land holding respondents after received remittance, mainly they buy the land in urban sector or quite developed area, like near the bazaar, near the main road etc.

#### 4.4.5 Effect on Saving and Investment due to Foreign Employment

The income which is received from remittance or by other activities of households, some portion is used for investment and remaining part of it is being saved. If the households situation with low income level there will be no any possibility for to

more saved and investment , extend for it , that all used for consumption expenditure. According to the sampled respondents answer of asking question about it, what was the effect on saving and investment. Any income which is by remittance or by other activities of households, some portion of it used for expenditure, some before and after the remittance income shows by the following table.

**Table 4.23: Comparison of Saving and Investment in Different Sector due to Receive the Remittance**

Saving /Investment sectors	Before	After	Amount	
			Before	After
1. Business Sectors				
i. Wax Factory	-	-	-	
ii. Mill	3	7	200000	500000
iii. Fancy shop	7	30	100000	300000
iv. Hotel	10	25	50000	2000000
v. Fishery	-	1	-	50000
vi. Poultry	-	3	-	
vii. Other	3	10	200000	500000
2. Deposit/ Bank Balance				
i. Bank	10	20	300000	500000
ii. Cooperative	15	30	50000	100000
3. Investment in Capital Market				
i. Shares	-	3	-	50000
ii. Bonds	-	-	-	-

*Source: Field Survey 2016*

Above table shows the effect on saving and investment due to remittance. In the business sector more than half respondents increased the trend after received the remittance, before the remittance income the respondents who have done business and they spent for it about 550000 NRs in different sectors of business. But when they received the remittance after this amount increases near about 1800000 NRs. Here other indicate that the small whole sells and stationary shops. Other aspect of saving or deposit in bank. It seems to be that very few person or about 25 respondents were deposit in bank or save in cooperative which are activated in rural area, about NRs 350000 before the household received remittance, due to this in rural area their income is low, so they could not able to more saved, it might be their all income used for consumption. But after received the remittance their income level quite high and able to some portion of income is being saved. So about 50 respondents able to save their income around 600000 in bank deposit or in cooperative after remittance income. In rural area there is no any possibility of capital market percent, if so after

remittance only 3 respondents were invested in share in orbans' bank about 50000 NRs but before remittance it had been not.

In conclusion we can say that from the above comparisons the trend of investment and saving have been increases after received remittance, increases the respondents as well as their amount. For the save of their income even in low range the cooperative played the vital role, which is activated in rural area. And also more respondents started to do business after received the remittance income.

#### 4.4.6 Comparisons of Consumption Pattern Before and After Received 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 know this pattern, taking the interview with sampled respondents about effect of income on consumption? According to the respondents consumption have been done with the help of following table.

**Table 4.24: Consumption Pattern of Remittance of Households before and after Received the Remittance**

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

*Source: Field Survey 2016*

The table shows the consumption pattern of the households before and after received the remittance. Normally the food consumption seems all days in a week but paid the amount for it is low, which is only NRs 1000 before remittance income in a week. But after received the remittance income it increases 500 NRs or 1500 NRs have been found to be paid for the food consumption by the sampled respondents. In a week only 3 days consume Fruit and paid for it 500 NRs before the remittance income but after received remittance these days increases up to 5 in a week. And the respondents said that only one day consumed meat and paid only 500 NRs before the remittance income due to this lack of money to paid for meat with them when they received their

income level become high and the meat consumption pattern also increases up to 3 days in a week as well as increases the paid amount for it.

It is clear that from the comparisons of above we can say that the income level have been effect on consumption pattern directly.

#### **4.4.7 Loan/ Debt Condition Before and After Received the Remittance Income**

If the household income level is not sufficient to sustain the activities of households, at that condition the people have to take the loan which is also depends upon the income of households. To find out the reality of it what have been effective on loan condition before remittance income and after remittance income of the households' activities, the answer by them have been shown in the following table.

**Table 4.25: Comparison of Loan/ Debt Condition of Households Before and After Remittance**

Loan/ Debt condition	Amount	
	Before	After
For HHs expenditure	10000	-
For Education of children	4000	-
For Food	3000	-
For Other	2000	-

*Source: Field Survey 2016*

Above table shows that for the purpose of households' expenditure the sampled respondents (but not all) reported that they have been taken loan about 10000 NRs before received remittance. Similarly NRs 4000, 3000 and 2000 for the purpose of education of children, food and for other activities (other means cultural expenses, health etc.) of the households respectively, causes of taken loan for it before remittance their income might be low. But they said that after received the remittance income it was not needed to take the loan to fulfill these requirement of household's regular activities.

#### **4.4.8 Distribution of Negative Impact of Labour Migrants**

All things have two aspects, viz. negative and positive. In this section, negative impact of labour migration has been described this section by asking the question with respondents. The response is given in following table 4.26.

**Table 4.26: Distribution of Negative Impact of Labour Migration**

Description	No of respondents	Percent
Migrating skilled manpower	30	50.0
Feeling insecurity	3	5.0
Homesick Problem	5	8.3
Deficiency of local development activity	13	21.7
Death of migrants	2	3.3
Other	7	11.7
Total	60	100

*Source: Field Survey 2016*

Table 4.26 shows that the fifty percent of total sampled responded have viewed that migrating skilled manpower, from which local resources has not been utilized properly and the potentiality of the development process of local level remain constant and decreased, which directly impact negative on developing process of the economy of the home country. 21.7 percent have viewed that there is deficiency of local development activity. Among sampled respondents 8.3 percent migrant were suffer from homesick problem, 5 percent felt insecurity, 11.7 percent have given the answer other like suffer from various types of diseases and 3.3 percent viewed that people were died in foreign country who have gone with the aim to earn more money. These are the bad aspect of foreign migration.

From above table it is concluded that the remittances have not always positive impact on economy, it has some negative impact on economy or households. If we cannot use properly the remittance and lack of aware of migrant persons, there will be dangerous for foreign employment.

#### **4.4.9 Suggestion for Properly Utilization of Remittance by the Respondents**

Some questions were asked during the field survey about suggestion for properly utilization of remittance and their view about it, which is given in the following table.

Table 4.27 shows that 18.33 percent of the respondents have viewed that the government should provide vocational training for investment in small and medium scale industry. 25 percent respondents have answered that the government should encourage the people to use the remittance in productive sectors or other benefited field. 26.67 percent of them have viewed that the government should create investment opportunities through adequate construction of physical infrastructures like hydroelectricity, road etc.

**Table 4.27: Suggestion for Properly Utilization of Remittance**

Suggestion about	No. of Respondents	Percent
Government should bring secure policy for investment like rebate of tax for certain period and providing incentives for export oriented industry	18	30.0
Government should encourage the people to use the remittance in productive sectors	15	25.0
Government should provide vocational training for investment in small and medium scale industry	11	18.33
Should create investment opportunities through adequate construction of physical infrastructure	16	26.67
Total	60	100

*Source: Field Survey 2016*

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

## CHAPTER V

### SUMMARY AND CONCLUSION

#### 5.1 Summary

The main objectives of this study is to identify the socio economic characters of foreign employees, source of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance. The specific objectives are a) to examine the utilization pattern of remittance in the study area and b) to compare the economic status of migrant household before and after receipt of remittance.

To fulfill these objectives of the study, Lamidanda VDC in Khotang district is selected as study area. The 60 households were chosen by single stage random sampling method and the data were collected through the questionnaire method.

The main destination of Nepalese workers are gulf countries in which Qatar have been taken on the higher percent of it. Only 6 percent of the respondents had gone into other Europe or other development countries. The major reasons to seek foreign employment include unemployment, family debt burden and to earn money. The means to get foreign employment more than 50% of sampled respondents were MPAs. Other went either through the unregistered agents of personal initiative.

The main source of financing for foreign employment for 80 percent migrants workers was borrowing, 6.7 percent uses their family saving and 5 percent manage the cost by sales of their land.

Major sector of employment for Nepalese workers were security, building construction, hotel as well as manufacturing sector. The average earning of the migrants workers is quite less in Gulf countries than other countries like European countries. In other country average income of all groups near about 3,50,000 per year but in Gulf countries it is around 1,60,000 per year. For the process of foreign employment more than half percent people spend 70 to 130 thousands.

The major portion of the remittance is used in unproductive sectors like consumption, real estate, paying loan and social spending. But some portion of the remittance is

used in productive sector like education, business, agricultural sector etc. The respondents of this VDC were not utilized their remittance in proper sectors because of the non-security and no availability of sizeable investment funds for investing in productive sector of the economy.

The respondents of this VDC said that remittance have increased their household economy and social indicators after received remittance. Around 75 percent respondents said that remittances have 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 remaining the same after received remittance. And 8 percent of them said their social attitude and skill remaining the same level even after received the remittance.

The study showed 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 18-45 years are energetic, dynamic, able to do risky task and frequent traveler for foreign job. Educated migrants are skilled labours and they can get higher salary for their better performance. Where as lower educated migrants are semi-skilled or unskilled labour and they get lower salary than skilled labour. Higher the literacy level of migrants, higher will be collection of remittance and vice-versa.

The study showed that the landless household decreased zero after remittance income. It is 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 with high ropani land buy extra land from their remittance.

## **5.2 Conclusion**

Remittances have emerged as one of the premier sources of foreign exchange in Nepal. 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 of the changing trend of migration.

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

It concluded that most of the foreign seekers were untrained and unskilled labour. The average annual expenditure on unproductive sector is increasing day by day due to the 'Demonstration Effect'. In the foreign country remittance earners have seen the extravagant life style, expensive cultural ceremonies and uses of luxuries goods etc. So they spent their income on unproductive sectors.

From 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 is due to knowledge and lack of proper government policy for the utilization of remittance. It is concluded that if the migrant workers are well educated, they recommend their households to use the remittance in productive sectors but if the migrant workers are not well educated, they are unknown about the use of remittance. So most of the uneducated households use their remittance in unproductive sectors.

The study concluded that the unskilled migrant's households use 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 household economic and social indicators after going foreign employment.

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