ROLE OF REMITTANCE IN POVERTY REDUCTION

(A Study of Kapilbastu Municipality Ward-12, Sauraha)

A Research Report Submitted to

National College of Computer Studies

Paknajol, Kathmandu

Submitted by

Munu Sharma

2022

ACKNOWLEDGEMENT

This research report entitled "**Role of Remittance in Poverty Reduction A Study of Kapilbastu Municipality Ward-12, Sauraha**" is prepared with the support from National College of Computer Studies, Paknajol, Kathmandu. I'm grateful to National College of Computer Studies for providing me with the opportunity to undertake this important piece of research.

It is very much pleasure to state that so many people have support me at the time of my research period. First, I would to like to thank to my respondents of the study area to provide me valuable information even in their busy schedule. Information provided by them would help me a lot during my research work. I express my thanks to all of them from my bottom of the heart.

Secondly, I would like to thank to my friends and ward chair persons of the all nine wards of the municipality for their help and positive attitude. I also like to express thanks to Sunita Baskota, Sudip Baskota for their help during my data collection and preparing this report.

Finally, my sincere gratitude goes to all family members to make this report possible.

Munu Sharma

TABLE OF CONTENTS

ACKNOWLEDEMENTS	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	vii
ABBREVIATIONS AND ACRONYMS	ix
CHAPTER - I: INTRODUCTION	**1-7**
1.1 General Background	1
1.2 Statement of the Problem	3
1.3 Objective of the Study	5
1.4 Significance of the Study	5
1.5 Limitation of the Study	7
1.6 Organization of the Study	7
CHAPTER – II: LITERATURE REVIEW	**8-21**
2.1 Reviews of Nepalese Status	10
CHAPTER -III: RESEARCH METHODOLOGY	**22-24**
3.1 The Research Design	22
3.2 Nature and Source of Data	22
3.3 Sample Collection Procedure	22
3.4 Data Collection	23
3.4.1 Primary Data Collection	23
3.4.2 Secondary Data Collection	23
3.5 Data Collection Tools	24
3.5.1 Questionnaire	24
3.5.2 Key Informant Interview	24
3.6 Data Analysis	24

CHAPTER IV: SOCIO-ECONOMIC AND DEMOGRAPHIC FEATURES OF THE STUDY AREA **25-32**
4.1 Geographical Background 25
4.2 Demographic Status 26
4.3 Household Status 26
4.4 Education Status 27
4.5 Family Size 28
4.6 Size of land holding 29
4.7 Ethnic composition 30
4.8 Extent of poverty and unemployment 31

CHAPTER V: DATA ANALYSIS AND PRESENTATION **33-49**
5.1 Social Characteristic of Respondent 33
5.2 Sources of Income of Sampled Households 34
5.3 Status of Economic Condition 35
5.4 Causes Seeking to Foreign Employment 36
5.5 Cost Paid for Foreign Employment 37
5.6 Source of Financing 39
5.7 Impact of Remittance on Poverty Reduction in the Study Area 40
5.7.1 Types of Jobs and Duration of Stay in Foreign Employment 40
5.7.2 Causes to Return Back to Work Again 42
5.7.3 Income Earned Abroad 43
5.7.4 Utilization of Remittance and Skills Learned in Foreign Employment 44
5.7.5 Change in Household Economy due to Foreign Employment 46
5.7.6 Impact on Other Indicators 48

CHAPTER VI: SUMMARY, CONCLUSION AND RECOMMENDATIONS **51-58**
6.1 Summary 51
6.2 Conclusion 51
6.3 Recommendations 54

REFERENCES **57-58**

LIST OF TABLES

Table No.		Title	Page No.
1	:	Summary Statistics of Remittances	15
2	:	Share of Remittances Received by Source	17
3	:	Relationship of Donor and Recipient by Gender	18
4	:	Distribution of Number of Remittances by Means of Transfer and Origin of Remittance	19
5	:	Sample Size of Respondents' Household of Sauraha	23
6	:	Sample Households Made by Different Types	27
7	:	Education Status of Sample Households (6 years of age and over)	28
8	:	Distribution of Sampled Household by Family Size	28
9	:	Distribution of Land among Sample Households	29
10	:	Distribution of Total Sampled Population and Household by Caste	30
11	:	Regular Money Income of the Sample Households	31
12	:	Employment Status of the Sample Households	32
13	:	Average Family Size, Marital Status and Literacy Percentage of Different Ethnic Groups of Sampled Households	34
14	:	Sources of Income of the Sampled Households	34
15	:	Economic Condition of Different Ethnic Groups of Respondents	35
16	:	Frequency Distribution of Causes of Seeking Foreign Employment	36
17	:	Average Cost Paid and Range of Cost for Foreign Employment by Different Ethnic Group	38
18	:	Frequency Distribution of Source of Financing of Cost of Foreign Employment for Different Ethnic Groups	39
19	:	Types of Jobs Performed and Duration of Stay in Foreign Country of Respondents from Sauraha	41
20	:	Causes to Return for Foreign Employment of Different Ethnic Group	42
21	:	Income Earned in Abroad for Different Ethnic Group of Respondents	43
22	:	Use of Remittance by the Respondents	45

23	:	Change in Different Indictors of Respondents due to Foreign Employment	47
24	:	Impact on Other Household Indicators of the Respondents	48

ABBREVIATIONS AND ACRONYMS

ADB	-	Asian Development Bank
CBS	-	Central Bureau of Statistics
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
IOM	-	International Organization for Migration
FDI	-	Foreign Direct Investment
F/Y	-	Fiscal Year
IMF	-	International Monetary Fund
MDG	-	Millennium Development Goals
MoF	-	Ministry of Finance
NLSS	-	Nepal Living Standard Survey
NPC	-	National Planning Commission
NRB	-	Nepal Rastra Bank
ODA	-	Official Development Assistance
UAE	-	United Arab Emirates
UK	-	United Kingdom
UNESCO	-	United Nations Educational Scientific and Cultural Organization
UN	-	United Nations
UNDP	-	United Nations Development Programmes
US$	-	United States Doller
USA	-	United States of America
VDC	-	Village Development Committe
WB	-	World Bank

CHAPTER I

INTRODUCTION

1.1 General Background

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

In case of Nepal, which is a small landlocked and agricultural country, suffers from the problem of mass poverty and unemployment. High population growth rate and increasing dependency on the backward agriculture may be attributed for its slow growth rate. Among them mass poverty is the main characteristic. In Nepali context, poverty can be discussed in two aspects, one is based on per capita income and another is basic needs approach. Defining poverty with the per capita income approach, Nepal's GNI per capita is US$ 4280 as FY 2021/022 (CBS-2021) among them the population receiving less than 1$ per day was estimated to be 40.02% (WDR2014).

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

Total foreign Direct Investment (FDI) during 2010/012-2012/013 marked Rs.22.6 billion. Foreign exchange earnings from tourism declined from 3.6 percent in 2010/011 and 1.2 percent contribution to GDP in 2014/015. Trade deficit was high as

Rs. 89 billion during the period 2013/014 and currently estimated to be high as more than 100 billion dollar (more than 22% of total GDP). Fiscal deficit was estimated to be 8.9 percent of GDP as overall budget deficit is around 5.2 percent of GDP in 2005.Although open unemployment is relatively low, underemployment or disguised unemployment is as high as 50 percent.(Dahal,2014)

Tourism is important sector of Nepalese economy. Continuously is has helped Nepalese economy to increase employment, to earn foreign currency and it has also helped to improve regional imbalance. Highest snow peak mountains, lusty evergreen forests of Terai, socio and cultural diversity of Nepal, etc. attracts tourists from the other countries every year. Because of lack of industrial areas tourism has become a very prominent sector to provide employment and income.

Human resource is another main resource of Nepal; Due to the high population growth rate of Nepal, the population of Nepal is increasing day by day therefore its role in the development of all sectors is becoming very important in recent years. But due to the lack of opportunities in our country to get employment and earning money skilled, semi-skilled and unskilled all types of people have shown inclined to the foreign employment which have resulted in substantial growth of remittance economy. In the current situation the magnitude of remittance is estimated to exceed Rs. 875 billion which is coming through the registered sources, if all the unregistered sources (illegal sources and with their friends also) has to be counted it is estimated to exceed Rs. 900 billion (NRB). If this present trend continues, it is speculated that remittance economy will substitute many other sectors of the economy in coming new years.

Although foreign employment for Nepalese people has a long history, foreign labor migration and remittance have emerged over the last two decades as a prominent feature of the Nepalese economy. It was started before early nineteenth century when the first Nepalese traveled to Lahore to join army of Sikh Ruler Ranjit Singh. Formally it was started after Anglo-Nepal friendship treaty of 1816 that recruited 3000 Nepalese soldiers in British Gorkha Regiment. (Dahal, 2014)

The contribution of remittance income is increasing year by year. The total contribution of remittance income in total is 16% of total GDP (Gross Domestic Product) now. According to NRB, due to increasing trend in foreign employment and the decreasing trend of export the contribution of remittance is increasing. The contribution of remittance income is 23.23% in the fiscal year 2019/020.

Remittance is established as a major source of economic development of the developing countries. According to the data of the last year, about 3300 billion U.S. dollar is entering to the developing countries. The remittance income is increased by 50% in the developing countries like India, China, and Mexico. The remittance flow is double than that of Foreign Aid and Foreign Direct Investment from developed countries to under developed countries.

Most of the migrated people are from the rural sector of Nepal but due to the lack of the banking facilities in the rural areas, they are sending their earnings from the informal mediums up to now. In this present condition, most of the migrated people of rural areas are migrated to India for work.

In this present situation remittance is playing very vital role to reduce poverty level of Nepal to the downward ranges, especially in rural areas where there is no other opportunities to earn and get employment without agricultural sector. But due to the lack of proper government policy to encourage the remittance income is the productive sectors; almost 80 percent of the remittance money is used in the unproductive sectors like house building, land buying and other luxurious goods. The people are migrated to other countries for work and to earn money, which certainly helps to reduce poverty level of rural areas.

1.2 Statement of the Problem

In this twenty first century, the age of globalization remittance has become a cornerstone of development for any developing country. The magnitude may differ but the role of the remittance to the development can't be denied. The developing countries in this age can't even take a foot path ahead without external assistance like remittance and the foreign aid. In case of Nepal, in this present situation of post war the one and only source of economic stabilization and growth rate maintenance is remittance income. According to CBS Nepal's per capita income is increased to US $ 311 from US $ 240, which is only due to the increasing trend of remittance income.

If we concentrate on the poverty situation of our country, its magnitude is very large especially in the rural areas most of the people are migrated to the other countries for work and earn only for the existence of their family. In rural areas we can find that most of the lower and middle class families are drowned in debt. If any member of that family is migrated to other countries its debt is comparatively less than other families. So, remittance income is playing very vital role in the rural economic situation.

The population census of 2011 A.D. reported that 1921494 people were out of the country to foreign employment. According to the NRB in the year 2013/014, remittance amount of Rs. 58$ billion was received in Nepal which is 40-50 percent of all foreign currency earnings. The major factor attributing to large demand labor employment from Nepal are related to higher rate of unemployment, limited employment opportunities, low salary structure in the economy, insecurity in the rural areas because of` insurgency and so on (Karki, 2012). Other main reason is the willingness and enthusiasm of Nepal youth to visit and work in the foreign country.

Since many years, foreign employment rate is increasing, but most of unskilled labor had gone to foreign land. Nepalese labor forces seeking foreign employment having very low level of technical education and formal training. They are compelled to take risky, difficult and dirty work in foreign country. Slowly, training institute are being established in Nepal to develop skills on individuals who are seeking foreign employment so that earning capacity of the employed can be increased and competitiveness in the labor market can be increased. But these institutes are in infancy. Individuals seeking foreign employment have spent large amount of money as a cost for employment. The cost includes passport fee, medical charge, visa fee, air fare and commission to the employment agency. To finance the employment, individuals have to dependent on several sources of funds which included internal saving, borrowing from the relatives, funds received from the sales of fixed assets like land and animals, and borrowing from money lenders etc. Formal financial institution like banks, cooperatives and finance companies do not provide loan easily. It is very difficult to arrange the funds needed to foreign employment by people coming from lower income class. (Karki, 2012).

Other problems are mal practice and fraud activities of the Manpower Agencies and employment agent and employer of the destination countries. The agreement between the migrant workers and Manpower Agencies are often violated. The government hasn't been able to regulate them. The rights of the migrant workers cannot be insured inside Nepal and also in the labor importing countries. The per capita earning of the workers is very low.

1.3 Objectives of the Study

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

i. To examine general poverty scenario of the study area.

ii. To analyze the nature and extent of remittance income in the study area.

iii. To find out the impact of remittance on poverty reduction of the study area.

1.4 Significance of the Study

Since the inception of the 15th five year plan, prosperous Nepal, Happy Nepali accorded highest propriety. Likewise, several short as well as long term programs have been launched in this related field but results are not so satisfactory. In this regard due to so many reasons like unemployment, insurgency, weak governance and faulty education system etc, large number of young manpower have migrated to foreign countries for work to the other countries like USA, UK, Australia , other European countries as well as to the Gulf countries like Saudi Arabia, Dubai, and Malaysia, Qatar etc. Due to this emigration of stream somehow the people have been able to fulfill their basic needs. Therefore, in this present time the remittance income is playing very important role to reduce the poverty in the rural areas of our country

Nepal. Especially, in those areas of Nepal where there is no any job opportunities to earn money to fulfill their basic needs except the agricultural sector. But the productivity of the agricultural sector is very low. The people of the rural areas work for all the year but hardly get food even for six months.

In the past, the kind of job of Nepalese workers used to get abroad was only the armed force. After the restoration of democracy, international job market was opened in the 40 countries. Thus in the new phenomenon of entering into the WDM, efficient and skilled labor force is required and diversification in the skill and destination. This study will also concentrate on the role of remittances in rural Nepal and guide to make it more helpful in eradicating rural poverty and increasing the capacity of the labor force. The economic indicators will help to plan rural area.

If we try to analyze the present manpower of Nepal, about 50% of the educated manpower is migrated for work, some of them are coming back to Nepal and some of them are settling there forever, but all of them are sending money from there for their family and relatives. So, the remittance is coming for all over the world to Nepal where the Nepalese people are migrated. Certainly that amount of remittance is helping Nepalese economy to reduce the poverty level. When we compare the poverty level as well as the living standard of the migrated family and non migrated family, the migrated people's family is in high condition of living standard, or they are feeling very comfortable to fulfill their basic needs for their existence.

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

1.5 Limitations of the Study

The study has following limitations:

i. The present analysis is concentrated in a particular area of Kapilbastu Municipality Ward no.-12, Sauraha, Kapilbastu District to determine the magnitude of poverty as well as the amount of remittance income in micro level.

ii. Income and consumption of transitory nature are excluded.

iii. This study is based on sample size of study area. It may not be helpful to make general conclusions.

iv. Price of all commodities is calculated on the current price.

v. Only economic variables such as income, income and wealth inequalities are analyzed.

vi. The value of self produced goods consumption, rent of the self occupied households, working charge (labor charge) on their own land are ignored.

1.6 Organization of the Study

The study is on the following format: the first chapter is the introductory chapter. The study of theories of migration and the poverty with demography has been reviewed in the second chapter; which is presented under the title “Review of literature”. Nepalese study in the labor migration and remittance is another matter of review in the same chapter. The third chapter includes research methodology. The fourth chapter describes about the socio-economic profile of the study area. The fifth chapter includes data analysis and presentation. The sixth chapter, which is the last chapter of the study presents summary, conclusions and recommendations.

CHAPTER II

LITERATURE REVIEW

We have received several studies pertaining to emigration, its eco-consequences either they are in the form of books or articles. That means studying out the matter by finding the books, articles newspaper, and thesis, report etc. that are published in the past. This chapter helps to take adequate feedback to broader the information base and inputs to the study. Since there are not so much adequate study materials related with this topic published in Nepal.

This chapter tries to detail the conceptual theoretical concept regarding the definition of remittance as well as the term poverty.

Remittance means the transferring money from one place to another. Remittance is the amount transferred by workers aboard to support their families back home. Euphemistically, present day Nepalese economy is characterized by "Remittance Economy". Its genesis starts from right from the beginning of world war in which Nepalese fought not for the protection of their homeland but in course of fulfilling duty in which they are engaged. At the time of British rule in India, Those days when "Nawabs" of Lucknow were watching helplessly the loot of their huge wealth. The possessions thus received went to the treasury of the rulers but the salary of the soldiers received formed the part to support their families. Remittance business is created by the foreign employment that has the long experience in Nepal. For the foreign employment Nepalese people are engaged before some centuries. The Nepalese people were earned "Brave Soldier" in the history of world before some decades. Nepalese people are earned a name and fame for the fighting the victory in the war so that they are called as "Bir Gorkhali". Nepalese migrated people are called 'Lahure' because they employed and earned money in Lahore which is in Pakistan now. Some of the Nepalese were earned money in Malaysia so they were called "Malayako Lahure".

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

According to him, the recorded value of money sent back from abroad more than doubled, from 1974/75 (Rs.90.7 million) to 1980/81 (Rs.216.8 million). Over the next decade, the official value of foreign remittances increased three fold, to reach Rs. 676.8 million by 1989/90. By the middle of the 1990’s, the value of officially recorded remittances from abroad was around Rs. 2.9 billion, of this, “Gurkha Remittances” accounted for between a quarter and a third.

(Source: www.nepalnews.com.np/ntimes/issue169/economy)

From then 14 years up to now, about 1.4 million people are migrated to other countries in the search of employment. Even though, the number of people migrated directly with the permission of government is one million but estimation of the same number of people are migrated from individual level and from the medium of other third countries.

According to the data provided by the Labor and Employment Promotion Department up to the date the total of 9 lakh 35 thousand three hundred and 41 people are migrated for work. According to the same data, about 2,96,032 people are migrated to Malaysia, about 2,04,486 people to Qatar, about 1,47,503 to Saudi Arabia, 80 thousand to UAE, 5 thousand and six hundred to South Korea, summing up all of them 7 lakh 33 thousand people are migrated to these countries for work. Rest of the people, are migrated to the other countries. The above data is from 2050 B.S. up to now. Even though before 2050 B.S. also Nepalese people were migrated to the other countries but the actual data of that period is not available to the government. Similarly, the data of the people migrated for their further studies but getting employment there and sending money and migrated with their own effort is not available with the Government.

According to the Government data, maximum of 1 lakh 65 thousand people are migrated in the year 2062/63. The number of people going to the foreign employment is not decreasing after the restoration of peace in Nepal also. In the period of one month (Jestha 2064), about 65 thousand people are migrated for the foreign employment. Generally semi-skilled people are migrating to the Gulf countries like Qatar, Malaysia, UAE etc and the literate and skilled labor are migrated to the countries like Korea, Israel, Cyprus, Hong-Kong etc. The Government of Nepal opened 107 countries for the foreign employment of Nepalese labors but the labor-contract was signed with Qatar only.

E.G. Ravenstein, (1885) was the first person to attempt forming migration theory. Revenstein's "laws of migration" is also known as, push-pull factors of migration; still predominates as framework of migration analysis. According to him, push factors are land tenure system, unfavorable form of trade, wide dispersion of poverty and income, pressure of rural poverty in income; pressure of rural poverty in general and so on. Pull factors are employment, education and other facilities are opportunities known as bright light of the towns. On the one hand push factors push the migrants from their place of birth and on the other hand pull factors pull the migration to the place of destination.

M.P. Todaro (1976) states that migration is stimulated primarily by rational economic consideration of relative benefit which are mostly financial. Decision to migrate was influenced by the difference between expected income between two places, the odds, probability of getting job in new area is inversely related to employment rate in the new area.

2.1 Reviews of Nepalese Status

According to Nepal Living Standard Survey (NLSS 2010), 23 percent of all households survgyme received remittances. In the rural areas the proportion of households receiving remittances was 24 percent. Similarly, 38 percent of all remittances came from India (33 percent from other rural areas within Nepal and 25 percent from urban areas within Nepal). Remittances from the other countries other than India accounted for nearly 3 percent of all remittances. In the rural areas, 40 percent came from India, 3 percent from other countries and around 58 percent elsewhere in Nepal.

Besides traditional sources like salaries and pensions of Gurkha soldiers servicing in the British and Indian Army, thousands of Nepalese, Some of them engaged in three "D" jobs (that is Dangerous, Dirty and Difficult) are sending billions of rupees back home. This has emerged as a vibrant sector of the country's economy. (Source: www.nepalnews.com.np/ntimes/issue169/economy)

Poverty is the well known major problem of all over the world. Especially for the countries like Nepal it is the burning issue. Various economists and institutions in the context of the world had conducted many studies and researches but only few researches have conducted in the context of Nepal to fulfill the required amount of information about the role of remittance income to reduce the rural poverty in Nepal. In this sense we can address the rural poverty as the overall poverty of the country because most of the people of rural area are under the poverty line as already described and most of the people of urban areas like Kathmandu, Pokhara, and other major cities and other popular developed districts.

For this purpose first of all we have to define the word poverty. The word poverty is defined by so many economists in their own words like:

The first attempt to define and quantify the level of poverty of Nepal was made by National Planning Commission (NPC) in 1976-77 through a survey on Employment Income distribution and consumption Patterns, the minimum subsistence level of poverty line. An income of Rs. 2 per capita per day at 1976-77 prices was taken as the minimum subsistence level. This out off level was based on the expenditure required to buy food, giving average daily intake of 2256 calories and value of the lowest actual daily consumption of other basic necessities. This criterion at that time has given a poverty estimate of 40.3 percent (Meeting the challenge 1992). This emphasizes the existence of severe poverty in South Asia block. It has used various social indicators to analyze and compare the level of poverty in SAARC countries the major social indicators used for analysis are population, population education enrollment, income level, employment status, expenditure level etc.

The research report of NRB (2012) conducted by the Special Study Section Of NRB entitled "Foreign Employment, Remittance Economy and Nepal" states that the migration of Nepalese workers started after 1816's peace treaty between Nepal and Britain. Most of the people of that time are migrated to work in the British Regiments. This study examines about the historical perspectives, present condition, The trend and dimension of Remittance, the problems associated with the remittance and its measurements, the use of the gained money as well as the skills, the investment pattern of that remittance and also the employment condition of the people returned from the foreign employment. It also examines about the Nepalese foreign employment system and its objectives with other questions related with the remittance. This study concludes that apart from India, about 86 percent of the people are migrated to Gulf Countries like Malaysia, Saudi Arab, Qatar, Dubai etc. Rest percent are migrated to the other countries of the World. This study examine about the role of manpower agencies in the field of foreign employment. This study concludes that even though the role of manpower agencies in obtaining Work Permit, Government acceptance letter, tickets etc is very helpful but most of the manpower agencies of Nepal are looting the people in the name of foreign employment.

This research report found in it's conclusion that the main problems of this Foreign employment are lack of proper technical as well as the practical knowledge about the works which he/she had to perform in that countries, lack of required information and the help from the manpower agencies, problem of languages, culture and habitual activities, lack of the safe and reliable financial institutions to send money from abroad, lack of required social as well as economic equalities between the local workers and the Nepalese migrated workers, the problem of Capital loans and management of that capital which is required for the processing and the tickets for foreign employment apart from those after reaching to the destination countries the Nepalese workers are facing so many problems like not getting that proper work which was promised in Nepal, retirements before the agreement time, not getting the salary in time, unnecessary reduce in the salary, not getting the minimum wage level also, not getting bonus and other facilities available from the company, extended work time without extra salary or over time salary etc.

According to the analysis of the data obtained from this research the main conclusions about the remittance income and its trend are as follows:

(a) Most of the migrated people are from the agricultural sector and livestock sector (61.3 percent) where they can't get the required amount of money and food from their profession for their existence.

(b) About 26.7 percent of the people are earning more than Rs.50,000 per year, about 28.8 percent people are getting from Rs.50,000 to Rs.1,00,000, about 12.5 percent people are getting from Rs.1,00,000 to Rs.15,00,000 and about 31.9 percent people are getting more than Rs.15,00,000 from abroad migration.

(c) Among the migrated people most of the people are migrated to India (24 percent), Saudi Arabia 16.3 percent, Qatar 6.88 percent, United Arab Emirates 5.6 percent and only 1 percent to 5 percent people are migrated to the other developed countries like Japan, Germany, and America etc. Most of the migrated people are in the age of between 26 years to 40 years (60 percent), 20 percent people are above age 41 years and 16 percent are below 25 years. This clearly shows that, most of the migrated people are young.

(d) About 80 percent of the migrated people are using their money for purchasing of house and land, for household expanses, for buying ornaments and other luxurious goods, education of their child etc. which is used in the unproductive sectors.

(e) Most of the migrated people are getting the salary of Rs.10,000 to Rs.75,000 and some of them are also getting more than Rs.75,000. The study shows that about 49.9 percent people are getting up to Rs.10,000, about 20.6 percent of the people are getting from Rs.10,000 to Rs.25,000, about 13.8 percent of the migrated people are getting up to Rs.50,000, about 16.2 percent of the people are getting more than Rs.50,000.

(f) While comparing the status of income and work of the migrated people to India with other countries it is clearly seen that, most of the people migrated to India are absolute poor, they are in the problem of fulfilling their basic needs, and they are uneducated and unskilled labor whose salary is relatively very low. Whereas the people migrated to the other countries are very much educated and their salary is relatively very high comparing to those people. In other words, the people who can't pay expanses for the other countries are going to India for work.

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

Nepal Living Standard Survey (NLSS-2013/014) has defined remittance as a transfer income received by a household within last 12 months. All incomes transferred from a single source (individual/household) are counted as one remittance. According to the survey the following table is presented as a comparison of remittances between the years 2005/06 and the year 2014/015.

Table 1

Summary Statistics of Remittances

Description	Nepal Living Standard Survey	
	2009/010	2014/015
Percent of all households receiving remittances	*23.4*	*31.9*
Average amount of remittance per recipient household (nominal NRs.)	*15,160*	*34,698*
Share of remittances received by household from within Nepal	*44.7*	*23.5*
From India	*32.9*	*23.2*
From other countries	*22.4*	*53.3*
Share of remittances in total household income among recipients	*26.6*	*35.4*
Per capita remittance amount for all Nepal (nominal NRs.)	*625*	*2,100*
Total amount of remittance received (nominal NRs.)	*12,957,840,907*	*46,365,466,726*

(Source: NLSS, 2014/015 vol.2)

According to this table, the proportion of households receiving remittance has increased from 23 percent in 2009/010 to 32 percent in 2013/014. Average amount of transfer earnings per recipient household has more than doubled in nominal terms in the same period. Other significant change is in the share of these remittances by sources: within Nepal and from other countries including the Gulf account for more than half of the share. For those households with positive remittance earnings, their share in total income has increased from 27 to 35 percent. Overall, total amount of remittance received has increased from about 13 billion NRs. to more than 46 billion

NRs. In nominal terms, while per capita remittance for the entire country has more than tripled in nominal terms between two rounds of NLSS.

Rural households have higher proportion of recipients relative to their urban counterparts. In particular, 40 percent of households in rural West Mountains/ Hills receive transfer income. The average income transfer in the form of remittance is Rs. 34,698 (in current prices) per recipient household in 2013/014. Among development regions, the amount is the highest in the West (Rs.45,805) and the lowest in the Far-West (Rs.15,679). The difference between urban and rural is more than twice (Rs. 68,981 versus Rs. 29,530). The amount in Kathmandu valley urban is even higher (Rs. 118,998). Disparity among consumption groups is very severe: Rs.65,514 for the richest quintile versus Rs. 13,906 for the poorest quintile.

Per capita remittance- perhaps a better indicator for the whole population – stands at NRs. 2100. Urban areas have double the size of rural areas but the strongest association is seen with the level of household consumption. The poorest consumption quintile receives one-eighth of what the richest quintile receives in per capita terms.

Remittances flow from internal and external sources. According to the survey, majority of remittances come from within the country, followed by India and other countries. The Far-west and Mid-west have higher shares from India.

Perhaps a better indicator of source shares is by size of transfer incomes. The survey summarizes number, size and share of remittances by source also. NLSS II estimates that the total amount of remittance in the country is NRs 46 billion is nominal terms. India accounts for 23 percent, three Arab countries for 27 percent, other countries for 17 percent and internal sources for the remaining share. This is a large shift from eight years ago when internal sources and India accounted for more than three-fourth of the total amount. This is summarized in the following table.

Table 2

Share of Remittances Received by Source

Source of remittance	**Share of remittance amount received (%)**
Internal	
Urban Nepal	12.4
Rural Nepal	11.1
External	
India	23.2
Malaysia	9.6
Qatar, UAE	26.5
Other country	17.1
Other	
Donor Agency	0.1
Nepal	**100**

(Source: NLSS, 2013/014 vol.2)

Majority of remittance-senders work as wage employees in non-agriculture sector (72 percent), especially among those abroad where the share is as high as 90 percent. The study also presents that the distribution of primary work activity of senders. Most of the senders in agriculture wage employment are from India, and the same is true for non-agriculture wage employment. The study also summarizes the donors' relationship with recipients by gender. 89 percent of donors are males while only 51 percent of recipients are males. Among donors, 50 percent are sons/daughters of recipients, 22 percent husbands/wives and 11 percent fathers/mothers. This is summarized in the following table.

Table 3

Relationship of Donor and Recipient by Gender

(Percent)

Relationship	Donor			Recipient		
	Total	Male	Female	Total	Male	Female
Husband/wife	22.5	97.1	2.9	22.5	2.5	97.5
Son/Daughter	49.8	89.6	10.5	10.7	51.8	48.2
Grandchild	0.2	57.5	42.5	0.0	0.0	0.0
Father/Mother	10.7	81.8	18.2	49.8	72.4	27.6
Brother/Sister	9.2	88.8	11.2	9.2	58.3	41.7
Nephew/Niece	0.6	80.8	19.2	0.0	0.0	0.0
Son/Daughter in law	1.7	72.2	27.8	0.8	85.2	14.8
Brother/Sister in law	2.1	65.6	34.4	2.1	48.3	51.7
Father/Mother in law	0.8	100.0	0.0	1.7	20.1	79.9
Other relative	1.8	79.4	20.6	2.5	51.6	48.5
Tenant/Tenant’s relative	0.0	100.0	0.0	0.0	0.0	0.0
Other person non related	0.7	65.3	34.7	0.7	83.1	16.9
Total	**100**	**89.2**	**10.8**	**100**	**51.5**	**48.5**

(Source: NLSS, 2013/2014 vol. 2)

This survey also shows the contribution share of remittances in total household income. About 35 percent of all household income comes from remittances earnings in Nepal. Interestingly enough, there are quite small differences among the geographical groups and consumption quintiles. This is probably explained by the fact that these shares are for households with positive remittances only and they would differ across groups if the analysis is included all households.

As expected, majority of remittance senders are aged 15-44 but female senders tend to be younger than their male counterparts. The survey displays the number of remittances by means of transfer and origin. Of the total remittances, 78 percent of remittances are transferred by person, 6 percent via financial institutions and 2 percent via *Hundi* and 14 percent from other means. This pattern generally follows in most cases, except from Malaysia where majority of the remittances are send through financial institutions which is 55 percent. This trend is summarized below.

Table 4

Distribution of Number of Remittances by Means of Transfer and Origin of Remittance

(Percent)

Source of Remittance	Means of Transfer				Total
	Financial Institution	Hundi	Person	Other	
Urban Nepal	0.3	0.5	74.3	24.9	100
Rural Nepal	1.3	0.1	80.7	17.9	100
India	0.8	0.0	92.0	7.3	100
Malaysia	54.8	13.9	31.3	0.0	100
KSA Qatar UAE	25.9	8.8	60.5	4.8	100
Other Country	29.3	13.1	49.2	8.5	100
Donor Agency	10.5	0.0	42.3	47.2	100
Nepal	**6.0**	**1.9**	**78.4**	**13.8**	**100**

(Source: NLSS, 2013/014 vol.2)

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

The study has concluded that the main destinations of Nepalese workers are Gulf countries and Malaysia. Sixty percent of total workers are employed in Gulf countries. The main countries are Saudi-Arabia, Qatar, UAE and Malaysia etc. The remittance is increased in the year 2013/014 by 36 percent while base year was 1994/95. The contribution of remittance for GDP in 2003/04 was 11.44 percent and the share of remittance in convertible foreign exchange reverse was accounted by 46.9 percent in 2013/014. The average cost for foreign employment was Rs.93.99 thousand. It ranges between Rs.45 thousand minimum to Rs. 150 thousand maximum. Source of financing for foreign employment for 90.29 percent migrant worker was borrowings. The major sectors of employment for these workers were building construction (41.66%) and industry (26.38%). The Nepalese worker's average stay duration was 2.99 years. Most of the respondents of that study area want to go again because of the unemployment (70.85%) and conflict (36.11%). Out of the causes maximum respondents of Brahmin/Chhetri were suffering from the conflict problem. The study summarizes that remittances have increased their household economic and social indicators after returning from foreign employment. Around 55 percent of respondents said that remittances have changed their economic status and standard of living and around 72 percent said that increased their social attitude and around 90 percent respondent's skills. But around 36 percent respondents said that economic status has been same, 44 percent have remained same standard of living, 27 percent said that remained their social attitude same and 9 percent said that remained same level of skill after returning from the foreign employment. Around 77 percent respondents improve their condition of housing, 55 percent respondents improve their education of children, 44 percent improve their health of family members, 52 percent improve their clothing and 33 percent increased their cash available. But around 15 percent respondents have worse level their education of children, health of family members and cash available and around 36 percent respondents have same level of education of children and health of family members, around 47 to 50 percent have same level of clothing and cash available.

The study has some recommendations for the betterment of the foreign employment sector. These are: the policy should be made to solve the conflict situation, create good environment and provide sufficient technology as well as market, give information to the respondents, technical training institutions should be established in rural areas, the required funds should be provided through govt. sector for the people who can’t afford foreign employment, the safe destinations for Nepalese people for foreign employment should be declared by the government etc.

CHAPTER III

RESEARCH METHODOLOGY

3.1 The Research Design

This study is a case study Kapilbastu Municipality Ward no.-12, Sauraha, Kapilbastu district. It is a micro level study. This is analytical as well as descriptive type of research design. The main object is to review the role of remittance income, therefore the required data to meet the objectives of this study, are taken from the primary as well as secondary sources. The simple statistical tools are used to describe and analyze the results.

3.2 Nature and Sources of Data

The study entitled "Role of remittance in rural poverty Reduction" is the case study of Kapilbastu Municipality Ward no.-12, Sauraha, Kapilbastu. Basically, the study is based on the primary data. The required data is collected from the field study of the researcher herself. The required data are collected by using the questionnaire method. The collected data are processed according to the need of the study.

3.3 Sample Selection Procedure

In the study area, Kapilbastu Municipality ward no.-12, Sauraha, Kapilbastu district, there are 797 households and total population is 4552. From the 797 total households in the study area, 100 households were selected using proportional to size with random sampling method. In order to make the study meaningful as well as advanced, within the limited time period a larger sample size was not feasible. The sample is more than 12.5 percent of the total households, which can be considered to be representative of the universe of study. The strata are the 12 wards of the Municipality; the selection of sample households is each ward is made proportional to the size basis. The size is the total number of the households in each ward. The selection of sample size is given in the following table.

Table 5

Sample Size of Respondents' Household of Sauraha

Ward No.	Total Number of Household	Number of sampled household
1	**85**	**10**
2	**63**	**8**
7	**65**	**18**
4	**55**	**7**
5	**78**	**9**
6	**112**	**14**
7	**73**	**9**
8	**40**	**6**
9	**146**	**19**
Total	**797**	**100**

(Source: field Survey, 2022)

3.4 Data Collection

3.4.1 Primary Data Collection

All the selected 100 household of returnees' respondents were interviewed and relevant information was collected through the medium of questionnaires. The questionnaires included open and close ended questions. Personal interview was taken by researcher and the questionnaires were filled. Cross checks, editing and indirect questions were also put sometimes when the answers were through to be unrealistic and irrelevant. The format of the questionnaire is given in the appendix.

3.4.2 Secondary Data Collection

Except primary data, some other data related to the study had been collected from the secondary sources also, which can be official as well as unofficial. The relevant data are complied from publication of the National Planning Commission secretariat: Central Bureau of Statistics (CBS), Budget speeches of GON, Economic Surveys publisèedbby NRB, Nepal Living Standard Survey by CBS, Economic

Reports by NRB, other quarterly and annual publications of NRB, different records of department of labor GON and other periodical, journals, books, magazines, seminar papers, reports of research centers data and information from donor agencies like WB, ADB, IMF, UNDP etc

3.5 Data Collection Tools

3.5.1 Questionnaire

Structured questionnaire prepared to generate the realistic and accurate data from the targeted group of spot. The respondents were required to fill up the questionnaire but in case of ill and differently-abled people, the questions were asked and answer was filled up by the researcher himself in order to collect the data.

3.5.2 Key Informant Interview

Key informant interview was applied as a technique to get more relevant and realistic information for the study. This method was specially used to gather the information about remittance and its role in poverty reduction. The respondents of such interview are authorized person related to foreign income, intellectuals, local leaders. Questionnaire was prepared for key informant interviews.

3.6 Data Analysis

While analyzing the data, the available data from the various sources had been collected, classified and tabulated to meet the needs of the study. Data processing had been done with the help of a scientific calculator and the computer. Data had been presented in percentage from when require, tables, graphs, diagram had been used to meet the requirement of this study. Data had been studied comparatively to get required results about the efficiency of that remittance income and the effect of that remittance income in the research area.

CHAPTER IV

SOCIO-ECONOMIC AND DEMOGRAPHIC FEATURES OF THE STUDY AREA

4.1 Geographical Background

kapilbastu is surrounded by three districts , there is Dang district is in west and Rupandehi district in east and Arghakhachi district is in the north and Uttarpradesh is in south. The total area of Kapilbastu District is 1164 sq. km. This district covers about 0.79 percent of the total area of the country. Sauraha is located in the northern part of the Kapilbastu District, Lumbini province, Nepal. The area of Kapilbastu District is 1164 sq. km. There are 54 rural municipality and 3 municipalities in Kapilbastu district. According the population census 2021, the total population of the Kapilbastu district is 6,86,739. The sex ratio of the Kapilbastu district is 0.83. The population under the age of 14 years is about 40.5% and the population over the age of 20 years is about 9.2 % therefore the dependency ratio in this district is very high. The annual growth rate of Kapilbastu District is quite low comparing with the national level; it is 0.57% whereas the whole national figure is about 2.4%. There are 64,746 households in Kapilbastu District whereas; the total no of household in Sauraha is 972. The average household size in the Kapilbastu district is about 4.90, which is quite high in this present situation. The population density of the Kapilbastu district is 273. The literacy rate of the Kapilbastu district is 66.32 which is comparatively high than the national figure. In Sauraha, among the total population of 4552, the total population of male is 1981 and the population of female is 2571. Comparatively, the number of female are very high than the male population.

The Sauraha is about 290 kilometer from the national headquarter Kathmandu and it is about 50 km from the zonal headquarter Butwal. Sauraha is about 14 kilometers from the district headquarter Taulihawa. The total area of Sauraha is 5.15 sq. km. There is total of about 2025 hectare of land in which about only 859.49 hectares of land is agriculture land. Particularly among all the available land in Sauraha about 42% of land is only agriculture land, 30% is forest land and 28% others. The total length of Sauraha is about 5km and width is about 4.5 km. It is located in the east part of Sauraha is bordered by Bithuwa, west by Gotihawa, North by Bhalwari and south by Dhankauli. Near about 70 percent of the population of Sauraha got electricity facilities and about 30 percent people got mobile phone services. The ethnic groups of Sauraha constitute Tharu, Muslim, Gupta and Kewat, Paswan etc according to the CBS census 2011. About 75 percent of the total population of Sauraha is literate.

Most of the people are engaged in the farming and rest are engaged on other occupation such as business, foreign labor, local labor, student etc. which are categorized in non agriculture sector of occupation. Agriculture is the main occupation of the people of Sauraha. The main crops are paddy, millet, wheat, potatoes, and vegetables etc. and the domestic animals are buffalo, cow, goat, sheep and poultry etc.

4.2 Demographic Status

According to the CBS population census 2011, the total population of this ward is 4552 out of which 1981 males and 2571 are females. The total households are 797. The following ***table no. 6*** gives the ward-wise and sex-wise distribution of population of the study area.

Total population of 4552, in all the wards of the municipality, the sex ratio is higher i.e. the no of female population is more than the no of male population according to the CBS census 2011. Among the wards the sex ratio is highest in ward no 1, which is 1.43 and lowest in ward no 6, which is 1.10. Taking average of the sex ratio is 1.3. Among all the 9 wards according to the demographic status ward no 9 is the biggest ward which has 146 households and total population of 819. Ward no 3 is also near by ward no 9, which has also 145 households. Among the wards ward no 8 is the smallest ward with 40 households and total population of 223.

4.3 Household Status

This title gives the information about the poverty situation of the sample households form the structure and condition of their houses.

Table 6

Sample Households Made by Different Types

S. No.	Types of Houses	No of Sample Households
1.	Made with Rod, Concrete and Cement	**18**
2.	Made with stone and mud tin and slate stone roof	**54**
3.	Made with stone and mud and thatched roof	**28**
Total		**100**

(Source: Field Survey, 2022)

The above given ***table6*** shows that most of the sample households have made with stone and mud with tin in the roof. These type houses are 54 percent. After that type of houses there are 28 houses made up with stone and mud and thatched roof. Remaining 18 percent (18 houses) are made with concrete.

4.4 Education Status

It is surely will not be the subject of debate that education is the main factor determining the foreign level employment and the earning from that foreign employment i.e. remittance. Besides that, education also helps to reduce the poverty because of educational employment in the home country also. It is in the study area realizing the above fact that education is the prime factor for reduction of poverty; there are so many educational institutions. There are 3 secondary schools, 1 lower secondary school, 6 primary schools and two private boarding schools. The following table 8 gives us the information about the education status of the study area (sample households).

Table 7

Educational Status of Sample Households

(6 years of age and over)

Educational Status	**Male**		**Female**		**Total Population**	**Total Percentage**
	No.	%	No.	%		
Illiterate	38	16.66	67	22.94	105	20.19
Literate	52	22.82	112	38.36	164	31.54
Educated up to SLC Pass	95	41.66	91	31.17	186	35.77
Well Educated (Bachelor level and above)	43	18.86	22	7.53	65	12.5
Total	**228**	**100**	**292**	**100**	**520**	**100**

(Source: Field Survey, 2022)

The above ***table 7*** shows that out of 520 sample population 105 people are illiterate, 164 people are literate, 186 people are educated up to SLC level and 65 people are well educated (Bachelor level and above). In the above table it is clearly shown that the number of female illiterate is more than the no of male illiterate. Most of the male population is educated above SLC level but most of the female are only literate. In the sample area the literacy rate is quite high in comparison to the national index. The literacy rate in the sample area is 79.81.

4.5 Family Size

Table 8

Distribution of Sampled Household by Family Size

Family Size	**No of Households**	**Cumulative**
1-2	18	18
3-4	37	55
5-6	27	82
7-8	12	94
Above 8	6	100
Total	**100**	

(Source: Field Survey, 2022)

The above given ***table 8*** shows that, the highest no of family size is 3-4 member family household, which is 37 percent. In the same way the lowest number of family size is above 8 member family household which is only 6 percent in the total of 100 households. Nowadays the young and educated parents have not more than two children because of the family planning. But more households have more than two children because of their ignorance, the desire or emphasis on male child rather than the female child and child marriage etc. which is another major factor of poverty in the study area.

4.6 Size of Land Holding

In the study area, most of the people's main occupation is agriculture. However, there is extreme inequality in the distribution of land. Most of the poor families don't have Khet. They have only small pieces of land and few of them have Khet. The following table shows the unequal distribution and holding of land among the sample households.

Table 9

Distribution of Land among Sample Households

Size of land Holding (Bighaha)	**No. of Households**
Landless	4
Below 2	18
2-5	21
5-10	19
10-15	21
15-20	11
Above 20	6
Total	**100**

(Source: Field Survey, 2022)

The above given ***table 9*** shows that there is unequal distribution of land among the total sample households. Among the 100 households 4 percent households are landless, percentages of land holding households below 2 Bighaha and 2 to 5 Bighaha are 18 and 21 percent respectively. Similarly, 5-10 Bighaha is 19 percent, 10-15

Bighaha is 21 percent, 15-20 Bighaha is 11 percent and above 20 Bighaha is 6 percent respectively. So, the unequal distribution of land is also playing as a role of catalyst for the poor families to go to the foreign employment, it can also be said that unequal distribution of land is one of the causes of poverty in the study area.

4.7 Ethnic Composition

Table 10

Distribution of Total Sampled Population and Household by Caste

S. N.	Caste/Ethnic Group	Total No of Sampled Households	Total Sampled Population	
			No	Percent
1.	Tharu	38	195	37.5
2.	Gupta	27	130	25.0
3.	Kewat	10	51	9.80
4.	Muslim	7	37	7.12
5.	Paasswan	6	33	6.35
6.	Yadav	5	35	6.73
7.	Others	7	39	7.50
Total		**100**	**520**	**100.00**

(Source: Field Survey, 2022)

Table 10 shows that, the total population of Sauraha are divided into different castes such as Tharu, Gupta, Muslim, Passwan, Kewat etc. From the above data the majority of household is found Tharu which is 38 percent of total sampled household and 37.5 percent of total sampled population. Gupta is second largest caste in this ward as well in the sampled population which is 25.0 percent of the total sampled population. Kewat, Muslim, Paasswan and Yadav are followed by them which are 9.80 percent, 7.12 percent, 6.35 percent and 6.73 respectively of the total sampled population.

4.8 Extent of Poverty and Unemployment

It is clear to all of us that Unemployment is the main cause of the poverty in any state and the unemployment plays the major role of migration to the other places from their native born place. In this study also we found that the main cause of the migration of the youth of the study area is due to unemployment in their own country. Most of the workers of the study area are migrated to those countries where they don't need any special qualification to migrate like India, Qatar, Malaysia, UAE, and other Gulf countries and also to other South Asian countries. Their migration to the different countries depends up on the economic condition of their family, and also the regular money income of the members of the family. This is shown in the following table:

Table 11

Regular Money Income of the Sample Households

S.N.	Regular Monthly Income (in NRs.)	No of Households
1.	Less than 5000	24
2.	5000-10000	21
3.	10000-20000	35
4.	20000-50000	14
5.	Above 50000	6
Total Households		**100**

(Source: Field Survey, 2022)

The above ***Table 11*** presents the fact of the sample households of the study area that about 45 percent of the total sampled households receive less than NRs.10000 per month. Which means an average of NRs 1650 per month is available to each person of the sample households. This is very below the absolute poverty line. Only 6 percent of the households receive more than 50000 per month as the regular income. Among the hundred households about 24 percent of the households receive less than NRs. 5000 per month, which is the very low level of poverty for the existence of the family members. The above given table is dependent on the production of agricultural products also therefore if the weather and other factors behave against them, the income condition can also be very less than the stated level. The occupational dependency is also another cause of the foreign employment of the study area. The kind of unemployment and the level of unemployment are shown in the following table:

Table 12

Employment Status of the Sample Households

S.N.	Group of Population	No of people	Employment Status (employed people)	Percent
1.	Active Population	292	172	58.90%
2.	Inactive Population	228	0	0%
3.	Total Population	520	172	33.077%

(Source: Field Survey, 2022)

The above given ***table 12*** shows that in the sample households of the study area, only about 58% of Active population are employed but as overall situation only about 33% of the population are employed it means that about 67% of the population of the study area are unemployed which is very higher. Among those employed population about 15% of the population are employed in their own agricultural works i.e. they are also in the form of disguised unemployment and seasonal unemployment. Therefore to be very specific only about 18% population of the study area is employed as full employment. In that figure of 18% population about only 7% of the total population are employed in the permanent jobs rest of the population are employed in the temporary jobs and the foreign employment.

Thus, as a conclusion from the above ***table 12,*** we can say that on the one hand among the total population of 520 about 43 percent of the population are fully dependent population and on the other hand among the active population of 292, about only 58% of the population is employed it means the rate of employment of the study area is very low and the rate of dependency in the study area is very high.

CHAPTER V

DATA ANALYSIS AND PRESENTATION

This chapter is all about the description of the social characteristics of the respondents, status of economic condition, occupation causes to seek foreign employment, mediums used to obtain foreign employment, destination, duration of stay in abroad, income earned in abroad, system of transfer remittance income, uses of remittance income and the effect of the remittance in the poverty situation and change in the life status of the family of the migrated worker etc. In other words, this chapter deals with all the data related to the topic which are collected in the field survey.

5.1. Social Characteristic of Respondent

Social condition such as caste/ethnic composition, size of the family, age, material status and literacy determine the willingness and clarity of the individual to participate in foreign labor market. In the process of field survey, we found the main castes of the study area are Tharu, Gupta, Kewat, Muslim and Gupta etc. For the purpose of the study the sample households in respect of the above described castes were taken. The main social characteristics considered important for these groups were family size, marital status and illiteracy rates. The information obtained by interviewing the respondent is presented in the following table.

The following ***table 13*** shows that among workers seeking foreign employment from Sauraha is mostly dominated by Tharu and Gupta. We can see that the literacy level of the migrant workers from the upper so called upper casts like Tharu and Gupta is quite high compared to the another caste's migrants. The illiteracy level of the migrants of Gupta is 100 percent where the literacy percentage of the Tharu is almost 93. The below table presents the another fact that the family size of the respondents from the low castes like Muslim, Kewat, Passwan and other is high compared to Tharu and Gupta which is also playing the vital role to foreign employment for the young and dynamic labor forces. Most of the people of the lower caste marries in their childhood, which means that the percent of the married population in the lower caste in comparison to the other caste is very high which is also the another main important aspect as a push factor of foreign employment.

Table 13

Average Family Size, Martial Status and Literacy

Percentage of Different Ethnic Groups of Sampled Households

Caste/Ethnic Group	No. of Respondents	Average family size (no.)	Percent of married	Percent of literate
Tharu	**38**	**5.13**	**61.3**	**92.8**
Gupta	**27**	**4.81**	**58.2**	**100**
Kewat	**10**	**5.1**	**71.3**	**80.3**
Yadav	**7**	**4.28**	**80.7**	**68.2**
Passwan	**6**	**5.5**	**70.5**	**75.6**
Muslim	**5**	**7**	**83.2**	**62.5**
Others	**7**	**5.57**	**78.6**	**76.9**
Total	**100**	**5.34**	**71.97**	**80**

(Source: Field Survey, 2022)

5.2 Sources of Income of Sampled Households

In the study area even though the different people are engaged in the different occupations like Agriculture, Jobs (government as well as private), Business and Foreign Employment etc. which are the main sources of income of the respondents family of the study area. The situation of the income depending on their sources in the sampled households is shown in the following table.

Table 14

Sources of Income of the Sampled Households

S.No.	Sources of Income	Number Of Households*	Percentage
1.	Agriculture	78	40.83
2.	Business	45	23.56
3.	Jobs	24	12.57
4.	Foreign Employment	32	16.75
5.	Others	12	6.29
6.	**Total**	**191**	**100**

(Source: Field Survey, 2022)

(Note: Due to multiple answers the total no of sample households is more than 100)

The above ***table 14*** presents the income sources of the respondents of the sample area. From that table we can find that most of the family depend up on the Agriculture, the second largest sources of income is Business whereas the third largest source of income is Foreign Employment whereas about 17 percent of the household's main source of income is Foreign Employment.

5.3 Status of Economic Condition

Economic condition is one of the most important factors of emigration. It is expected that people from lower economic condition (the type of people with problem in fulfilling their basic needs) should seek foreign employment. Mainly the lower economic condition families went to India for foreign employment because of the cost of funding, foreign employment is quite high and poor people may not be able to afford it. In this ward, respondents were classified into lower, lower middle, middle and high income group according to their own assessment of their economic condition. The information obtained is presented in the following table.

Table 15

Economic Condition of Different Ethnic Groups of Respondents

Caste/Ethnic group	No. of Respondents	Economic Condition			
		Lower Income Group	Medium low Income Group	Medium Income Group	Higher Income Group
Tharu	**65**	**16**	**21**	**17**	**11**
Gupta	**10**	**2**	**1**	**4**	**3**
Kewat	**7**	**5**	**1**	**1**	**-**
Passwan	**6**	**4**	**1**	**1**	**-**
Muslim	**5**	**5**	**0**	**0**	**-**
Others	**7**	**4**	**2**	**1**	**-**
Total	**100**	**36**	**26**	**24**	**14**

(Source: field survey, 2022)

Table 24 presents the summary about the economic condition of the respondents and their family. From the above table we can see that among the sample households most of the households are Tharu, where they are quite strong economic background i.e. 11 household from total of 65 households are from high income group whereas 17 households are from medium income group, 21 households are from medium low income group and only 16 households are in the lowest income group, in percent only the 24.61 percent of the population from Tharu are in lower income group. After Tharu, Gupta are the economically strong caste in which only the 20 percent of the total household are in lower income group. Among the sample households, Muslim caste is the poorest caste in which all 100 percent of the sample households are in the lower income group. From the above table, we can see that there is no any family in the high income group besides Tharu and Gupta castes.

5.4 Causes Seeking to Foreign Employment

Even though the poverty being the main factor of foreign employment; there must be several reasons of seeking foreign employment. The reason may be economic, social or political. They may be related to the acquired skills and various other reasons. To find out the causes of seeking employment the respondents were asked to identify the prime causes to go for foreign employment. They gave more than one reasons as follows;

Table 16

Frequency Distribution of Causes of Seeking Foreign Employment

Caste/Ethnic Groups	No. of Respondents	Causes			
		Unemployment	Family Debt	Conflict	Earn Money
Tharu	65	63	24	11	23
Gupta	10	10	3	2	4
Kewat	7	5	7	0	2
Passwan	6	5	3	2	2
Muslim	5	5	4	0	1
Others	7	6	4	0	6
Total	100	94	42	15	38

(Source: Field Survey, 2022)

(Note: Due to the multiple answers the total will be more than 100 percent).

Above ***table 16*** shows that unemployment is the main cause of foreign employment for all the castes and ethnic groups. Among all the sample households, about 94 percent of the sample households had stated unemployment as the main cause of foreign employment. The second main important cause is family debt burden which is also playing as the major push factor of the foreign employment. Comparing the other castes with Tharu and Gupta, the percentage of emigrated population due to family debt burden is quite high in the case of other castes like Muslim, Kewat and other castes. Among the total sample households, about 42 percentage of the respondent are emigrated due to the family debt burden. Which means that, among the ethnic groups, Muslim, Kewat, Passwan, and other Dalit showed higher percentage of family debt burden than Tharu. The third reason of foreign employment is to earn money, the percentage of respondents stating the major cause is earn money and family debt burden are quite similar i.e. 38 percent respondents has emigrated to the foreign countries to earn more money then they were earning in Nepal before emigration to the foreign countries. After that 15 percent of the respondents had stated that they are migrated due to the conflict problem of Nepal. About 17 percent of the migrated Tharu and Gupta are migrated to avoid conflict or to save their lives. Tharu and Gupta group were predominately more inciting from conflict.

5.5 Cost paid for Foreign Employment

A sizable amount of money needs to be invested as a cost of foreign employment. The costs start from obtaining a passport, medical checkup, manpower agency commission, visa expenditure, air fare, cost of internal travel time to time from home area to Kathmandu and also to the district headquarter Kapilbastu and hotel charge in Kathmandu at the time of processing for the foreign employment. To find out the costs paid by the respondents, they were asked to quote expenses in different categories. The summarized version of the cost pain by the different income groups is given in the following table:

Table 17

Average Cost Paid and Range of Costs for Foreign Employment By Different Ethnic Group

(In Rs. '000')

Caste/Ethnic Group	No of Respondents	Average cost (in Rs. 000)	Ranges of Cost	
			Minimum	Maximum
Tharu	**65**	**90**	**5**	**1089**
Gupta	**10**	**88.5**	**20**	**150**
Kewat	**7**	**8**	**2**	**60**
Passwan	**6**	**49.5**	**10**	**95**
Muslim	**5**	**12**	**1.5**	**80**
Others	**7**	**52**	**20**	**120**
Total	**100**	**50**	**1.5**	**324**

(Source: Field Survey, 2022)

Above ***table 17*** shows that Average cost paid for the foreign employment is Rs. 50 thousand. Tharu and Gupta had paid high average cost than the other group because they prefer developed countries like USA, UK, JAPAN and Korea etc. for foreign employment where as other lower income groups like Kewat, Muslim and others has very low average cost because they usually prefer to go to India and other neighbor countries for foreign employment. The traveling cost to those countries is very cheaper and in the case of India, there is no any visa charge to enter. In the case of same countries, Dalit had paid high average cost than other group because they have not more information about foreign employment. The Tharu had paid highest average cost for the foreign employment which is 90 thousand, secondly Gupta also had paid high average cost for the foreign employment which is 88.5 thousand which is quite similar to the cost paid by the Tharu. After that Passwan and other castes had paid average of around 50 thousand for the foreign employment. Kewat and Muslim ethnic groups had paid very low average cost of Rs.8 thousand and Rs.12 thousand respectively. We can see that there is too much variation in the cost of the foreign employment in all types of caste/ethnic groups. This is because the cost paid to immigrate to India is very low whereas the cost paid for the other developed countries are quite high compared to India. The lowest cost paid by the respondents of the sampled households is 15 hundred rupees which is paid by Muslim caste to immigrate to India whereas the highest cost paid is Rs. 1,089 thousand to immigrate to USA. It shows that the respondent of this ward had wide range of cost and it was high variability with the sample.

5.6 Source of Financing

Most of the rural people of Nepal who want to go for foreign employment use several sources of financing the cost involved. In the study area, the mostly used sources of financing are loan (from banks as well as from the local merchants), sales of property including land, internal saving as well as funds mobilize through friends and relatives. To find out the extent of sources used by the respondents they were asked to provide their source and the amount with its promised interest amount for the foreign employment. The information collected is presented in the following table:

Table 18

Frequency Distribution of Source of Financing of Cost of Foreign Employment for Different Ethnic Groups

Caste/Ethnic Group	No. of Respondents	Sources of Financing		
		Loan	**Sales of property**	**Family Saving**
Tharu	**65**	52	-	13
Gupta	**10**	6	-	3
Kewat	**7**	6	1	-
Paswan	**6**	4	1	1
Muslim	**5**	5	1	-
Others	**7**	4	2	1
Total	**100**	**77**	**5**	**18**

(Source: Field Survey, 2022)

Above ***table 18*** shows that 77 percent respondents of the total borrowed loan to pay for the cost of foreign employment. Another 18 percent respondents had paid from their family savings and only 5 percent respondents had paid to the cost of foreign employment by selling their property. Only the low income groups like Kewat, Muslim, Passwan and others sold their land and other property to pay for the foreign employment. Among the respondents who use family saving, the maximum number was from Tharu categories.

It can be concluded that the cost of foreign employment is financed by borrowing and family savings. Family saving is used by so called upper casts like Bhramin and Chhetri.

5.7 Impact of Remittance on Poverty Reduction in the Study Area

5.7.1 Types of Jobs and Duration of Stay in Foreign Employment

Since the skill of Nepalese workers is quite low; most of them get employment in manual job. To find out the types jobs performed the respondents were asked to give the type of work they did while being employed in foreign country which is categorized into five types, they are Construction, Mechanical, Agricultural Farming, Industrial works and Hotel/Catering.

Duration of foreign stay of emigrants' workers depends upon availability to work, facilities provided by company, salary rate, health of workers, visa permit date, home urgency and other several reasons. Sometime the respondents return their home before the agreement date due to inferior type of job, low salary, family affairs such as death of any family members, sickness and their own bad health and also the employer firm expelled them due to the unusual characters of the workers. To find out the duration of foreign stay the respondents were asked to provide their length of stay. The results of both the types of job performed and the duration of stay in the foreign-employment are summarized in the following table:

Table 19

Types of Jobs Performed and Duration of Stay in Foreign Country of Respondents from Sauraha

Caste/ Ethnic Group	No of Respondents	Occupation					Average Duration of Stay
		Constr-uction	Mecha-nical	Agri-farming	Industrial	Hotel/ Catering	
Tharu	**65**	14	27	7	12	5	3 Yrs
Gupta	**10**	4	-	-	4	2	3.25 Yrs
Kewat	**7**	6	-	1	-	-	2.8 Yrs
Passwan	**6**	3	-	1	2	-	2.7 Yrs
Muslim	**5**	3	-	1	-	1	2.5 Yrs
Others	**7**	4	2	-	1	-	2.7 Yrs
Total	**100**	34	29	10	17	8	2.8 Yrs

(Source: Field Survey, 2022)

Table 19 shows that most of the migrated respondents work in the construction areas in which 34 percent work in that occupation. Most of the people from lower caste work in the construction areas due to lack of other technical knowledge to work in other areas. The second most employed area is Mechanical in which 29 percent respondents are working. In this category, only the Tharu caste is employed. Among 34 percent of respondents, 32 percent of respondents working in the mechanical areas are from Tharu ethnic group. Only the 2 percent of the respondents are from the other castes. The third largest area of employment for the Nepalese workers is industrial area where most of the Nepalese workers are working as a labor. Other areas of employment for the Nepalese workers are agri-farming and also the hotel and catering where 17 percent and 8 percent of the total respondents are working respectively. According to duration of stay from the field survey, we know that the respondents from Gupta ethnic group have longest duration of stay where they stay an average of 3.25 years once. After Gupta, Tharu spends average of 3 years in foreign employment at a time. The Muslim caste has minimum duration of stay of 2.5 years.

Other all the castes' duration of stay is around 2.8 years. It means the average duration of stay of the respondents from Sauraha is 2.8 years.

5.7.2 Causes to Return Back to Work Again

The labor employed about when returns back to his/her home he has two options. He may stay in his own native country and have to take some new profession/continue as farmer or return back to the same foreign employment. Those who return may be returning for several reasons such as easy continuation of job, unavailability of job at home, avoiding conflict. Those who don't return may not be returning again with several reasons such as difficulty in job, willingness to stay with family, no urgency to make more money because the debt has been paid, marriage or death of the older member of the family and got another employment in their own native country etc. How the sample households responded to the further employment in foreign land was solicited through the questionnaires and the responses are summarized as below:

Table 20
Causes to Return for Foreign Employment of Different Ethnic Group

Caste/Ethnic Group	No. of Respondents	Causes of return		
		Employment Purpose	Conflict	No Plan to go
Tharu	**65**	42	15	8
Gupta	**10**	8	1	1
Kewat	**7**	7	-	-
Passwan	**6**	5	-	1
Muslim	**5**	5	-	-
Others	**7**	3	1	3
Total	**100**	**70**	**17**	**13**

(Source: Field Survey, 2022)

The above table shows that among the respondents, 87 percent respondents plan to return to foreign employment. For them the most important push factor for sending to foreign employment again is employment purpose i.e. they can't get any jobs in their native country even returning back from the foreign employment, among the total respondents 70 percent of the respondents return back due to the employment problems, other 17 percent of the people said that they can survive in their own country but the conflict problem is pushing them back to the foreign employment. Among the total respondents only 13 percent respondents don't plan to return again which may be because they had done difficult, danger and dirty work in abroad. Ethnic groups wise almost all the lower castes are planning to return back to the foreign employment, where as some of the respondents from Tharu and other castes don't plan to go to the foreign employment again. It can be concluded that continuous foreign employment is means to avoid the unemployment and the conflict in the country.

5.7.3 Income Earned Abroad

It is often said that Nepalese workers get low paying jobs in overseas. So, they earn less money than laborers from other countries. But income earned abroad depends on skill of workers, salary payment by company, rules and regulations of the working country, types of company, duration of stay etc. To find out the income earned by Nepalese labor in abroad the respondents were asked to give their monthly salary earnings. The respondent's answers are given in the following table:

Table 21
Income Earned in Abroad for Different Ethnic Group of Respondents

Caste/Ethnic Group	No of Respon-dents	Average Monthly Income (In thousand)							
		Based on Destination		Based on Skill		Types of Jobs			
		Gulf	Malaysia	Skilled	Unskilled	Mecha.	Hotel	Ind.	Agr.
Tharu	**65**	15.13	12.4	24	10.5	25	15.5	12.5	-
Gupta	**10**	12.5	12	20	8.75	21	14	10	8.5
Kewat	**7**	9.83	8.5	17	7.5	18	-	8.5	7.8
Kurmi	**6**	9.76	8.5	21	9	14	15	9.5	8.5
Muslim	**5**	8.5	7.5	18	7.5	15	11	9	-
Others	**7**	10.3	9	20	-	18	14	9.5	9.5
Total	**100**	**11**	**9.65**	**20**	**8.54**	**18.5**	**13.58**	**9.83**	**8.5**

(Source: Field Survey, 2022)

Above ***table 21*** shows that the respondents who have done the work in Gulf Countries earned more money than the respondents worked in Malaysia. Comparing these two countries the average monthly income of the respondents in Malaysia is Rs.9.65 thousand where the average monthly income in Gulf countries is Rs.11 thousand. Comparing the income of the respondents' caste wise, we can get the result that the respondents form Tharu gets more average monthly income than the others because they understand all the rules and regulations of their work and their salary before their departure to the destination country. The monthly average income in Gulf Countries and Malaysia is lowest for the Muslim caste because most of the workers from that cast are illiterate. In another aspect of this table we can understand that the average monthly income between skilled workers and unskilled workers is very different. The skilled workers are getting the average monthly income of around 20 thousand whereas the unskilled workers are getting around 8.5 thousand rupees as monthly average income. The average monthly income varies according to the types of jobs also. Among the four types of jobs; Mechanical, Hotel, Industry and Agriculture, the workers working in mechanical firms get highest monthly salary which is 25 thousand rupees per month is the Gulf countries also. Caste wise variation is that most of the Tharu and Gupta are working in the mechanical firms so their average monthly income is highest than the others. According to the types of jobs, the workers working in hotel, industries and agriculture get average monthly income of 13.58 Rupees, 9.83 Rupees and 8.5 Rupees respectively. It means that the workers working in agricultural sector are getting very little money of Rs. 8.5 per month.

5.7.4 Utilization of Remittance and Skills learned in Foreign Employment

The use of remittances depends on the priority placed by the individuals of different uses, the size of remittance, the time of availability, opportunity for investment and several other factors. Majority of migrant workers go abroad because of unemployment at home and poverty in the households. Generally, the earnings made by them are not because the cost of foreign employment is borne by borrowing therefore the income earned has to be spent on the payment of the principle and the interest amount. 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. Each Individual spent the earnings in more than one uses. To find out the use of remittance by the respondents they were asked to list the use of the money in different levels.

Most of the migrant Nepalese workers are unskilled, so the Nepalese migrant workers have learnt different kinds of skill aborad. When they return back they are expected to utilize those skills back home but they are observed into utilize their skills in home country. It might depend on different conditions. These conditions may be place availability of work, availability of industry, quality of skills learnt, lack of technology, financial availability etc. To find out the perceived reasons, the respondents were asked to provide reasons. The answers given by the respondents are presented in the following table:

Table 22

Use of Remittance by the Respondents

Caste/ Ethnic group	**No of Respondents**	**Utilization of Remittance**			
		Household Expenses	**Loan Payment**	**Investment** (Land & Shares)	**Social Activities**
Tharu	65	65	47	19	16
Gupta	10	9	2	2	6
Kewat	7	7	6	-	-
Kurmi	6	6	5	2	-
Muslim	5	5	5	-	-
Others	7	5	4	3	1
Total 100	**97**	**69**	**26**	**23**	**16**

(Source: Field Survey, 2022)

(Note: Due to the multiple answers the total numbers of the households are more than the total number of sample size.)

The above table presents the fact about the utilization of Remittance income as well as the utilization of skills learnt in foreign employment. From it, we can conclude that among all the respondents and their household, 69 percent of the respondents uses their income in the household expenses i.e. in food, cloths, health and the education of their family. 26 percent of the households use their income in loan payment of their family which can be taken for the same purpose or which can be the family debt before his foreign employment. Only about 23 households are using their income from abroad in investment purpose i.e. for buying land, and Shares or establishing industries. Among all the respondents only the 16 percent of the respondents are expending some amount of their income in social activities i.e. in schools, roads, watertaps etc. Only the respondents form Tharu, Gupta and others are donating some amount of their money to the social activities, apart from those other castes like Kewat, Muslim, Kurmi who are using almost all of their income in regular household expenditure and in loan payment. It concludes that, the big amount of remittance income earned by the respondents in the study area is spending their remittance income in regular household expenses and in payment of loans and their interest.

5.7.5 Change in Household Economy due to Foreign Employment

It is often believed that if somebody receives foreign employment his household economy will improve. The change is economic wellbeing improvement in living standard; improvement in skill, social status might be same of the areas where the changes take place etc. If the respondents are able to gain more than the income which is needed to run their family and also to pay their loans principle as well as their interest amount then only their economic condition can improve and their poverty problem can be reduced. To find out the change in household economic condition due to foreign employment, the respondents were asked to give their own judgment about their economic condition before foreign employment and after foreign employment and comparison of these two time periods. The answer given by them is presented in the following table.

Table 23

Change in Different Indicators of Respondents Due to Foreign Employment

Indicators	Change in Conditions			Total
	Increased	Decreased	Remained Same	
Economic Status	**69**	**8**	**23**	**100**
Standard Of Living	**57**	**3**	**40**	**100**
Social Attitude	**73**	**-**	**27**	**100**
Skills	**82**	**-**	**18**	**100**

(Source: Field Survey, 2022)

The above analysis is based not on the ethnic composition or group but it is based on the total sample size without categorization. It shows that 69 percent of the respondents reported that their economic status is increased due to foreign employment. 23 percent of the respondents replied that their economic status is same before and after foreign employment. 8 percent of the respondent's economic status has decreased due to the foreign employment it means they had increased sum of family debt for the reason of foreign employment. The decrement in economic status might have been resulted with high cost and low pay in foreign employment or short period of foreign employment. Another 57 percent of the respondents had increased their standard of living, 40 percent of the respondents had replied that their standard of living remained same and 3 percent respondents said that their standard of living is decreased after returning from foreign employment due to increment in family debt. In the context of social attitude, about 73 percent of the respondents replied that they have increased their social attitude and rest 27 percent respondents' social attitude remained same but social attitude on any family has decreased due to the foreign employment. In another aspect of foreign employment, 82 percent of the respondents had learnt some new skills there either it may be useful here or not. The rest 18 percent of the respondents replied that they didn't learnt any new skills while working abroad.

From the above table, it can be concluded that most of the respondents felt that there was a positive change in their household economic and social indicators like economic status, standard of living, social attitude and skills development etc. after returning from foreign employment.

5.7.6 Impact 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 schools? How the health condition of their family changed? Are their family members better dressed? Are they protected from rural indebtedness at the time of need? These were very pertinent questions. Positive impact on them dependent on size of income of respondents brought from foreign employment, family size, earlier economic condition of the family, knowledge and education of the respondents, culture of society etc. To find out the impact of an employment on households indicators the respondents were asked to respond on the changes brought by the foreign employment. The answers provided by the respondents are given in the following table.

Table 24

Impact on other Household Indicators of the Respondents

Indicators	Increased	Worsened	Same	total
Condition of housing	78	-	22	100
Education of children	69	-	31	100
Health of family members	46	18	32	100
Clothing	74	-	26	100
Cash available with them	37	22	41	100

(Source: Field Survey, 2022)

The above given ***table 24*** shows that 78 percentage of the respondents reported to have improved their condition of housing. It shows that anybody who had returned from foreign employment either have made new house or repaired old house to improve their housing condition. 22 percent of the respondents had reported that their housing condition is same before and after foreign employment but the static condition was not given. It might be low income or other more pressing priorities like loan payment, household expenditure, marriage of a member of their family etc. No any respondent's housing condition is worsened after returning from foreign employment.

Among the total households, 69 percent of the households reported that the education of their children have improved due to the income earned by their parents from foreign employment. It might be the result of improvement of economic condition of the individuals who could afford boarding school for their children. But no one among the respondents had reported to worsen the education of their children due to the foreign employment. The rest 31 percent of the respondents had reported that the education status of their children remained same before and after foreign employment. 46 percent respondents said that the health status of their family had improved due to their foreign employment where about 18 percent of the respondents replied that health status of their family had worsened due to the foreign employment either of the respondents himself or of his family members. The rest 32 percent of the respondents said that the health condition of their family members remained same even after returning from foreign employment. It might be due to general health condition of the area and health awareness.

More than seventy percent of the respondents said that household members are using better clothing after returning from foreign employment it is 74 percent. It might be related to the increasing purchasing power and cloth after returning with the respondent and also with their family members. The rest 26 percent of the respondents had replied that their clothing status is same before and after returning from foreign employment. When the availability of liquid cash to meet various household need was assessed, about 37 percent of the respondents had increased their cash holding with them, another 41percent of the respondent's cash holding has remained same and the rest 22 percent of the respondents had worsened their cash holding after returning from foreign employment. It might be due to the low income earned from foreign employment or the income earned from abroad is just equal to the sum of household expenditure and payment of loans and their interest or it might have been the result of high expenses, low income or the high cost of foreign employment. It indicates that foreign employment has increased the liquidity situation of about 37 percent of the participants of foreign employment.

It can be concluded from the above table that around 60 percent respondents of this ward have improved different household indicators due to foreign employment. But around 8 percent have worsened and around 32 percent respondents have same level of household indicators even after returning from foreign employment. In short, people who have returned from 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.

As a summary, we can say that the remittance income earned from foreign employment is helping the households of the study area in fulfilling their basic needs as well as fulfillment of other social and economic aspects of their life. In another aspect of this survey we can see that the remittance earned by the foreign bound labor have benefited other members of his family than the employee himself. Therefore it is clear that the remittance is playing very positive role to the respondents and their family to reduce their level of poverty of the study area.

CHAPTER VI

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Summary

The main objective of this study is to gauge the impact of foreign employment and remittance in poverty reduction in the study area. Moreover, the study also tries to examine the nature and extent of poverty in the study area, the nature and extent of remittance income in the study area, socio-economic characters of foreign employees, sources of financing and cost for foreign employment, change brought by foreign employment and remittance in household economy and uses of remittance.

To fulfill the above stated objects of the present study, Kapilbastu Municipality Ward no.-12, Sauraha, Kapilbastu district was selected area and a sample survey was conducted during 2007. The sample size was 100 households were chosen by proportional random sampling method and data were collected through questionnaire method. Some secondary data were used to show and compare the composition of foreign employment and remittance of the national level as well as of the local level in the study. Data are analyzed by using simple stoical tools like mean, percentage and ratio.

6.2 Conclusion

From the study, following conclusions are drawn.

1. The socio-economic characters of migrant workers was age group most of 25-40 year, 71.97 percent of the migrant workers are married, and 80 percent of the migrants are literate, 62 percent migrants coming from lower income group, 38 percent migrants from higher income group and 78 percent of the migrants coming from agriculture occupation.
2. The average income of the households in this ward is only around NRs. 10,000 per month and only the 58.90 percent of the total active population and only the 33.077 percent of the total population of the study area are employed. It means that the dependency ratio is very high in the study area.

3. Major reasons to seek foreign employment include unemployment, family debt burden, conflict problems and to earn more money than which they are earning in their own country.

4. The means to get foreign employment for most of the sample (85 percent) respondents were Manpower Agencies. Others went either through unregistered agents or personal initiative.

5. Majority of the foreign job workers (about 83 percent) didn't have skills and took unskilled labor jobs in industries.

6. The average cost paid for foreign employment by the respondents of the study area was Rs. 50 thousand. It ranges between Rs. 15 hundred minimum and to 324 thousand maximum.

7. Source of financing for foreign employment for 77 percent of the migrant workers was loan, 18 percent from family savings and 5 percent from property selling.

8. Major sector of employment for Nepalese workers were building construction (34 percent) and mechanical (29 percent).

9. The average stay duration of abroad of the respondents was 2.8 years. If we classify them caste wise, it ranges between 2.5 years of minimum (Kewat caste) and 3.25 years of maximum (Gupta caste).

10. Average family members migrated to foreign countries are two members where Maximum numbers of respondents' family members are five and the minimum of one.

11. The respondents of this ward want to go again to foreign employment because of the unemployment (70 percent) and conflict (17 percent). Out of the causes maximum respondents of Tharu were suffering from conflict. Among the total respondents 13 percent of them have no plan to go abroad again to foreign employment.

12. The workers earned more income in Gulf countries than Malaysia. It was average Rs. 11 thousand and Rs. 9.65 thousand per month. The skilled workers earned much more money than unskilled workers which was Rs. 20 thousand income per month of skilled workers and Rs. 8.54 thousand of unskilled workers. In types of jobs the workers working in mechanical sector earns maximum income of Rs. 18.5 thousand per month and the workers working in the agriculture sector earns lowest income of Rs. 8.5 thousand per month.

13. Above 60 percent respondents used formal channels (banks and registered transfer agencies) to send remittance. Informal channels like hundi, relative and friends and bringing back by themselves were other channels of remittance transfer.

14. The larger amount of remittance income has been used for household expenses (97 percent), loan repayment (69 percent), investment only of 26 percent and social spending (23 percent). Minimum part of remittances has been used into productive sector like as land purchase (20%), bank deposited (14%) and other small business and investment (10%). In this case, the respondents from Tharu are forward.

15. The respondents of this ward were not utilized their remittance caused by conflict and non-availability of sizable investment funds for investing in productive sector of the economy sector.

16. The respondents of this ward said that remittances have increased their household economic and social indicators after returning from foreign employment. Around 69 percent respondents said that remittances have increased their economic status, 57 percent of the respondents said that remittance income have increased their standard of living, around 73 percent of the respondent’s social attitude have increased due to remittance income and around 82 percent of the respondents increased their skills. But around 23 percent respondents said that economic status has been same, 40 percent have remained same standard of living, 27 percent said that their social status have

remained same and 18 percent said that remained same level of their skill after returning from the foreign employment.

17. The respondents of this ward said that remittance have also done impact on their other indicators. It was said that around 78 percent respondents improve their condition of housing, 69 percent respondents improve their education of children, 46 percent improve their health of their family members, 74 percent improve their clothing situation and 37 percent of the respondents have increased cash available with them. But around 18 percent respondents have worsened health of their family members and 22 percent of the respondents have worsened cash available with them. And around 22 percent of the respondents have same level of housing, 31 percent respondents have same level of education of children, 32 percent respondents have same level of health of their family members, 26 percent of the respondents have same level of clothing and 41 percent of the respondents have constant cash available with them.

As a summary, it can be concluded that the economic and social condition of all the families who have involved in foreign employment have increased. It may be in both aspects i.e. economic as well as social but surely there is positive change in the status of the families of the respondents due to remittance income. Therefore we can say that remittance income is playing very vital role in reducing the poverty level of the study area.

6.3 Recommendations

From the present study about the role of remittance to reduce rural poverty in Nepal, some recommendations are made as follow:

1. Since Most of the migrant Nepalese workers have gone to Gulf countries and Malaysia so these destinations are congested area of the Nepalese workers. Thus manpower agencies, agent and employed company all have been cheated to maximum workers. On the other hand, the workers of these destinations cannot earn much more money than other destinations like Japan, Korea, Hong Kong, USA etc. So the Ministry of Labor and Transport Management GON

should make new policy to identify new potentialities destinations and create opportunities to go these destinations. Where the workers will earn more money than the existing countries. Apart from these the labor contract should be done between two countries to give safe environment for the workers.

2. Most of the respondents of rural areas came from lower income groups and based on agriculture occupation. So, they cannot easily afford foreign employment. If they go foreign countries for employment, they should borrow or loan at the high interest rate. So the policy should be made to give more opportunities to poor people of rural areas as well as facilitated to them from funds for foreign employment. In the case of this ward almost all the workers from the lower income group are migrated to India to work because of lack of money with them where they are earning very little amount of money comparing with the migrant workers to other gulf countries and Malaysia. Thus government should provide loans to the poor people in the cheap interest rate ho want to go to foreign employment.

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

4. Most of the respondents have not utilized their remittance and newly learnt skills at abroad when they came back home because of lack of technology, conflict problems, non availability of sizable investment funds and lack of market etc. So the policy should made to solve the conflict situation, create good environment and provided sufficient technology as well as market and the government should play as the role of facilitator for all the investors and the workers.

5. Surely remittance income is playing very positive role to reduce rural poverty of the study area and also it is improving the social as well as other economic

indicators of this ward but this is not satisfactory. Maximum part of the remittance income have been used in unproductive sectors like regular household expanses, loan payment, house improvement and social spending etc. this don't give any return in the future. Thus the policy should be made to give more information to the respondents on using their remittance income into productive sectors like investment in Shares, Business etc. and should be given more opportunities to them in using their newly learnt skill after returning from the foreign employment.

6. The concept of economic diplomacy should be implemented from the government of Nepal to increase the demand of Nepalese labor in the foreign labor market.
7. The Bilateral agreement should be done from the ministry level with all the labor importing countries. Agreement done with United Arab Emirates and Korea can be the best examples of positive impact of agreement.
8. The labor desk should be established in the airports of labor migrating countries to help the Nepalese labor in various problems.
9. The concept of labor attaché should be implemented in every embassy. So that, all the problems of migrated labors can be solved from the different desk.
10. Different incentives should be provided by the government level as well as from the private sectors for encouraging the people to remit earned money through the formal channels.

Finally, this above case study of role of remittance to reduce rural poverty and the status of foreign job seekers of Sauraha which is very important current issue of the Nepalese economy, therefore this study is very significant, while the study is conducted in small size and may not be sufficient to make general conclusions for the whole nation about the role of remittance income and labor migration. But by this study, I am confident that it will be certainly beneficial to the people of Sauraha and side by side for the people of other neighboring wards of the entire country.

REFERENCES

Annapurna Post daily, 27 Baisakh 2073 B.S

CBS (2013/2014); **Nepal Living Standard Survey, Vol. 2,** Central Bureau of Statistics, Kathmandu, Nepal.

Conway, D and Bal Kumar KC, M Shrestha. (1981); **Causes and Consequences of Rural to Rural Migration in Nepal,** A Report submitted to Population and Development Policies, Indiana University.

Dahal, M.K. Comp. (2014); **Nepalese Economy: Towards Building a Strong Economic Nation-State,** New Hira Books Enterprises, Kathmandu.

Gyanwali, Hari (2010); **Rural Poverty in Nepal : a case Study of Simichaur VDC of Gulmi District, Nepal,** Unpublished MA dissertation in Economics, CEDECON, TU Kritipur, Kathmandu.

Kanel, Nav R.(2003); **Guidelines to format Theses and Dissertations: A Quick Reference,** New Hira Books Enterprises, Kathmandu, Nepal.

Karki, B.P(2006); **Foreign Employment and Remittance Economy of Nepal : A Case Study of Dhuseni VDC, Illam ,** Unpublished , MA dissertation in Economics, CEDECON TU Kritipur, Kathmandu.

Karna, S.K. (2014); **Remittance Economy of Nepal: Final Report**. Submitted to CEDECON, TU.

MOF (2015); **Economic Survey,** 2015/16. Kathmandu : MOF/N.

MOF (2015); **Annual Budget Speech of FY 2007/08**. Kathmandu : Ministry of Finance, GON.

MOL (2013); **Baidesik Rojgar Ain (Foreign Employment Act) 1985**. Nepal Ain Sangraha, Kathmandu: Ministry of Laws GON Parts (Kha) (Nepali version)

NPC (2014). **Twelve Three Year Plan**. Kathmandu: National Planning Commission GON

NRB (2015); **Foreign Employment, Remittance economy and Nepal: A Research Report,** Special study Section, NRB Kathmandu, Nepal.

NRB (2016); Quarterly Economic Bulletin. (Mid July 2016)

Ravenstein, E.G.(1985). **The Law of Migration,** Journal of Royal Statistical Society, Vol. 48, No.2.

Seddon D. (2003), **Migration and Remittances: The Case of Nepal** , for *The Economic Journal of Nepal* , CEDECON, T.U., Kirtipur, Kathmandu, Vol 26, No. 2, Issue No. 113, April-June 2003.

Seddon David, Ganesh Man Gurung and Jaganath Adhikari (2000). **Foreign Labor Employment and Remittance Economy of Nepal.** Kathmandu, Nepal Institute of Development Study.

Sigdel, Bama Dev.(2005); **An Overview on Remittance Economy of Nepal,** Nepal Rastra Bank Samachar (2015) NRB, Kathmandu, Nepal.

Shrestha, S.R. (2006), **Foreign Remittance: A Panacea for Nepalese Economy**. NRB Annual Publication Kathmandu, NRB, pp. 27-35.

Todaro, M.P.(1976). **International Migration in Developing Countries: A Review of Theory, Evidence, Methodology and Research Priorities.** Geneva: ILO.

WDR (2016). **World Development Report.** New York : Washington D.C.

WWW.ekantipur.com

WWW. Nepalnews.com
सोपान मासिक (२०६९, पौष)