



## Utilization of Remittance at Household Level: A Case of Khanigaun Village of Resunga Municipality, Gulmi District

**Bishnu B. Khatri**

Email for correspondence: khatri.bishnu@cdrd.edu.np, khatri.bishnu@gmail.com

Lecturer, Central Department of Rural Development

Tribhuvan University (TU), Kathmandu, Nepal

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### Abstract

*The rural out-migration for labour of Nepal is a common livelihood strategy at household level. The paper tries to assess the utilization of rural-out migrants' remittance at household level in Khanigaun Village of Resunga Municipality, Gulmi District. The study is mainly based on primary data and utilized mixed method. The primary information collected through household survey and focus group discussions techniques. 120 sample households were selected by using purposive sampling method. The targeted households were those where at least one family member of household who are working in the foreign country or who worked foreign country and have returned now as a labour migration. The data revealed that the major bulk of remittances were used for consumption purposes. Though, household investment in business or traditional productive sectors and savings were rather small, but remittances were also seen as important financial means for investment in human capital (i.e. education, health and hygiene), housing and land purchase. The importance of the repayment of the cost of migration should not be underestimated. Finally, the study concludes that most of migrant families had improved their living standard to some extent from the remittance money so far, either they used productive or not is in the debate.*

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**Key words:** Remittance, out migrant, utilization, household level, Khanigaun village.

### Introduction

Migrant workers' remittance income has emerged as one of the most important components in the Nepalese economy, influencing not only household consumption and investment patterns (Tuladhar, Sapkota & Adhikari, 2014). Nepal is one of the highest recipients of remittances (percentage of GDP) in the world (Sapkota, 2013). In this connection, Nepal has a long history of foreign employment with remittance playing an important role in the livelihood of many people. Nepalese have been migrating to India since the late 18th century. Nath (2006) reveals that Nepalese started to migrate to north east India from the 1820s, and continue to do so. Because of oppressive land and labour policies in the combination with population pressure resulted economic hardships in many villages and households which led to both temporary and permanent migration to other areas of Nepal and abroad (Shrestha, 1985).

Especially the 1820s afterwards, employment in the vast public as well as private sectors of India has always been one of the major sources of financial support for families throughout Nepal. This possibility of foreign employment served as a source of hope for the mostly uneducated and unskilled young workers in Nepal at a time when the country's public and especially private sectors were highly underdeveloped. Although employment opportunities markedly increased during the last two decades in Nepal, these increases have not kept up with a

massive increase in job-seekers especially aided by a combination of rapid population growth, sluggish economic growth and limited agricultural potential. At the same time, conflict in the period 1996-2006 also fueled out-migration, especially to India.

A study done by UNFPA in 2006 looked at 74 low and middle income developing countries and found that there is statistically significant correlation between remittances and decline in poverty. It is noted that 10 percent increase in the share of remittance in a country's GDP can lead to a 1.2 percent reduction in poverty. Moreover, 10 percent increase of migrant flow from the sending country will lead to 1.6 percent decline in the share of people living on less than \$1 per day. The economic survey of 2011/12 reports that 19, 64,383 people were out of the country for foreign employment. In this scenario 2, 94,094 people were taken approval for foreign employment in 2010/11 and 4, 53,543 were in 2012/13. Similarly 'Current Macroeconomic Situation of Nepal reported that 5,12,887 people were taken final approval for foreign employment in the year 2014/15 (Department of Foreign Employment, 2014/15).

From the above discussions, it can be concluded that contribution of remittances in national economy is increasing marvelously in one hand. On other hand, there is little understanding of how this remittance has been used at the household level. There is little attention in research on this issue of utilization of remittances at the household and community levels. Therefore, the main aim of the study is to assess the utilization of rural-out migrants' remittance at household level. However it is relevant to dig out the fact that, to what extent the remittance can be utilized in productive sectors for transforming the livelihood of migrants' family members.

### **Materials and Methods**

Descriptive study design was adopted for this study because it describes and interprets the conditions or relationships that exist, opinions that are held, processes that are going on, effects that are evident, or trend that are developing. To fulfill the above mentioned problems, research has demanded the mixed method. The study mainly utilized primary sources of information. The primary information acquired through household survey and focus group discussions techniques. The field-research was conducted in Khanigaun village of Gumi District as a study site. Recently, it comes under Resunga Municipality of Gulmi District. The Khanigaun village was selected purposively first. 120 sample households were selected by using purposive sampling method. The targeted households were those where at least one family member of household who are working in the foreign country or who worked foreign country and have returned now as a labour migration (labour migration means the absence of one household member). Collected quantitative data through field survey has been presented in simple statistical measures like frequency tables and percentage and qualitative data has been discussed thematically.

### **Results: Socio-demographic Characteristics of Migrant Workers**

Migrant Age at the Time of Migration by Gender: Age and sex are biological attributes and the important component in migration phenomenon. Because it does not merely affect the demographic phenomenon, also affects its social, economic and political structure as well. If we examine it in economic term, people below 15 years and above 60 years of age are supposed to be economically inactive and those between 16 and 59 years of age is taken as economically active population. Similarly, roles, responsibilities, status etc. are determined by age. In terms of gender the overwhelming majority of the Nepalese migrant workers were male according to national

census data (2012). The 120 households were selected for the purpose of research in the study area. The table 1 shows that of the total migrant workers (120), 75 percent migrant workers were male and 25 percent migrant workers were female. The overall sex ratio of migrant workers was 300 in the study area.

**Table 1. Migrant Worker According to Age by Gender**

Age in Years	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
10-19	9	10	2	6.7	11	9.2
20-29	38	42.2	21	70	59	49.2
30-39	32	35.6	7	23.3	39	32.5
40-49	8	8.9	-	-	8	6.7
>50	3	3.3	-	-	3	2.5
<b>Total</b>	<b>90</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>120</b>	<b>100</b>

(Field Survey, 2015).

Among the total migrant workers (120), majority of the migrant workers (49%) were found between the age 20-29 group, followed by age 30-39 group (32.5%) and age 10-19 group (9.2%). Very least percent workers (2.5%) were found to be migrated in the age 50 and above. Among the migrants in sex wise, majority of the migrant workers were found between the age 29-29 group. The migrant workers were found to migrate for work as early as 12 years and up to the age 52 years. The median age of migrant workers was 29.5 with minimum 12 and 52 years. It reveals that Nepal was relatively a late entrant in this kind of a labour market. The average age of the migrants is between 25-35 years, which represents the most productive age group of workers. The volatile age group is also prevalent and emerging in nature towards migration in labour migration. This indicates that the Nepal should be faced demographic change in the near future as a major challenge.

**Marital Status and Family Size:** The information on marital status was obtained only from those who are age 10 years and above. According to Table 2, the majority of the migrant workers (65%) were found to be married and 35 percent were unmarried. Most of the female migrant workers (70%) were single (unmarried) and about 77 percent were married among the male migrant workers. It shows that male migrants were motivated to migrate after marriage but in case of female migration, it was reverse. Reasons behind the migration and cultural of the societies can be varies in marital status of migrant workers.

**Table 2. Migrant Worker According to Marital Status and Family Size**

Marital Status	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Married	69	76.7	9	30	78	65
Unmarried	21	23.3	21	70	42	35
<b>Total</b>	<b>90</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>120</b>	<b>100</b>
	<b>Family Size</b>					
Nuclear	35	38.9	21	70	56	46.7
Joint	51	56.7	9	30	60	50
Extended	4	4.4	-	-	4	3.3
<b>Total</b>	<b>90</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>120</b>	<b>100</b>

(Field Survey, 2015).

The household is basic unit where decisions are made for basic economic purposes. The family of a household used in the study is that of body of people who have a shared income and asset pool. People live together sharing their living space and eat together from a common stock of food and income. In this study, the house which had less than 5 members living with a couple is

called nuclear family and the house which had more than one couple living with 5 to 9 members, is called joint family. Similarly, the house which had more than 10 members living with grandmother/father, mothers/fathers, sons, daughters and grandsons/daughters, is called extended family (very big in nature). Of the households, 50 percent were found staying jointly, followed by nuclear family size (46%) and 3.3 percent (4 households) were found in extended family size. In the sex wise comparison, 70 percent female were migration from the nuclear family and majority of male migrants (56%) were migrate from the joint family (Table 2). Again, no one female were migrate from the extended family. It indicates that the nuclear family was prone to migrate for female migrants but for male migrants, joint family was easier to migrate for foreign employment.

**Caste/Ethnicity of Migrant Workers:** In the Nepalese socio-economic situation, the diversity of caste/ethnicity is a very important factor. Nepal has a caste system that divides people into a hierarchy of caste from higher class to the lowest level of so-called untouchables. There are many caste/ethnic groups in the study population such as Brahmin, Chhetri, Newar, Magar, Gurung and Dalits (Damai/Kami/Sarki). People from different ethnic background have their own tradition and values system governing their life, including their behavior and migration as well. In total population, Brahmin and Chhetri are in majority among caste/ethnic groups and second highest majority is Magar in the study area.

**Table 3. Migrant Worker According to Caste/Ethnicity**

Caste/Ethnicity	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Brahmin	12	13.3	3	10	15	12.5
Chhetri	31	34.4	9	30	40	33.3
Magar	30	33.3	12	40	42	35
Gurung	5	5.6	3	10	8	6.7
Dalits*	12	13.3	3	10	15	12.5
(*Damai/Kami/Sarki)						
<b>Total</b>	<b>90</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>120</b>	<b>100</b>

(Field Survey, 2015).

Out of total migrant workers (120), the majority belong to Magar (35%), followed by Chhetri (33.3%), Brahmin (12.5%) and Dalits (12.5%). Therefore, it indicates that Magar ethnic group was more migratory than other ethnic groups. In sex wise, majority of Chhetri (34.4) were found to be migrated among the male migration and highest percent of Magar women (40%) were found to be migrated in the total women migrant labours (Table 3). It shows that in terms of women migration for work, women from Magar community/ethnicity are more likely to migrate than other caste groups. Migration for Magar households is not new, as their males have migrated as soldiers for many generations while migration of women is not restricted in the Magar ethnic groups. But in case of Brahmin women, women migration is surprising as these communities do pose restrictions on women's mobility.

### **Medium and Motivation of Migration**

**Medium of Migration:** In the context of Nepal, foreign recruiting agencies/agents (manpower companies) play crucial role in the recruitment of workers for foreign employment. The social networks, personal contacts and family kinship are also strongly influencing agents to facilitate for migration to foreign employment from Nepal.

**Table 4 A. Migrant Worker According to Medium of Migration by Gender**

Medium	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Family & Kinship	18	20	8	26.7	26	21.6
Foreign Recruiting Agencies/Agents	40	33.3	12	40	52	43.3
Neighbors	10	8.3	7	23.3	17	14.2
Illegal Agents	10	8.3	-	-	10	8.3
Others	12	10	3	10	15	12.5
<b>Total</b>	<b>90</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>120</b>	<b>100</b>

(Field Survey, 2015).

**Table 4 B. Medium of Migration According to Caste/Ethnicity**

Medium	Brahmin	Chhetri	Magar	Gurung	Dalits	Total
Family & Kinship	3	5	12	4	2	26 (21.6)
Foreign Recruiting Agencies/Agents	5	21	7	3	6	52 (43.3)
Neighbors	3	5	4	-	5	17 (14.2)
Illegal Agents	1	4	4	1	-	10 (8.3)
Others	3	5	5	-	2	15 (12.5)
<b>Total</b>	<b>15</b>	<b>40</b>	<b>42</b>	<b>8</b>	<b>15</b>	<b>120 (100)</b>

(Field Survey, 2015).

About 43 percent of migrants and household members reported that labour workers migrated with the help of foreign employment agencies/agents. Similarly, 21.6 percent of household members reported that they migrated through family networks. About 14.2 percent had neighbors who had helped them to migrate, and about 12.5 percent were helped by other medium, comprised mainly those migrating on tourist or student visas. The remainder (8.3%), who reported illegal agents/ brokers used to go abroad (Table 4 A and B). Among those who used the help of brokers were found to have been cheated more often as brokers operate in informal, illegal and loose chains in the country of origin, countries of transit and the country of employment. According to caste/ethnicity, those who had used as first medium to go foreign country were recruiting agencies/agents for Chhetri (52.5%), Brahmin (33.3%) and Dalits (40%), family and kinship for (28.6%) Magar and Gurung (40%). In terms of gender, about one half of the migrant women migrated with the help of family, kinship and neighbors for foreign employment and no one had used illegal agents. Among the male migrants, about one third of male migrants had used foreign recruitment agencies/agents to go foreign country and about eight percent had migrated through illegal agents. It shows that most of the female migrants go to India by using family networks (family, kinship, neighbors) and most of the male migrants go to gulf countries with help of formal channels (foreign recruiting agencies/agents).

Motivation/Reason for Migration: What are the motivational/influencing factors for decision to migrate? Which motivations to migrate do exist? The motivations to migrate as a labour migration depend on their socio-economic status and social networks. Dream of people from the middle class or lower class family who go aboard for work are for financial gain. The people from higher middle class who go for foreign employment are with more expectations than the middle class or the lower class family. Most of the people are surviving in poor economic status in this study area because they depend on rural based economy like traditional agriculture.

**Table 5 A. Migrant Worker According to Reasons and Motivation the Decision to Migration**

Category	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
<b>Push Factors</b>						
Financial Constrains	38	42.2	14	46.7	52	43.3
Lack of Employment	32	35.5	10	33.3	42	35
Low Income	8	8.9	5	16.7	13	10.8
Family Pressure	9	10	-	-	9	7.5
Insecurity	3	3.3	1	3.3	4	3.3
<b>Total</b>	<b>90</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>120</b>	<b>100</b>

**Table 5 B. Migrant Worker According to Reasons and Motivation the Decision to Migration**

Category	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
<b>Pull Factors</b>						
More income and good life	30	33.3	11	36.7	41	34.1
Financial gain	34	37.7	12	40	46	38.3
Future/education of Children	15	16.7	5	16.7	17	14.2
Dignity of Job/satisfaction	8	8.9	2	6.7	10	8.3
Social Recognition	3	3.3	-	-	3	2.5
<b>Total</b>	<b>90</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>120</b>	<b>100</b>

(Field Survey, 2015).

Table 5 A and B show that the majority of migrant workers (43.3%) had move due to financial difficulties/constraints at home as a push factor, followed by lack of employment opportunities (35%) and low income (10.8%). Similarly, 7.5 percent had chosen foreign employment due to family pressure. Only 3.3 percent had move due to insecurity problems. From the view point of pulling side, the majority of migrant workers reported that they had migrated for employment due to the motivation of financial benefits (38.3%), followed by more income and quality of life (34.1%). 14.2 percent people had migrated to make better education for children and 8.3 percent were found to be migrated for dignity of job/ job satisfaction. Only 2.5 percent were found to be migrated for social recognition. Among women migrant workers, no one had migrated due to family pressure and for social recognition.

### **Types, Proportion, Volume and Utilization of Remittance**

Types of Remittances: Household members have received money in cash as well as kind. As a kind, mostly they have received clothes, VCR, VCD player, television, camera, Radio, cell phone, electronic goods etc. Of total, majority of migrant families (58.3%) had received both cash and kind. About 29 percent had received cash money and only 12.5 percent had received as kind (Table 6). Among the commodities brought, half of migrant workers had received commodities as clothes, shoes, and briefcase. Second priority had given to bring various kind of ornaments/gold (16.7%). However, 14.2 percent had brought watch, cell phone and computer and about 11 percent had spent to receive television, camera and radio. Similarly, about nine percent had brought VCR, Cassettes, and VCD player and only 2.5 percent had brought electronic goods and home appliances.

**Table 6. Proportion of Households Which Received Remittances**

Category	No. of Households	Percent
Cash	35	29.1
Kind	15	12.5
Both	70	58.3
<b>Total</b>	<b>120</b>	<b>100</b>
<b>Types of Commodities Brought</b>		
Gold/Ornaments	14	16.7
Clothes, Shoes, Briefcase	60	50
VCR, Cassette, VCD Player	11	9.1
Television, Camera, Radio	13	10.8
Watch, Cell Phone, Computer	17	14.2
Electric Goods, home appliances	3	2.5
Others/motorbike	2	1.2
<b>Total</b>	<b>120</b>	<b>100</b>

(Field Survey, 2015).

Volume of Remittance: Informal transfers apart, an important complication in assessing the actual volume of remittances lies in the fact that a part of the remittances can, and often does, take the form of transfers in kind instead of cash, but remains largely unrecorded in statistics. Determination of the actual remittances, though not easy, may continue to be a priority concern.

**Table 7. Volume of Remittance According to Annual Average Income per Person by Countries**

Countries	Annual Average Income Per Person	Number of Migrants	Total Remittances (Annually)
India	9000	31	279000
Saudi	90000	14	1260000
Qatar	90000	17	1630000
UAE	95000	14	1330000
Hong Kong	80000	8	640000
Kuwait	300000	3	900000
Malaysia	90000	17	1630000
South Korea	250000	5	1250000
Iraq	350000	3	1050000
Afghanistan	650000	2	1300000
Others	250000	6	1500000
<b>Total</b>		<b>120</b>	

(Field Survey, 2015).

The above table7 shows that migrant in India had remitted on average only 9'000 NRs per year, whereas migrants to the gulf countries (UAE, Qatar, Saudi) and Malaysia were able to send an average 90000 NRs per year. Similarly, remittances from Hong Kong were income per person on average 80'000 NRs per year and remittances from Afghanistan, Iraq, Kuwait and South Korea were 650000, 350000, 300000 and 250000 NRs per annum respectively. It indicates that those migrants are found to be involved in risky jobs (Dirty, Dangerous and Difficult [3D works]) in international labour market. During group discussion, one of the participants, *Dipak Hamal* (pseudo name) said that, his son sent NRs 35,000 in January, 2008 and NRs 40,000 in March, 2008 through a relative from Qatar. NRs 75,000 per year are not much of an income because it is not sufficient for the repayment of loan and basic household expenses. No saving for future, it is just equal to cost of migration. His sharing implies that most of the youths working in abroad are failed to earn surplus amount.

Utilization of Remittances: The hope for increased income is undoubtedly the primary incentives for labour migration. International labour migration has a high potential to improve social, economic and symbolic capital of the migrants.

**Table 8. Utilization of Remittances by Migrant Families**

Category	Number (Multiple Responses)	Percent
Food and Clothes	95	26
Health and Hygiene	65	6
Education/schooling	85	20
Investment in Land	35	11
Home construction/Repair	55	7
Repayment of Loan	38	4
Marriage and Ceremonies	32	3
Investment in Business	16	7
Bank Deposits	32	9
Social and Religious activities	9	1
Festivals/Entertainments	35	2
Giving Loan	5	2
Other Consumerable Goods	34	2

(Field Survey, 2015).

Table 8 revealed that of total, first and most of the remittances (26%) were spent in food and clothes. Second highest priority in the use of remittances by families was for the education of children (20%), followed by investment in land (11%). This indicates that families use their remittances in the poverty-reducing activities of acquiring food for the family and educating children. Investments in land are also a priority use of remittances as a hedge against poverty. However, Nine percent migrants families were deposited in banks and seven percent were given priority to use in home construction and repair. Similarly, seven percent of the respondents reported investments in businesses or enterprises such as beauty parlors, restaurants, small hotels, grocery shops, tea shop and transportation vehicles. This indicates that migrants not only eased their own household poverty but they also helped others in the country to ease their poverty by creating employment opportunities for them. However, six percent remittance money were spent in health and hygiene, it shows that migrant families were equally aware for health promotion to maintain healthy life.

Of total, about five percent remittance money was spent in social and religious activities, festivals, entertainments and other consumer durables goods. It shows that remittance money had also utilized in unproductive manner. It raises the question which is productive or unproductive. Though, the productive and unproductive investment is in debate. We can find that migrant families were not perceived to utilize remittances properly; it means they had lack of promotional support and ideas in terms of information, advisory, training and other services relating to investment in new and potentially successful sectors.

### Conclusion

International labour migration has a high potential to improve social, economic and symbolic capital of the migrants' household. On the basis of results and discussions, most of the remittances had invested in basic consumptions; repay loans, education for children, health care, feast-festivals etc. Very small amount of remittance had invested in productive business properly. Though, productive and unproductive investment is in debate. The major bulk of remittances had used for consumption purposes. Household investment in business or traditional productive sectors and savings were rather small, but remittances were also seen as important financial means for investment in human capital (i.e. education, health and hygiene), housing and land purchase. The study found that migrant families had not perceived to utilize remittances properly. According to economic status, those people who were from poor families, they have used the remittance money



for consumption goods and repayment of loan and medium status families have more spent money for education of children than others. The high status families (rich) have invested the remittance money for home construction/repair, land brought, education for children and business.

### **Recommendations for Program and Policy Implications**

**Reframe the Conventional Legal Instruments to Support in Productive Investment of Remittance:** Existing policy should be supportive in productive investment of remittance and focused on providing incentives for migrants to invest in 'productive' activity such as entrepreneurships, business, and livestock farming and so on.

**Maximize the Entrepreneurship through Intermediaries and Policy Initiatives:** Another important policy option for maximizing the developmental benefits of remittances is to channel remittances to small and micro enterprises through financial intermediaries rather than expecting migrants to directly participate in entrepreneurial activities.

**Facilitate the Skills Transfer and Capitalize Migrant Capacities Properly:** Social remittances can be developed through the transfer ideas, ways of doing things and a sense of belongingness between migrants and their home communities which is useful in understanding such changes. Attention should be focused on skills transfer in local levels which are central for the development of countries of origin and maximize the development impact of remittances through the promotion of skills circulation.

**Ensure the Rights of Migrant Workers through Right-based Approach:** The Government must have bilateral or multilateral labour agreements with countries of employment and countries of transit in order to promote foreign employment and protect their rights.

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