

**CONTRIBUTION OF WORKERS' REMITTANCE ON NATIONAL  
ECONOMY**

**A Thesis**

**By**

**SRIJANA PACHABHAIYA**

**Central Department of Management**

**Exam Roll. No: 1251/2017**

**T.U. Regd. No: 7-2-543-105-2010**

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## **Certification of Authorship**

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirement for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

.....

**Srijana Pachabhaiya**

February, 2020

## **RECOMMENDATION LETTER**

It is certified that thesis entitled "CONTRIBUTION OF REMITTANCE ON NATIONAL ECONOMY". Srijana Pachabhaiya is an original piece of research work carried out by the candidate under my supervision. Literary presentation is excellent and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgement. The thesis is forwarded for examination.

.....

Associate Professor Gyan Mani Adhikari

Thesis supervisor

Central Department of Management

Tribhuvan University, Kirtipur

Kathmandu, Nepal

Date: .....

## **APPROVAL SHEET**

We the undersigned, have examined the thesis entitled "CONTRIBUTION OF WORKER'S REMITTANCE ON NATIONAL ECONOMY " prepared by Srijana Pachabhaiya a candidate for the degree of master of business Studies (MBS semester) and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

.....

Associate Professor Gyan Mani Adhikari

Thesis Supervisor

.....

Dr. Dhurba Lal Pandey

Internal Examiner

.....

Lect. Santosh Pokharel

External Examiner

.....

Prof. Dr. Sanjay Kumar Shrestha

Chairperson, Research committee

.....

Prof. Dr. Ramji Gautam

Head of Central Department of Management

Date: .....

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Srijana Pachabhaiya

## ABSTRACT

*The research was to analyze the trend of the worker's remittance and its contribution on macroeconomic variables of Nepal. Secondary data were used for the study collected from the Research Department of Nepal Rastra Bank and Economic Survey of the Ministry of Finance for 28 years from 1990/91 – 2018/19 . Data were analyzed by using appropriate statistical tools and the descriptive and analytical research design was used.*

*The simple regression models were used to test significance of worker's remittance and its macroeconomic variables GDP, Consumption, Investment and Saving. The finding from this study indicates that there was positive relationship between worker's remittance and GDP, consumption and saving but negative relationship between investments. The research also proved that worker's remittance has a significant impact on the growth of Consumption and saving but insignificant impact on GDP and investment of the country. The research also found that the worker's remittance income of Nepal has been increasing rapidly during two decades especially from 2000/01. The increasing trend of worker's remittance affects the balance of payment (BOP) of country. The study recommend that Nepal needs to further formulate policies that a) send more worker's remittances through official rather than unofficial channel. b) Increase the levels of worker's remittance by encouraging migrants to hold their saving in financial assets in the country rather than holding them abroad and c) encourage migrants to become investor in productive assets in the country.*

**Keywords:** Workers' Remittance, GDP, Consumption, Saving and Investment.

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**ABBREVIATIONS/ ACRONYMS**

AID	:	Foreign Aid
ARDL	:	Autoregressive Distributed Lag
BOP	:	Balance of Payment
C	:	Consumption
FDI	:	Foreign Direct Investment
FY	:	Fiscal Year
GCF	:	Gross fixed Capital Formation
I	:	Investment
i.e.	:	That is
IMF	:	International Monetary Fund
K	:	Capital
L	:	Labor
M	:	Import
MOF	:	Minister of Finance
NRB	:	Nepal Rastra Bank
ODA	:	Official Development Assistance
REM	:	Remittance
S	:	Saving
SGMM	:	System of Generalized Method of Moments
VECM	:	Vector Error Correction
X	:	Export
Y	:	Import