

**IMPACTS OF FOREIGN
EMPLOYMENT IN NEPAL
(A CASE STUDY OF JAGATPUR VDC OF CHITWAN DISTRICT)**

A Thesis

**Submitted to the Central Department of Economics
Faculty of Humanities and Social Sciences
Tribhuvan University, Kathmandu, Nepal**

**In Partial Fulfillment of the Requirements for the Degree of
MASTER OF ARTS
In
ECONOMICS**

**Submitted by
Akshata Chalise
Roll no.: 49/065
TU Regd. No: 6-2-297-2-2005
Central Department of Economics
Tribhuvan University
Kirtipur, Kathmandu, Nepal
September, 2016**

LETTER OF RECOMMENDATION

This thesis entitled “IMPACTS OF FOREIGN EMPLOYMENT IN NEPAL” has been prepared by Ms. Akshata Chalise under my supervision. I hereby recommend this thesis for examination by the thesis committee as a partial fulfillment of the requirements for the degree of MASTER OF ARTS in ECONOMICS.

.....

Prof, Rudra Parsad Gautam ,PhD
Thesis Supervisor

LETTER OF APPROVAL

We certify that this thesis entitled IMPACT OF FOREIGN EMPLOYMENT IN NEPAL (A case study of Jagatpur VDC) submitted by Akshata Chalise to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University in partial fulfillment of the requirements for the Degree of Masters of Arts in Economics has been found Satisfactory in scope and quality. Therefore we accept this thesis as a part of said degree.

Thesis Committee

Signature

Dr. Ram Prasad Gyawali

.....

Head. Central Department of Economics

Prof. Dr. Sohan Kumar Karna

.....

External

Rudra Prasad Gautam

.....

supervision

ACKNOWLEDGEMENT

This thesis entitled impacts of Foreign Employment in Nepal: A Case Study of Jagatpur VDC, Chitwan has been prepared for partial fulfilment of the requirement for Master's Degree in Economics.

I would like to pay my genuine gratitude to my thesis supervisor Prof. Rudra Parsad Gautam, professor at the Central Department of Economics, University Campus, T.U, kirtipur for his most guidance, encouragement and constructive suggestions through my work. Similarly, I also feel privileged to express my gratitude to all the teachers of Central Department of Economics for their gracious response to my queries.

I would like to thank all the non-teaching staff members of Central Department of Economics and all the staff members of Central Library, T.U, kirtipur, for the help they extended to me during this thesis in several ways.

I am equally indebted to Mr. Sunil Paudel and Bijaya Subedi who helped me in collecting data.

It is my pleasant opportunity to express my gratitude to my parents and Husband who encouraged me in this project with all the warmth and affection.

September, 2016

Akshata Chalise

TABLE OF CONTENTS

Title	Page No
Title page	i
Recommendation Letter	ii
Approval Sheet	iii
Acknowledgement	iv
Table of Contents	v
List of Tables	viii
Acronyms and abbreviations	ix
Chapter 1: Introduction	1-9
1.1 Background of the Study	1
1.2 Statement of the Problems	5
1.3 Objectives of the Study	7
1.4 Importance of the Study	8
1.5 Limitations of the Study	8
1.6 Organization of the Study	9
Chapter 2: Literature Review	10-33
2.1 Theoretical Base of Labour Migration and Remittance	16
2.1.1 International Context	16
2.1.2 National Context	19
2.2 Review of International Emperical Studies	24
2.3 Review of National Empirical Studies	29
2.4 Conceptual Framework	32
Chapter 3: Research Methodology	34-37
3.1 Study Area	34
3.2 Research Design	34
3.3 Sources of Data	34
3.3.1 Primary Source	34
3.3.2 Secondary Source	36
3.4 Data Processing and Analysis	37
3.5 Defination of Terms Used	37

Chapter 4: Foreign Employment and Remittance of Nepal	38-45
4.1 Introduction	38
4.2 Remittance in Nepalese Economy	38
4.3 Inflow of Remittance in Nepal	39
4.4 Utilization of Remittance in Nepal	41
4.5 Effect of Remittance in Economy Nepal	42
4.5.1 Gross Domestic Product	42
4.5.2 The Other Side of GDP	43
4.5.3 Revenues for Government and Private Sector	43
4.5.4 Employment Opportunities	43
4.5.5 Poverty Reduction	44
4.6 Conclusion on Effect of Remittance in Nepal	44
Chapter 5: Data Analysis	46-65
5.1 Age Category and Migrated Workers of the Study Area	46
5.2 Migrated Workers and Field Work in Country Wise of Study Area	47
5.3 Causes of Seeking Foreign Employment	49
5.4 Medium Used to Obtain Foreign Employment	50
5.5 The Cost of Foreign Employment and Source of Financing	51
5.5.1 Destinations, Cost and Work Related Cases	51
5.5.2 Range and Average Cost Paid for Foreign Employment of Study Area	51
5.6 Remittance Income	52
5.6.1 Country Wise Average Remittance Earning	53
5.6.2 Level of Education and Average Remittance Earning	54
5.7 Use of Remittance Income	55
5.7.1 Expenditure of Remittance Income in Unproductive Sector	55
5.7.2 Expenditure of Remittance in Productive Sector	57
5.7.3 Total Land Holding Before and After Remittance Income	58
5.8 Changes in Social Condition Due to Remittance Income	59
5.8.1 Change in Living Standard	59
5.8.2 Trend of Migration due to Remittance Income	59
5.8.3 Impact on Housing Due to Remittance Income	60

5.8.4 Impact on Schooling due to Remittance Income	60
5.8.5 Use of Durable and Electronic Gadgets	60
5.9 Problems Generated by Foreign Employment	61
5.9.1 Households Labor Shortage	61
5.9.2 Psychological Impacts	61
5.9.3 Problems in Works and Pays	62
Chapter 6: Summary, Findings, Conclusions and Recommendations	64-68
6.1 Summary of the Findings	64
6.2 Conclusion	65
6.3 Recommendations	65

LIST OF TABLES

Table no:	Title	Page No.
Table 3.1	Sample Selection Procedure of Jagatpur VDC	35
Table 4.1	Annual Inflow of Remittance in Nepal	40
Table 4.2	Remittance and its Utilization	41
Table 5.1	Age category and Migrated Person	47
Table 5.2	Migrated Persons and Field Work by Country	48
Table 5.3	Causes of Seeking Foreign Employment	49
Table 5.4	Medium Used to go to Foreign Employment by Respondent in Study Area	50
Table 5.5	Average Cost Paid for Foreign Employment in Study Area	52
Table 5.6	Total Annual Remittance Income	53
Table 5.7	Country and Average Remittance Earning	54
Table 5.8	Level of Education and Average Remittance Earning	54
Table 5.9	Average Annual Expenditure Before and After Remittance Income	56
Table 5.10	Average Annual Expenditure on Productive Sector	57
Table 5.11	Total Land Holding Before and After Remittance Income	58
Table 5.12	Trend of Migration Due to Remittance Income	59
Table 5.13	Impacts on Housing due to Foreign Employment	60
Table 5.14	Use of Durable Electronic Goods	61
Table 5.15	Psychological Impacts	62
Table 5.16	Problems in Work and Pays	63

ACRONYMS AND ABBREVIATION

BOP -	Balance of Payment
CBS -	Central Bureau of Statistics
GDP -	Gross Domestic Product
GNP -	Gross National Product
FD I-	Foreign Direct Investment
ILO -	International Labour Organization
JONBS -	Journal of Nepalese Business Studies
MPA -	Man Power Agency
MOF -	Ministry of Finance
NG -	Nepal's Government
NLSS -	National Living Standard Survey
NPC -	National Planning Commission
NRB -	Nepal Rastra Bank
NRVA -	National Risk and Vulnerability
ODA -	Official Development Assistance
UN -	United Nations
UNDP -	United Nations Development Programme
UNICEF -	United Nations Children's Fund
UNO -	United Nations of Organizations
WB -	World Bank