**CONTRIBUTION OF WORKER’S REMITTANCE IN NEPALESE ECONOMY**

**CONTRIBUTION OF WORKER’S REMITTANCE IN NEPALESE ECONOMY**

**A Thesis By**

**Bijata Maharjan**

**Central Department of Management**

**Roll.no:662/16 Registration No: 7-2-710-20-2012**

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**Bijata Maharjan**

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# RECOMMENDATION LETTER

It is certified that thesis entitled **Contribution of Worker’s Remittance in Nepalese Economy** submitted by **Bijata Maharjan** is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evidences the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

………………………….

Assoc. Prof. Gyan Mani Adhikari Thesis Supervisor

Central Department of Management Tribhuvan University,

Kritipur, Kathmandu, Nepal Date:…………………….



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# APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Contribution of Worker’s Remittance in Nepalese Economy”** presented by Bijata Maharjan, 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.

…………………………………… Assoc. Prof. Gyan Mani Adhikari Thesis Supervisor

…………………………………… Internal Examiner

…………………………………… External Examiner

…………………………………… Prof. Bhawani Shankar Acharya Chairperson, Research Committee

……………………………………. Prof. Dr. Puspa Raj Sharma

Acting as Head of the Department Date: ……………………………..

# 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.

……………………. Bijata Maharjan

Date: ………………

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# ABSTRACT

*The research was to analyzed the trend of the worker’s remittance income and its contribution on macroeconomic variables of Nepal. Secondary data were used for the study collected from the Quarterly Economic Bulletin of Nepal Rastra Bank and Economic Survey of the Ministry of Finance for 33 years from 1984/85 – 2016/17 . Data were analyzed by using appropriate statistical tools and the 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, Saving and FOREX. The finding from this study indicates that there was positive relationship between worker’s remittance and macroeconomic variables. The research also proved that worker’s remittance has a significant impact on the growth of GDP, Consumption, Investment, Saving and FOREX 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:** Worker‟s Remittance, GDP, Consumption, Saving, Investment and FOREX

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# ABBRIBEATION / ACRONYMS

AID : Foreign Aid

ARDL : Autoregressive Distributed Lag BoP : Balance of Payment

C : Consumption

CBS : Central Bureau of Statistics

EXR : Exchange Rate

FDI : Foreign Direct Investment FOREX : Foreign Exchange Reserve FY : Fiscal Year

GCF : Gross Fixed Capital Formation GDP : Gross Domestic Product

I : Investment

i. e . : That is

IMF : International Monetary Fund

1. : Capital
2. : Labor
3. : Import

MOF : Ministry Of Finance NEPSE : Nepal Stock Exchange NRB : Nepal Rastra Bank

ODA : Official Development Assistance REM : Remittance

S : Saving

SGMM : Systems of Generalized Method Of Moments THT : The Himalayan Times

VECM : Vector Error Correction X : Export

Y : Output