

**IMPACT OF FOREIGN EMPLOYMENT ON RURAL
ECONOMY OF RAINAS MUNICIPALITY OF GANDAKI
PROVINCE**

A Thesis

Submitted to Department of Economics

Faculty of Humanities and Social Sciences

Tribhuvan University

in Partial Fulfillment of the Requirements for the Degree of

MASTER of ARTS

in

ECONOMICS

By

Tirsana Adhikari

Exam Roll No.: 154/068

TU Regd. No.: 6-1-32-141-2005

Central Department of Economics

Tribhuvan University, Kirtipur

Kathmandu, Nepal

April 2019

LETTER OF RECOMMENDATION

This thesis entitled **IMPACT OF FOREIGN EMPLOYMENT ON RURAL ECONOMY OF RAINAS MUNICIPALITY OF GANDAKI PROVINCE** has been prepared by Mrs. TirsanaAdhikari under my supervision. I hereby, recommend this thesis for examination by the thesis committee as a partial fulfilment of the requirements for the degree of Master of Arts in Economics.

.....

Prof. R.K. Shah, Ph.D.
(Thesis Supervisor)

Date: 2075/12/19 BS

APPROVAL LETTER

We certify that this thesis entitled **IMPACT OF FOREIGN EMPLOYMENT ON RURAL ECONOMY OF RAINAS MUNICIPALITY OF GANDAKI PROVINCE** submitted by Mrs. TirsanaAdhikari to Central Department of Economics, Faculty of Humanities and Social Sciences Tribhuvan University in partial fulfilment of the requirements for the degree of Masters of Arts in Economics has been found satisfactory in scope and quality. We here by accept this thesis as a part of the said degree.

Thesis Committee

.....
Prof. KushumShakya, Ph.D.
(Head of the Department)

.....
Prof. Sohan Kumar Karna, Ph.D.
(External Examiner)

.....
Prof. R. K. Shah, Ph. D.
(Thesis Supervisor)

Date: 2075/12/21 BS
04/04/2019 AD

ACKNOWLEDGEMENTS

Firstly, I wish to express my sincere gratitude to Prof. Dr. R. K. Shah of Economics, Tribhuvan University Campus Kirtipur for providing me an opportunity to conduct this study under her guidance on the subject of my interest. I am very much thankful for her valuable suggestion, encouragement and guidance while supervising my research work.

Likewise, I am grateful to the respected Head of the Department, Prof. Kushum Shakya. I would like to express my sincere thanks to the respected teachers and the staffs of this department for their suggestion, help and co-operation. I am highly indebted to all the staff of Rainas Municipality for providing valuable information during the research period survey. I am also thankful to the staffs of the Central Library for providing me the secondary materials for my research work.

I wish to express my thankful to all the respondents who have provided me with various suggestions and responses to complete the research study.

I would also like to be grateful to my parents Mr. Dan Bahadur Adhikari and Mrs. Sarita Adhikari, and my husband Mr. Drona Bahadur Ale Magar and my lovely daughter Sapna for their support, encouragement for the accomplishment of this thesis.

Tirsana Adhikari

TABLE OF CONTENTS

	Page No.
LETTER OF RECOMMENDATION	i
APPROVAL LETTER	ii
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vii
LIST OF FIGURES	viii
ABBREVIATIONS/ACRONYMS	ix
CHAPTER I: INTRODUCTION	1-6
1.1 Background of the Study	1
1.2 Statement of the Problem	4
1.3 Objectives of the Study	5
1.4 Significance of the Study	5
1.5 Limitations of the Study	5
1.6 Organization of the Study	6
CHAPTER II: REVIEW OF LITERATURE	7-23
2.1 Theoretical Literature	7
2.1.1 Neo-Classical and Developmentalist Theory	7
2.1.2 Migration as a Household Livelihood Strategy	9
2.2 Conceptual Review	12
2.2.1 Global Context	12
2.2.2 History of Remittance	13
2.2.3 Economic Benefits for Developing Countries	14
2.2.4 Present Status of Remittance in Nepal	15
2.2.5 Economic Impact of Remittance	15

2.3	Empirical Review	16
2.3.1	International Review	16
2.3.2	National Review	20
2.4	Research Gap	23
CHAPTER III: RESEARCH METHODOLOGY		24-25
3.1	Research Design	24
3.2	Rationale for the Selection of Study Area	24
3.3	Nature and Sources of Data	24
3.4	Sample Selection Procedures	24
3.5	Tools and Techniques of Data Collection	25
3.6	Data Analysis Procedures	25
CHAPTER IV: DATA PRESENTATION AND ANALYSIS		26-48
4.1	Status of Foreign Employment and Remittance in Nepal	26
4.2	Status of Remittance in Study Area	27
4.2.1	Age Structure of Foreign Employees	27
4.2.2	Sex Structure of Foreign Employees	28
4.2.3	Occupational Status of Labor Migrants	29
4.2.4	Marital Status of Migrants	31
4.2.5	Educational Status of Migrants of the Study Area	32
4.2.6	Destination Country of Migrants of the Study Area	32
4.2.7	Skill of Foreign Employee	33
4.2.8	Causes of Foreign Employment of the Study Area	34
4.2.9	Monthly Salary of Migrants	35
4.2.10	Medium of Remittance	36
4.2.11	Duration of Sending Remittance	37
4.2.12	Amount of Remittance Receiving	38

4.2.13 Utilization of Remittance	39
4.3 Contribution of Foreign Employment on Rural Economy and Household Level	41
4.3.1 Contribution on Housing Condition	41
4.3.2 Change in Facilities of the Study Area	42
4.3.3 Contribution on Education	43
4.3.4 Contribution on Health Facilities	44
4.3.5 Contribution on Household Income of Respondents	45
4.3.6 Contribution on Household Expenditure of Respondents	46
CHAPTER V: SUMMARY, CONCLUSION AND RECOMMENDATIONS	49-52
5.1 Summary	49
5.2 Conclusion	51
5.3 Recommendations	52
REFERENCES	53-55
APPENDIX-I	56-60

LIST OF TABLES

Table No.	Title	Page No.
Table 4.1	Age Structure of Foreign Employees	28
Table 4.2	Sex Structure of Foreign Employees	28
Table 4.3	Occupational Status of Respondents	30
Table 4.4	Marital Status of Migrants	31
Table 4.5	Educational Status of Migrants	32
Table 4.6	Destination Countries of the Respondents	33
Table 4.7	Skill of Foreign Employees	33
Table 4.8	Causes of Foreign Employment	35
Table 4.9	Monthly Salary of Migrants	36
Table 4.10	Medium of Remittance	36
Table 4.11	Duration of Remittance Sending	38
Table 4.12	Amount of Remittance	39
Table 4.13	Utilization of Remittance	40
Table 4.14	Housing Condition	41
Table 4.15	Changes in Facilities	42
Table 4.16	Educational Status	43
Table 4.17	Distribution of Respondents Changing Health Status	44
Table 4.18	Economic Status of Respondents	45
Table 4.19	Household Incomes of Respondents (Per Month)	46
Table 4.20	Household Expenditure of Respondents (Monthly)	47

LIST OF FIGURES

Figure No.	Title	Page No.
Figure 4.1	Sex Structure of Foreign Employees	29
Figure 4.2	Occupational Status of the Respondents	30
Figure 4.3	Skill of Foreign Employees	34
Figure 4.4	Medium of Remittance	37
Figure 4.5	Utilization of Remittance	40

ABBREVIATIONS/ACRONYMS

AMF	:	Arab Monetary Fund
CBS	:	Central Bureau of Statistics
DFID	:	Department for International Development
DoFE	:	Department of Foreign Employment
FDI	:	Foreign Direct Investment
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
GoN	:	Government of Nepal
LDCs	:	Least-Developed Countries
MENA	:	Middle East and North Africa
MoF	:	Ministry of Finance
MoLE	:	Ministry of Labour Emigration
NLSS	:	Nepal Living Standard Survey
NPC	:	National Planning Commission
NRs.	:	Nepalese Rupee
NRB	:	Nepal Rastra Bank
PCI	:	Per-Capita Income
PSM	:	Propensity Score Matching
SSA	:	Sub-Saharan Africa
UAE	:	United Arab Emirates
USD	:	United State Dollars
WB	:	The World Bank

