

**THE SOCIO-ECONOMIC IMPACT OF REMITTANCE**  
**(A Case Study of Banganga VDC of Kapilvastu District)**

**A Thesis**

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## **LETTER OF RECOMMENDATION**

This thesis entitled “**THE SOCIO-ECONOMIC IMPACT OF REMITTANCE: A CASE STUDY OF BANGANGA VDC OF KAPILVASTU DISTRICT**” has been prepared by **MR. MADHAV GYAWALI** under my supervision. I hereby recommend this thesis for examination to thesis committee as a partial fulfillment of the requirement for the Degree of Mater of Arts in Economics.

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April, 2014

## **APPROVAL LETTER**

This is to certify that the thesis entitled “**THE SOCIO-ECONOMIC IMPACT OF REMITTANCE: A CASE STUDY OF BANGANGA VDC OF KAPILVASTU DISTRICT**” submitted by **MR. MADHAV GYAWALI** to Central Department of Economics, Faculty of Humanities and Social Science, Tribhuvan University, Kirtipur for the partial fulfillment of the Degree of Masters of Arts in Economics has been found satisfactory. Therefore, we accept this thesis as a part of the degree.

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Madhav Gyawali

## **ABSTRACT**

Literally, migration refers to phenomena and the process of people from one place to another, such as crossing intra or international geographical boundaries. Population studies of migration are diverse and usually from part of larger problems especially from rural areas. The motive for migration includes political, economic, social and environmental causes, which are different in different societies and cultures in Nepal.

This micro level study on ‘Socio-Economic Impact of Remittance’ is confined to Banganga Village Development Committee of Kapilvastu district located at the Western Development Region of Nepal. Remittance is a directly related area with foreign employment. There are various factors for foreign employment. In recent years, the trend of labor migration is increasing due to poverty as well as increasing population pressure, unemployment and prevailing political conflict.

The main objective of this study is to describe the causes of foreign employment and examine the socio-economic impacts of the foreign employment and remittance income in the study area. The study comprises 105 migrants-households representing three wards of the VDC from different caste and ethnic groups.

The study found that the majority of the village people do not have sufficient land, despite being farmer. All the represented households are engaged in subsistence farming. Foreign employment or labor migration has been an important source of income in the village to maintain livelihood of the household. Remittance is basically used for day to day food and other household requirements, pay debt, buy new land and houses. There is no investment in the productive sector. Most of the consequences of remittance are positive and some are negative as well. Improved living standard, increased socio-economic status of both male and female, and consumption pattern show positive consequences. Similarly, increase in divorce rate, conflict and crime, alcoholism are the negative impacts of remittance as well as foreign employment.

# TABLE OF CONTENTS

	<b>Page No.</b>
LETTER OF RECOMMENDATION	<i>ii</i>
APPROVAL LETTER	<i>iii</i>
ACKNOWLEDGEMENTS	<i>iv</i>
ABSTRACTS	<i>v</i>
TABLE OF CONTENTS	<i>vi</i>
LIST OF TABLE/FIGURES	<i>ix</i>
LIST OF FIGURES	<i>x</i>
LIST OF ABBREVIATIONS	<i>xi</i>
<b>CHAPTER I</b>	
<b>INTRODUCTION</b>	<b>1-6</b>
1.1 Background of the Study	1
1.2 Statement of the Problem	3
1.3 Objective of the Study	4
1.4 Limitations of the Study	5
1.5 Significance of the Study	5
1.6 Organization of the Study	5
<b>CHAPTER II</b>	
<b>REVIEW OF THE LITERATURE</b>	<b>7-14</b>
2.1 Theoretical Review	7
2.2 Emperical Review	10
2.3 General Review	12
2.3.1 Foreign Employment in Nepal	12
2.3.2 Causes of Migration	13
<b>CHAPTER III</b>	
<b>METHODOLOGY</b>	<b>15-21</b>
3.1 Introduction of the Study Area	15
3.2 Selection of the Study Area	16
3.3 Research Design	16
3.4 Conceptual Framework	16

3.5 Sample Size	18
3.6 Method of Data Collection	19
3.6. i Questionnaire	19
3.6. ii Face to Face Interview	20
3.6. iii Observation	20
3.7 Data Analysis	20
3.7.1 Gini-Coefficient	20
3.7.2 Lorenz Curve	21
3.8 Terminology Used in the Study	21

## **CHAPTER IV**

### **SOCIO-ECONOMIC CHARACTERISTICS OF THE MIGRANTS** **22-28**

4.1 Age and Sex of Labour Migrants	22
4.2 Religion Composition	23
4.3 Caste/Ethnic Composition of Migrants Households	23
4.4 Educational Level of Migrants	24
4.5 Marital Status of Migrants	24
4.6 Types of Family	25
4.7 Land Holding Pattern of Migrants Household	25
4.8 Sufficiency of Food	26
4.9 Drinking Water Facility of Migrants Households	27
4.10 Livestock Ownership of Migrant Households	28

## **CHAPTER V**

### **TRENDS OF REMITTANCE INFLOW** **29-42**

5.1 Growth of Remittance	29
5.2 Remittance Transfers Mechanism in Nepal	31
5.3 Development of Remittance Companies in Nepal	32
5.4 Pattern of Utilization of Remittance in Nepal	36
5.5 Push and Pull Factor of Foreign Employment	39
5.5.1 Causes of Foreign Employment	39
5.5.2 Process of Foreign Employment	40
5.5.3 Selection of the Country	41
5.5.4 Destination Country of Labour Migrants	41
5.5.5 Occupational Status of Labour Migrants	42

<b>CHAPTER VI</b>	
<b>SOCIO-ECONOMIC IMPACT OF REMITTANCE</b>	<b>43-54</b>
6.1 Economic Impact of Remittance in Migrants Households	43
6.1.1 Last Year’s Annual Expenditure of Migrants Households	44
6.1.2 Living Standards	45
6.1.3 Types of Households	46
6.1.4 Toilet Facility	46
6.1.5 Impacts in Food Sufficiency Due to Remittance	47
6.1.6 Monthly Income of Labour Migrants	48
6.1.7 Measurement of Income Inequality	49
6.1.7.1 Gini Coefficient	49
6.1.7.2 Lorenz Curve	49
6.2 Social Impacts of Remittance	51
6.2.1 Challenges of Receiving Remittance	52
6.2.2 Impacts in Family Relation Due to Remittance	53
6.3 Other Positive and Negative Impacts	54
<b>CHAPTER VII</b>	
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</b>	<b>55-58</b>
7.1 Summary	55
7.2 Conclusions	56
7.3 Recommendations	57
<b>REFERENCE</b>	<b>59</b>
ANNEX I : GINI CALCULATION	
ANNEX II : QUESTIONNAIRE	
ANNEX III: MAP OF KAPILVASTU DISTRICT	



## LIST OF TABLES

Table 3.1 Sample Frame and Sample Size of Household in the Study Area	19
Table 4.1 Distribution of Migrant by Age and Sex	22
Table 4.2 Distribution of Caste / Ethnicity by Migrants Households	23
Table 4.3 Distribution of Educational Level of Migrants	24
Table 4.4 Distribution of Marital Status of Migrants	24
Table 4.5 Distribution of Migrants Households by Types of Family	25
Table 4.6 Distribution of Migrants HHs by Size of Land Holding and Types of Land	26
Table 4.7 Distribution of Migrants Households by Food Sufficiency	27
Table 4.8 Distribution of Migrants Households by Drinking Water Facilities	27
Table 4.9 Distribution of Migrants Households by Livestock Ownership	28
Table 5.1 Remittance Income	30
Table 5.2 Remittance inflow to Nepal (US\$ millions)	31
Table 5.3 Remittance Companies Working in Nepal	33
Table 5.4 Distribution of Emigrants by Causes of Migration	39
Table 5.5 Distribution of Migrants by Process of Foreign Employment	40
Table 5.6 Distribution of Migrants by Selection of the Countries	41
Table 5.7 Distribution of Migrant by Destination Countries	41
Table 5.8 Distribution of Migrants by Occupational Statuses	42
Table 6.1 Distribution of Economic Impact of Remittance in Migrants Households	43
Table 6.2 Distribution of Migrants Annual Expenditure pattern in household Level	44
Table 6.3 Distribution of Migrants Households by Living Standard Facilities (Before & After)	45
Table 6.4 Distribution of Migrants by Types of Households (Before& After)	46
Table 6.5 Distribution of Migrants by Type of Toilet Facility (Before& After)	47
Table 6.6 Impacts in Food Sufficiency Due to Remittance	48
Table 6.7 Distribution of Migrants by Income of Labor Migrants	51
Table 6.8 Social Impacts of Remittance in Migrants HHs Life	51
Table 6.9 Challenges of Receiving Remittance	52
Table 6.10 Impacts in Family Relation Due to Remittance	53

## LIST OF FIGURES

Figure 3A: Conceptual Framework	17
Figure 3B: Conceptual Framework	18
Figure 6A: Income Distribution Before Foreign Employment	50
Figure 6B: Income Distribution After Foreign Employment	50

## LIST OF ABBREVIATIONS

IDS	– Acquired Immune Deficiency Syndrome
BOP	– Balance of Payment
BS	– Bikram Sambat
CBS	– Central Bureau of Statistics
CDPS	– Central Department of population Studies
CDSA	– Central Department of Sociology and Anthropology
CEDECON	– Central Department of Economics
Etc.	– Etcetera
FEA	– Foreign Employment Act
GDP	– Gross Domestic Product
HDI	– Human Development Index
HHs	– Households
HIV	– Human Immunodeficiency Virus
MA	– Masters in Arts
MoF	– Ministry of Finance
NIDS	– Nepal Institute of Development Studies
NLSS	– Nepal Living Standard Survey
NPHC	– Nepal Population and Housing Census
NRB	– Nepal Rastra Bank
PAN	– Population Association in Nepal
Pvt. Ltd.	– Private Limited
SPSS	– Statistical Package for Social Science
STDS	– Sexually Transmitted Diseases
TU	– Tribhuvan University
TV	– Television
UAE	– United Arab Emirates
UK	– United Kingdom
UN	– United Nations
UNDP	– United Nations Development Programme
UNIFEM	– United Nations Development Fund for Women
USA/US	– United States of America
VDC	– Village Development Committee
Vol.	– Volume
WB	– World Bank
YOAC	– Youth Action Nepal