

**USE OF REMITTANCE BY HOUSEHOLDS OF BHIMDHUNGA  
VDC OF KATHMANDU DISTRICT**

**A Thesis**

**Submitted to the Faculty of Humanities and Social  
Sciences of Tribhuvan University in Fulfillment of**

**the Requirements for the Degree of**

**MASTER of ARTS**

**in**

**ECONOMICS**

**By**

**HARI PRASAD LAMICHHANE**

**Roll No: 517/066**

**Central Department of Economics**

**Tribhuvan University, Kirtipur,**

**Kathmandu, Nepal**

**July, 2016**

**USE OF REMITTANCE BY HOUSEHOLDS OF BHIMDHUNGA  
VDC OF KATHMANDU DISTRICT**

**A Thesis**

**Submitted to the Faculty of Humanities and Social  
Sciences of Tribhuvan University in Fulfillment of  
the Requirements for the Degree of**

**MASTER of ARTS**

**in**

**ECONOMICS**

**By**

**HARI PRASAD LAMICHHANE**

**Roll No: 517/066**

**Central Department of Economics**

**Tribhuvan University, Kirtipur,**

**Kathmandu, Nepal**

**July, 2016**



TRIBHUVAN UNIVERSITY  
**CENTRAL DEPARTMENT OF ECONOMICS**

Office of the Head of the Department

---

**LETTER OF RECOMMENDATION**

This thesis entitled **Use of Remittance by Households of Bhimdhunga VDC of Kathmandu District** has been prepared by Mr. Hari Prasad Lamichhane 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.

.....  
Mr. Khagendra Katuwal  
Lecturer  
Thesis Supervisor

Date: .....

## APPROVAL SHEET

We certify that this thesis entitled **Use of Remittance by Households of Bhimdhunga VDC of Kathmandu District** submitted by Mr. Hari Prasad Lamichhane to the Central 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 has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of said degree.

### Thesis Committee

.....

Prof. Dr. Ram Prasad Gyanwaly  
Chairman

.....

Asst. Prof. Tara Prasad Bhusal  
External Examiner

.....

Mr. Khagendra Katuwal  
Lecturer/Thesis Supervisor

Date: 2073-4-27

## ACKNOWLEDGEMENTS

First of all, I would like to express my sense of great indebtedness to my thesis supervisor Mr. Khagendra Katuwal, Lecturer of the Central Department of Economics for his regular Supervision and kind support. I think probably, the study wouldn't have been possible to accomplish without his continuous co-operation and remarkable suggestion.

Similarly, I am extremely grateful to Prof. Dr. Ram Prasad Gyanwaly, Head of the Central Department of Economics for giving me chance to Research in the topic, and his valuable suggestions.

I would like to express my deep gratitude to my wife Mrs. Bind Giri (Lamichhane) and son Aayam Lamichhane for their cooperation for my studies

Similarly, I would like to thanks my friends Sandip Barakoti, Bishnu Prasad Kusi for their remarkable help during the study period.

Finally, my special gratitude goes to my parents Mr. Krishna Prasad Lamichhane, Mrs. Shiva Kumari Lamichhane and who paid devotion for my study up to this level.

Hari Prasad Lamichhane

July, 2016

# TABLE OF CONTENTS

	Page No
RECOMMENDATION LETTER	i
APPROVAL SHEET	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vii
LIST OF FIGURES	ix
LIST OF ACRONYMS	x
<b>CHAPTER I: INTRODUCTION</b>	<b>1-9</b>
1.1 Background of the Study	1
1.2 Statement of the Problem	4
1.3 Objectives of the Study	6
1.4 Significance and the scope of the Study	6
1.5 Limitations of the Study	8
1.6 Organization of the Study	9
<b>CHAPTER II: REVIEW OF LITERATURE</b>	<b>10-39</b>
2.1 Theoretical Concept	10
2.1.1 Remittance	15
2.1.2 Remittance in Nepalese Perspectives	16
2.1.3 Linkages of Remittances	22
2.2 Review of International Empirical Studies	25
2.3 Review of Nepalese Empirical Studies	26
2.4 Concepts of Migration	33
2.5 Use of Remittance	35
2.7 Summary of literature review	37

<b>CHAPTER III: RESEARCH METHODOLOGY</b>	<b>40-43</b>
3.1 Research Design	40
3.2 Nature and Sources of Data	40
3.2.1 Primary Data	40
3.2.2 Secondary Data	40
3.3 Rational for the selection of Study area	41
3.4 Sample Selection Procedure	41
3.5 Data Collection Technique and Tools	42
3.5.1 Survey-Interview	42
3.5.2 Key Information Interview	42
3.5.3 Observation	42
3.6 Data Processing	43
3.7 Tools for Data analysis	43
<b>CHAPTER IV: PRESENTATION AND ANASYSIS OF DATA</b>	<b>44-70</b>
4.1 An overview of Foreign Migrants	44
4.1.1 Age composition of Migrants	44
4.1.2 Education Status of Migrant Workers	44
4.1.3 Gender description of foreign migrants workers	45
4.1.4 Marital Status of Foreign Migrant Workers	46
4.1.5 Major destination of foreign migrant workers	46
4.2 Frequency distribution of remittance in livelihood	47
4.2.1 Causes of foreign employment	47
4.2.2 Source of financing	48
4.2.3 Different kinds of job according to education	49
4.2.4 Average earning in different country	50
4.2.5 Medium used to obtain foreign employment	51
4.2.6 Expenditure for foreign employment	52
4.2.7 Status of skilled of migrants workers	53
4.3 Contribution of Remittance in Economic Status	53
4.3.1 Use of remittance on unproductive sector	53
4.3.2 Uses of remittance in productive sectors	54
4.3.3 Utilization pattern by marital status of migrants	55
4.3.4 Utilization pattern of remittance by educational status of migrants	57

4.3.5	Utilization of remittance by skilled status of migrants	59
4.3.6	Reason of non-utilization of remittance into productive sector	60
4.4	To compare the economic status of migrant workers before and after receiving remittance	61
4.4.1	Total land holding before and after remittance income	61
4.4.2	Changes in household economy my due to foreign employment	62
4.4.3	Effect on other indicators	63
4.4.4	Effective on physical assets due to remittance	65
4.4.5	Effect on saving and investment due to foreign employment	66
4.4.6	Comparisons of consumption pattern before and after received remittance	67
4.4.7	Loan/Debt condition before and after received the remittance income	68
4.4.8	Distribution of negative impact of labour migrants	69
4.4.9	Suggestion for properly utilization of remittance by the respondents	70
<b>CHAPTER V: SUMMARY, CONCLUSION AND SUGGESTIONS</b>		<b>71-76</b>
5.1	Summary	71
5.2	Conclusion	72
5.3	Recommendation	73
<b>REFERENCES</b>		<b>75-77</b>
<b>QUESTIONNAIRES</b>		<b>78-82</b>



## LIST OF TABLES

<b>Table No.</b>	<b>Title</b>	<b>Page No.</b>
2.1	Summary Statistics of Remittance	14
3.1	Sample Selection Procedures	42
4.1	Age composition of Migrants	44
4.2	Educational status of foreign migrants workers	45
4.3	Gender description of foreign employment	45
4.4	Marital status of foreign migrants	46
4.5	Major destination of foreign migrant workers	46
4.6	Frequency distribution of remittance in livelihood	47
4.7	Frequency distribution of source of financing of cost of foreign employment for different country	48
4.8	Frequency of distribution of migrated person education and field of work	49
4.9	Average earning in different country	50
4.10	Frequency distribution of medium used to go for foreign employment by respondents	51
4.11	Average cost paid and range of costs for foreign employment in study	52
4.12	Frequency distribution of skilled of migrants workers	53
4.13	Average annual expenditure on unproductive sector	54
4.14	Average annual investment on productive sector	55
4.15	Utilization pattern of remittance by marital status of migrants	56
4.16	Utilization pattern of remittance by educational status of migrants	58
4.17	Utilization of remittance by skill status of migrants	59
4.18	Causes of non-utilization of remittance into productive sector	60

4.19	Total land holding before and after received remittance	61
4.20	Frequency distribution of changed in different indicators of the respondents	62
4.21	Frequency distribution of impact on other household indicators of the respondents	63
4.22	Effective on physical assets due to remittance	65
4.23	Comparison of saving and investment in different sector due to received the remittance	66
4.24	Consumption pattern of remittance of households before and after received the remittance	68
4.25	Comparison of Loan/Debt condition of households before and after remittance	68
4.26	Distribution of negative impact of labour migration	69
4.27	Suggestion for properly utilization of remittance	70

## LIST OF FIGURES

<b>Figure No.</b>	<b>Title</b>	<b>Page No.</b>
4.1	Average Earning in different Country	50
4.2	Utilization pattern of Remittance on productive sector by marital status of migrants	56
4.3	Utilization pattern of remittance on unproductive sector by marital status of migrants	57
4.4	Change in economic status due to foreign employment	62
4.5	Impact on other indicators of households	64

## **LIST OF ACRONYMS**

ADB	:	Asian Development Bank
BOP	:	Balance of Payment
CBS	:	Central Bureau of Statistics
CEF	:	Convertible Foreign Exchange
DFID	:	Departmental for International Development
FDI	:	Foreign direct Investment
FY	:	Fiscal Year
GDP	:	Gross National Products
GNI	:	Gross National Income
GON	:	Government of Nepal
HDR	:	Human Development Report
IA	:	Intermediate of Arts
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
KSA	:	Kingdom of Saudi Arabia
MOF	:	Ministry of Finance
NLSS	:	Nepal Living Standard Survey
NPC	:	Nepal planning committee
NRB	:	Nepal Rastra Bank
SAARC	:	South Asia Association for Regional Cooperation
SLC	:	School Leaving Certificate
UAE	:	United Arab Emirates
UK	:	United Kingdom
UNDP	:	United National Development Program
US\$	:	United State Dollar
USA	:	United State of America
VDC	:	Village Development Committee
WB	:	World Bank
WDR	:	World Development Report