

**REMITTANCE AND ITS CHANNELIZATION INTO PRODUCTIVE
SECTOR IN ANGKHOP VDC OF TAPLEJUNG DISTRICT**

A Thesis

**submitted to the Central Department of Economics,
Faculty of Humanities and Social Sciences,
Tribhuvan University, Kirtipur, Kathmandu
in Partial Fulfillment of the Requirements
for the Degree of
MASTER OF ARTS
in
ECONOMICS**

By

Prakash Khatiwada

Roll. No.: 418/067

TU Regd. No.: 6-2-40-1623-2007

Central Department of Economics

Tribhuvan University, Kirtipur

Kathmandu, Nepal

February 2017

**REMITTANCE AND ITS CHANNELIZATION INTO PRODUCTIVE
SECTOR IN ANGKHOP VDC OF TAPLEJUNG DISTRICT**

A Thesis

**Submitted to the Central Department of Economics,
Faculty of Humanities and Social Sciences,
Tribhuvan University, Kirtipur, Kathmandu
in Partial Fulfillment of the Requirements
for the Degree of
MASTER OF ARTS
in
ECONOMICS**

By

Prakash Khatiwada

Roll. No.: 418/067

TU Regd. No.: 6-2-40-1623-2007

Central Department of Economics

Tribhuvan University, Kirtipur

Kathmandu, Nepal

February 2017



TRIBHUVAN UNIVERSITY
CENTRAL DEPARTMENT OF ECONOMICS
Office of the Head of the Department

UNIVERSITY CAMPUS
Kirtipur, Kathmandu, Nepal.

RECOMMENDATION LETTER

This is certified that Mr. Prakash Khatiwada has prepared this thesis entitled **Remittance and Its Channelization into Productive Sector in Angkhop VDC of Taplejung District** under my guidance and supervision. I hereby recommend this thesis to the expert committee for acceptance.

.....
Prof. Dr. Sohan Kumar Karna
(Thesis Supervisor)

Date : 19-02-2017 A.D.
2073-11-08 B.S.



APPROVAL LETTER

The thesis entitled **Remittance and Its Channelization into Productive Sector in Angkhop VDC of Taplejung District** prepared by Mr. Prakash Khatiwada has been accepted as a partial fulfillment of the requirements for the Degree of Master of Arts in Economics and hereby approved by the committee.

Thesis Committee

.....
Prof. Dr. Ram Prasad Gyanwaly
(Head of the Department)

.....
Prof. Dr. R. K. Shah
(External Examiner)

.....
Prof. Dr. Sohan Kumar Karna
(Thesis Supervisor)

Date: 22-02-2017 A.D.
2073-11-11 B.S.

ACKNOWLEDGEMENTS

I would like to thank my thesis supervisor Prof. Dr. Sohan Kumar Karna for continuous help, support and valuable guidance through this work. I will ever remain grateful to the respected teacher of the Central Department of Economics for their kind co-operation.

I would like to special thanks to Er. Arjun Babu Dhakal and Er. Sailendra Kumar Shah for valuable suggestion. Also, I would like to thanks Mr. Prakash Datta Bhatta and Mr. Rajendra Prasad Pant who helped and supported me for this research work.

The completion of this thesis would have been impossible without whole hearted support of my parents and my family. So, I would like to thanks to my all family member for their love, inspiration and encouragement.

Finally,I would like to thank to all, who have done directly and indirectly assist to me for this effort.

Prakash Khatiwada

February 2017

TABLE OF CONTENTS

| | Page No. |
|--|-----------------|
| RECOMMENDATION LETTER | i |
| APPROVAL LETTER | ii |
| ACKNOWLEDGEMENTS | iii |
| TABLE OF CONTENTS | iv |
| LIST OF TABLES | vii |
| LIST OF FIGURES | viii |
| ABBRIBIATION/ACRONYMS | ix |
| | |
| CHAPTER - I : INTRODUCTION | 1-6 |
| 1.1 Background of the Study | 1 |
| 1.2 Statement of the Problem | 3 |
| 1.3 Objectives of the Study | 4 |
| 1.4 Significance of the Study | 4 |
| 1.5 Limitations of the Study | 5 |
| 1.6 Organization of the study | 5 |
| | |
| CHAPTER – II : REVIEW OF LITERATURE | 7-20 |
| 2.1 Literature review at International Context | 7 |
| 2.1.1 Theoretical review | 7 |
| 2.1.2 Empirical review | 9 |
| 2.2 Literature review at National Context | 13 |
| 2.2.1 Theoretical review | 13 |
| 2.2.2 Empirical review | 16 |
| 2.3 Research Gap | 20 |
| | |
| CHAPTER – III: RESEARCH METHODOLOGY | 21-23 |
| 3.1 Research Design | 21 |
| 3.2 Nature and Sources of Data | 21 |
| 3.2.1. Secondary Data Collection | 21 |

| | | |
|--|--|--------------|
| 3.2.2. | Primary Data | 22 |
| 3.2.2.1. | Population and Sample | 22 |
| 3.2.2.2 | Tools and Techniques of Primary Data Collection | 22 |
| 3.5 | Data Analysis and Presentation | 23 |
| CHAPTER – IV : DATA ANALYSIS AND INTERPRETATION | | 24-45 |
| 4.1 | Socio-Economic Feature of Respondents | 24 |
| 4.1.1 | General Characteristics of Respondents | 24 |
| 4.1.2 | Age and Sex Structure of the Respondents | 24 |
| 4.1.3 | Caste /Ethnic Composition of the Respondents | 25 |
| 4.1.4 | Family Types of the Respondents | 26 |
| 4.1.5 | Religious Composition of Respondents | 26 |
| 4.1.6 | Marital Status of the Respondents | 26 |
| 4.1.7 | Educational Status of the Respondents | 27 |
| 4.1.8 | Occupational Status of the Respondents | 28 |
| 4.1.9 | Land Holding Size | 29 |
| 4.2 | Remittance in Angkhop VDC of Taplejung District | 30 |
| 4.2.1 | Age Category and Education Level of Migrants | 30 |
| 4.2.2 | Status of Technical Skill | 31 |
| 4.2.3 | Causes of Migration | 31 |
| 4.2.4 | Migrated Country and Field of Work | 33 |
| 4.2.5 | Cost Paid by Migrants for Foreign Employment | 34 |
| 4.2.6 | Sources of Financing | 35 |
| 4.2.7 | Remittance Income | 36 |
| 4.2.8 | Methods of Receiving Remittances | 37 |
| 4.2.9 | Expenditure Pattern of Remittance Income | 38 |
| 4.2.10 | Channelization of Remittance in Productive Investment | 40 |
| 4.2.10.1 | Opinion about the Channelization of Remittance into Productive Sector | 41 |
| 4.2.10.2 | Reasons behind not Channelization of Remittance into Productive Sector | 41 |
| 4.2.11 | Trend of Foreign Employment and Remittance Income in Nepal | 42 |
| 4.2.11.1 | Trend of Foreign Employment | 43 |
| 4.2.11.2 | Trend of Remittance in Nepal | 45 |

| | |
|---|--------------|
| CHAPTER-V : SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS | 47-51 |
| 5.1 Summary of Findings | 47 |
| 5.2 Conclusion | 50 |
| 5.3. Recommendations | 51 |
| REFERENCES | 52-54 |
| APPENDIX – I | 55-58 |

LIST OF TABLES

| Table No. | Title | Page No. |
|------------------|---|-----------------|
| 4.1 | General Characteristics of Respondents | 24 |
| 4.2 | Age and Sex Composition of the Respondents | 25 |
| 4.3 | Caste/ Ethnicity Status | 25 |
| 4.4 | Distribution of the Respondents Family Types | 26 |
| 4.5 | Distribution of the Respondent by their Marital Status | 27 |
| 4.6 | Educational Status of the Respondents | 28 |
| 4.6 | Main Occupational Status of the Respondents | 28 |
| 4.7 | The Land Holding Size of the Respondents | 29 |
| 4.8 | Age Category and Educational Attainment of Migrants | 30 |
| 4.9 | Monetary Cost of Foreign Employment (in Thousands Rupees) | 35 |
| 4.10 | No. of Households Receiving Remittance | 37 |
| 4.11 | Methods of Receiving Remittances | 37 |
| 4.12 | Use of Remittance Income | 39 |
| 4.13 | Trend of Foreign Employment | 43 |
| 4.14 | Nature of Remittance Income | 45 |

LIST OF FIGURES

| Figure No. | Title | Page No. |
|-------------------|--|-----------------|
| 4.1 | Status of Technical Skill | 31 |
| 4.2 | Push Factors for Foreign Employment | 32 |
| 4.3 | Pull Factors for Foreign Employment | 32 |
| 4.4 | Country of Labor Migration | 33 |
| 4.5 | Major Occupation of Migrants at Destination | 34 |
| 4.6 | Sources of Financing for Foreign Employment | 36 |
| 4.7 | Opinion about the Channelization of Remittance into Productive Sector | 41 |
| 4.8 | Reasons behind not Channelization of Remittance into Productive Sector | 42 |
| 4.9 | Trend of Foreign Employment | 44 |
| 4.10 | Trend of Remittance Income | 46 |

ABBRIATIONS/ACRONYMS

| | |
|-------|-----------------------------------|
| CBS | Central Bureau of Statistics |
| FDI | Foreign Direct Investment |
| FY | Fiscal Year |
| GDP | Gross Domestic Product |
| HHs | Households |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |
| MoF | Ministry of Finance |
| MoLE | Ministry of Labour and Employment |
| NLSS | National Living Standard Survey |
| NPC | National Planning Commission |
| NRB | Nepal Rastra Bank |
| OC | Opportunity Cost |
| RRHHs | Remittance Receiving Households |
| UAE | United Arab Emirates |
| UK | United Kingdom |
| USA | United States of America |
| VDC | Village Development Committee |