

**SOCIO-ECONOMIC CONTRIBUTION OF REMITTANCE
IN CHHEDAGAD MUNICIPALITY**

A Thesis

Submitted 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

By

BHUPENDRA ROKAYA

Regd No: 9-2-0812-0072-2011

Central Department of Economics

Kirtipur; Kathmandu, Nepal

2023

LETTER OF RECOMMENDATION

This thesis entitled **SOCIO-ECONOMIC CONTRIBUTION OF REMITTANCE IN CHHEDAGAD MUNICIPALITY**: A Study of Chhedagad, Municipality, Jajarkot, District has been prepared by Mr. **BHUPENDRA ROKAYA** under my supervision and guidance. I hereby recommended this thesis for examination by the Thesis Committee as a partial fulfillment of the requirements for the degree of Master of Arts in Economics.

.....

Thesis Supervisor

Dr. Rashmee Rajkarnikar

Central Department of Economics

Tribhuvan University,

Kirtipur, Kathmandu, Nepal

Date:

Tribhuvan University
Faculty of Humanities and Social Science
Central Department of Economics (CEDECON)
Master Programme

APPROVAL SHEET

We certify that this thesis entitled **SOCIO-ECONOMIC CONTRIBUTIO OF REMITTANCE IN CHHEDAGAD MUNICIPALITY** Submitted by **MR. BHUPENDR ROKAYA** 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 the said degree.

Thesis Committee

.....

Prof. Shiva Raj Adhikari, Ph.D

Head

Central Department of Economics

.....

Prof. Madhav Prasad Dahal, Ph.D

External Examiner

.....

Dr. Rashmee Rajkarnikar

Assistant Professor

Thesis supervisor

DECLARATION

I, hereby declare that this thesis entitled **SOCIO-ECONOMIC CONTRIBUTIO OF REMITTANCE IN CHHEDAGAD MUNICIPALITY** submitted to Central Department of Economics is my own original work done in the form of fulfillment of the requirement for the degree of **Master in Arts in Economics**, under the supervision of Dr. Rashmee Rajkarnikar of Central Department of Economics, TU.

.....

Bhupendra Rokaya

Regd. No: 9-2-812-72-2011

Central Department of Economics

Kirtipur, Kathmandu, Nepal

TABLE OF CONTENT

Letter of Recommendation	ii
Approval Letter	iii
Declaration	iv
Table of Contents	v
List of Table	ix
List of Figure	xi
Abbreviation/Acronyms	xii
Acknowledgements	xiii
Abstract	xiv
CHAPTER – I: INTRODUCTION	1-7
1.1 An overview of Remittance	1
1.1.2 Remittance and its role	2
1.2 Statement of the Problem	4
1.3 Objectives of the Study	5
1.4 Significance of the Study	6
1.5 Limitations of the Study	7
1.6 Organization of the Study	7
CHAPTER – II: REVIEW OF LITERATURE	8-19
2.1 Introduction	8
2.2 Review at International Context	8
2.3 Review at South Asian Context	11
2.4 Review at National Context	14
2.5 Research Gap	19
CHAPTER – III: RESEARCH METHODOLOGY	20-23
3.1 Conceptual Framework	20
3.2 Research Design	20
3.3 Sampling Design	21
3.4 Nature and Source of Data	22
3.5 Method of Data Collection	22
3.5.1 Primary Data Collection	22
3.5.2 Secondary Data Collection	22

3.6 Tools of Data Analysis	23
3.7 Data processing and Analysis	23
CHAPTER- IV: DATA PRESENTATION AND ANALYSIS	24-65
4.1 Introduction of the study Area	24
4.2 General Information about the Respondents	25
4.2.1 Age and Sex of Respondents	25
4.2.2 Educational Status of Respondents	26
4.2.3 Caste and Ethnicity of Respondents	27
4.2.4 Household Size of Respondents	27
4.3 Current Status of Remittance	28
4.3.1 Remittance and Its Growth in Nepal	28
4.3.2 Ratio of Remittance to GDP	29
4.4 Socio-economic Contribution of Remittance in the Study Area	31
4.4.1 Foreign Employment Status in the Study Area	32
4.4.2 Reason for Foreign Employment	32
4.4.3 Occupation of Migrant Worker before Foreign Employment	33
4.4.4 Destination of Foreign Employment	33
4.4.5 Skill and Training Programs before Departure	34
4.4.6 Types of Job Duration of Stay in Foreign Employment	35
4.4.7 Source of Fund for Foreign Employment	36
4.4.8 Remittance Earning and its Utilization	37
4.5 Descriptive Analysis of Socio-economic Difference between of RRHH and RNRHH	38
4.5.1 Access of Housing Facility	39
4.5.2 Condition of Houses	39
4.5.3 Types of Toilet	40
4.5.4 Source of Drinking Water	40

4.5.5 Food Sufficiency from Own Land	41
4.5.6 Economic Status of Respondents before Foreign Employment	43
4.5.7 Household Income	43
4.5.8 Distribution of Agriculture Land	44
4.5.9 Purchase of Land	44
4.5.10 Farm Income	45
a. Income from Food Crops	45
b. Income from Cash Crops	46
c. Income from Animal Products	47
4.5.11 Non-farm Income	48
4.5.12 Remittance Income	49
4.6 Household Expenditure	50
4.6.1 Expenditure on Clothing	50
4.6.2 Expenditure on Fooding	51
4.6.3 Expenditure on Festivals	52
4.6.4 Expenditure on Transportation	53
4.6.5 Expenditure on Education	54
4.6.6 Expenditure on Health Care	55
4.6.7 Expenditure on Information and Communication	56
4.6.8 Durable Goods	56
4.6.9 Expenditure on Durable Goods	58
4.7 Financial Statement	59
4.7.1 Saving	59
4.8 Investment	60
4.9 Household Health	61
4.9.1 Household for Treatment	62
4.10 Household Education	63

4.10.1 Number of School Going Children	63
4.10.2 Level of Education	64
4.10.3 Categorization of Educational Institutions	65
CHAPTER- V: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS	66-70
5.1 Summary of Findings	66
5.2 Conclusion	68
5.3 Recommendations	69
ANNEX-I	71
ANNEX-II	73
REFERENCES	80

LIST OF TABLE

Table 3.1: Sample Distribution	21
Table 4.1: Composition of Respondents on the Basis of Age and Sex	25
Table 4.2: Distribution of Respondents by Educational Status	26
Table 4.3: Distribution of Respondents by Caste and Ethnicity	27
Table 4.4: Distribution of Respondents by Household Size	28
Table 4.5: Remittance and its Growth in Nepal	29
Table 4.6: Ratio of Remittance to GDP	30
Table 4.7: Reasons for Foreign Employment	32
Table 4.8: Distribution of Respondents by Jobs	33
Table 4.9: Destination of Foreign Employment	34
Table 4.10: Types of Jobs and Duration of Stay in Foreign Employment	36
Table 4.11: Utilization of Remittance	38
Table 4.12: Condition of Houses	39
Table 4.13: Condition of Toilet	40
Table 4.14: Source of Drinking Water	41
Table 4.15: Food Sufficiency from Own Land	42
Table 4.16: Distribution of Respondents by Economic Status	43
Table 4.17: Distribution of Agriculture Land	44
Table 4.18: Purchasing of Land	45
Table 4.19: Income from Food Crop	46
Table 4.20: Income from Cash Crops	47

Table 4.21: Income from Animal Products	48
Table 4.22: Income from Remittance	50
Table 4.23: Expenditure on Clothing	51
Table 4.24: Expenditure on Fooding	52
Table 4.25: Expenditure on Festivals	53
Table 4.26: Expenditure on Education	54
Table 4.27: Expenditure on Health Care	55
Table 4.28: Expenditure on Information and Communication	56
Table 4.29: Distribution of Durable Goods	57
Table 4.30: Expenditure on Durable Goods	58
Table 4.31: Distribution of Saving	59
Table 4.32: Distribution of Household Investment	60
Table 4.33: Household Health Problem during Last Year	61
Table 4.34: Household for Treatment	62
Table 4.35: Number of School Going Children	63
Table 4.36: Level of Education	64
Table 4.37: Categorization of Educational Institutions	65

LIST OF FIGURE

Figure 3(a): Conceptual Framework	20
Figure 4(a): Workers Training	35
Figure 4(b): Sources of Funds of Foreign Employment	37
Figure 4(c): Average Non-farm Income of Remittance receiving and Non-receiving Households	49

ACRONYMS/ABBREVIATIONS

BOP	: Balance of Payment
COVID	: Corona Virus Diseases
CBS	: Central Bureau of Statistic
DOFE	: Department of Foreign Employment
DV	: Diversity Visa
FY	: Fiscal Year
FDI	: Foreign Direct Investment
GDP	: Gross Domestic Product
GON	: Government of Nepal
GFCF	: Gross Fix Capital Formation
HR	: Human Resource
IMF	: International Monetary Fund
MOF	: Ministry of Finance
MGD	: Millennium Development Goals
NRB	: Nepal Rastra Bank
NPC	: National Planning Commission
NLSS	: Nepal Living Standard Survey
RCC	: Reinforced Cement Concrete
RRHH	: Remittance Receiving Household
RNRHH	: Remittance Non-receiving Household
SEE	: Secondary Education Examination
SEE	: School Level Certificate
UAE	: United Arab Emirates
USA	: United State of America
VDC	: Village Development Committee
WB	: World Bank

ACKNOWLEDGEMENT

I am very pleased to take this opportunity to express my gratitude to my thesis supervisor Dr. Rashmee Rajkarnikar, Central Department of Economics for her valuable guidance, suggestions and encouragements without which this work never be completed. I am highly indebted to my respected Supervisor.

Similarly, I also feel privileged to express my gratitude to the head of Department Pro. Shiva Raj Adhikari and all the teachers of Central Department of Economics for their valuable suggestions.

I would express my deep gratitude to the office of Central Department of Economics, Tribhuvan University for providing me an opportunity to conduct research in Master in Arts in Economics.

My sincere acknowledgment goes to various institutions, Chhedagad Municipality, Ministry of Finance, Department of Foreign Employment, Central Bureau of Statistics, and Nepal Rastra Bank for their kind support by providing necessary documents.

I would like to express my special thanks to Mr. Nagendra Rana Chhetri and Rabin Khadka for their valuable suggestions and also I would like to thank my brother Mr. Lalit Rokaya for the efficient work in Data collection.

Finally, I sincerely like to thank my whole family member for their valuable suggestion and economically supports.

Bhupendra Rokaya

Central Department of Economics

Thribhuvan University,

Kathmandu, Nepal

ABSTRACT

This research work is the analysis of the socio-economic contribution of remittance in Chhedagad Municipality. The study assesses how the remittance income contributes the social and economic condition of the rural household people in the study are. Remittance is considered as the major component which has direct as well as indirect impact on macroeconomic indicators.

It is a micro level study, this study analyzed the socio-economic difference between remittance receiving households (RRHH) and remittance non-receiving households (RNRHH) of three selected ward of Chhedagad Municipality, Jajarkot. The socio-economic difference between RRHH and RNRHH has been analyzed into mainly two indicators that is household income and expenditure. It was found that 62 percent of household used their remittance income on daily household expenses, 16 percent used in loan repayment, 20 percent in purchasing land and only 2 percent in social activities. The average expenditure of remittance receiving household on education, health, fooding and clothing was 6.2 percent, 11.34 percent, 20 percent and 12.09 percent respectively more thanthat of non-receiving household. It was found that the mean difference of income from food crops was Rs. 6,400, income from cash crops was Rs. 3,000, income from animal product was Rs. 5,100 between RRHH and RNRHH. The average remittance income was Rs.4,04,000 in 2021.

This study suggests that the government needs to reduce the high cost incurred for migration; promote remittance income into productive sectors of the economy including small and micro enterprises through financial intermediaries; set up a separate bank for providing loans for foreign employment; provide skill development training before going to abroad and provide opportunities to utilize newly learnt skills from foreign employment. If remittance and other resources are properly managed through policy programs, the economy has now reached the stage from where we can expect sustained growth and development with further reduction in poverty and inequality in coming years.