

ROLE OF REMITTANCE IN SOCIOECONOMIC DEVELOPMENT OF
RURAL HOUSEHOLDS: A CASE STUDY OF PUJA VDC, PYUTHAN

A Thesis Submitted to:

The Central Department of Economics

Faculty of Humanities and Social Sciences

Tribhuvan University

In Partial Fulfilment of Requirements for the Degree of the

Master of Arts in

Economics

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December, 2015

LETTERS OF RECOMMENDATION

This thesis entitled "ROLE OF REMITTANCE IN SOCIOECONOMIC DEVELOPMENT OF RURAL HOUSEHOLDS: A CASE STUDY OF PUJA VDC, PYUTHAN" has been prepared by Mr. KRISHNA PRASAD SHARMA under my guidance and supervision. I hereby recommend this thesis for examination to thesis committee as a partial fulfilment of requirements for the Degree of Master of Arts in Economics.

December 23, 2015

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APPROVAL LETTER

This is to certify that the thesis entitled “ROLE OF REMITTANCE IN SOCIOECONOMIC DEVELOPMENT OF RURAL HOUSEHOLDS: A CASE STUDY OF PUJA VDC, PYUTHAN” submitted by Mr. KRISHNA PRASAD SHARMA to Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, Kirtipur for partial fulfilment of the Degree of Master of Arts in Economics has been found satisfactory. Therefore, we accept this thesis as a part of the degree.

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ACKNOWLEDGEMENTS

The most important thing I have learned from Tribhuvan University is how to transform theoretical knowledge, gained from the university into practical knowledge through research. During my study period at the university, I have received support from many people. I would like to express my gratitude to all who, directly and indirectly, helped me on my long academic journey.

I am most grateful to my supervisor, Dr. Chandra Bahadur Adhikari of Central for Nepal and Asian Studies, Tribhuvan University for his scholarly guidance and advice while writing this thesis. This thesis would have been never completed without his invaluable guidelines. Similarly, I would like to extend my regards to the Head of Central Department of Economics Prof. Dr. Ram Prasad Gyawali for allowing me to conduct my research study on “Role of Remittance in Socioeconomic Development of Rural Households”.

Above all, I would like to thank all respondents and other concerned people of study area, who provided me with their important time and shared their feelings, experiences and information.

I am also indebted to my father Chudamani Sharma and mother Chumadevi Sharma for their continuous inspiration. I thank my brothers Resham Lal Sharma and Sister in law Sita Sharma for their good wishes.

Puja VDC, Pyuthan

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December, 2015

ABSTRACT

The principal theme of this study is to analyze the extent to which the remittance transfers impact on socioeconomic development of rural households. Required data was collected from Puja VDC of Pyuthan district by proportional random sampling method using a pre-structured questionnaire. Data were analyzed by using simple statistical tools like mean, percentage, and ratio. Inequality was measured using Gini-coefficient and Lorenz Curve techniques.

The key findings of the study are that reasons to seek foreign employment include unemployment and family debt burden; remittance has increased the socioeconomic condition of the households and played vital role in alleviating poverty; a larger amount of remittance income has been used for household expenses followed by loan repayment and social activities; most of the returnees are unable to apply their skills learnt from foreign employment; income inequality in the study area has been quite high after remittance transfer which widens Gini-coefficient from 0.48 to 0.61.

Remittance has been extremely important to Nepal as the country has ranked at the top among the remittance recipient LDCs relating to the share of the GDP. Remittance has emerged as one of the most fruitful panacea to get rid of many problems. Official remittances have grown by an average of 24% over the past 10 years and if the growth rate is continued remittance will exceed the total GDP of Nepal in 2020.

This study suggests that the government needs to reduce the high cost incurred for migration; stop the activities of brokers and agents who exploit the potential migrants; stop physical torture against women migrants; channel remittance 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.

Remittance has succeeded creating essential pre-conditions of development. If remittance and other resources are properly managed through policy programmes, 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.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ARDL	Autoregressive Distributed Lag
BA	Bachelor's Degree in Arts
BOP	Balance of Payments
CBS	Central Bureau of Statistics
GDP	Gross Domestic Product
FDI	Foreign Direct Investment
HDI	Human Development Index
ILO	International Labour Organization
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
LDCs	Least Developed Countries
MENA	Middle East and North Africa
MNEs	Multinational Enterprises
MoF	Ministry of Finance
NHRC	National Human Rights Commission
NGOs	Non-government Organizations
NIDS	Nepali Institute for Development Studies
NLSS	Nepal Living Standards Survey
NPC	National Planning Commission
NRB	Nepal Rastra Bank
NRs	Nepalese Rupees
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
USA	United States of America
VDC	Village Development Committee

WB

World Bank

WIR

World Investment Report