

ROLE OF REMITTANCE IN POVERTY REDUCTION
A Case Study of Valayodandha VDC of Udayapur District

A Thesis Submitted to
The Central Department of Rural Development,
Faculty of Humanities and Social Sciences
Tribhuvan University,
In Partial Fulfillment of the Requirements for the
Degree of MASTER OF ARTS
In
RURAL DEVELOPMENT

Submitted by
Niranjan Kumar Giri
TU Regd. No.: 6-3-28-75-2012
Second Year Roll no.281060
Central Department of Rural Development,
Tribhuvan University
April, 2018



TRIBHUVAN UNIVERSITY
त्रिभुवन विश्वविद्यालय
CENTRAL DEPARTMENT OF RURAL DEVELOPMENT
ग्रामीण विकास केन्द्रीय विभाग

विभागीय प्रमुखको कार्यालय
कीर्तिपुर, काठमाडौं, नेपाल।
Office of the Head of Department
Kirtipur, Kathmandu, Nepal.

Ref. No.

Date मिति.....

RECOMMENDATION LETTER

This is certified that Mr. Niranjana Kumar Giri has prepared this thesis entitled **Role of Remittance in Poverty Reduction: A Case Study of Valayodanda VDC of Udayapur District** under my guidance and 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 Rural Development.

.....

Mr. Suman Kharel

(Thesis Supervisor)

Central Department of Rural

Development

University Campus, Kirtipur.

Date: 2074-12-9

(2018-3-23)



TRIBHUVAN UNIVERSITY
त्रिभुवन विश्वविद्यालय
CENTRAL DEPARTMENT OF RURAL DEVELOPMENT
ग्रामीण विकास केन्द्रीय विभाग

विभागीय प्रमुखको कार्यालय
कीर्तिपुर, काठमाडौं, नेपाल।
Office of the Head of Department
Kirtipur, Kathmandu, Nepal.

Ref. No.

Date मिति.....

APPROVAL LETTER

We certify that this thesis entitled **Role of Remittance in Poverty Reduction: A Case study of Valayodanda VDC of Udayapur District** Submitted by **Niranjana Kumar Giri** to the Central Department of Rural Development, Faculty of Humanities and Social Sciences, University Campus Kirtipur, in Partial Fulfillment of the Requirements for the Degree of Masters of Arts in Rural Development has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

Thesis Committee

.....

Prof. Dr. Pushpa Kamal Subedi
Head of the Department

.....

Gopal Khadka
External Examiner

.....

Mr. Suman Kharel
Thesis Supervisor

Date: 2074-12-16
(2018-3-3)

DECLARATION

I hereby declare that the thesis entitled **ROLE OF REMITTANCE IN POVERTY REDUCTION: A Case study of Valayodanda VDC of Udayapur District**, submitted to the Central Department of Rural Development, Tribhuvan University, is entirely my original work prepared under the guidance and supervision of my supervisor Suman Kharel. I have made due acknowledgements to all ideas and information borrowed from different sources in the course of preparing this thesis. The results of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purposes. I assure that no part of the content of this thesis has been published in any form before.

.....
Niranjan Kumar Giri

Tribhuvan University

TU Regd. 6-3-28-75-2012

Roll No. 281060

Date: 2074-12-9

(2018-3-23)

ACKNOWLEDGEMENTS

First of all, I would like to express my hearty gratitude to my respected supervisor Mr. Suman Kharel, Central Department of Rural Development University Campus Kirtipur, for his scholarly and constructive guidance, inspiration, support, suggestions and valuable time to bring out this thesis. I would like to express sincere gratitude to all professors, and staff of Central Department of Rural Development, who have helped directly and indirectly in preparing my thesis.

I am especially grateful to Valayodanda VDC, Udayapur district for providing various documents and information for this study. I am also thankful to the respondents of the study area for providing me real information, valuable time and their warm co-operation during the study period.

I would like to extend my deep gratitude to my parents, friend Rupeshthapamagarand all the family members who inspired me to complete this thesis.

The occasional help from my friends Sailesh Lama, Navaraj Giri, Prakash, Surendra, and Ram who strongly supported me during research. Finally, I like to thank Mr. Ankit Aryal for his excellent computer work.

Niranjana Kumar Giri

TABLE OF CONTENTS

	Page No.
Declaration	i
Recommendation Letter	ii
Approval Letter	iii
Acknowledgements	iv
Table of Contents	v
List of Tables	vi
List of Figures	vii
Abbreviations	ix
CHAPTER- 1 INTRODUCTION	1
1.1 Backgroud of the Study	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	3
1.4 Significance of the Study	4
1.5 Limitations of the Study	4
1.6 Organization of the Study	4
CHAPTER- 2 LITERATURE REVIEW	2
2.1 Introduction	5
2.2 International Context	5
2.3 Nepalese Context	7
CHAPTER- 3 RESEARCH METHODOLOGY	10
3.1 Conceptual Frameworks	10
3.2 Definations of Terminologies	10
3.3 Sampling Procedures	12
3.4 Research Design	12
3.5 Nature of Data	12

3.6	Introduction to the Study Area	13
3.7	Methods of Data Collections	14
3.8	Tools and Method of Data Analysis	14
CHAPTER - 4	DATA ANALYSIS AND INTERPRETATION	15
4.1	Nature and Composition of Remittance	15
4.1.1	Nature of Remittance	15
4.1.2	Composition of Remittance	15
4.2	Socio- Economic Characterization of Sample Households	18
4.2.1	Caste Structure	19
4.2.2	Demographic Composition	20
4.2.3	Educational Status	21
4.2.4	Land Holding Pattern	22
4.2.5	Size of Holding	24
4.2.6	Agricultural Production	25
4.2.7	Livestock Farming	27
4.2.8	Occupational Status	28
4.2.9	Food Sufficiency Condition	30
4.2.10	Composition of Household Income	32
4.2.11	Expenditure Pattern	34
4.2.12	Source of Loan	35
4.2.13	Nature of Migration	36

4.3	Role of Remittance in Household Economics	37
4.3.1	Land Holding and Remittance	38
4.3.2	Food Sufficiency and Remittance	39
4.3.3	Educational Status and Remittance	40
4.3.4	Income and Remittance	41
4.3.5	Expenditure Pattern and Remittance	42
4.3.6	Saving Pattern and Remittance	43
4.3.7	Poverty and Remittance	44
4.3.8	Debt of Remittance	45
4.4	Problems Associated with Remittance	45
CHAPTER- 5	SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	49
5.1	Summary	49
5.2	Conclusion	54
5.3	Recommendations	54
REFERENCES		
QUESTIONNAIRE		

LIST OF TABLES

Table No.	Title	Page No.
Table 2.1:	Summary Statistics of Remittances	15
Table 2.2:	Share of Remittances Received by Source	16
Table 2.3:	Distribution of Number of Remittances by Means of Transfer and Origin of Remittance	17
Table 4.1:	Number of Nepalese Migrant Workers Employed in Different Parts of the World	21
Table 4.2:	Numbers of Nepalese Migrant Workers in Different Countries	24
Table 4.3:	Status of Remittance (Rs. In million)	26
Table 4.4:	Composition of GDP, Saving, Investment and Remittance in Nepal (Rs.in million)	28
Table 5.1:	Demographic Status in Study Area	31
Table 5.2:	Educational Status of Sample Households (6 years of age and over)	33
Table 5.3:	Distribution of Sampled Household by Family Size	33
Table 5.4:	Distribution of Population by Sex and Age Groups	34
Table 5.5:	Distribution of Household and Population According to Major Occupation	36
Table 5.6:	Distribution of Total Sampled Population and Household by Cast	36
Table 5.7:	Employment Status of the Sample Households	38
Table 6.1:	Average Family Size and Literacy Percentage of Different Ethnic Groups of Sampled Households	39
Table 6.2:	Frequency Distinction of Economic Condition of Different Ethnic Groups of Respondents from Sanoshree VDC	42
Table 6.3:	Frequency Distribution of Causes of Seeking Foreign Employment from Sanoshree VDC	43
Table 6.4:	Average Cost Paid and Range of Costs for Foreign Employment By Different Ethnic Group from SanoshreeVDC(In Rs. '000')	44
Table 6.5:	Frequency Distribution of Source of Financing of Cost of Foreign Employment for Different Ethnic Groups of Sanoshree VDC	45

Table 6.6:	Types of Jobs Performed and Duration of Stay in Foreign Country of Respondents from Sanoshree VDC	47
Table 6.7:	Causes to Return for Foreign Employment for Different Ethnic Group of Respondents	48
Table 6.8:	Income Earned in Abroad for Different Ethnic Group of Respondents	49
Table 6.9:	Use of Remittance and the Skills Learnt in Foreign Employment	51
Table 6.10:	Frequency Distribution of Change in Different Indicators of Respondents Due to Foreign Employment	52
Table 6.11:	Frequency Distribution of Impact on Other Household Indicators of the Respondents	54

LIST OF FIGURES

Figure No.	Title	Page No.
Figure: 5.1	Sample Households Made by Different Types	32
Figure: 5.2	Distribution of Land among Sample Households	35
Figure: 5.3	Regular Money Income of the Sample Households	37
Figure: 6.1	Sources of in Come of the Sampled Households	41

ABBREVIATION/ACRONYMS

BOP	:	Balance of Payment
CBS	:	Central Bureau of Statistics
CFE	:	Convertible Foreign Exchange
DFID	:	Department for International Development
FDI	:	Foreign Direct Investment
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNI	:	Gross National Income
GoN	:	Government of Nepal
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
KSA	:	Kingdom of Saudi Arabia
MoF	:	Ministry of Finance
NLSS	:	Nepal Living Standard Survey
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
SLC	:	School Leaving Certificate
UAE	:	United Arab Emirates
UK	:	United Kingdom
USA	:	United States of America
VDC	:	Village Development Committee
WB	:	World Bank
WDR	:	World Development Report
WTO	:	World Trade Organization