

REMITTANCE AND ITS IMPACT ON LIMBU COMMUNITY

(A Case Study of Dharan Sub – Metropolitan City of Sunsari District)

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

Bishnu Kumar Limbu

Exam. Roll No.: 255/068

TU Regd. No.: 9-1-9-405-2002

Central Department of Economics

Tribhuvan University, Kirtipur

Kathmandu, Nepal

April 2019

RECOMMENDATION LETTER

This thesis entitled **REMITTANCE AND ITS IMPACT ON LIMBU COMMUNITY (A Case Study of Dharan Sub – Metropolitan City of Sunsari District)** has been prepared by **Mr. Bishnu Kumar Limbu** 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.

.....
Prof. Sohan Kumar Karna, Ph.D.
(Thesis Supervisor)

Date: 2075/12/24 BS

APPROVAL LETTER

We certified that this thesis entitled **REMITTANCE AND ITS IMPACT ON LIMBU COMMUNITY (A Case Study of Dharan Sub – Metropolitan City of Sunsari District)** has been prepared by **Mr. Bishnu Kumar Limbuto** the central department of Economics, faculty of Humanities and social science, 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. KushumShakya, Ph.D.
(Head of the Department)

.....
Prof. R.K. Shah, Ph.D.
(External Examiner)

.....
Prof. Sohan Kumar Karna, Ph.D.
(Thesis Supervisor)

Date: 2075/12/27 BS
10/04/2019 AD

ACKNOWLEDGEMENTS

Firstly, I would like to convey my sincere gratitude to Professor Dr. Sohan Kumar Karna for his candid suggestions and supervision. My special thanks go to Professor Dr. KushumShakya, HoD and to all the Faculty Members of Central Department of Economics for kind support and co-operation.

I would like to thanks to my friend Mr. Prakash Datta Bhatt for regular encouragement and support for this research work. I would also like to thank Mr. Hitram Tilling, Mr. Chandra Limbu, Mr. Binuman Mote and Mr. SurendraRai for their regular support.

My sincere gratitude goes to my parents Mr. Maina Sing Lumbu and Mrs. Mangal Maya Limbu, who always inspired me to attain a success and supported financially and emotionally. And, at last but not the least, the completion of this thesis would have been impossible without wholehearted support of my lovely wife Mrs. Rita Limbu and my son Mr. Nammison and entire my family members.

Bishnu Kumar Limbu

TABLE OF CONTENTS

	Page No.
LETTER OF RECOMMENDATION	i
LETTER OF APPROVAL	ii
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv
LISTS OF TABLES	viii
LIST OF FIGURES	x
ABBREVIATIONS/ACRONYMS	xi
CHAPTER I: INTRODUCTION	1-5
1.1 Background of the Study	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	5
1.4 Significance of the Study	5
1.5 Limitations of the Study	5
CHAPTER II: LITERATURE REVIEW	6-16
2.1 Theoretical Review	6
2.2 Empirical Review	10
2.2.1 International Review	10
2.2.2 National Review	13
2.2.3 Research Gap	16
CHAPTER III: RESEARCH METHODOLOGY	17-19
3.1 An Introduction to the Study Area	17
3.2 Research Design	17

3.3	Population and Sample	17
3.4	Nature and Sources of Data	17
3.4.1	Secondary Data Collection	17
3.4.2	Primary Data Collection	18
3.5	Tools and Techniques of Primary Data Collection	18
3.6	Methods of Analysis of Data	19
CHAPTER IV: PRESENTATION AND ANALYSIS OF DATA		20-27
4.1	Foreign Employment and Remittance Pattern in Nepal	20
4.1.1	Country- wise Foreign Employment Situation	21
4.1.2	Number of Nepalese Migrating Abroad	22
4.1.3	Remittance and its Growth in Nepal	24
4.1.4	Ratio of Remittance to GDP in Nepal	26
4.1.5	Significance of Remittance in Nepal	27
CHAPTER V: DEMOGRAPHIC FEATURES OF THE RESPONDENTS		28-33
5.1	Age-Sex Composition	28
5.2	Marital Status of the Respondents	29
5.3	Household Size of the Respondents	29
5.4	Literacy Status of Respondents	30
5.5	Distribution of Respondents by Major Occupation	31
5.6	Distribution of Agriculture Land	32
5.7	Food Sufficiency from Own Land	33
CHAPTER VI: SOCIO-ECONOMIC IMPACT OF REMITTANCE		34-69
6.1	Age Category and Educational Level of Migrants	34

6.2 Marital Status of Migrants	35
6.3 Causes of Migration	36
6.4 Migrated Country and Field of Work	37
6.5 Cost of Foreign Employment and Sources of Financing	39
6.6 Household Financing	41
6.7 Ways of Saving Money	42
6.8 Impact of Remittance on Living Standard	43
6.8.1 Condition of Houses	44
6.8.2 Types of Toilet	44
6.8.3 Sources of Drinking Water	45
6.8.4 Access on Accessories	46
6.8.5 Social Impact of Remittance	47
6.9 Economic Impact of Foreign Employment	48
6.9.1 Income from Agriculture	49
6.9.2 Income from Business	50
6.9.3 Income from Small Industries	50
6.9.4 Income from Service Sector	51
6.9.5 Income from Private Jobs	52
6.9.6 Income from Other Sectors	52
6.9.7 Level of Income of Migrants and Non-Migrants' Households	53
6.9.8 Comparison of Income of Migrants before and After the Migration	54
6.10 Remittance Income	55
6.11 Impact on Economic Status of Migrants' Households by Remittance	56
6.12 Use of Income by Migrants and Non-Migrants Households	56

6.12.1 Expenditure on Food Items	57
6.12.2 Expenditure on Non-Food Items	57
6.12.3 Expenditure on Culture	58
6.12.4 Expenditure on Durable Goods	59
6.12.5 Expenditure on Loan and Interest Payment	59
6.12.6 Expenditure on Education	60
6.12.7 Expenditure on Health Care	61
6.12.8 Expenditure on Agricultural Investment	61
6.12.9 Expenditure on Business Investment	62
6.12.10 Expenditure on Small Industries	63
6.12.11 Expenditure on Service Sectors	63
6.12.12 Expenditure on Other Investment	64
6.12.13 Overall Expenditure of Migrants and Non-Migrants Households	64
6.13 Expenditure Pattern of Migrants and Non-Migrants' Households	65
6.14 Expenditure Pattern of Migrants before and After the Migration	68
CHAPTER VII: SUMMARY, CONCLUSIONS AND	
RECOMMENDATIONS	70-75
7.1 Summary of the Findings	70
7.2 Conclusions	74
7.3 Recommendations	74
REFERENCES	76-78
APPENDIX-I	79-82

LIST OF TABLES

Table No.	Title	Page No.
Table 4.1	Country- wise Foreign Employment Situation	22
Table 4.2	Total Number of Migrants per Year	23
Table 5.1	Age and Sex Composition of Sample Respondents	28
Table 5.2	Marital Status of Respondents	29
Table 5.3	Distribution of Respondents by Household Size	29
Table 5.4	Literacy Status of Respondents	30
Table 5.5	Distribution of Respondents by Major Occupation	31
Table 5.6	Distribution of Agriculture Land	32
Table 5.7	Food Sufficiency's from Own Land	33
Table 6.1	Age Category and Educational Attainment of Migrants	34
Table 6.2	Monetary Cost of Foreign Employment (in Thousand Rupees)	40
Table 6.3	Condition of Houses	44
Table 6.4	Access on Accessories	47
Table 6.5	Income from Agriculture	49
Table 6.6	Income from Business	50
Table 6.7	Income from Small Industries	51
Table 6.8	Income from Service Sector	51
Table 6.9	Income from Private Jobs	52
Table 6.10	Income from Other Sectors	53
Table 6.11	Income Differences between Categories of Sample Households	53
Table 6.12	Own Source Income of Migrants Before and After the Migrants	54
Table 6.13	No. of Households Receiving Remittance	55

Table 6.14	Expenditure on Food	57
Table 6.15	Expenditure on Non-Food Items	58
Table 6.16	Expenditure on Culture	58
Table 6.17	Expenditure on Durable Goods	59
Table 6.18	Expenditure on Loan and Interest Payment	60
Table 6.19	Expenditure on Education	60
Table 6.20	Expenditure on Health Care	61
Table 6.21	Expenditure on Agricultural Investment	62
Table 6.22	Expenditure on Business Investment	62
Table 6.23	Expenditure on Small Industries	63
Table 6.24	Expenditure on Service Sectors	63
Table 6.25	Expenditure on Other Investment	64
Table 6.26	Overall Expenditure of Migrants' and Non-Migrants' Households	65
Table 6.27	Expenditure Pattern of Migrants and Non-Migrants' Households	66
Table 6.28	Expenditure Pattern of Migrants before and After the Migration	68

LIST OF FIGURES

Figure No.	Title	Page No.
Figure: 2.1	Remittance- Linked Microfinancing Services	
Figure 4.1	Remittance and its Growth in Nepal	25
Figure 4.2	Ratio of Remittance to GDP	26
Figure 6.1	Marital Status of Migrants	35
Figure 6.2	Push Factors for Foreign Employment	36
Figure 6.3	Pull Factors for Foreign Employment	37
Figure 6.4	Country of Labor Migration	38
Figure 6.5	Occupation of Migrants at Destination	39
Figure 6.6	Sources of Financing for Foreign Employment	41
Figure 6.7	Household Financing	42
Figure 6.8	Way of Saving Money	43
Figure 6.9	Types of Toilet	45
Figure 6.10	Sources of Drinking Water	46
Figure 6.11	Social Status of Migrants Households	48
Figure: 6.12	Impact on Economic Status of Migrants Households by Remittance	56

ABBREVIATIONS/ACRONYMS

BOP	:	Balance of Payment
CBS	:	Central Bureau of Statistics
CPMFE	:	Cost Paid by Migrants for Foreign Employment
DFID	:	Department of International Development
DV	:	Divergent Visa
FDI	:	Foreign Direct Investment
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GoN	:	Government of Nepal
ILO	:	International Labor Organization
IFAD	:	International Fund for Agricultural Development
IME	:	International Money Exchange
IMF	:	International Monetary Fund
MoF	:	Ministry of Finance
MoLE	:	Ministry of Labor and Employment
MTO	:	Money Transfer Organization
NLSS	:	Nepal Living Standard Survey
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
OC	:	Opportunity Cost
RCC	:	Reinforced Cement Concrete
RM	:	Rural Municipality
SDGs	:	Sustainable Development Goals

UAE	:	United Arab Emirates
USA	:	United States of America
USD	:	United States Dollar
WB	:	The World Bank
WTO	:	World Trade Organization
RRHHs	:	Remittance Receiving Households
RNRHHs	:	Remittance Non-Receiving Households