

**COST AND BENEFITS OF MIGRANTS FROM
REMITTANCE INCOME:
A CASE STUDY OF JAHADA VDC, NAWALPARASI
DISTRICT**

A Thesis

Submitted to the Central Department of Economics,
Tribhuvan University, Kirtipur, Kathmandu, Nepal,
In Partial Fulfillment of the Requirements

For the Degree of

MASTER OF ARTS

in

ECONOMICS

By

PRABHU BHANDARI

Central Department of Economics

Tribhuvan University, Kirtipur Kathmandu, Nepal

Roll No. 367/065

April, 2016

Recommendation Letter

Date: -15 March 2016

B.S. 02 Chaitra 2072

This thesis entitled **COST AND BENEFITS OF MIGRANTS FROM REMITTANCE INCOME: A CASE STUDY OF JAHADA VDC, NAWALPARASI DISTRICT** has been prepared by Mr. Prabhu Bhandari under my supervision and guidance. 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 ECONOMICS.

.....

Prof. Dr. Sohan Kumar Karna

Thesis supervisor

APPROVAL SHEET

We certify that this thesis entitled **COST AND BENEFITS OF MIGRANTS FROM REMITTANCE INCOME: A CASE STUDY OF JAHADA VDC, NAWALPARASI DISTRICT** submitted by Mr. Prabhu Bhandari to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of Masters 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. Dr. Ram Prasad Gyanwaly,

Head of Department

External Examiner

Prof. Dr. Kushum Shakya

Prof. Dr. Sohan Kumar Karna

Thesis Supervisor

Date: 04th April 2016

B.S. 22 Chaitra2072

ACKNOWLEDGEMENTS

I would like to express my gratitude to Prof. Dr. Sohan Karna, my thesis supervisor who made it possible to complete this thesis by providing his valuable suggestions and guidance throughout this study.

I would like to express my gratitude to Prof. Dr. Ram Prasad Gyawali, the Head of The Central Department of Economics, and Tribhuvan University for providing me the opportunity to write and complete my thesis. I am also indebted to my friends Devhari Gyawaly, Arjun Pathak, Saroj Devkota, Baikuntha Subedi for their cooperation in the time of data processing and thesis writing.

My special appreciation and thanks goes to my family member brother Prakash Bhandari, Jamuna Bhandari and Sangita Bhandari whose unending inspiration and immense love have carried me to complete this research.

Most importantly, my heartily thanks and gratitude goes to my father Hem Lal Bhandari and mother Shanti Devi Bhandari who gives me unending inspiration and immense love and manage the finance not only for the thesis complete but also for my whole education like MA level complete.

Date:4thApril 2016

Prabhu Bhandari

TABLE OF CONTENTS

Title	Page No
Letter of Recommendation	I
Approval Sheet	II
Acknowledgements	III
Abbreviations	IV
Table of Contents	V
List of Tables	VIII
List of Figures	X
CHAPTER I: INTRODUCTION	1- 4
1.1 Background of The Study	1
1.2 Statement of The Problem	2
1.3 Objectives of the study	3
1.4 Significance of the study	3
1.5 Limitations of the Study	4
CHAPTER II: REVIEW OF LITERATURE	5 - 24
2.1 Theoretical Literature Review	5
2.1.1 Neoclassical and the Historical – Structural Approaches	6
2.1.2 The New Economics of Labor Migration Theory: Paradigm Shift	6
2.2 Empirical Reviews in International Context	13
2.3 Empirical Reviews on National Context	22
2.4 Conclusion	24
CHAPTER III: RESEARCH METHODOLOGY	25 - 34
3.1 Study Area	25
3.2 Sampling Design and Sample Selection Process	26
3.3 Mixed Methodological Approach: justification for the choice	27
3.4 Data Collection Technique	29
3.4.1 Triangulation	29
3.5 Theoretical framework of the study	30
3.6 Variables	32

3.7 Data Analysis and Presentation	32
3.8 Estimation of Costs of Migration	33

CHAPTER IV: SOCIO-ECONOMIC STATUS OF THE HOUSEHOLDS AND FOREIGN EMPLOYEES **35-54**

4.1 Household Size in the Survey Area	35
4.2 Religion	36
4.3 Caste and Ethnicity	37
4.4 Housing Structure	39
4.5 Fuel Used and Source of Lightening	40
4.6 Main Occupation of the Households	41
4.7 Possession of the Household Durables	42
4.8 Uses of Toilet and Sanitation	42
4.9 Parent's Academic Qualification	43
4.10 Major Sources of Family Income	44
4.11 Annual Household's Expenditure on: Education and Health	44
4.12 Education of Person Working Abroad	46
4.13 Marital status of Foreign employee	47
4.14 Age Distribution of Foreign Employees	48
4.15 Involvement of Foreign Employee before Going Abroad	49
4.16 Remittance Income of the Households	50
4.17 Structure of Household Income from Agriculture Sector	52
4.18 Annual Household Expenditure	52

CHAPTER V: BENEFIT OF THE MIGRATION FROM REMITTANCE INCOME **55 - 72**

5.1 Impact of Remittance on Socio-economic Indicators	55
5.2 Impact on Information Access	57
5.3 Fuel Use	57
5.4 Expenditure Tendency before Foreign Employment	58
5.5 Saving before Foreign Employment	60
5.6 Uses of consumers durables before foreign employment	61
5.7 Ownership of Consumer Durables before and after Foreign Employment	62
5.8 Monthly Income of Foreign Migrants	63
5.9 Income by Education	64

5.10 Saving and Dissaving	65
5.11 Living Condition and Household Consumption	66
5.12 Monthly Consumption Expenditure of Foreign Migrants	67
5.13 Monthly Consumption Expenditure by Level of Education	67
5.14 Expenditure Pattern of Foreign Migrants	68
5.15 Social Impacts of Migration	71
5.16 Changes in gender roles	71

CHAPTER VI: COST OF MIGRATION **73 - 83**

6.1 Cost of Migration	73
6.2 Total cost	73
6.3 Direct Cost	74
6.3.1 Visa Fee	75
6.3.2 Manpower Charges	76
6.3.3 Travel Expenses	76
6.3.4 Passport Fee	77
6.3.5 Others	77
6.3.6 Accommodation and Food cost	78
6.3.7 Entertainment Expenses	79
6.4 Indirect Cost	79
6.4.1 Opportunity Cost	80
6.4.2 Information and Communication cost	82
6.4.3 Transaction Cost	82
6.4.4 Training Cost	83

CHAPTER VII SUMMARY, CONCLUSION AND RECOMMENDATION **84 - 87**

7.1 Findings	84
7.2 Summary	85
7.3 Conclusion	86
7.4 Recommendations	87

REFERENCES

APPENDIX

LIST OF TABLES

Table 3.1 Distribution of Sample Size	26
Table: 3.2 Computation of Migration Cost	34
Table 4.1 Location and Structure of Houses	39
Table 4.2 Sources of Fuel Used	40
Table 4.3 Parent's Academic Qualification	43
Table 4.4 Education of the Foreign Migrants	46
Table 4.5 Marital Status of Foreign employee	47
Table 4.6 Age Structure of the Foreign Employees	48
Table 4.7 Involvement of the Foreign Employees before Going Abroad	49
Table 4.8 Annual Household Expenditure	53
Table 5.1 Impact of Remittance on Socio-economic Indicators	56
Table 5.2 Uses of Fuel	58
Table 5.3 Expenditure Tendency before Foreign Employment	59
Table 5.4 Sufficiency of Monthly Household Income before and After Migration	59
Table 5.5 Saving Pattern of foreign migrants before Foreign Employment	60
Table 5.6 Uses of Consumers Durables before Foreign Employment	61
Table 5.7 Ownership of Consumer Durables before and after Foreign Employment	62
Table 5.8 Income Differences by Education Level	64
Table 5.9 Saving and Dissaving of Foreign Migrants	65
Table 5.10 Ownership of major items before and after migration	66
Table 5.11 Consumption Expenditure by Education Level	67
Table 5.12 Monthly Expenditure by Foreign Migrants	68
Table 5.13 How Family Members Spent Money Sent by the Migrant - Multiple Responses	70
Table 6.1 Total cost	74
Table 6.2 Direct Cost	75
Table 6.3 Visa Fee	75
Table 6.4 Manpower Charges	76

Table 6.5 Travel Expenses	77
Table 6.6 Other Costs	78
Table 6.7 Accommodation and Food Cost	79
Table 6.8 Indirect Cost	80
Table 6.9a Opportunity Cost	80
Table 6.9b Opportunity Cost	81
Table 6.9c Opportunity Cost	81
Table 6.10 Transaction Cost	82
Table 6.11 Training Cost	83

LIST OF FIGURES

Figure: 3.1	Description of Methodology	28
Figure: 3.2	Theoretical Framework of the Study	31
Figure: 4.1	Average Family Size	35
Figure:4.2	Household Size of Foreign Employees	36
Figure: 4.3	Religion Practiced	37
Figure: 4.4	Caste and Ethnicity	38
Figure: 4.5	Ethnicity Foreign Employees	38
Figure: 4.6	Main Occupation of the Households	41
Figure: 4.7	Uses of Toilet	42
Figure: 4.8	Sources of Family Income	44
Figure: 4.6	Annual Household's Expenditure on: Education and Health	45
Figure: 4.10	Child Birth	46
Figure: 4.11	Child Vaccination	46
Figure: 4.12	Male and Female Migrants	49
Figure: 4.13	Emigrant's Places	50
Figure: 4.14	Composition of Annual Income (treatment)	51
Figure: 4.15	Composition of Annual Income (control)	51
Figure: 4.16	Structure of Household Income from Agriculture Sector	52
Figure: 4.17	Average Household's Expenditure	54
Figure: 5.1	Uses of Access Information	57
Figure. 5.2	Monthly Income of Foreign Migrants	63