

**AN IMPACT OF MALE LABOUR MIGRATION AND  
REMITTANCE**

**A CASE STUDY OF CHIDIKA VILLAGE DEVELOPMENT COMMITTEE OF  
ARGHAKHANCHI DISTRICT, NEPAL**

**A Thesis**

**Submitted to the Central Department of Economics,  
Tribhuvan University, Kritipur, Kathmandu, Nepal,**

**in Partial Fulfillment of the Requirements**

**for the Degree of**

**MASTER OF ARTS**

**in**

**ECONOMICS**

**By**

**KAMAL BANJADE**

**Central Development of Economics,  
Tribhuvan University, Kritipur,  
Kathmandu, Nepal**

**2011**

## **LETTER OF RECOMMENDATION**

This thesis entitled " AN IMPACT OF MALE LABOR MIGRATION AND RAMITTANCE: A CASE STUDY OF CHIDIKA VILLAGE DEVELOPMENT COMMITTEE OF ARGHAKHANCHI DISTRICT, NEPAL" has been prepared by Mr. Kamal Banjade under my supervision. I hereby recommend this thesis for examination by the Thisis Committee as a partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS.

.....  
Prof. Dr. Devendra Prasad Shrestha

Thesis Supervisor

Date:

## **APPROVAL LETTER**

We certify that this thesis entitled "AN IMPACT OF MALE LABOR MIGRATION AND REMITTANCE (A CASE STUDY OF CHIDIKA VDC, ARGHAKHANCHI)" submitted by Mr. Kamal Banjade 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 the said degree.

Thesis Committee

.....  
Prof. Dr. Rudra Prasad Upadhyaya  
Head of the Department

.....  
Prof. Dr. Bijaya Shrestha  
External Examiner

.....  
Prof. Dr. Devendra Prasad Shrestha  
Thesis Supervisor

Date:

## ACKNOWLEDGEMENTS

This thesis entitled "An Impact of Male Labor Migration and Remittance: a case study of Chidika VDC, Arghakhanchi" has been prepared for partial fulfillment of the requirement for the master degree in Economics. I am greatly indebted to my respected thesis supervisor **Prof. Dr. Devendra Prasad Shrestha** whose inspiring suggestion, guidance and encouragement without which this work would never completed. I am expressing my deep sense of respect to **Prof. Dr. Rudra Prasad Upadhyay**; Head of the Central Department of Economics, for his inspiring suggestion to complete this task. Similarly, I am thankful to my respected teachers in the Central Department of Economics who directly or indirectly helped in course of my writing.

I would like to express my thanks to all staff of CEDECON and T.U. Central Library for providing all required research materials. Likewise, I would like to express my deep gratitude to my parents Bishnu Prasad Banjade and Goma Banjade, brothers Yadav and Madav, sister Mina and all family members for inspiring moral and financial support at every step of my academic carrier.

Last but not least, I would like to express my special thanks and appreciation to Lekhnath Bhattarai, Tribhuwan Bhattari, Lokmani Kandel, Devi, Sanju Madhu, Narayan, Rama and all friends who encouraged and helped me to bring this thesis in to present form.

I hope that this research report would be helpful for those who want to gain knowledge about the impact of labor migration and remittance in rural areas.

Kamal Banjade

2011

# TABLE OF CONTENTS

	<b>Page No.</b>
RECOMMENDATION LETTER	I
APPROVAL LETTER	II
ACKNOWLEDGEMENT	III
TABLE OF CONTENTS	IV
LIST OF THE TABLE	VIII
LIST OF THE FIGURE	IX
LIST OF ACRONYMS	X
<b>CHAPTER I</b>	<b>1-8</b>
INTRODUCTION	1
1.1 General Background	1
1.2 Statement of Problem	5
1.3 Objective of the Study	7
1.4 Limitation of the Study	7
1.5 Organization of the Study	8
<b>CHAPTER II</b>	<b>9-22</b>
REVIEW OF LITERATURE	9
2.1 Theoretical Review	9
2.2 Empirical Review on International Context	12
2.3 Empirical Review on National Context	16
<b>CHAPTER III</b>	<b>23-26</b>
RESEARCH METHODOLOGY	23
3.1 Research Design	23
3.2 Sample Selection Procedure	23
3.3 Data Collection	24
3.3.1 Primary Data Collection	24
3.3.2 Secondary Data Collection	24
3.4 Data Processing and Analysis	25

<b>CHAPTER IV</b>	<b>27-38</b>
NATURE AND ROLE OF REMITTANCE IN NEPALESE ECONOMY	27
4.1 Foreign Employment	27
4.2 Most Favored Destinations	29
4.3 Global Trends and Impacts of Remittance	32
4.4 Comparatively Analysis	33
4.5 Remittance in Nepal	34
4.5.1 Growth of Remittance	35
4.5.2 Percentage Share of Remittance on Major Macro Variables	36
4.6 Conclusion	38
<b>CHAPTER V</b>	<b>39-48</b>
SOCIO-ECONOMIC AND DEMOGRAPHIC EATURES OF POPULATION	39
5.1 Demographic Status	40
5.2 Family Size	41
5.3 Caste/Ethnic Composition	41
5.4 Religion Situation	42
5.5 Households Status	43
5.6 Land Ownership	43
5.7 Educational Status	44
5.8 Occupational Status	45
5.9 Average Income	45
5.10 Water Resources	46
5.11 Energy Sources	47
5.12 Toilet Status	47
<b>CHAPTER VI</b>	<b>49-72</b>
PRESENTATION AND ANALYSIS OF DATA	49
SECTION A: COMPOSITION AND PATTERN OF LABOR MIGRATION	49
6.1 Age Description of Employees	49

6.2 Educational Status of Employees	50
6.3 Marital Status of Employees	51
6.4 Caste/Ethnicity of Foreign Employees	51
6.5 Country wise Record of Foreign Employees	52
6.6 Frequency of Times in Foreign Employment	52
6.7 Choice of the Country for Foreign Employment	53
6.8 Reason to go for Foreign Employment	53
6.9 Types of job in Foreign Employment	54
6.10 Channel to go for Foreign Employment	55
6.11 Expenditure to go for Foreign Employment	56
6.12 Manage to Amount to go for Foreign Employment	56
6.13 Channel of Getting Remittance	57
6.14 Monthly Salary an Average Earning	58
6.15 Expenditure Decision in Households	59
6.16 Problem Faced on Foreign Job	59
6.17 Sources of Income Other than Remittance	60
<b>SECTION B: IMPACTS OF REMITTANCE IN MIGRANT HOUSEHOLD</b>	60
6.18.1 Changed in Food practices of RRHH	60
6.18.2 Changed in Clothing Pattern of RRHH	62
6.18.3 Changed in the Institution of Education of RRHH	63
<b>SECTION C: TEST OF SIGNIFICANCE BETWEEN RRHH AND RNRHH</b>	66
6.18.4 Level of Saving and Remittance	66
6.18.5 Expenditure Pattern and Remittance	67
<b>SECTION D: IMPACTS OF LABOR MIGRATION</b>	69
6.19.1 Social Impacts on Migrated Households	70
6.19.2 Economic Impacts on Migrated Households	70
6.19.3 Positive Impacts on Migrated Households	71
6.19.4 Negative Impacts on Migrated households	71
 <b>CHAPTER VII</b>	 <b>73-80</b>
<b>SUMMARY, CANCLUSION AND RECOMMEDATIONS</b>	<b>73</b>
7.1 Summary and Majors Findings	73

7.1.1 Major Findings of the Study	73
7.1.2 Findings from study Area	74
7.2 Conclusion	76
7.3 Recommendations	77
<b>ANNEX</b>	
<b>APPENDIX</b>	
<b>QUESTIONNAIRE</b>	
<b>REFERANCES</b>	



## LIST OF TABLES

	<b>Page No.</b>
2.1 Empirical Result of Time Series Regression for Bangladesh	14
2.2 Effect of Change in the Incidence of Remittance on Poverty Rate	19
3.1 Sample Size of Respondent Households of Chidika VDC	24
4.1 Foreign Employment	28
4.2 Most Favored Destinations	30
4.3 Global Trends and Impacts of Remittance	32
4.4 Comparatively Analysis	33
4.5.1 Growth of Remittance	36
4.5.2 Percentage Share of Remittance on Major Macro Variables	37
5.1 Demographic Status and Features of Chidika VDC	40
5.2 Distribution of Family Size	41
5.3 Distribution of Caste/Ethnic Composition	42
5.4 Distribution of Religion Situation	42
5.5 Distribution of Households Status	43
5.6 Distribution of Land Ownership	44
5.7 Distribution of Educational Status	44
5.8 Distribution of Occupational Status	45
5.9 Distribution of Average Income	46
5.10 Distribution of Water Resources	46
5.11 Distribution of Energy Sources	47
5.12 Distribution of Toilet Status	48
6.16 Problem Faced on Foreign Job	59
6.17 Sources of Income Other than Remittance	60
6.18.1 Changed in Food Practices of Family Members	61
6.18.2 Changed in Clothing Pattern of Family Members	62
6.18.3 Changed in Institution of Education	64
6.18.4 Analysis of Saving and Remittance	67
6.18.5 Analysis of Expenditure and Remittance	68
6.19.1 Social Impacts of Labor Migration	70
6.19.2 Economic Impacts of Labor Migration	70
6.19.3 Positive Impacts of Labor Migration	71
6.19.4 Negative Impacts of Labor Migration	71

## LIST OF FIGURES

<b>Figures</b>	<b>Page No.</b>
4.2 No. of Nepalese Migrants in Most Favored Countries in Different FY	31
6.1 Age Description of Employees	59
6.2 Educational Status of Employees	50
6.3 Marital Status of Employees	51
6.4 Caste/Ethnicity of Foreign Employees	51
6.5 Country wise Record of Foreign Employees	52
6.6 Frequency of Times in Foreign Employment	52
6.7 Choice of the Country for Foreign Employment	53
6.8 Reason to go for Foreign Employment	54
6.9 Types of job in Foreign Employment	54
6.10 Channel to go for Foreign Employment	55
6.11 Expenditure to go for Foreign Employment	56
6.12 Manage to Amount to go for Foreign Employment	57
6.13 Channel of Getting Remittance	57
6.14 Monthly Salary an Average Earning	58
6.15 Expenditure Decision in Households	59

## ACRONYMS

ADB	Asian Development Bank
BoP	Balance of Payments
CBS	Central Bureau of Statistics
CEDA	Center for Economic Development & Administration
CEDECON	Central Department of Economics
DDC	District Development Committee
DFID	Department for International Development
DOFE	Development of Foreign Employment
EPS	Employment Permit System
FDI	Foreign Direct Investment
Fig.	Figure
FY	Fiscal Year
GDP	Gross Domestic Product
GNP	Gross National Product
GoN	Government of Nepal
HHs	Households
ILO	International Labor Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
ips	Institute of Policy Studies of Sri- Lanka
JITCO	Japan International Trading Cooperation
Kms	Kilometers
lk	Sri- Lanka
MA	Master in Arts
MDG's	Millennium Development Goals
MoF	Ministry of Finance

MOLTM	Ministry of Labor and Transport Management
NLFS	Nepal Labor Force Survey
NLLS	Nepal Living Standard Survey
No.	Number
NPC	National Planning Commission
NRB	Nepal Rasta Bank
NRs	Nepali Rupees
Org	Organization
RNRHH	Remittance Non-Receiving Households
RRHH	Remittance Receiving Households
S/I	Saving and Investment
SAARC	South Asian Association for Regional Co-operation
TU	Tribhuvan University
UAE	United Arab Emirates
UN	United Nation
US\$	United State Dollar
USA	United State America
VDC	Village Development Committee
Vol.	Volume
WB	World Bank
WTO	World Trade Organization
WWW	World Wide Web