# IMPACT OF REMITTANCE IN LIVELIHOOD OF RURAL PEOPLE:

A Case Study Maijogmai Rural Municipality Ward No.5, Ilam

#### A Thesis

#### **Submitted To**

The Faculty of Humanities and Social Sciences, Tribhuvan University,

Mahendra Ratna Multiple Campus, Ilam, Department of

Rural Development for the Partial Fulfillment of the

Requirements for the Master Degree of Arts in

**Rural Development** 

By

#### **RAMESH KHATRI**

Exam Roll No: -10049

TU, Regd. No:2-37-670-2010

Department of Rural Development

MRM, Campus Ilam, Nepal

February, 2021

# LETTER OF RECOMMENDATION

The thesis entitled **IMPACT OF REMITTANCE IN LIVELIHOOD OF RURAL PEOPLE: A Case Study of Maijogmai Rural Municipality Ward No.5, Ilam** has been prepared by **Ramesh Khatri** under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

Dev Raj Ghimire Lecturer (Thesis supervisor)

17/02/2021 05/11/2077

### DECLARATION

I hereby declare that the thesis entitled IMPACT OF REMITTANCE IN LIVELIHOOD OF RURAL PEOPEL: A Case Study Maijogmai Rural Municipality Ward No.5, Ilam submitted to the Central Department of Rural Development, Mahendra Ratna Multiple Campus Ilam, Tribhuvan University is entirely my original work prepared under the guidance and supervision of my supervisor. 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 from before.

> Ramesh Khatri TU, Regd.2-37-670-2010

### ACKNOWLEDGEMNT

First of all I would like to express everlasting gratitude to my thesis supervisor Dev Raj Ghimire Lecturer, Mahendra Ratna Multiple Campus Ilam for his deep interest, encouragement and unparalleled guidance through one this work would not have been accomplished.

Research work itself is one of the complex works, for it only a person cannot accomplish. Being academic work for the fulfillment of the requirements for the degree of Master of Arts in Rural Development, Specially Milancharda Sanyasi, Head of the Department. Department of Rural Development Mahendra Ratna Multiple Campus who provided this Thesis Work, is very much grateful for me.

Similarly I wish to dedicate warm gratitude to external examiner for his invaluable Suggestion to make this work finally accepted and approved.

Finally, my appreciation and thanks go to the entire family of Maijogmai Rural municipality and all respondents, from where I received all kinds of resources and support and it is also proper to recognize my friends Sambu, Deu kumar, Pemba, Arjun, Shiva, Bhim, and Rojina who have helped me directly and indirectly for the completion of this study.

**Ramesh Khatri** 

#### ABSTRACT

This study entitled IMPACT OF REMITTANCE IN LIVELIHOOD OF RURAL PEOPLE: A Case Study Maijogmai Rural Municipality Ward No.5, Ilam was conducted with the objectives of analyze the impact of remittance in rural livelihood, access the contribution of remittance in poverty reduction in rural area and analyze the factors related to the use of remittance in Maijogmai Rural Municipality of Ilam District. This study is mainly based in the primary information and the data were collected using the techniques of household survey with the help of questionnaire and interview.

Improvement in the foreign migrant workers households going for better health check up in private hospital and started to sent their children in school, colleges and universities after receiving the remittance in the study area.

From the study area we can conclude that all the households who were receiving remittance are getting benefit. Their access to health and education and economy has increased. Likewise it also helps in net saving. The remittance is not using properly in productive sector if the households properly invest in productive sector it will help to develop rapidly which helps in rural development. All households were very positive towards remittance income.

In the study area, remittance income has become an effective approach in reducing the poverty. The living standard of the people is gradually changing. People are now getting the proper health facilities and their educational status is also gradually increasing. The income of the family has been raised up ultimately uplifting the living standard of the people living under the poverty line.

Some recommendation from our side like the income coming from remittance should be utilized in productive sector like business, agriculture, etc. there should be some vocational training institution in the local area for their skill development and so on. Result of the study suggests that remittance helps to reduce rural poverty and helps in rural development.

# TABLE OF CONTENT

Title	Page No.
DECLARATION	i
LETTER OF RECOMMENDATION	ii
APPROVAL LETTER	iii
ACKNOWLEDGMENTS	iv
ABSTRACT	v
TABLE OF CONTENT	vi
LIST OF TABLE	vii
LIST OF FIGURE	viii
ACRONYMS/ABBREVIATIONS	ix

## CHAPTER I

# **INTRODUCTION**

1.1 Introduction	1
1.2 Statement of the Problem	4
1.3 Objectives of the Study	6
1.4 Limitations of the Study	6
1.5 Significance of the Study	7
1.6 Organization of Study	7

## **CHAPTER II**

#### LITERATURE REVIEW

2.1 Theoretical Review	8
2.2 Definition of Remittance	11
2.3 Impact of Remittance	13
2.4 Foreign Employment and Remittance	14
2.5 Remittance Flows in Nepal	20
2.6 Challenges of Remittance	20
2.7 Nepal's Efforts to Harness Remittances	22
2.8 Economic Impact of Remittances	23
2.8 Productive Versus Non Productive Use of Remittance	24

#### **CHAPTER III**

#### **RESEARCH METHODOLOGY**

3.1 Research Design	28
3.2 Nature and Sources of Data	28
3.3 Sample Size and Sampling Procedure	28
<b>3</b> .4 Data Collection Tools and Techniques	29
3.4.1 Household Survey	29
3.4.2 Field Visit and Observation	29
3.4.3 Key Informant Interview	29
3.5 Methods of Presentation and Data Analysis	29

#### **CHAPTER IV**

# DATA PRESENTATION AND ANALYSIS

4.1 Description of the Study Area	30
4.2 Age of Respondent	30
4.3 Gender of Respondent	31
4.4 Caste of Sample	32
4.5 Educational Background of Respondent	33
4.6 Annual Saving	34
4.7 Use of Remittance	35
4.8 Types of Job in Abroad	36
4.9 Impact of Food Sufficiency	36
4.10 Impacts in Housing Condition	37
4.11 Opportunities Provided by Remittance	38

#### CHAPTER V

# SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary	40
5.2 Conclusion	40
5.3 Recommendation	41
REFERENCE	
ANNEX I	
ANNEX II	
ANNEX III	

# LIST OF FIGURES

Figure No.	Title	Page No.
Figure No. 4.1	Age group of the Respondents	31
Figure No. 4.2	Gender of Respondent	32
Figure No. 4.3	Ethnicity / Caste of Sample	33
Figure No. 4.4	Annual Saving of the Sample	35
Figure No. 4.5	Impact of Food Sufficiency	37
Figure No. 4.6	Opportunities Provided by Remittance	39

# List of Table

Table No.	Title	Page No.
Table No. 4.1	Age group of the Respondents	30
Table No. 4.2	Gender of Respondent	31
Table No. 4.3	Ethnicity / Caste of Sample	32
Table No. 4.4	Educational Status of Respondent	33
Table No. 4.5	Annual Saving of the Sample	34
Table No. 4.6	Use of Remittance	35
Table No. 4.7	Types of Job in Abroad	36
Table No. 4.8	Impact of Food Sufficiency	37
Table No. 4.9	Impact of Housing Condition	38
Table No. 4.10	Opportunities Provided by Remittance	39

# **ACRONYMS/ABBREVIATIONS**

CBS	:	Central Bureau Statistics
DFID	:	Department for International Development
DOFE	:	Department of Foreign Employment
EPS	:	Employment Permit System
EU	:	European Union
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNI	:	Gross National Income
HHs	:	Households
IMF	:	International Monetary Fund
JITCO	:	Japan International Trading Corporation Organization
LPG	:	Liquid Petroleum Gas
MOF	:	Ministry of Finance
NLSS:		Nepal Living Standard Survey
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
SLC	:	School Leaving Certificate
SMEs	:	Small Medium Enterprises
UAE	:	United Arab Emirates
UK	:	United Kingdom
USA	:	United State of America
US\$	:	United State Dollar
VDC	:	Village Development Committee
WB	:	World Bank