Remittance Dynamics: Unraveling Socio-Economic Impact on Households in Pokhara

Mohan Bhandari

This research aims to evaluate the socio-economic implications of remittances on households in Pokhara Valley, Nepal by employing a positivist approach, empirical observation, quantitative analysis, and statistical methods through comparative research design and utilizes statistical tools such as chi-square tests and independent samples t-tests. Quantitative data are collected through structured questionnaires, enabling numerical insights into spending patterns, human capital investments, and agricultural involvement for hypothesis testing. From the findings of this study households receiving remittances demonstrate higher investments in health and education, positively impacting their socio-economic status. However, migration for remittances has led to a decreased labour supply, negatively affecting agricultural involvement. The research concludes by emphasizing the need for further comprehensive research to elucidate the broader socio-economic consequences of remittances on households at the national level. The study holds implications for policymakers, urging measures to encourage remittance investments in domestic development. It recommends addressing import trends and balancing payment deficits by leveraging remittance funds. Additionally, the research suggests for initiatives supporting agricultural production, small industries, and market development to utilize remittance funds for broader economic growth.

THE CONTEMPORARY ERA of globalization witnesses a significant expansion in migration, facilitating the flow of human capital among nations (Czaika & De Haas, 2014). This phenomenon, driven by remittances from migrant labour, trans-

---

1. Assistant Professor, Department of Management and Faculty of Management Studies Gupteshwar Mahadev Multiple Campus, Pokhara.
Email: mohanbhandari@pusob.edu.np
forms the global economy and socio-cultural interdependence. Notably, migration from South Asia to developed countries has surged, a trend projected to endure. In Nepal, where the labour force comprises, 79.60 percent aged 15 to 64 (CEIC, 2021), 56 percent of households have the opportunity to receive remittances (NLSS-III, 2011), contributing almost 30 percent to the country's GDP (WBG, 2021). Remittance revenue is vital for Nepal's economic health, with receipts growing from 44.16 million US dollars in 1996 to 7795.56 million US dollars in 2020 (WBG, 2021). Remittances, essential for developing nations, influence GDP expansion, impacting individual income, healthcare, and education (Alishani & Nushi, 2012). Migration-driven remittances fueling economic growth, shaping socio-cultural ties, and enhancing individual welfare underscore the indispensable role of global migration in contemporary economies.

Remittances, typically defined as a portion of a migrant's earnings sent to their country of origin, predominantly encompass financial transactions, although non-cash products are also considered (Pant, 2004). This term commonly denotes transfers made by migrant workers, yet it's crucial to recognize that refugees and migrants without the same legal status also contribute to remittances. The increasing flow of remittances from migrants addresses challenges in developing nations such as low employment, income rates, rising poverty, and unequal income distribution (Dhungana & Pandit, 2016). These financial inflows serve as a vital source of household income, alleviating poverty, elevating social standing, and facilitating economic stability. Remittances have evolved into a significant government funding source and a poverty eradication strategy, with substantial investments in trade and business, alongside conspicuous spending and durable goods (Edwards & Ureta; Acosta, 2011). Remittances, encompassing financial transactions from migrants, refugees, and those without legal status, play a pivotal role in alleviating poverty and fostering economic stability in developing nations.

Globally, remittances totaled $605 billion, projected to rise by 4.2 percent to $630 billion by 2022 (WBG, 2021). Nepal, ranking top in South Asia and sixth globally, heavily relies on remittances, constituting 25 percent of its GDP (WBG, 2021). In the latest fiscal year, Nepal received NPR 699 billion (USD 6.56 billion) in remittances, representing over 25 percent of the country's GDP, marking the fourth-highest share worldwide (ADB, 2021). While remittances buoy the economy and elevate purchasing power, they also pose risks, such as the exodus of educated professionals seeking employment abroad, potentially resulting in a loss of valuable human resources developed with public investment.

A growing number of Nepalese workers are departing the country in pursuit of employment abroad, driven by diminished job opportunities at home (Government of Nepal, 2022). The quantum of remittances is contingent on the country's conditions and the migrant count within a household, creating a reciprocal relationship between overseas job seekers and remittance inflow (Byanjanakar & Shakha, 2021). Economic stability prompts Nepalese labourers to seek opportunities abroad, prompted by recent violent conflicts and limited prospects domestically (Dahal, 2004). Migration and remittance patterns are prevalent in regions marked by political unrest, civil wars, economic downturns, low entrepreneurial investment, and economic slumps worldwide (Sirkeci et al., 2012). Remittance transfers to Nepal employ specific channels like SWIFT or demand drafts, with various established remittance providers such as International Money Express (IME), Western Union, City Express, Himal Remit, Prabhu Remit, and Samsara Remit (WBG, 2021). The
traditional "Hundi" practice of informal money transfers persists in Nepalese society. The global economic impact of the Covid-19 outbreak has disproportionately affected Nepalese migrant workers, especially those in tourism, hospitality, and construction, leading to financial crises for many (Study et al., n.d.). The post-pandemic repercussions continue to impact Nepal's economy.

Pokhara, the second-largest valley in Nepal's hilly region, situated in the Western part and part of the Gandaki Province, boasts cultural diversity with Gurungs, Brahmins & Kshetris, Newars, Thakalis, Magar, and other occupational castes. Gurungs dominate the city, particularly in-migrant communities, making Pokhara the leading remittance recipient (WBG, 2021). Many Pokhara residents migrate globally for employment, notably to Hong Kong, Malaysia, Australia, America, Japan, Korea, Canada, Saudi, Dubai, Qatar, and India. The impact of remittance flows in Pokhara sparks a longstanding debate, with studies suggesting both positive effects on livelihoods and negative consequences on agriculture. Given Nepal's significant remittance reception, studies on its social and economic implications, especially on migrant households, are imperative. This study proposes to scrutinize remittance-receiving and non-receiving families in Pokhara, comparing their consumption patterns, human capital investments, and agricultural involvement. The research objectives of this study are to analyze the social and economic consequences of remittance on households in Pokhara Valley by accessing and comparing the level of investment for human capital improvement between remittance-receiving and remittance-non-receiving households and to identify if Labour migration in remittance recipient households has led to a lack of Labour, which has led to a decline in family’s involvement in farming and agriculture?

**Hypotheses**
The following hypotheses have been used to validate the test.

H\(_1\): There is a significant difference in investment level for human capital improvement between remittance recipients and non-recipient households.

H\(_2\): Labour migration in remittance recipient households has led to a lack of Labour, which has led to a decline in family’s involvement in farming and agriculture.

**Literature Review**

As per the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6), remittances establish an economic link between migrants and their families in their country of origin (Study et al., n.d.). The movement of individuals to other countries, whether temporary or permanent, facilitates the generation of income that is wholly or partially transferred back to the home economies through formal channels like recordable electronic systems or informal means, such as trusted friends carrying cash (Mashayekhi et al., 2013). Remittance categories include compensations of employees, workers' remittances, and migrants' transfers as defined by the balance of payment manual.

Regarding the impact of remittances on the economic development of recipient countries, three influential theories need consideration. The Developmental Optimistic School, predominant in the 1950s and 1960s, posits that migration leads to North-South transfers of investment capital
and exposure to liberal, rational, and democratic ideas, fostering development in recipient nations (Adenutsi, 2010). In contrast, the Developmental Pessimistic School emerged in the late 1960s, suggesting that migration and remittances may not lead to sustainable development. This perspective argues that the brain drain from developing countries results in a loss of human capital not compensated by remittance benefits (Beine et al., 2001; Acosta, 2011). Additionally, it contends that remittances may not be invested productively, potentially causing inflation, loss of competitiveness, and increased imports, challenging the recipient's decisions and creating the possibility of the Dutch disease (Taylor, 1999; Chami et al., 2008; Imai et al., 2014).

Furthermore, heightened openness is likely to foster greater integration between the remittance-receiving country and the global community, thereby amplifying imports (De Haas, 2007). This integration may contribute to a cycle of growing dependency, as argued by De Haas (2007). The pessimistic school contends that remittances may lead to a decline in labour supply, with individuals substituting work-associated earnings for remittance income, potentially reducing the labour force (Chami et al., 2008). This substitution effect could result in individuals choosing leisure and alternative non-work-related activities over employment (Barajas et al., 2011; Imai et al., 2014). Another concern is the potential increase in corruption associated with remittances, as the influx of remittance income may make corrupt practices less costly for the government, leading to a rise in corruption levels (Abdi et al., 2008). In this perspective, remittances act as a buffer between the populace and the government, exacerbating issues related to moral hazards (Anaynwu & Erhijakpor, 2010). A third viewpoint, inspired by the Remittances Development Pluralists, offers a stance by acknowledging the limitations of both optimistic and pessimistic views. Developed in the 1980s and 1990s, the Developmental Pluralistic View rejects the idea that remittances strictly yield positive or negative outcomes in receiving countries, recognizing the complexity of the relationship between migration and development (De Haas, 2007; Adenutsi, 2010). This pluralistic perspective highlights the need for new theories that consider various ways in which remittances may affect recipient economies, emphasizing the intricate nature of the migration-development nexus (Taylor, 1999). Unlike overarching theories, the pluralistic view asserts that the impact of remittances is context-dependent, and no single theory can universally explain all outcomes.

Stark's (1985) delineated four distinct motivations for the transfer of remittances: pure altruism, pure self-interest, investment, and tempered altruism. The concept of pure altruism encapsulates the migrants' selfless concern for the well-being of their families, particularly in times of financial decline (Acharya, 2021). The researcher postulated that remittances under the auspices of pure altruism escalate during periods of familial destitution. Conversely, self-interest as a motivation entails migrants perceiving remittances as investments, thereby envisaging future returns upon their repatriation. The insurance motivation posits remittances as financial safety nets for both migrants and their families, effectively mitigating risks in both host and home countries (Lubambu, 2014). Investment theory posits that families dispatch migrants as a means to augment their overall income, thus considering remittances as dividends on their investment in the migrant, leading to an upsurge in remittances during periods of economic upturn. Brown (1997) highlights the propensity of migrants to amalgamate self-interest and altruism, primarily propelled by investment and asset accumulation motives, thereby illustrating a convoluted interplay of motivations in the realm of remittance behavior.
Smith (1776) defined human capital as skills gained through experience, education, and training, which contribute to societal value. Valdero Gil (1970) found that remittances have a significant positive effect on health outcomes in Mexico, particularly for households without health insurance. Anten (2010) discovered that remittances have a substantial beneficial effect on the nutritional status of Ecuadorian children. Edwards and Ureta (2003) observed that remittances improve school retention in El Salvador more than other sources of income. Mansuri (2006) concluded that remittances positively affect human capital development and reduce gender-based education disparities in rural Pakistan. Acosta (2011) found that remittances decrease child labour and increase girls' school attendance in El Salvador. Hanushek (2013) argued that human capital is crucial for economic growth in developing nations. Koska et al. (2013) and Acharya and Gonzalez (2014) established significant correlations between remittances and human capital development in Egyptian and Nepalese children. Headey and Hoddinott (2015) attributed reduced childhood malnutrition in Nepal to migrant remittances. Bouo your et al. (2016) found that Moroccan households receiving remittances have increased school attendance. Binci and Giannelli (2018) concluded that remittances improve children's access to education and reduce child labour in Vietnam. These studies collectively highlight the important role of remittances in enhancing human capital and contributing to societal development.

Agriculture is the main source of income in many developing countries, and low labour productivity is a major factor in the pervasive rural poverty (Geffersa, 2023). Lucas (1987) identified both the short- and long-term socioeconomic effects of migration and remittances, pointing out that remittance spending and investment eventually had beneficial results despite early negative effects on labour availability. Studies on migration to South Africa's mines found that although migration short-term decreased grain yields, remittance-driven investments eventually increased productivity and cattle accumulation, leading to greater salaries at home. Maharjan et al. (2013) discovered that migration reduced family labour at farms in Nepal's Western hills, but remittances alleviated capital constraints without affecting necessary farming inputs. On the other hand, Huy and Nonneman (2015) investigated how migration affected Vietnam's agricultural output and came to the conclusion that remittances made up for the loss of workers, encouraging greater investment and output in the sector. This demonstrates the complex ways that migration and remittances affect the dynamics of agriculture in developing nations. Limited research exists on the impact of remittances on household spending patterns in Nepal, particularly in Pokhara Metropolitan. Despite numerous studies on remittance effects globally, little attention has been given to Nepalese spending habits. Addressing gaps in the literature, it seeks to shed light on the consequences of remittances on spending patterns, providing insights into micro and macroeconomic impacts not extensively covered in existing research.

Methods and Materials

This study focuses on examining the social and economic consequences of remittance on house holds in Pokhara Metropolitan City. It analyzes the spending patterns of remittance-receiving and non-receiving families in various household activities. The study uses a descriptive cum comparative research design and collects data from respondents through questionnaires. It also employs a comparative research methodology to compare the spending pattern of remittance-receiving and non-receiving families. The core data for the study come from respondents' question-
naire responses. The study population consists of families in ward number 14 of the Pokhara Metropolitan city. A pilot survey was conducted to determine the sample size, with 15 percent of households receiving remittance and 85 percent not receiving remittance. The sample size for the study was determined using the formula for an infinite population sampling technique. A sample size of 200 houses was chosen for the multivariate analysis, with 100 samples from each group. Convenience and snowball sampling methods were used for sample selection. The study uses quantitative nature of data, from primary sources through structured questionnaire. Both descriptive and inferential analysis have been used as analytical techniques. Descriptive analysis helps in summarizing data points to identify patterns. It is a crucial step in statistical data analysis. Inferential analysis generalizes sample results to the population. Descriptive statistical tools used in the study include frequency, percentage, mean, median, and standard deviation. Mean difference was used to analyze income and consumption data. Inferential statistical tools used are the chi-square test and independent samples t-test.

**Research Framework and Definition of Variables**

The following framework has been developed for conducting the research's core theme. It demonstrates how the various variables are related to one another.

**Figure 1**

*Research Framework*

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Remittance Income</td>
<td>Socio- Economic Condition</td>
</tr>
<tr>
<td>2. Non - remittance income</td>
<td>i. Investment in human capital</td>
</tr>
<tr>
<td></td>
<td>ii. Investment in Assets</td>
</tr>
</tbody>
</table>

**Table 1**

*Definition and description of variables*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Independent -variables</td>
<td></td>
</tr>
<tr>
<td>1. Remittance Income</td>
<td>The money and other assets sent to the households of migrants are referred to as remittance income.</td>
</tr>
<tr>
<td>1.1 Number of family members as foreign employment workers</td>
<td>The number of family members who work overseas determines how much money a home receives in remittances. The number of family members who work overseas also supports the independent variable remittance.</td>
</tr>
<tr>
<td>1.2 Remittance Amount</td>
<td>The remittance amount establishes the income of households that consistently receive remittance revenue, which serves as the primary funding source for household expenses. Remittance frequency also assesses how much money households</td>
</tr>
</tbody>
</table>
1.3 Frequency of sending remittance regularly get in remittances. Remittance frequency as a percentage of annual household income indicates how much money a household has to cover expenses.

2 Non-Remittance income Non-remittance income is the amount of money people earn domestically or through businesses they run within a nation. Income of non-remittance receiving families depends on number of domestic employment workers within a country.

2.1 Number of domestic employment workers Heirlooms and family business generate income other than employment and remittance for the family.

Dependent Variables

2.2 Heirlooms and family business

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Investment in Human capital</td>
<td>It refers to investment in children's education and health facilities for family members for better access. It hugely depends on the income of the family.</td>
</tr>
<tr>
<td>1.1 Educational expenses</td>
<td>It includes each family's yearly expenditure on their children's educational activities. Types of schools (Private/Government or Public) also depend on the family status and income.</td>
</tr>
<tr>
<td>1.2 Health Expenses</td>
<td>It includes the yearly expenditure of each family they pay for access to better health facilities.</td>
</tr>
<tr>
<td>2. Investment in Assets</td>
<td>Investments are assets bought or invested in increasing wealth and preserving hard-earned cash or appreciating assets. This study has considered investments in land and buildings and investments in businesses, shares and bonds.</td>
</tr>
<tr>
<td>2.1 Land and building (Beyond heirlooms)</td>
<td>The present market value of land and buildings the different families possess beyond heirlooms has been considered in this study as their investment value (Amount in Rupees).</td>
</tr>
<tr>
<td>2.2 Share, Bond and Debenture</td>
<td>Investment in financial market instruments have been included in this study made by different families and households.</td>
</tr>
</tbody>
</table>

Results

In particular, analysis of the data has been carried out per specific objectives, where patterns have been examined, evaluated, and conclusions are derived from them. Results have been chiefly presented as demographic data from study participants, descriptive statistics analysis, independent samples t-test results, and chi-square test findings that examined the influence of independent variables on dependent variables.
Following are the sustainable and green banking initiative and guidelines in Nepal:

Table 2

<table>
<thead>
<tr>
<th>Nature of Households</th>
<th>Gender of Head of family</th>
<th>Mean age</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Remittance receiving</td>
<td>42</td>
<td>58</td>
<td>100</td>
</tr>
<tr>
<td>Remittance non-receiving</td>
<td>82</td>
<td>18</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2022

Table 2 shows the genders of the heads of the two research categories households that get remittances and those that do not. As per the data, more women-headed households with a mean age of 48 in families that received remittances, whereas more men-headed households with a mean age of 50 in families that did not get remittances. Due to male family members moving overseas for employment and other possibilities, there were more female household heads among the households who get remittances.

Table 3

Independent Samples T-Test Between Remittance Receiving and Remittance Non-Receiving Households on Human Capital

<table>
<thead>
<tr>
<th>Investment sector</th>
<th>Household Types</th>
<th>N</th>
<th>Mean (Rs.)</th>
<th>Std. Deviation</th>
<th>Mean Difference (Rs.)</th>
<th>T</th>
<th>df</th>
<th>Sig(2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual investment</td>
<td>Remittance</td>
<td>100</td>
<td>39,625.00</td>
<td>20367.95</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on health</td>
<td>Remittance</td>
<td>100</td>
<td>9,125.00</td>
<td>7943.42</td>
<td>30,500.00</td>
<td>14.01</td>
<td>198</td>
<td>0.000</td>
</tr>
<tr>
<td>Annual investment</td>
<td>Remittance</td>
<td>88</td>
<td>93136.36</td>
<td>42920.72</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on education</td>
<td>Remittance</td>
<td>93</td>
<td>55,483.87</td>
<td>34474.82</td>
<td>37,652.49</td>
<td>6.52</td>
<td>179</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2022 & SPSS output.

The amount of money spent on human capital by families receiving remittances and those not receiving remittances were compared using independent samples t-tests. The test on health investment revealed variations in the scores that were statistically significant (t(df= 198)=14.01>critical value(1.96), p-value(0.000)<level of significance(0.05), with the mean score for remittance-receiving families being higher (M=39,625, SD=20,267.949) than for remittance-non-re-
ceasing households (M=9,125, SD=7,943.42). The magnitude of the difference in the means (mean difference=30,500.00) was significant. Similarly, the test for comparison of investment in education amongst the households showed significant differences (t(df= 179) =6.52, p=0.001) in the scores with the mean score for remittance-receiving families (M=93,136.36, SD=42,920.72) which was higher than remittance non-receiving households (M= 55,483.87, SD=34,474.82). The mean difference=37,652.49 was significant as calculated t-value 6.52 > critical value (1.96) and p-value is less than level of significance i.e. (0.001<0.05). Hence, H1 is accepted, and the conclusion is drawn that the amount that both households invest in human capital through health and education differs significantly.

Table 4

Remittance Receiving and Remittance Non-Receiving Households* Involvement in Agriculture Cross Tabulation, Chi-Square Test for Association Between Nature of Households and Involvement in Agriculture

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Particulars</th>
<th>Involvement in agriculture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Remittance receiving</td>
<td>Frequency</td>
<td>16</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>Expected Frequency</td>
<td>41.5</td>
<td>58.5</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
<td>16%</td>
<td>84%</td>
</tr>
<tr>
<td>Remittance non-receiving</td>
<td>Frequency</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Expected Frequency</td>
<td>41.5</td>
<td>58.5</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
<td>67%</td>
<td>33%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Value</th>
<th>Df</th>
<th>Asymptotic Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>53.568a</td>
<td>1</td>
<td>.002</td>
</tr>
</tbody>
</table>

Note: a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 41.50.  

b. Computed only for a 2x2 table  
c. *If P value (asymptotic significance) < 0.05, Correlation is significant.  

Source: Field Survey, 2022 and SPSS output

Table 4 shows that only 16 percent of the households receiving remittances are engaged in agriculture or farming, while 84% is not. Meanwhile, 67% of families that did not receive remittances are engaged in farming and agriculture. A conclusion can be drawn that a higher proportion of households not getting remittances are engaged in farming and agriculture.

To test any association between the nature of households and involvement in agriculture and farming, a chi-square test was conducted which resulted in a significant association at a 5% significance level between the nature of households and involvement in agriculture and farming; [χ2(1,200)= 53.568, p-value 0.002<0.05] which supports second alternative hypothesis (H2) i.e. Labour migration for remittances has led to a lack of Labour, which has led to a decline in family’s involvement in farming and agriculture.
Discussion

The primary objective of the study was to examine the socio-economic repercussions of remittances on households residing in Pokhara valley. To accomplish the overall purpose of the study, this main aim was further divided into two sub-aims. The initial objective of the study aimed to evaluate and compare the levels of investment in human capital, specifically in terms of health and education, between two categories of households: those receiving remittances and those not receiving remittances. To address the second objective and respond to the second research question, Hypothesis 2 (H2) was formulated.

The first hypothesis asserts that there is a significant difference in the investment levels in health and education between the two types of households. The independent samples t-test indicates that households receiving remittances allocate a considerably higher amount of resources towards the healthcare and education of their family members compared to households that do not receive remittances. Moreover, a majority of remittance-receiving households opt for private hospitals for superior healthcare services and private schools for better education. On the other hand, households not receiving remittances rely on government or public hospitals for healthcare and send their children to government or public schools. The findings of this study align with numerous previous studies conducted on the same subject. Many studies emphasize the substantial variation in investment levels in human capital, with remittance-receiving families allocating higher expenditures towards the health and education of their family members compared to remittance-non-receiving families (Adams, 2006; Castaldo). Similarly, Mansuri (2006) showcased a significant positive impact of remittances on the accumulation of human capital in Pakistan.

Likewise, the second objective of this study was to investigate whether labour migration for remittances has resulted in a shortage of labour, subsequently leading to a decline in family engagement in farming and agriculture. The second hypothesis argues that there is indeed an association between the nature of households and their involvement in agriculture and farming, suggesting that labour migration for remittances has resulted in a decrease in labour availability and consequently reduced family participation in farming and agriculture. The chi-square test reveals the existence of an association between the nature of households (remittance receiving and remittance non-receiving) and their involvement in agriculture and farming. The NLSS-III (2011) study yielded similar findings to those of another study, indicating that emigration leading to a lack of workforce results in uncultivated land, decreased agricultural output, and the need to import food grains. Similarly, Maharjan et al. (2012) argue that the migration of a family member has resulted in a reduction in family labour input on farms in the Western hills of Nepal. However, Huy and Nonneman (2015) arrived at a contrasting conclusion in their survey, asserting that the migration of male family members actually led to a decrease in available male labour on the farm. This, in turn, led to an increase in female participation in farming and the potential utilization of remittances to address issues of food insecurity.

Conclusion and Implications

The research's analyses and findings demonstrate that remittances from overseas have positive socio-economic ramifications on immigrant households. It can be inferred that remittance
income has bolstered the purchasing power of recipient households, leading to an increase in their expenditure capacity. By this investigation, families receiving remittances allocate a greater portion of their resources to health and education services, which are regarded as investments in human capital in comparison to families not receiving remittances. The enhancement of the socio-economic status of recipient households has a significant positive impact. Nevertheless, the migration for the purpose of remittance has resulted in a decreased labour supply and increased reliance on remaining family members, negatively affecting involvement in agricultural activities. The study's narrow focus suggests that recipient households allocate more resources to household consumption and investment in human capital compared to families not receiving remittances. Further research is undoubtedly necessary to comprehensively examine and understand the socio-economic consequences of remittances on households, as the current analysis does not accurately portray the overall situation for the entire nation. Additionally, it was challenging to locate research on the motivation behind remittances during the investigation. Therefore, the motivation behind remittances may be a subject for further study and research.

This investigation holds various implications for practitioners, academics, and policymakers. It can be discussed as a basis for recommendations and areas of future research. As a developing country, Nepal heavily relies on remittances and subsistence farming. Due to the persistent underdevelopment of the industrial and production sectors, there has been an increase in imports and a decrease in exports. Despite the study asserting that remittances serve as a significant source of foreign exchange and are expanding in the national context, their primary use is to stabilize the balance of payments deficit rather than support capital development. Consequently, policymakers should formulate measures that can encourage remittance investments in the development of the domestic economy and national output, ultimately reducing import trends and balancing payment deficits shortly. Similar to how remittance income benefits society by elevating individual income and social status, it has had a profound impact on agricultural output. To utilize remittance funds to increase agricultural productivity and expand the industrial sector, the government should implement initiatives that support agricultural production, small domestic industries, and the creation of a robust market.

References


