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Impact of Remittance Utilization on Socio-economic Development among Community People

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Abstract

This study examines the impact of remittance utilization on the socioeconomic development of community people in Birendranagar-14, Surkhet. With foreign employment becoming a major livelihood option for many households in Nepal, remittances have emerged as a vital source of income. The primary objective of this research is to analyze how remittance income influences various aspects of socioeconomic development, including education, healthcare, housing, and daily living standards. To fulfill this objective, a quantitative research approach was employed. Primary data was collected through structured household surveys, conducted among 63 randomly selected families across of Ward No. 14. The survey questionnaire focused on remittance sources, utilization patterns, and the perceived impact on the community's standard of living. The findings show that remittances significantly contribute to improving the quality of life of migrant families. However, the study also identifies several challenges in the effective use of these funds, such as poor financial literacy, lack of investment planning, limited local opportunities, and inadequate government support. In many cases, remittance income is spent on consumption rather than being invested in productive sectors, which limits its long-term impact on local development. By addressing

these challenges and promoting better utilization practices, remittances can be a powerful tool for sustainable socioeconomic growth in the region. This research provides valuable insights for policymakers, development planners, and community leaders aiming to harness remittance for local development.

Keywords: Community, migration, remittance, utilization

Introduction

Remittances refer to the transfer of goods or financial assets by individuals living and working in foreign countries to aid the economies of their home countries (Adams, 2006). This typically includes transfers made by employed migrants who have resided in foreign countries for at least one year; however, remittances from self-employed migrants are not considered within this definition (Przytuła, 2015).

Remittances from foreign employment are crucial for developing countries like Nepal, offering several significant benefits (Pant, 2011). They help reduce poverty by increasing household income, stabilizing consumption, and enhancing economic activity (Woli, 2023). World Bank studies show a clear connection between remittances and poverty reduction (Masron & Subramaniam, 2018). Remittances can foster long-term growth and sustainable development when invested in education and healthcare (Nurse, 2019). Even when used for consumption, they can stimulate local economies (Oli & Woli, 2024). Remittances also promote financial development by improving access to formal financial services and supporting small businesses, especially for low-income households. Moreover, remittances are more stable than other capital flows, providing vital support during economic crises (Shera & Meyer, 2013).

In 2022, the highest remittance recipients as a percentage of GDP were Tonga (26.8%), Lebanon (23.7%), Samoa (22.8%), Tajikistan (20.8%), Kyrgyzstan (19.2%), and Nepal (18.9%). According to the World Migration Report 2024, global remittance flows have been steadily increased, reaching record levels in recent years. In 2024, remittances to low-and middle-income countries are projected to reach US\$ 685 billion, surpassing foreign direct investment (FDI) and official development assistance (ODA) combined (Chhetri, 2023). Over the past three decades, labor migration and remittances have become essential components of Nepal's economy (Sunam & McCarthy, 2016). This shift has been propelled by factors such as limited job opportunities, outdated agricultural methods, inconsistent government policies, and a rising number of young individuals seeking work

abroad (Khadria, 2001). Remittances, referring to earnings sent by migrants back to their home countries, primarily entail cash transfers from host to home nations. While typically associated with migrant workers, refugees and other migrants also contribute to remittance flows (Hernandez & Coutin, 2006).

In 2023, Nepal received approximately US\$ 11 billion in remittances, which accounted for more than 26% of its gross domestic product - GDP (Kumar & Paudel, 2024). This considerable percentage underscores Nepal's significant reliance on remittances, positioning it among the top countries globally in terms of remittance to GDP ratio (Dangal et al., 2023). Other countries with high remittance-to-GDP ratios include Tajikistan (51%), Tonga (44%), Lebanon (36%), Samoa (34%), and Kyrgyzstan (31%), though specific rankings may vary by source and year (Combes et al., 2014). Nepal's position among these countries emphasizes its significant on remittances, particularly among least developed countries (Karki et al., 2024). The significant inflow of remittances is critical to Nepal's economy, often outstanding the combined inflows of official development assistance and foreign direct investment. Many households rely on this financial assistance, which helps to reduce poverty and promote economic stability (Lewis et al., 2014).

Ward No.14 of Birendranagar in Surkhet District, approximately 9 km from the municipal headquarters, is within the hilly terrain of the district. The ward's elevation varies from 1000 m to 2200 m above sea level, with a concave slope and spans 28 sq. km. It borders Ward No.13 to the east, Barahataal Rural Municipality to the west, Wards No.1, 4 and 5 to the south, and Gurans Rural Municipality of Dailekh to the north. The diverse population includes Brahmin, Chhetri, Magar, and other ethnic groups (Subedi, 2016). According to the 2078 census, the total households are 638 and population 2576, female population is 1290 and male population is 1286. So on, according to the 2068 census, the literacy rate is 68.04 percent, with 58.98 percent being female and 77.93 percent male (CBS, 2022). Agriculture (paddy, millet, wheat, maize, potatoes, and various vegetables) and animal husbandry (buffalo, cows, goats, sheep, and poultry) are the primary livelihoods in people, with most residents engaged in farming (Woli, 2022a). The non-agricultural sector includes occupations such as business, government jobs, local and foreign labor, and education (Kumar & Rai, 2021).

Remittances play a significant role in improving household revenue and contributing to nationwide economic growth; however, quantifiable studies examining the challenges faced by remittance-getting families in consuming these capitals for resident socio-economic expansion continue to be

limited. Most existing research in Nepal focuses on the quantity of remittance inflows and their macro-economic contributions, with limited attention to data-driven analysis of how remittances are actually used at the household level. In the absence of statistical indication, recognizing and measuring the precise complications, such as low economic arrangement, overeating, or the absence of fruitful asset possibilities that obstruct the optimum usage of the settlements. This study explores the socio-economic impact of remittances in Birendranagar-14, Surkhet, providing insights for policymakers and development practitioners seeking to improve remittance utilization for regional progress. While the study's scope is limited, it offers a pioneering reference for future research aimed at maximizing the positive effects of remittances on local development. To fulfill the objectives, the study addresses the following research questions:

1. What percentage of remittance-receiving households allocates remittance income to education, healthcare, and business?
2. What are the major challenges in the effective utilization of remittances for local development?
3. How does remittance utilization impact the socio-economic development of Birendranagar – 14, Surkhet?

Literature Review

This chapter reviews the relevant literature that forms the foundation for the present study. It includes an analysis of key findings from published books, journals, articles, theses, newspapers, websites, and previous theoretical and empirical research related to remittance utilization and its socio-economic impact (Woli, 2024). This review helps identify gaps in existing knowledge and provides a framework for understanding the context and significance of the present study (Oli, 2025).

Foreign employment in Nepal, historically known as the "Lahure" practice, has shaped the socio-economic landscape of the country for over 176 years, from 1814 to 1990. During this period, a significant number of workers migrated primarily to Britain and India, yet economic policies of the time largely overlooked the increasing trends in migration and the rising educational levels of these workers (Thieme & Wyss, 2005). Consequently, remittances were seen merely as supplementary support for home economies rather than being recognized as major economic contributions. This lack of official acknowledgment meant that the potential impact of international employment on the domestic economy remained underexplored and undervalued (Oli, 2023). Recent studies, however, have begun to reframe this historical narrative by emphasizing the evolving role of remittances and

their implications for contemporary economic development in Nepal (Gurung & Bhandari, 2023).

Remittance income has become a vital motorist of economic growth in developing nations, representing the transfer of earnings whether in cash or goods from workers residing abroad to their home countries (Pradhan et al., 2008). This inflow of foreign income has been rapidly increasing, thereby playing a significant role in the economic stability and development of many countries (Srivastava & Chaudhary, 2007). In Nepal, the traditional practice has involved migrants sending money primarily through informal channels (Woli, 2025). Historically, these remittance flows were not only seen as supplemental support for household economies but also went largely unmonitored by formal economic policies. However, the introduction of formal remittance services like Western Union and International Money Express (IME) has revolutionized the landscape. These services offer greater speed and reliability, making formal channels increasingly popular among migrant communities (Ghimire, 2025). Despite these advances, accurately measuring remittance flows remains a challenge. Phaju, (2021) stated that informal channels are estimated to account for over 50 percent of total remittance transfers, leading to significant discrepancies in national balance of payment accounts. This measurement challenge poses a critical issue for policymakers, as an incomplete understanding of remittance volumes can limit the effective integration of these funds into broader economic development strategies. Dhakal, (2024) stated remittance income increases community-level socio-economic development by enhancing household income, education, healthcare, and local entrepreneurship. However, its sustainable impact relies on formal financial channels and strong local institutions to effectively invest these funds. Recognizing this dual role is critical for developing policies that maximize the broader development benefits of remittance utilization (Brown, 2006).

In the 2023/2024 period, remittances played a vital role in Nepal's economy, reaching an estimated US\$11 billion in 2023, which accounted for 26.6% of the GDP. This represented a 15.4% increase (US\$1.4 billion) from 2022, marking the highest remittance inflow in the observed period. The United States contributed US\$1.28 billion (11.6% of total remittances) (Adhikari, 2023). These steady inflows have strengthened Nepal's economy, providing resilience against challenges such as natural disasters and global economic fluctuations, making remittances a key pillar of the nation's economic stability and growth (Dahal, 2014).

Bhattarai & Subedi, (2021), explore the global economic impact of the COVID-19 pandemic, with a focus on low and middle-income countries like Nepal. Their research draws on grey literature, media reports, and data from organizations such as the Asian Development Bank, UNCTAD,

UN, World Bank, and IMF (Oli & Woli, 2025). They highlight how Nepal's economy has been disproportionately affected, with issues like reduced foreign direct investment, diminished foreign aid, and declining remittances (Ratha et al., 2011). The study also examines Nepal's government efforts to mitigate the downturn but notes that political instability and geopolitical challenges have hindered effective policy implementation (Oli & Woli, 2024). These findings offer valuable insights into the post-pandemic economic difficulties faced by similar nations (Mandal, 2022).

Kafle (2021) examines the profound impact of the COVID-19 pandemic on remittance inflows in Nepal and consequent effects on the nation's economy. Remittances, pivotal for Nepal's economic stability, notably contributed to GDP before the pandemic. However, the outbreak caused a notable decline in remittance inflows, affecting national income and rural households. Through a qualitative review of existing literature, the study assesses the current economic landscape, emphasizing the cascading socioeconomic impacts of COVID-19 on Nepal (Woli, 2022). Utilizing data from reputable sources and previous research, the review underscores remittance's role and its repercussions on various socioeconomic facets, particularly in rural areas (Khanal, 2024). Furthermore, the study explores how remittances influence healthcare utilization and expenditure in developing nations, highlighting their significance for individuals lacking access to insurance (Tabassum, 2025). Although remittances enhance healthcare accessibility, they cannot replace formal insurance schemes, necessitating government policies to ensure universal healthcare coverage (Nathaniel, 2019).

Pokharel, (2020) examines the effects of international labor migration on Nepalese households, a significant sociological issue given Nepal's extensive labor migration. The study, based on interviews with 102 participants, offers important insights into the experiences of migrant workers and their families. While the methodology is robust, the research would benefit from more detailed information on sample selection to improve representativeness. The findings indicate changes in family behavior without major disruption, though causality is unclear. Expanding the analysis to explore contributing factors and recognizing the study's limitations could enhance its depth. Nevertheless, the research provides valuable understanding of migration's impact on Nepalese family dynamics (Woli, 2023).

Mishra & Kunwar, (2020) present a succinct overview of the role of migration in population and development, with a focus on foreign labor migration in Nepal. They identify key trends and primary destinations for Nepali workers, particularly in the Gulf Cooperative Council (GCC) countries

and Malaysia, while noting the increasing demand for labor migrants and the uncertainty about this trend's sustainability. The study emphasizes the complexity of migration decisions, which are influenced by factors beyond just international demand. It advocates for a deeper understanding of how foreign employment can be leveraged for long-term national development. However, the study could be enhanced with more specific data and a discussion of potential challenges, which would provide a more balanced and thorough analysis.

The New Economics of Labor Migration (NELM) theory offers a comprehensive lens to understand remittance utilization in socio-economic development. Unlike neoclassical models that focus on individual wage-based migration, NELM views migration as a household strategy to reduce income risk and address market constraints such as lack of credit or insurance. In this view, remittances are not just income transfers but tools for improving household welfare and supporting community development (De Haas, 2010).

As Taylor, (1999) notes, remittances enhance living standards; education, healthcare, and local investment by helping households overcome financial barriers. Their impact depends largely on usage whether directed toward consumption or productive purposes. In low-income countries like Nepal, NELM effectively explains how remittances function both as a safety net and a catalyst for long-term development.

Empirical evidence supports the NELM theory, showing that remittances significantly enhance living standards, education, healthcare access, and local investments (Adams & Page, 2005). However, it also cautions that when remittances are used primarily for consumption, they may lead to economic dependency and limit long-term development (Glytsos, 2005). In Nepal where remittances account for approximately 29% of the GDP this theory is particularly relevant (Bank, 2023). The study conducted in Birendranagar Municipality, Surkhet, reinforces the NELM framework by highlighting the positive impacts of remittances on education, health, and empowerment among recipient households. Thus, the NELM theory provides a solid foundation for understanding how strategic use of remittances can promote sustainable socioeconomic development (Mahmud, 2020).

Current Foreign Employment Situation in Nepal

Every year, approximately 500,000 people enter Nepal's labor force, but due to a lack of job opportunities, the country relies heavily on foreign employment (Seddon et al., 2002). As a

result, approximately 5.66 million young Nepalese seek employment abroad, with varying skills. 1.5% people are skilled, 24 % are semi-skilled, and 74.5% are unskilled. Nepal has signed labor agreements with 110 countries to facilitate foreign employment, demonstrating the importance of international labor markets to the country's workforce (Gelal, 2022).

Table 1

Current Foreign Employment Situation in Nepal

Country	Up to mid-March 2022		
	Male	Female	Total
Qatar	1256419	21588	1278007
Malaysia	1231427	27461	1258888
Saudi Arab	1041150	7837	1048987
U.A.E	604160	71413	675573
Kuwait	113568	43624	157192
Bahrain	58093	5088	63181
Oman	34723	6219	40942
South Korea (Others)	36822	2033	38855
South Korea (EPS)	56078	3481	59559
Lebanon	1220	11542	12762
Israel	2394	4619	7013
Afghanistan	14478	56	14534
Japan	18990	1196	20186
Others	879292	110255	989547
Total	5348814	316412	5665226

Source: Ministry of Labor, Employment and Social Security and Foreign Employment Department, 2022

As of mid-March 2022, 56, 65,226 individuals have received approval for foreign employment. Out of these, 53, 48,814 are male and 3, 16,412 are female. At the end of the fiscal year 2020/21, the total number of individuals who received approval for foreign employment was 44,66,973, consisting of 42,48,547 males and 2,18,426 females (Government of Nepal, 2022).

Research Methodology

The study adopts a descriptive and analytical research methodology to examine the impact of remittance utilization on socio-economic development in Birendranagar-14, Surkhet. Data will be collected from Primary and secondary sources. Primary data will be collected from local community members, households, and government representatives through structured questionnaires, interviews, and focus group discussions. Secondary data will be collected from government reports and existing research on remittances and socio-economic development. A purposive sampling method will be used, with a sample size of 169 people and 63 households, or representing approximately 10% of the local population. Data analysis will employ both quantitative techniques (such as percentages and averages). The study aims to provide valid and reliable insights, despite the constraints of time and resources.

Table 2

Distribution of universe and sample size

Sample area	Total no. of population	Total no. of HHs	No. of HHs for foreign employment	Sample HHs
1	331	65	10	7
2	567	109	12	7
3	355	67	7	7
4	622	126	8	7
5	435	112	7	7
6	345	72	9	7
7	455	84	7	7
8	137	26	11	7
9	199	37	13	7
Total	3446	698	84	63

Source: Field survey, 2025

The pre-tested interview schedule was administered to the selected respondents to collect primary data. The secondary information were obtained through reviewing different publication, district profile, Central Bureau of Statistics (CBS), District Agricultural Development Office (DADO), and some other books and journals of I/NGOs.

Result

This chapter discusses the research findings based on analyzed data, aligning them with study objectives and referencing relevant literature for support and further analysis.

Age Composition of Migrants

The majority of migrants are young adults who move for work or education. Migrant age distribution has an impact on labor markets, social services, and family structures.

Table 3

Age Composition of Migrants

Age group	Number of respondents			Total percentage
	No. of male	No. of female	Total	
Below 25	13	4	17	26.98
25 – 30	28	3	31	49.21
30 – 35	9	0	9	14.29
Above 35	6	0	6	9.52
Total	56	7	63	100.00

Source: Field survey, 2025

Around one-third of migrants were divided into four age groups, with males outnumbering females by 7 times below 30. Males below 25 made up 26.98%, while the 25 – 30, 30 – 35, and above 35 groups accounted for 49.21%, 14.29%, and 9.52% respectively. No female migrants were found above 30 years, likely due to family roles and male dominance.

Gender Description of Foreign Employment

Male in foreign jobs mostly work in construction, agriculture, and manufacturing, while women often work in domestic and caregiving jobs, especially in the UAE, Qatar, and Israel. Male dominate migration, but female migration is rising due to demand for care work, with female facing higher exploitation and wage inequalities.

Table 4*Gender Description of Foreign Employment*

Gender	No. of Respondents	Percentage
Male	56	88.89
Female	7	11.11
Total	63	100.00

Source: Field survey, 2025

An average, approximately 88.89% of respondents were male, while only 11.11% were female. This indicates that a minority of female respondents opted for foreign employment. This pattern highlights the predominance of male migrant workers, reflecting the male-dominated nature of society.

Marital Status of Foreign Migrant Workers

The majorities of foreign migrant workers are married and seek a higher income to support their families. Single migrants frequently migrate for professional advancement and independence. Married migrants typically send remittances home, whereas single migrants may prioritize savings and personal development.

Table 5*Marital status of foreign migrants*

The majority of foreign migrant workers are married and seeking higher wages to support their families. Single migrants frequently migrate to advance their careers and achieve independence. Married migrants frequently send remittances home, whereas single migrants may prioritize savings and personal development.

Marital status	No. of Respondents		Total percentage	
	Male	Female	Total	
Married	24	1	25	39.68
Unmarried	32	6	38	60.32
Total	56	7	63	100.00

Source: Field survey, 2025

Gender disparities among migrant workers, married male workers outnumber married female workers by a ratio of 24 to 1, while unmarried male workers exceed unmarried female workers by approximately 6 to 1. The ratio of married to unmarried workers is substantially higher for males compared to females. Conversely, the ratio of married to unmarried female workers is notably lower. Overall, the data indicates that the majority (60.32%) of respondents are unmarried, with only 39.68% being married. Unmarried status is prevalent among migrant workers in the study area.

Educational status of migrant workers

Migrant workers' educational backgrounds vary, but the majorities have low SEE/SLC levels of education. Many people work in labor-intensive jobs despite only being literate, whereas others with higher levels of education are skilled in fields such as healthcare and information technology. Educational limitations frequently limit them to low-paying, physically demanding jobs.

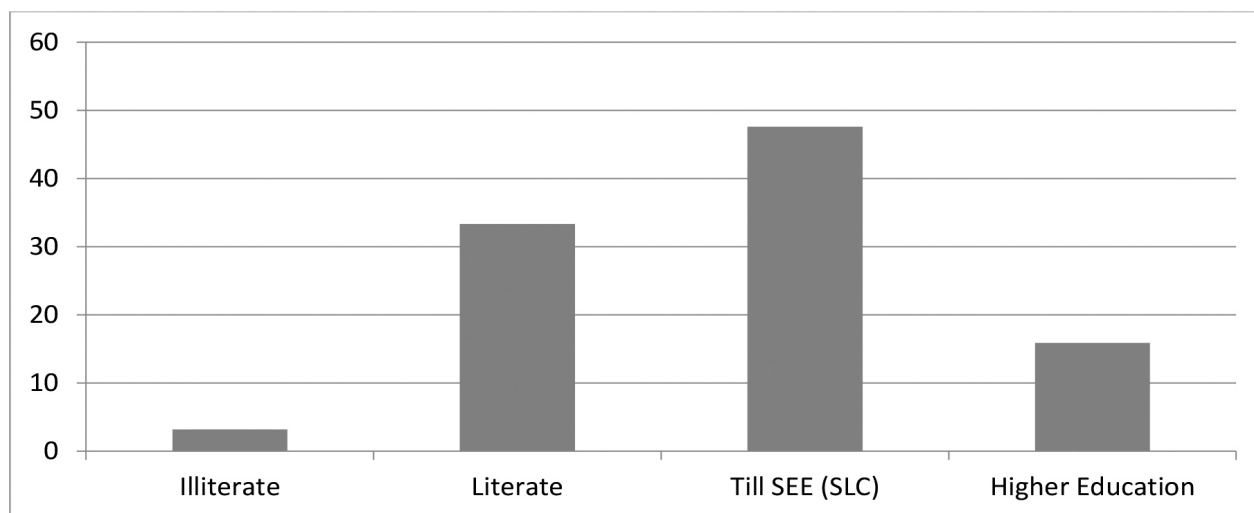
Table 6

Educational Status of Migrants

Educational Background	No. of Respondents	Percent
Illiterate	2	3.18
Literate	21	33.33
SEE/SLC	30	47.62
Higher Education	10	15.87
Total	63	100.00

Sources: Field survey, 2025

Table 6 presents the educational background of migrant workers, categorized into four levels: illiterate, literate, up to secondary education (SEE /SLC), and higher education. Illiterate workers were unable to read or write, while literate workers were capable of reading and writing.

Figure 1*Educational Status of Migrants, in the study area**Sources: Field survey, 2025*

The survey of 63 workers showed that 3% were illiterate, 33% were literate, 47.62% had completed SEE (SLC), and 15% held higher education qualifications. This indicates that migrant workers with middle-level education are more motivated to seek employment abroad, while interest is lower among illiterate and highly educated individuals.

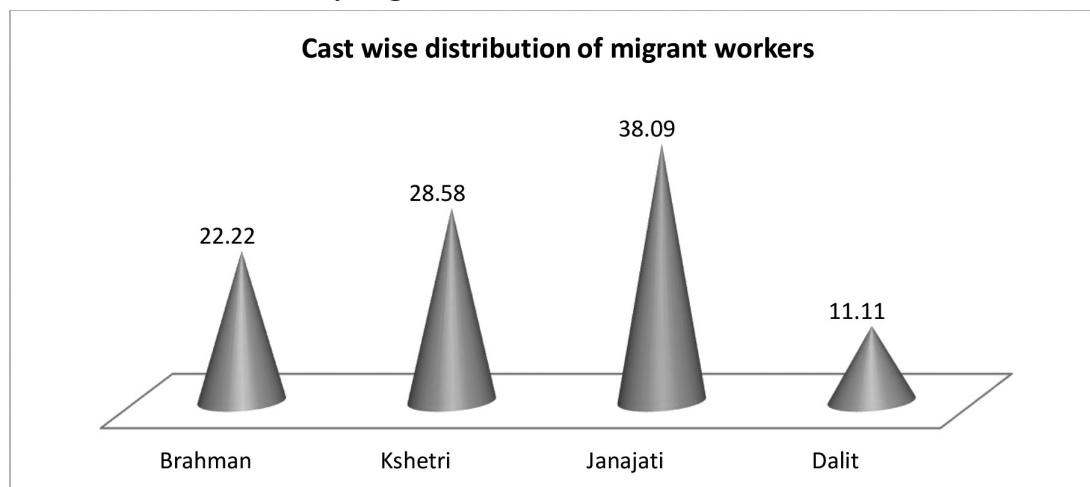
Caste wise distribution of migrant workers

Cast wise distributions of migrants were categories as Brahman, Kshetri, Janajati and Dalit. The migrant workers were classified into different caste group on the basis of Hindu religion.

Table 7*Caste wise distributions of migrants*

Caste group	No. of respondents	Percentage of respondents
Brahman	14	22.22
Kshetri	18	28.58
Janajati	24	38.09
Dalit	7	11.11
Total	63	100.00

Sources: Field survey 2025

Figure 2*Caste wise distributions of migrants**Sources: Field survey 2025*

The majority of migrant respondents were Janajati (38%). Similarly, the second and third highest migrant respondents were Kshetri (28.58%) and Brahman (22.22%), respectively. The lowest percentages of migrant workers were Dalit (11.11%) due to the increase in investment in foreign employment.

Foreign labor migrant and income in the study area

The study found that foreign labor migration significantly contributes to household income in the area. Many families rely on remittances sent by migrant workers to cover daily expenses, education, and healthcare. The income from foreign labor has improved living standards and provided financial stability for several households.

Table 8*Remit from Foreign Migrant*

Sample area	Remit from foreign migrant (Rs.) Birendranagar-14, Surkhet
1	950000
2	900000
3	1855000
4	7410000
5	3290000
6	2550000

7	6100000
8	1235000
9	910000
Total	25200000

Source: Municipality Profile, 2074

Limited job opportunities in rural areas are causing many young people to migrate to cities or foreign countries, particularly the Gulf region, in search of better opportunities. Every year, approximately 500,000 Nepalese youths migrate abroad, with remittances accounting for 24% of national income and providing significant support to families and communities.

Causes of foreign employment

Foreign employment is determined by inadequate job opportunities, poverty, and financial hardship, pushing people to seek better-paying jobs abroad. Political instability and weak governance further reduce domestic job prospects. Skilled workers migrate for better career opportunities, while success stories and family pressure also motivate individuals to work abroad.

Table 9

Causes for foreign employment

Causes	No. of respondents	Percentages out of total
Unemployment	35	55.56
Burden of loan	2	3.18
To earn more	7	11.11
Conflict	13	20.63
Internally desire	5	7.93
Lack of sufficient food to eat	1	1.59
Total	63	100.00

Source: Field survey, 2025

Seeking foreign employment is driven by economic, social, and political factors, often related to personal skills. A study shows that over half of the respondents cited unemployment in Nepal as the main reason. Conflict, due to poor living conditions, was the second major factor. Other reasons include loan debt, better earnings, internal motivations, and food shortages.

Participation in training before migration

In this section we explain the participation of migrant workers in vocational training before foreign employment. Vocational training were practical skills or knowledge related to work which were done in workplace. It is helpful for migrant workers for adjustment in working environment.

Figure 3

Participation in training before migrant



Source: Field survey, 2025

According to the figures, only about 10% of migrant workers received vocational training and orientation before their foreign employment, while the remaining 90% went abroad without it. Birendranagar-14 results reflect the national trend.

Expenditure for Foreign Employment

Table 10

Average cost paid and range of costs for foreign employment

Country	No. of Respondents	Average Cost (Rs)	Ranges of Cost	
			Minimum (Rs)	Maximum (Rs)
Malaysia	21	81904	50000	120000

Qatar	19	82631	35000	130000
Saudi-Arab	11	83181	50000	130000
South Korea	4	85000	80000	90000
Others	8	234375	75000	800000
Total	63	101904		

Source: Field survey, 2025

Table 10 revealed that migrants spent more on employment in non-Gulf countries like Japan and various European nations, despite fewer migrants working there. Among 21 respondents, most were employed in Malaysia, followed by Qatar, Saudi Arabia, and South Korea. Expenses varied from Rs. 35,000 in Qatar to Rs. 800,000 elsewhere.

Sources of financing for foreign employment

Foreign employment is funded through a variety of sources, including personal savings, family support, and bank loans. Many people rely on moneylenders to cover migration expenses, despite the high interest rates. Some obtain funds from local cooperatives, while others sell property or assets to raise funds for foreign employment.

Table 11

Sources of financing for foreign employment

Sources of financing	Total amount (Rs)	Percentage of total amount
Own income	420000	5.80
Having loan	2765000	38.25
Help from friends and parents	2845000	39.35
Selling fix assets	1200000	16.6
Total	7230000	100.00

Source: Field survey, 2025

Nepalese people financed their expenses through various methods: loans, personal income, help from friends and relatives, and selling assets. Friends and parents provided 40% of the support,

while loans accounted for 38%, and asset sales and income contributed 16.6% and 5.8% data in table 11.

Use of money receiving from foreign employment

Money from foreign employment is used for household expenses, loan repayment, improving living standards, investing in property or businesses, and saving for future security.

Table 12

Use of money receiving from foreign employment

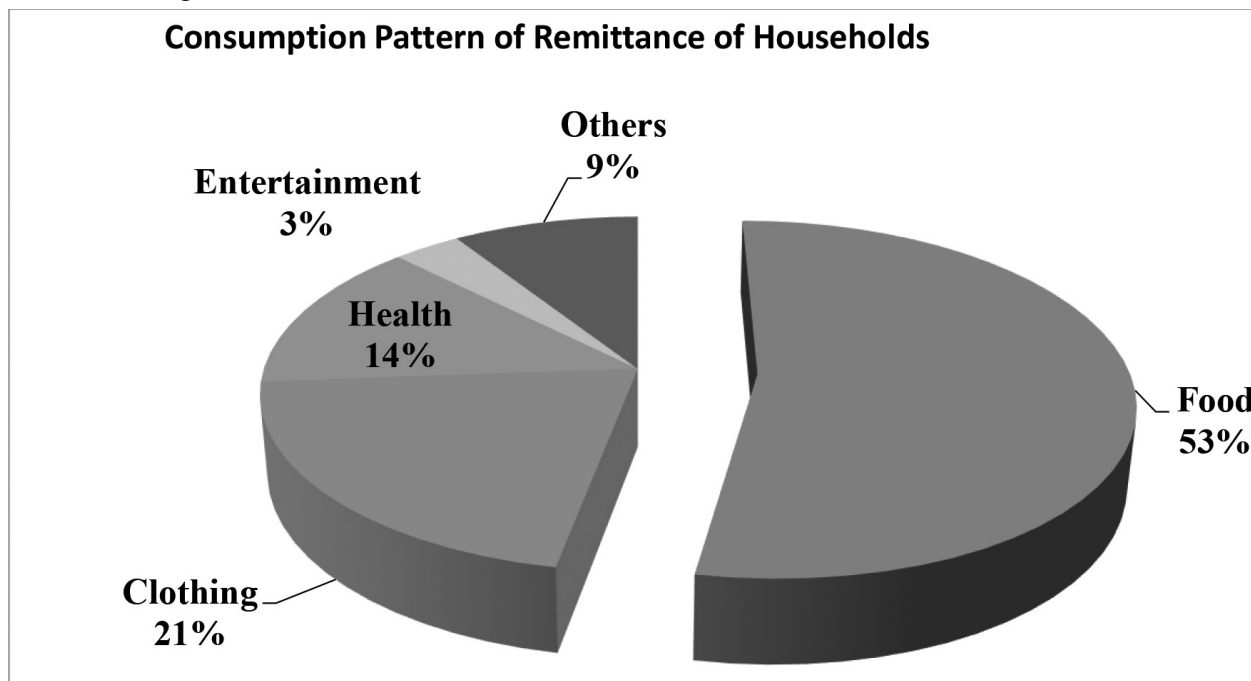
Headings of expenditure	Monthly amount expenditure	Percentage
Repay the loan	517000	22.54
Repairing works in the house	126515	5.53
Purchase land	618000	26.94
Daily household expenses	745000	32.48
Invest in business/Occupation	156336	6.81
Invest in education (children)	68000	2.96
Other	62671	2.74
Total	2293922	100.00

Source: Field survey, 2025

Table 12 shows that most of the money received from foreign employment is used for daily household expenses (32.48%) and purchasing land (26.94%). About 22.54% is spent on loan repayment, while 6.81% is invested in business or occupations. Repairing works in the house account for 5.53%, and 2.96% is invested in education (children). The remaining 2.74% is used for other expenses.

Consumption Pattern of Remittance of Households

Consumption pattern of remittance were categorized as food, clothing, health, entertainment and so on.

Figure 4*Household Expenditure Pattern*

Source: Field survey, 2025

The data shows that 53% of daily household expenses are spent on food and 21% on clothing, making up three-fourths of the total. Health care accounts for about 14%, while 3% is spent on entertainment. Other expenses like communication, electricity, fuel, and education make up 9%.

Discussion

The utilization of remittances has a significant impact on the socio-economic development of communities by improving financial stability, education, healthcare, and infrastructure. Increased household income from remittances enhances living standards, boosts local businesses, and reduces poverty and income inequality (Sharma, 2024). Families can afford better education and healthcare, leading to improved human capital and productivity. Investments in housing, sanitation, and community infrastructure further contribute to overall development (Weisbrod, 1962). Remittances may create economic dependency and limit workforce participation if not used for productive purposes. Effective and strategic use of remittances is crucial for sustained socio-economic growth and improved quality of life within communities (Adger et al., 2002).

With globalization, labor migration has increased significantly, leading to a rise in remittance flows worldwide (Page & Plaza, 2006). In developing countries like Nepal, remittances have played a key

role in reducing poverty and improving household welfare. While a large portion of remittances is spent on daily needs such as food and housekeeping, their impact extends beyond consumption (Pasa & Kharel, 2024). In Nepal, remittances contribute around 29% to the GDP and help strengthen foreign currency reserves (Sapkota, 2013).

According to the Nepal Rastra Bank's "Current Macroeconomic and Financial Situation" report for the first six months of the fiscal year 2024/25, remittance inflows increased by 4.1%, reaching Rs.763.08 billion. In U.S. dollar terms, this represents a 1.1% increase, totaling \$5.58 billion during the review period (Nepal Rastra Bank, 2025). While the report provides comprehensive figures on remittance inflows, it does not indicate the exact portion allocated to daily consumption. However, earlier data from the Nepal Rastra Bank (2011) showed that around 79% of remittance income was used for daily consumption. This spending pattern underscores the crucial role remittances play in supporting the livelihoods of many Nepali households (Thagunna & Acharya, 2013).

A study in Birendranagar Municipality-14, Surkhet, comparing 63 households (half receiving remittances), found that remittance-receiving families had better living standards, education, health, and sanitation. They also reported greater happiness and empowerment, highlighting the social impact of remittances. Although the link to sanitation was weaker due to external aid requirements, the overall effect on quality of life was positive. These findings support the New Economic Labor Migration (NELM) theory, which sees remittances as a means to improve household well-being and local development.

Further evidence from the same study underscores the critical role of foreign employment in the socio-economic fabric of Nepalese households. In the absence of sufficient employment opportunities within Nepal, many young people, especially males aged 25–30, are compelled to seek work abroad. Consequently, foreign employment has emerged as a key income source, with the surveyed households receiving up to Rs.25.2 million in total remittances. These funds are primarily used for daily household expenses (32.48%), loan repayments (22.54%), and land purchases (26.94%), reflecting a focus on both immediate needs and long-term security.

However, the study also revealed critical challenges. A striking 90% of migrant workers lacked vocational training before migrating, highlighting an urgent need for skill development programs to improve employment outcomes and reduce risks abroad. Additionally, the study highlighted gender and caste disparities in foreign employment. Men dominate the sector, accounting for nearly 89% of migrants, while women often employed in caregiving or domestic roles remain underrepresented. In

terms of caste, Janajati groups had the highest participation (38.09%), followed by Kshetri (28.58%) and Brahman (22.22%), while Dalits had the lowest at 11.11%, likely due to fewer resources and opportunities. Educationally, most migrant workers had completed up to the SEE/SLC level (47.62%), indicating that individuals with moderate education levels are more inclined to migrate for work.

While remittances provide financial relief and stability, the findings emphasize the need to address systemic issues such as the lack of skills, high migration costs, and social inequality. Through training programs, financial support mechanisms, and policy reforms, Nepal can promote safer, more equitable, and more productive labor migration practices.

Conclusion

This study explored the impact of remittance utilization on the socioeconomic development of Birendranagar-14, Surkhet. The findings reveal that remittances have played a significant role in improving the living standards of the local people by supporting education, healthcare, housing, and daily livelihoods. However, the majority of remittance income is spent on consumption rather than being invested in productive sectors, which limits its long-term contribution to local development. The research also identified several challenges in the effective utilization of remittances. These include lack of financial literacy, poor investment planning, limited access to local opportunities, and inadequate government support for channeling remittances into development-oriented activities. Overall, while remittance has positively influenced the socioeconomic status of the community, its full potential can only be realized through proper utilization, awareness programs, and supportive policies aimed at encouraging savings and investments for sustainable development. Future studies should examine how financial literacy, investment planning, and supportive policies might encourage the sensible use of remittances. Their long-term effects on sustainable local development could be evaluated through longitudinal and comparative research.

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