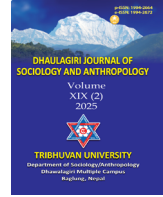


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Changing Remittance Patterns in Nepal: Evidence from the Nepal Living Standards Survey (NLSS) III and IV

Bala Ram Acharya 

Department of Sociology, Padmakanya Multiple Campus, Tribhuvan University, Nepal

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Abstract

This study analyzes remittance patterns between the third Nepal Living Standards Survey (NLSS) in 2010/2011 and the fourth in 2022/2023. This analysis examines ten years of remittance-receiving and utilization trends in relation to household livelihoods, social transformation, trust in financial institutions, and policy implications. It examines current sources, transfer methods, and household uses of remittances from national data. Analysis shows that remittances are essential to household income and livelihood. The remittance data show a significant contribution to economic and social resources. It shows that families are employing various strategies to manage risks to their livelihoods in the current context. As illustrated in NLSS-2022-23, formal banking systems have replaced the traditional cash exchange system. Daily expenses of remittance-receiving families continue to provide substantial support for family needs. Rising loan repayments among migrants' households have significantly reduced their capability to save remittances. It indicates the possibility of debt dependency at the family level. However, remittances promote social mobility and contribute to economic transformation at the local level. This study concludes that effective policy interventions are essential to achieve social empowerment through remittance. The government also needs to provide migrants with the skills and knowledge necessary for entry into the workforce through appropriate policy initiatives. Local government policies may promote profitable investment that supports migrants' sustainable lives.

Keywords: migration, Nepal living standards survey, remittances, social change

Introduction

The Nepal Living Standards Survey [NLSS] defines remittances as payments made to a household in cash or in kind during the preceding 12-month period (Central Bureau of Statistics [CBS], 2023). Both internal and international labor migration significantly influence it. Changing migration trends for study and work, particularly in Europe, America, Australia, and Canada, are also a major influencing factor on the migration economy of Nepal.

Substantial evidence indicates that over the past thirty years, remittances have grown and have become a significant part of Nepal's economy. The remittance-

based economy of Nepal depends on the cost of migration, the effectiveness of the transfer system, and the ways households utilize their remittance income. The destinations of migration have also expanded; in recent years, Nepalese laborers migrated for work to East Asia, North America, Japan, and other new places in addition to India and the Gulf countries. The transfer of remittance has also changed; banks and other official transfer systems have replaced informal money transfers.

Studies have shown that most remittances are spent on daily consumption and loan repayment, with limited use in education or productive investment. The 2010/11 NLSS-III showed that over half of households (56%) depended



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✉: balaram_72@yahoo.com

on remittances to sustain their livelihood, whilst average receipts were NRs 80,436 per household (CBS, 2011). India's share of remittances is partially documented. On the other hand, the contributions of the Gulf States, Malaysia, and internal sources became more important, particularly for low-income households.

The NLSS-IV showed that the Nepalese economy was more dependent on remittances by 2022–2023, with over three-quarters (76.8%) of households receiving remittances (CBS, 2023). While India's share of remittances rose further, domestic remittances have expanded rapidly. It is commonly acknowledged that remittances play an economic and social role in the economy of Nepal (Sharma, 2024). They promote household welfare and reduce poverty (Seddon et al., 2002). However, remittances contribute very little to investments and the productive sector, since consumption and loan repayment still account for most funds (Pant, 2011). Questions have been raised about its sustainability as unfavorable overseas conditions (e.g. wars, pandemics) make the flow of remittance unreliable. Nepalese migrants and their families who depended on remittances were severely impacted by COVID-19 (Adhikari, et al., 2022). A study based on Indian-Nepal migrants showed low COVID-19 threat with demographic factors affecting severity (Khanal et al., 2021). COVID-19 caused both economic hardship and health problems. Families depending on remittances faced severe difficulties. Nepal's economic output mainly depends on remittances. During the pandemic, remittance inflows supported many migrant families. The growth of remittance at that time helped reduce poverty among marginalized families (Akram & Caruana Galizia, 2020). Remittances improved the livelihoods of economically deprived people. However, remittances have not led to significant structural changes in long-term sustainability and prospects for self-reliance in Nepal.

Therefore, the present study examines the patterns and role of remittance in the development process and social change in Nepal between NLSS-III (2010/11) and NLSS-IV (2022/23). It discusses the proportion of households receiving remittances and changes in per-household and per-capita income. It analyzes the nature of change in its source and composition across domestic, Indian, and other foreign remittance trends. It also studies the evolving trends and new developments in transforming channels and their modern mechanisms. Similarly, it examines their impact on the financial access of foreign labor and institutional trust. Finally, it discusses how remittances are spent on consumption, debt repayment, educational advancement, property accumulation, and productive investment across the two NLSS periods. These patterns show implications of remittance for household welfare, inequality, and Nepal's long-term economic transformation. The primary goals of this research are to evaluate NLSS-III (2010/11) and NLSS-IV (2022/23) remittance patterns, investigate the changing nature of remittance sources and modern

remittance transfer methods from abroad, and examines the use of remittances at the household level. This analysis provides insights into how remittances impact daily life and structural change in Nepalese households. The study also proposes policy measures to address the socio-economic impacts of remittance patterns in Nepal.

Review of Literature

Remittances account for a large share of international money transfers in low- and middle-income countries (LMICs), reaching \$656 billion in 2023 (World Bank, 2023). It contributes more than just foreign direct investment and institutional development assistance. The size of remittance and its impact on household welfare and national economies make them significant. The role of remittances in South Asia has expanded significantly over the past two decades due to global work-related migration. For Nepal, this has primarily been to the Gulf, Malaysia, and India. This section of the literature review analyzes the impact, causes, and patterns of remittances.

Nepal's socioeconomic structure and household economy have long been significantly influenced by labor migration and remittances. Remittances offer opportunities, raise household incomes, and contribute to a certain degree of national economic development. These survey reports define the remittances a household received over 12 months. Every contributor or remittance sender has been counted independently in the data (CBS, 2011; CBS, 2023). Social practices of surrounding remittances are also influenced by institutions, networks, knowledge, and social factors which need to be further explored.

Globally, migration destinations have changed over time mainly due to policies of employing countries, also referred to as 'host' countries. Historically, migrant workers from Nepal mostly went to India and the Gulf states. The expansion of relations between countries may expand international labor migration. Research found that social capital, social perception, and kinship networks all contribute to lower migration costs and risks significantly (de Haas, 2010; Massey et al., 1993). On the other hand, depending on multiple foreign labor markets without exploring alternative livelihood options within the country may increase households' long-term dependency risks. Most remittances were transferred in person by migrants or family members in 2010/11 (NLSS/III); however, one decade later, banks and other formal regulated institutions were the primary channels to transfer remittances by 2022/2023 (NLSS/IV). Chipunza and Fanta (2023) have indicated that households that use formal channels to transfer remittance are more likely to be able to access savings, credit, and insurance. Many families now combine rural-to-urban and interprovincial mobility with foreign migration, driven by urbanization and market expansion. Without sacrificing overseas employment in Nepal, these integrated approaches

diversify revenue properly (Seddon et al., 2002; CBS, 2023). According to Levitt (1998), migrants transfer social remittances in the form of experienced ideas, skills, and social practices. However, forms of social remittance are often overlooked. It influences how households prioritize the proper use of monetary remittances. Seddon et al., (2002) show the significance of remittances for both domestic and foreign households as early as the late 1990s. Remittances reached over half of households by 2010/11 in Nepal (CBS, 2011). This was comparable with high rates of emigration in nations such as Bangladesh and the Philippines (Ratha et al., 2011). According to NLSS-IV more than 75% of households were receiving remittance directly by 2022/2023 (CBS, 2023). According to the World Bank (2020), remittance rates could be increased when migration is institutionalized and regulated through policies, networks, and appropriate migration practices.

In Nepal, average remittance amounts have also increased significantly. According to the International Organization for Migration [IOM] (2022), such growth is influenced by global production trends and wage systems. Nominal wage increases do not always translate into practical income gains. Price inflation is another factor that affects remittance. For instance, real estate prices in Nepal have risen sharply over the past decade. Subedi et al. (2024) examine the impact of land-use restrictions on Nepal's land market, using the Kathmandu Valley as a key example. Their research indicates that land value is one of the primary economic factors influencing the market, which is ultimately linked to remittance use.

The geographical source of remittances has also changed; it used to be mainly from India due to its open borders and close cultural ties (Kollmair et al., 2006), whilst Malaysia and the Gulf have emerged as popular travel destinations during the last 25 years (International Labor Organization [ILO], 2018) for low-skilled human resources. However, NLSS-IV data show that both domestic migration and Indian sources are also growing. Maharjan et al. (2013) also compared this with Nepal's rural areas. Families adopt various livelihood strategies to send members within Nepal's cities and abroad to cope with uncertainties (Ellis, 2000).

According to cross-country studies, a large share of remittances is used for housing and consumption, with the education sector given lower priority (Adams & Cuecuecha, 2013). Surveys suggest (CBS, 2011; CBS, 2023) that consumption continues to be the main expenditure of remittances in Nepal, whilst only a small portion is allocated to business, property and education. This can still significantly contribute to social and economic changes through investment in diverse sectors. However, since 2010/11, loan repayment has doubled in Nepal. It indicates how migration finance is becoming more institutionalized. In Bangladesh, where many migrants begin with significant debt, as in Nepal (Afsar, 2011), suggesting a risk of dependency on migration, in

poor countries where remittances are primarily used to pay off loans rather than for long-term investments and production.

However, remittances play a significant role in reducing poverty (Lokshin et al., 2010; World Bank, 2020). Nepal has been suffering from political instability for a long time, which has significantly affected patterns of foreign labor migration (KC, 2023). Nepal is experiencing social and psychological problems, family separation, stress on elderly people, and economic dependency at the national level due to foreign labor trends. Labor migration has left many youths behind, leading to emotional stress and loneliness. This situation has led to a demand for new national mental health policies to provide community-based care (Aryal et al., 2019). According to De Haas (2010), debt associated with labor migration expenses prevents them from taking the place of domestic investment and job creation. Effective policies that increase financial literacy, reduce migration expenses, and promote efficient remittance use are essential for the positive impact of remittance.

Methods

This study is based on national data collected by the NLSS, reports III (2010/11) and IV (2022/23) (CBS, 2023). The current study applied secondary analyses on data from the CBS of Nepal, which carried out both surveys. They used standardized questionnaire designs for the extensive survey. This comparative data enables direct comparisons between two survey years. Information was taken from the NLSS-III and NLSS-IV. The study primarily examines patterns of household income and remittance use.

Data Sets

The sample size was increased to 8,020 households by NLSS-IV (2022–23) to make it representative. The 5,988 households in the NLSS-III dataset were categorized into different sections. Mainly, it was taken based on urban/rural habitation, development region, and ecological zone (CBS, 2011). According to CBS (2023), data was taken in more stratified parts by province, ecological zone, and its rural/urban location. A multi-stage stratified sampling design was applied based on the national population census frame is used in both surveys which is sociologically significant. This research compares data on migration and remittance-related activities, remittance amounts, sources, diverse transfer channels, and remittance patterns.

Variables and Indicators

Four distinct thematic dimensions were taken from the two surveys:

1. The percentage of households that receive remittances from different sources: The indicator to analyze data is based on the average amount of remittances received by households. It comprises the national level and by different socioeconomic categories.

2. Sources of remittance: remittance sources are based on both internal and external.

3. Mode of remittance transfer: percentage of remittances migrant workers send, sender's personal funds, unofficial channels (such as *hundi*) and formal financial institutions.

4. Remittance usage: the proportion of remittances is used at the household level for a variety of purposes, e.g., capital formation, education, daily consumption, loan repayment and real estate and housing.

Analytical Framework

This analysis has limitations, as does any study based on secondary data, and is descriptive and comparative, examining changes in the size and distribution of remittances under certain indicators from NLSS-III and NLSS-IV between the two surveys. If its definitions and measurements are consistent across different data sets, including proportional growth rates of remittances and the trend of percentage changes, are calculated comparatively for variables used in this analysis with greater detail in NLSS-IV. The focus of this analysis is on interpreting trends and patterns over time for the variables discussed above. It does not simply present direct numerical differences between the two surveys.

Different theoretical orientations are linked in this analysis based on comprehensive dimensions of remittance. Theories of the connection between migration and development (de Haas, 2010) are important.

Migrant network theory (Massey et al., 1993) is also significant. The theory of social remittance (Levitt, 1998) helps examine the changing nature of remittances for this analysis. This analysis covers the interpretation of migration's causes and effects. However, it takes into consideration the economic and social dynamics of remittances in the present context, changing patterns of formal institutional involvement, and, mainly, remittance-using patterns in society.

Findings and Analysis

Remittances Received by Households

The average amount and frequency of remittances are suitable indicators for analyzing the economic conditions associated with migration and remittances in Nepal. Table 1 shows the growing importance of migration to household livelihoods in Nepal. The percentage of households receiving remittances has increased continuously across survey periods. Remittances remain the primary source of cash income in rural areas of Nepal. They are mainly used as remittances for social spending, such as debt repayment, food, healthcare, and education. Over time, remittance inflows, mainly from abroad, have risen in both value and coverage. The data indicate that migration is deeply rooted in Nepal's household economy in the present context. The findings suggest that migration has become

a regular source of income and a culturally accepted part of household livelihood systems rather than a temporary existence.

Table 1
Proportion of Households Receiving Remittances

Indicator	NLSS-III (2010/11)	NLSS-IV (2022/23)	Changing trend (Growth in %)
Households receiving remittances (%)	56.0	76.8	+20.8
Avg. remittance per recipient HH (NRs.)	80,436	145,093	+80.4
Per-capita remittance (NRs., national)	9,245	36,273	+292
Total remittance volume (NRs. billion)	259.1	1,042.5	4× increase

Note. HH = household; pp. = percentage points.

Source: Central Bureau of Statistics (2011, 2023).

Survival strategies have changed significantly in the last few years in Nepalese families; they have become more dependent on international labor migration. Table 1 shows the proportion of households receiving remittances increased from 56% in 2010/11 to 76.8% in 2022/2023. The average household remittance increased by 80.4%, from NRs 80,436 to NRs 145,093. At the same time, per capita remittances grew by 292% from NRs 9,245 to NRs 36,273, while total remittances increased fourfold, from NRs 259.1 billion to NRs 1,042.5 billion. Mainly, two things are shown by the massive increase in nominal per capita remittances of almost 300% (Table 1). First, there is now a significant pay gap between Nepal and the target countries worldwide. Nepal, as a home country, is unable to pay its employees' basic salaries. Secondly, compared to ten years earlier, more migrants are traveling to higher-paying countries.

Nepalese families' migration patterns are not solely determined by the livelihood strategies of specific households during difficult times. It became an essential source of livelihood planning and strategy. From a sociological point of view, the situation of changes from the impact of remittance on people's education, health practices, and gender equality needs further exploration. In Nepal, migration has become a normal social phenomenon due to its large volume. People move to cities and abroad for better opportunities. Such migration trends and recruiting processes have encouraged brokers to promote migration even more. Government policies regulate inflows,

supporting migrant workers and promoting transnational home ownership.

Sources of Remittance

The origin of remittances also reflects historical socioeconomic relations. It greatly influences the migration and employment patterns of migrant workers, as well as the spatial patterns of migration networks and relations. After the 1980s, amid the expansion of the liberal market abroad, there was a noticeable rise in foreign migration to the Gulf and Southeast Asia. The use of different countries and locations for Nepali labor migration has supported the expansion and diversification of remittance volumes. It is particularly important for urban and semi-urban labor markets, and Nepal's development process. The share of remittances from each source clearly shows how households manage their risk of life through diverse migration patterns and strategies.

Table 2
Remittances by Origin

Source	NLSS-III (2010/11) (%)	NLSS-IV (2022/23) (%)	Change (%)
Inside Nepal	19.6	29.3	+9.7
India	11.3	21.3	+10.0
Other countries	69.1	49.4	-19.7

Note. Percentages represent share of total remittance inflows by source country or region.

Source: [Central Bureau of Statistics \(2011, 2023\)](#).

It shows a growing trend of remittances coming from domestic and Indian sources. Remittances from domestic and Indian sources together increased from 30.9% in 2010/11 to 50.6% in 2022/23. At the same time, the share of remittances from other foreign countries declined from 69.1% to 49.4%. For two decades, households expanded their income sources across regions significantly. This pattern shows that it reduces the risks of depending on a specific labor market. Its importance reflects deep cultural and historical ties among countries, mainly with India. Sharp family connections trend also sustains it ([Chakravorty et al., 2021](#)). India remains a first choice for many low-income migrants from rural families. Very few economic burdens take you to India. It is necessary to understand that social inequality may rise as a result of these differences in migratory routes. Ultimately, it reinforces economic stratification within society. Social perceptions are also not less for Indian migrants.

Means of Transferring Remittances

Choosing an agent for remittance transfers by migrants

involves more than personal preference. However, it depends on the available options, including those from the private sector. Informal and traditional methods are more common in countries since public and formal channels are not trusted or readily available. This gives rise to unofficial money agents and manual delivery services such as "Hundi". [Sijapati et al. \(2015\)](#) revealed that 70% of remittances are sent through money transfer and non-banking institutions, while 30% go through formal banking channels. However, the data from NLSS-IV (2022/23) show that rapid development of digital channels and formal banking systems has occurred due to improved and low-cost financial regulation, greater and faster service accessibility, and more robust public and private institutions. Migrant households now use banks more often than the traditional system of transfer. They also utilize cooperatives, which are available in the rural areas. In addition, mobile banking is becoming more common and easier for transferring remittances.

Table 3
Means of Remittance Transfer

Transfer Method	NLSS-III (2010/11) (%)	NLSS-IV (2022/23) (%)	Change (%)
Financial institutions	19	75	+56
By person (self/relative/ friend)	77	21	-56
Hundi	3	2	-1
Other	2	2	0

Note. Percentages represent share of total remittance transactions by transfer method.

Source: [Central Bureau of Statistics \(2011, 2023\)](#).

Transfers, mainly from abroad through formal institutions, rose from 19% in 2010/11 to 75% in 2022/23, a significant increase of 56%. Similarly, remittance transfers by person, known as illegal sources, fell from 77% in 2010/11 to 21% in 2022/23, a significant drop of 56%. Using *hundi*, an illegal mechanism of money transfer in Nepal, from overseas decreased slightly from 3% to 2% during the survey period. It shows a significant shift in migrant trust toward formal mechanisms and the growth of banking and money transfer organizations. The growth of mobile banking services and the expansion of rural banking directly play a significant role in this volume of changes. High transaction fees may be a barrier, as is the difficult access to financial institutions in remote areas. Efforts to reduce institutional barriers related to access on location, cost, and easy documentation procedures may encourage the use of formal channels to transfer remittances.

It is understood that this change reflects not only government promotion of formal transfer channels but also growing public awareness.

Use of Remittances

From a sociological perspective, it is necessary to understand the social impact of remittances on national development. It requires specific knowledge to examine how society uses remittances for what purposes in what type of society. Remittances can enhance human capital and social well-being when they are used for education. They can also be used to invest in small businesses, real estate and other assets that could lead to long-term financial prospects. It helps to sustain their livelihood further. Similarly, repayment of loans also takes up a sizable portion of remittance.

Due to poverty and limited access to material resources (e.g. land, housing), borrowing is often the first step in the migration process for poor families. Migrants and their families often take loans to cover their settlement costs, travel expenses and recruitment fees to brokers and manpower agencies.

slightly decreased from 79.0% to 72.4%. The data indicate a 6.6% decrease, with little spent on capital formation and savings. Similarly, loan repayment doubled from 7.0% to 15.8%. It indicates an 8.8% increase in loan repayments. The expenditure on education increased only slightly, from 4.0% to 5.2%. Spending on household property or business at the same time declined from 5.0% to 2.3%. Minor changes are seen in capital formation and savings, which is a significant concern for remittance-based economies like Nepal.

Many in Nepal suffer from unemployment. Nair (2009) found that households' well-being improved when women dealt with remittances. They are spending more on healthcare, children's education, and durable goods. This may positively affect social development and enhance human well-being. It supports women's intra-household bargaining and reduces the gender gap (Nair, 2009). Such applications of remittance do not significantly contribute to long-term economic growth. However, it needs to be recognized that it indirectly enhances social well-being by reducing gender disparities or funding health and education.

Table 4
Primary Use of Remittances

Categories	NLSS-III (2010/11) (%)	NLSS-IV (2022/23) (%)	Change (%)
Daily consumption	79.0	72.4	-6.6
Loan repayment	7.0	15.8	+8.8
Education	4.0	5.2	+1.2
Household property/business	5.0	2.3	-2.7
Capital formation/ Saving	2.0	3.1	+1.1
Other	3.0	1.2	-1.8

Note. Categories represent percentage distribution of total remittance expenditure by purpose.

Note. Data from Central Bureau of Statistics (2011, 2023).

Spending patterns of remittances from NLSS-III and IV indicate that household social capital is relatively low. It supports the basic needs of poor families and maintains their living standards by providing appropriate food funds for social obligations such as cultural functions, festivals, and rituals. This pattern, evident in all migration studies (Thapa-Parajuli et al., 2025) needs to be considered in greater detail. Remittances mainly replace household earnings activities rather than generating wider economic transformation in Nepal.

Data shows the spending trend on daily consumption

Discussion

Findings from the NLSS-III and NLSS-IV show several changes in household remittance patterns, including income sources, countries of work, transfer methods, and remittance uses at the household level. The results also clearly point to more significant shifts in Nepal's migratory economy, primarily based on remittances.

From a sociological point of view, households increasingly rely on migration and remittances as a regular means of survival. Migration affects people's expectations, social and cultural norms, activities, and community identity (Massey et al., 1993). Migrant families are well recognized in the community. This recognition may also reduce psychological pressure. Migrants play a key role in sustaining the migration and remittance cycle equally (de Haas, 2010). Many migration destinations have been chosen, leading to more remittance sources. The variety of remittance sources has an effect on the community's livelihood practices.

The slow growth of remittances from India and other countries shows that only a few migrants can access high-paying jobs abroad. It may have different causes based on education, skill, and knowledge. These routes are also less regulated and more dependent on family relationships (Seddon et al., 2002). This pattern, based on low-earning and high-earning destinations, indicates migration stratification.

Data show that people have more trust in and depend more on formal institutions when sending remittances home. Remittances are only one factor enabling such changes at the individual level, and they may affect how families borrow, save, and make investments in the future.

NLSS shows that the primary use of remittances is still spending on basic needs rather than saving and investment. Remittance contributions significantly increase household spending on durable goods, food, energy, clothing, education and agriculture sectors. According to [Levitt \(1998\)](#), social remittances based on family welfare, including education support, formal saving, and institutional trust equally. However, its dominance in consumption obviously limits long-run structural change. It is essential to note that growing financial dependency during the migration process is indicated by rising loan repayments. It can be reduced only by state intervention.

A significant portion of the money migrants send home is used to repay debt. This debt burden has raised a cycle of migration for dependent families. Lacking opportunities within the country, migrant families often feel pressured to send their members abroad regularly to meet daily expenses. As a result, families lack the capacity to diversify income through investment or savings in the productive sector. Sociologically, the migration cycle of Nepali migrants reflects how Nepal's remittance economy is shaped by household conditions and the regulatory conditions of the government.

Different sources, including the NLSS, indicate that most migrant workers from Nepal are employed abroad in low and semi-skilled jobs. These sectors are often vulnerable to economic instability and affected by changing immigration rules and regulations and political instability. These fragile types of structural conditions limit migrant workers' capacity to rise in the global labor hierarchy and maintain a dignified status. Programs for skill development and knowledge may remain as part of this support. It also includes protections for workers' rights and social security. Similarly, it shows the necessity of strategic bilateral diplomatic relations with host nations to enhance workers' social protection ([International Labour Organization, 2020](#)). Policy initiatives taken by the government aim not only to limit remittance transfer activities and supportive measures alone, but also need to connect to meet broader development goals. Enabling fair selection practices and eliminating unnecessary service fees may contribute to lower migration debt. The practical framework should also include access to reasonably priced financing for potential migrants. Banks and money transfer companies are also important. However, access to formal institutions depends on financial literacy. It encourages the purchase of insurance plans that could protect them against future uncertainties ([Paudel & Kunz, 2022](#)).

Development planners may develop proper investment strategies with the participation of experts and affected households. At the initiative of the local body of government, remittance income can be used collectively to support local enterprises. Remittances owned by individuals can be transformed into public goods and may contribute to social transformation. In these collective efforts, remittances can go beyond a means of subsistence.

It can help people diversify the uses of remittances and encourage saving. Collective efforts across different levels can help Nepal achieve equitable growth and social transformation. Remittances are recognized, from a sociological perspective, as a driving force in a complex system of development, particularly in developing countries. It serves as a source of livelihood and a means to meet societal aspirations.

The main challenge is formulating rules and appropriate conditions that recognize the migrant households as a nation builder in the present context. It needs to be considered by the policy maker over the long run remittance stands as a means of social transformation. Between the two national surveys taken between 2010/11 and 2022/23, Nepal's remittance sector has increased significantly in this regard. Its destination for work and for sending remittances has become more diverse. Its financial pathways have become wider with the expansion of internet banking. More households in Nepal, mainly from rural areas, are now supported by remittances in terms of income, education, and access to health facilities than before. It makes it easy to sustain their livelihood.

The findings of this analysis suggest that if international labor migration continues, stakeholders must implement broader and targeted policies to promote mobility and ensure the proper use of remittances. First, state agencies, including local government, should increase the availability of low-interest loans. Formal institutions like banks and cooperatives may provide loans without collateral, with government support, to marginal groups. It implements effective policies to control recruitment costs, reducing the migrant debt dependency cycle among the underprivileged section of the community. Secondly, financial institutions, whether banks or cooperatives, can offer savings plans and proper remittance use through policy. Third, an institutionalized governance system is needed to promote an investment culture for future protection. Finally, migrant households must trust formal remittance channels to control misuse and the risk of the collapse of remittance.

Conclusion

Data from the NLSS-III (2010/11) and NLSS-IV (2022/23) report illustrate significant changes in Nepal's remittance economy, including increases in remittance amounts, expanding locations, uses, and remittance sending mechanisms. Its size has been increasing for a decade. It has contributed significantly to Nepal's Gross Domestic Product. In addition to increased remittance amounts, there have been changes in how families live, plan for education, and manage to settle safely. In 2010/11, remittances supported just over half of all households in Nepal. Similarly, by 2022/23, it reached more than four in five households. This analysis finds that average receipts had almost quadrupled. These facts proved that migration is now a normal part of family livelihood strategies in

Nepali society.

The sources of remittances have also changed, along with the development of technology. The trend toward expanding work locations shows that migrants increasingly weigh the costs of migration. In recent days, they have compared higher-paying overseas jobs with cheaper and closer options in a rational way. Money transfer methods have changed significantly. The practice of carrying cash in hand by trusted persons has declined because most transfers now occur through regulated formal institutions. It is being institutionalized and formal due to the greater trust in the banking system. It is assisted by better access to financial services, the rise of mobile and digital technologies, and government policies. This nature of formalization of remittance has increased financial attachment and protection. Similarly, it has created an appropriate environment for investment and saving. Analysis of data across two time periods indicates that the majority of remittances are still used for everyday expenses. This trend arises from limited access to resources, such as land and housing, particularly for poor households. It is further reinforced by the rapid rise in consumerism driven by market expansion in recent days. On the other hand, borrowing for migration is still common in Nepali families as repayments have grown repeatedly. This context make fewer remittances role for other productive uses at the household level.

The extent of diversity and formality of Nepal's remittance economy has increased significantly in the latest context. However, experience with social events shows that challenges remain in both the utilization patterns of remittances and in the social security and protection sectors. Remittances of Nepal are mainly spent on consumption. Migrants' debt repayment, sourced from informal channels with high interest rates, has increased and is a serious issue. So, its indirect impact on productive investment is limited due to the low savings rate relative to income. Poorer families, mainly from rural areas, with low skills and low education, face unequal access to migration opportunities. It lowers their earnings while increasing risks from hard labor, insecure jobs and informal household work. Because of low savings, most remittances are used for survival rather than for the productive sector, hindering their long-term sustainability. Many families who have taken on high-interest loans are prevented from investing by the debt cycle. To address these challenges, effective loan policies should reduce migration debt. They should also promote safe investments through financial literacy and policy for small-income holders. Banking sectors may support them with the government's specific direction. If this is done properly, with equal participation from all stakeholders, remittances can move from meeting household needs to productive sectors. It may promote sustainable growth for the nation. Expanding local opportunities through state efforts is essential for sustainable development when remittances are used properly. It may reduce the need for

people to go abroad for basic livelihoods.

Declarations

Ethics Approval and Consent to Participate

This study is based on publicly available, anonymized secondary data from the Nepal Living Standards Survey (NLSS). Therefore, separate ethical approval and individual informed consent were not required.

Consent for Publication

The manuscript does not contain any individual person's identifiable data.

Availability of Data and Materials

Publicly available secondary data (NLSS) were used in this study.

Competing Interests

The author declares that there are no financial or non-financial competing interests.

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Authors' Contributions

Author conceived the study, designed the research, analysis and drafted and finalized the manuscript.

Use of AI

AI tools were used only for language editing.

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About the Author

Bala Ram Acharya  (<https://orcid.org/0009-0000-0125-6663>) is an Associate Professor of Sociology at Padmakanya Multiple Campus, Tribhuvan University, Nepal. He has successfully defended his PhD pre-viva and is awaiting the final viva. His research interests include urban poverty, informal settlements, social exclusion, family, aging and social inequality.

Email: balaram_72@yahoo.com