

Labor Migration from Nepal and Household Livelihoods: Drivers, Outcomes, and Policy Implications

Jeeb Narayan Kafle¹, Kushendra Bahadur Mahatz

¹PhD Scholar, Sikkim Professional University, Sikkim, India

²Visiting Professor, Sikkim Professional University, Sikkim, India

Corresponding Author: Jeeb Narayan Kafle | kafle.ndpo@gmail.com

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ABSTRACT

This mixed-methods study examines labor migration from Nepal and its effects on household livelihoods, focusing on drivers, remittance allocation, and implications for livelihood diversification and rural sustainability. Quantitative analysis includes descriptive statistics, bivariate comparisons, and multivariate regression models with robustness checks (propensity score matching and clustered standard errors). Qualitative thematic analysis explains decision making, gendered dynamics, and institutional constraints. Key findings indicate that smaller landholdings, limited local employment, and lower educational attainment increase migration likelihood; remittances raise short-term consumption but have mixed effects on productive investment and long-term diversification. Policy recommendation emphasizes targeted skills training, financial inclusion for remittance recipients, and community level programs to translate remittances into sustainable local investments.

KEYWORDS

Labor migration, Livelihoods, Livelihood diversification, Nepal, Mixed methods, Remittances

INTRODUCTION

Most of the Nepali households have a major source of national income through remittances. While remittances can stabilize household consumption and finance education and health, their role in promoting productive investment and long-term rural sustainability is contested. Research frames migration as a livelihood strategy shaped by asset endowments, labor market opportunities, and social networks. Studies of Nepal document high out-migration driven by limited local employment, land fragmentation, and aspirations for better wages (Adhikary et al., 2023; MoLE, 2016). Remittances often increase household consumption and human capital investments but do not automatically translate into productive local investment without enabling institutions and financial services (Gautam, 2017; Mishra & Kunwar, 2020). Gendered outcomes are prominent: women left behind may experience increased decision-making responsibilities but also greater care burdens and constrained access to productive resources (Akiva & Petrokubi, 2016; Mukembo & Edwards, 2020). This study synthesizes these strands and adds rigorous causal checks and qualitative explanation to clarify mechanisms.

International labor migration has played a role as an employment strategy for the people whether they are staying in poor countries or least developed and developing countries in the world

(NIDA, 2016). That's why the migration is playing a crucial role for the economic growth of a country. So that migration is influenced by social, economic, political, geographical, environmental and human development factors of human beings. There is a long human history of migration where many people were moving one place to another for searching to do their families and households better livelihood. Nepal has a long history of destination and source of migrants and trends increasing today. She has one of the largest diasporas in the world accounting four million Nepalese are leaving with employment, education, healthcare and to be better life across every major region of the world. There is big data of going abroad during this decade. As of total 1.674 million Nepalis leave the country for abroad permanent residence in 2024 with 66,835. The figure published by the department of Immigration shows that among those leaving 1.2 million were men and 4,67,257 were women (DoFES, 2022). If we analyze the main causes of migration, they are rural poverty, food insecurity and lack of employment. Furthermore, lack of income generating opportunities, economic inequality, limited access of social protection and climate changes are deep rooted in the rural communities. So that, the young population has been focusing migration that is providing employment opportunities to Nepali workers to other countries.

In recent, international migration is leading with rapid growth and has reached over 272 million people or 3.5% of the world's population. Internal migration also be increased and it reached to 740 million as per the records found in the literature as internal migrants (IOM, 2020). In this context, Mishra and Kuwar (2020) and MoLE (2016) highlights the migration has become a major source of income for Nepali households that is providing great opportunity to the people of Nepal. From this, remittances also had been increased and reached equivalent to over a quarter of the GDP. Skilled migrants may earn more in comparison with unskilled. Additionally, the returnee workers acquiring important experience, skills and technical know-how from abroad. However, the benefits of labor migration are underestimated. This should be considered to maximize the benefits of labor migration to minimize potential risks with an emphasis on domestic employment generation by ensuring Nepali citizen choice and necessity. But the governance is taken as complex and multi-dimensional aspect that plays a crucial role managing these issues. There should be a robust institutional architecture with a comprehensive legal and policy framework to better regulate and manage this sector in Nepal. The impact of migration on household agriculture production is seen in the net effect of the loss of family labor and the positive impact of receiving remittances but the management regarding in this aspect is not satisfactory. But the continued efforts on the policies focusing to promote initiatives to reduce constraints of out migration in rural area and creating investments friendly environment in their places of origin.

Nepal is ethnically, religiously and geographically diverse. There are 29 million Nepali people who live within this country (CBS, 2021). Agriculture is main source of employment of Nepalese people from which we can get food and shelter. However, the investment in agriculture is very low and not encouraging to the farmer or grower. As per the CBS(2023), agriculture is contributing to the GDP of more than 65 percent to households' consumption and contributing 66 percent in employment (MoAD, 2015). Additionally, 35.12 percent share to the National Gross Domestic Product (GDP) (MoF, 2024). Therefore, the migration is a part and parcel of the history from the origin of humankind and it is playing major role in the evolution of societies. Also, the migration is considered as a part and the process of economic, social and human development. Taking a place of development part, people move within and between countries in searching their livelihood opportunities. It has been a long history of human shifting in global

population distribution noted in a slow demography paradigm within the society (Billari, 2022). So, the gradual ups and down in population size and structure is occurring in response to fertility and mortality within the human society.

The volume of global migration is increasing because of geographical differences and changing patterns and dynamics of migration (Carlings & Tolrans, 2016). To the Nepalese context, Singh (2015) concludes that the history of formal labor migration started from 1814-1816, after the Nepal British India war. From this baseline, we can say international labor migration started about 200 years ago, particularly after the first world war. After this, Nepalese started to seek work abroad and send remittances to their families. In connection with this, in early 19th century, the first men migrated to Lahor (today's Pakistan) to join the army of Sikh ruler, Ranjit Singh. They give the new name as "lahure" to the Nepali visitor that means staying and working in Lahor (Pakistan) which is still continuing the word today for Nepali armies who are working abroad. In another context, 1815/1816, the first British army of India who served for British and still are called "Gurkhas" army since then international labor migration of Nepalese has been continuing today.

Especially in recent decades, migration has been increased and diversified in new pattern and becoming as culture (MoF, 2016). The theoretical interpretation was made in the 20th century and it was firstly defined by Ravenstein (1985). He further studied regarding the migration and concluded that technology has dominated migration and the dominance of economic objectives. Earning motives are also factors which determine migration to the human society (Ravenstein, 1889). If we recall the Nepalese context of 10 years long Maoist conflict period, Khatiwada (2008) concludes in a study of migration in Nepal, where mass exodus of conflict affected people especially middle class who couldn't provide donation (so called) as a dichotomy of migration in terms of voluntary and forced migration. In that period, Nepalese migrated in mass level by force from rural to urban and urban to the out country that has been gradually increased and now converted into a culture of the society. So, the root cause of mass migration is the Maoist by product which is the darkest side of our peaceful country that may take 100 of years to recover the pain that the nation experienced.

Labor migration has become an important part of the lives of Nepali people. The census (2021) data shows that one in every four households has at least one member are going abroad or living out of the country. If we analyze the root cause, the lack of employment and policy not addressing to engage the people who wants to migrate from Nepal (Sharma, 2012). But as the first policy document was formulated as the foreign employment act in 1985 to address Nepali labor migration binding them in a legal framework. Then, opened the door for the private sector to make recruitment business considering to play a defining role in the economy of Nepal. Major reason to migrate is the poverty and unemployment. The other reasons are limited employment opportunities, deteriorating agricultural productivity. Due to the environmental factor, internal conflicts, earthquake, natural disaster are some of the motives behind labor migration of Nepal (Shrestha, 2018).

From labor migration Nepal is getting remittances to the country that have a major contributor to increase household income as well as the GDP. As per the data available, in 2013, remittances inflows topped US\$ 5 billion or 25% of the national GDP (ILO, 2014). Almost half of all households have at least one family member been in outside the country and is currently working or has previously worked abroad (World Bank, 2021). As per the Gibson & McKenzie (2012) when economic activity reduced from labor outflows that dampen tax revenue. On the other

hand, while remittance inflows raise consumption-based tax receipts or reduce labor tax revenue by affecting labor decisions (Ebeke, 2010), economic activities grow. But when youths go out country in mass level, the older population left behind could put pressure on pension and health expenses which creates pressure in revenue (Clements et.al, 2015). At the same time, low level of tax revenue or reduced cost of funds associated with remittance inflows may support higher levels of public consumptions and debt through circulating money in the society (Chami et. al, 2008). Anyway Nepali workers making a high-level development contribution to the home country.

Objectives

Objective of this research is to study about migration and its effects on livelihood within the people of Bagmati Province of Nepal. Researcher has divided the research objectives as general and specific objective. When studying migration for better livelihoods, I aim to uncover the deeper motivations, impacts, and transformations that migration brings to individuals and communities of Bagmati province. The core objectives of this study is to identify drivers of migration as push and pull factors like poverty, unemployment, or better job prospectus that motivate people to migrate for improved livelihoods. Analyze socio-economic impacts how migration affects income levels, employment status, housing, education, and services available to the migrants and their families. The study covers the answer of the reasons of youth migration and their status and the livelihoods do they have in the present by open ended interview questionnaires.

This paper addresses three questions: (1) What household- and community-level factors predict labor migration from Nepal? (2) How are remittances allocated across consumption, education, health, and productive investment? (3) To what extent does migration contribute to livelihood diversification and long-term household resilience? Three districts were purposively selected to capture agroecological and migration variation (mountain, hill, terai). Trained enumerators conducted face-to-face interviews using tablets with built-in validation checks. Qualitative interviews were audio-recorded (with consent), transcribed verbatim, and translated where necessary. Daily supervisor checks ensured data quality.

Why people migrate from Nepal ?

Migration from Nepal happens for various reasons, both internal and international. In search of economic opportunities is the main reason of migration due to poorness. Many Nepalis migrate abroad, particularly to Malayasia, the middle east and India, to seek the better paying jobs. Kuwar (2021) has studied and wrote research article entitled “*Foreign Labor Migration Causes and Impacts in Nepal*” with an objective to describe the major causes and impacts of labor migration in Nepal. He concludes economic opportunities, urbanization & infrastructure gaps, marriage and family relocation, education and better living standards, political & legal factors, natural disaster’s & climate change etc. Nepal is rapidly urbanizing, but rural areas lack basic amenities like roads, healthcare and schools. This drives people to cities leaving hills and mountain regions depolluted. In the same way marriage is a major reason for migration, especially for women. Many moves to their spouse’s home, contributing to internal migration patterns.

Porumbescu (2018) defines that the international migration is a regular phenomenon of population movement caused due to the discrimination in labor market places that differentiate labor wages one to another then financial retribution across various nations compelled to be seen. Most of the young people migrate for higher education, better livelihoods, getting new environment for multiple opportunities and improved living conditions, often setting urban areas. Although, law has been enforced in the country, some Nepali migrate illegally that results leading to deportations, especially from US and other western countries where wider opportunities available where stricter immigration policies have resulted in a surge in deportations. Additionally, natural disasters & climate change such as; earthquakes, floods and landslides force people to relocate, particularly from vulnerable rural areas to the urban where that reduce risks and available multiple opportunities for their personal growth. Therefore, Pengali et al.(2021) opine that migration has a major role to affect the population distribution in Nepal. Other causes are availability of professional opportunity, educational facility, health and safety facility and topographical conditions of the country. High Himalaya, mountain and hot Tarai are the key causes of movement of people from rural to urban and to another country.

Push and pull factors

Human never think to migrate until they feel comfortable to their lives, society, and families. So that, the socio-economic factor pulls the migration to a person. During the last two decades, migrant attracted from better economic opportunities and high living standards in destination countries in comparison to their countries of origin. Socio-economic differences between countries arise during migration across international borders. And this trend is to be continuing to intensify in the coming years as well due to better access of IT and other increasing facilities available abroad. If we have seen the world trend, between 2013-2017, average per capita income was 54 times higher in high income countries in comparison to the low- income countries. It is estimated that the trend in the future as well and reaches the gap of 135 years at current growth rates (World Bank, 2020). The first choice of migrant from developing countries particularly those with limited financial resources is pursuing different opportunities available nearby developing countries.

The main theme of migration is quality of life. Secondly, migrant considers in migration choices, in which countries may available reliable healthcare, social security benefits, and civil liberties protection. As per OECD(2021) academic research, these things consider for attractive migration destinations. It equally balances the strengths and weaknesses of both quantitative and qualitative research methods (Creswell & Plano Clark 2007) in mixed method. The study is sequential exploratory qualitative research in nature. The research is adopting an interpretivist epistemological stance, which is consistent with the qualitative research mode. In my study, while selecting the participant, I have chosen Bagmati province due to the highest outflow of migration comparison to other provinces. Based on the nature of research, I've conducted open ended interviews, close ended interviews, a mixture of close ended and open-ended questionnaires, conducted focus group discussions and survey and observations was made what they are doing in the respective field and using their skills.

Dolakha, Kathmandu valley and Chitwan district was taken as sample district of key informants. I've taken much participants from Kathmandu valley due to high population and then Chitwan big one has 65 & small population taken from Dolakha due to minimum population as random selection basis. The study was analysed with push and pull theory, the new economics of labor migration theory, relative deprivation theory, migration theory, social capital theories and

sustainable livelihoods approach (SLA). Although post-colonial critics argue that dominant narrative often perpetuate the marginalization of migrant communities, reinforcing stereotypes and cultural hierarchies. The research findings conclude with all the dynamics are formally and informally associated for migration of Nepalese internally or internationally to other countries. From the survey data of findings, the major reasons of migration are shown in the table 1 below. The table gives some major glimpses of 220 migrants worker who were first category of my research participants from among altogether of 300 population.

Table 1: Major causes of migration within the Bagmati province of Nepal

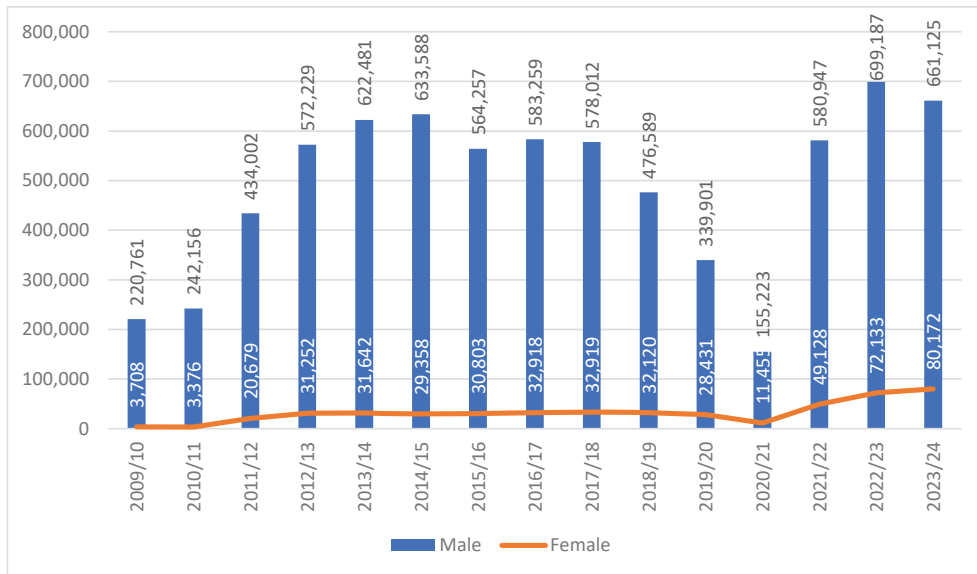
S. N	Reason for migration	Number	%
1.	Improve economic conditions	44	20.46%
2.	To earn money, pay home loan	37	17.20%
3.	Support family, employment due to jobless in Nepal	24	11.16%
4.	Solve economic problem of the family	29	13.49%
5.	No alternative, poorness, compulsion to migrate	43	20%
6.	Focus to earning, happiness for whole family	10	4.65%
7.	Solve household problem, money making	15	6.97%
8.	Search for opportunities, education	13	6.04%

Out of 220 participants 215 attempted this question, and the table above shows that the reasons for migration is to improve economic condition 20.46%, to earn money, pay home loan 17.20%, support family, unemployment in Nepal 11.16%, solve economic problem of the family 13.49%, no alternative, poorness, compulsion to migrate 20%, focus to earning, happiness for whole family 4.65%, solve household problem, money making 6.97% and search for opportunities, education 6.04%. The highest rank given to improve economic condition and the least scores 4.65% to families happiness. The study found that one of the major reasons for migration is the economic condition of the family within the Bagmati province of Nepal (Table 1).

Migration Trend

The history of the dynamics of migration began in the colonial era of British while they are ruling in different part of the world. It was significantly shifted during British colonialism in South Asia when the British recruited large number of Nepali in their military forces. So that the tendency of leaving Nepal for foreign employment has been shifted into diverse field but not only limited to joining in British Army, Singapore Police, and Indian Army. Now the government of Nepal has formally opened 111 destination countries for foreign employment purposes (DoFE, 2023).

Continuation from the history, number of Nepali youth migration for foreign employment is increasing overtime. During the 15 years (2009/10-2023/24), around 7.8 million labor permit



approvals were issued to Nepali for foreign employment purposes(DoFE, 2024). Figure: 1 below shows the labor permit from the department of foreign employment(DoFE), 2009/10-2023/24).

Figure 1: Labor permits for migration of Nepalese from 2009/10 to 2023/24

As per the graph above (Figure 2) shows that in 2009/10 220,761 permits were issued. It has grown gradually and reached into 661,125 in 2023/24. The data indicate the labor permits are increasing dramatically during these years.

DISCUSSION AND ANALYSIS

Migration is a major income of Nepali family especially among young Nepali men and women. The major destination for migration is Gulf countries, Malaysia and South Korea. Many research finds due to lack of sufficient vocational skills or higher levels of education, Nepalese receive less wages in comparison to other countries labor(MoLESS, 2022). The Table 2 given below shows top ten destination countries for foreign employment, 2021/22-2023/24 from Nepal.

Table 2: Major destination countries for foreign employment from Nepal

2021/22		2022/23		2023/24	
Country	%	Country	%	Country	%
Saudi Arabia	30	Malaysia	33.7	UAE	26.1
Qatar	29.3	Qatar	17.3	Saudi Arabia	19.1
UAE	19.5	UAE	15.1	Qatar	18.2
Malaysia	5.8	Saudi Arabia	14.6	Malaysia	13.9
Kuwait	5.6	Kuwait	5.6	Kuwait	5.4

Bahrain	1.9	Republic of Korea	2.9	Croatia	2.1
Romania	1.2	Romania	1.8	Romania	2
Oman	1.1	Japan	1.2	Japan	1.9
Japan	0.9	Bahrain	1	Republic of Korea	1.8
Croatia	0.9	Croatia	1	Bahrain	1.3
Other	3.8	Other	5.8	Other	8.2
Total %	100	Total %	100	Total %	100
Total number	630,075	Total number	771,320	Total number	741,297

Source: MOLESS(2024)

As per the Table 2, Saudi Arabia, the highest labor holds 30%, and then Qatar 29.3% on 2021/22. Similarly, on 2022/23 Malaysia 33.7 % and Qatar 17.3% respectively. UAE hold 26.1 % and 2ndly Saudi Arabia 19.1% in 2023/24. New destination countries are also giving permission for labor migration these days.

Providing skills training opportunities prepares a candidate for an efficient job performance. It also ensures social inclusion and human justice for the people (Shah, 2017). So, the migration and skills are deeply interlinked to an individual development with a dynamic relationship that promotes both individual and economics. Level of skills influence migrations patterns and high demand in labor market with due respect and higher remuneration then skilled individuals more likely to migrate for better job prospects but low skilled workers may have less demand with low payment and they can migrate as per the urgency of the necessity. Skilled worker may earn more money to their livelihoods. Additionally, continuation of life skills upgrades the efficiency of life learning. And education generates knowledge to youth that provide benefit to the society as well(Dange, 2016). On the other hand, migration provide opportunity to enhance skills development by exposing individuals to new technologies, working cultures and training opportunities in destination countries where the migrant engaged. The technological advancement is always possible from research and technology that ensures the technological skills within the society. This is possible when relevant life skills training opportunities available within the society (Tripathi & Singh, 2017).

As of my study, skills and experience before migration of the migrants within the Bagmati province is shown in the table 3 below of which, data obtained from migrant worker (220 from among 300) through the study.

Table 3: Training level of migrants before migration within the Bagmati province

S. N	Occupation type	Number	%
1.	No training/skills	51	26.15%
2.	Hotel/tourism related (cooking, reception, caregiver)	75	38.46%
3.	Construction related training (Mason, scaffolding, electrical)	21	10.76%
4.	Beautician	3	1.53%

5.	Agriculture related	10	5.12%
6.	Garment weaving	1	0.51%
7.	Teaching, computer, driving	8	4.10%
8.	Security guard, counselling, helper	7	3.59%
9.	Marketing	2	1.02%
10.	General/others	17	8.72%

Out of 220 participants 195 attempted this question, and Table 3 shows that; number of participants without training/skills 26.15%, hotel/tourism related (cooking, reception, caregiver) 38.46%, construction related training (Mason, scaffolding, electrical 10.76%, beautician 1.53%, agriculture related 5.12%, garment weaving 0.51%, teaching, computer, driving 4.10%, security guard, counselling, helper 3.59%, marketing 1.02% and general/others 8.72%. The study found that majority of percentage (26.15%) persons are going abroad without any kind of training or skills so that this area should be focused in the future within the Bagmati province of Nepal.

Migrants often acquire new skills abroad both formal and informal that they may not have had access to at home. This can lead to innovation and productivity gains when they return or send knowledge back to their home countries. Pasa(2017) highlight that a capable individual transforms the rural economy. Most of the Nepali migrants do not have high level skills that's why they have low income in foreign countries. Therefore, lack of training opportunities and awareness about skills, Nepal is compelled to sending unskilled labor in the destination countries where the skills do not match as per their local market.

Immigration into Nepal

A treaty was made between India and Nepal on 1850 named “peace and friendship treaty” that stand as the primary framework to regulate migration cross boarder migration between Nepal and India. Gradually, Nepal became a source country of labor market for international migration, then inflow of foreign-born migrants is also seen in the country. Slowly as compared to the outflow of Nepali citizens to different countries (MoLESS, 2020) is growing. Nepal is becoming a high remittance sending countries within top of 5 countries from migration that is supportive for trade balance through depositing more foreign currency in Nepal. So that remittance has played a key role to develop the country. Here is the figure 2 shown below has given the picture of remittances vs. trade balance.

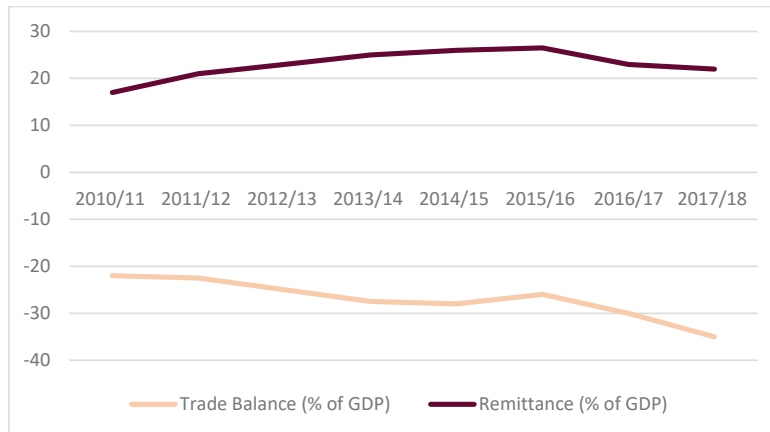


Figure 2: Percentage of GDP with Remittance vs. Trade balance

Source: Remittance date from CBS National Accounts of Nepal 2021, (Base year 2011)

The Figure 2 shows that trade balance of GDP is increased from 2010/11 to 2015/16 whereas from 2017/17 and 2017/18 is instable situation. On the other hand, trade balance of GDP is in decreasing position within the same period.

Impacts of Migration

In a study work, Murrad (2016) provides his findings with a theoretical framework and incorporated both household consumption and labor supply of the market to his study. The study was made in Mexico finds that temporary migration increases in consumption expenditure within the farm labor staying behind. Due to the globalization in recent context, the technical progress has become and an increment of international labor migration flows. This increase has also emerged to new types of migration such as intellectual migration; brain drain due to push and pull factors. The driving forces emerged to increase intellectual migration heading to developed countries. More demands are created for skilled workforce in destination countries due to the new horizon seen in the society.

As per Abel and Cohen(2019) bilateral migration flows are produced due to migration stocks in the last decades. There is a deep and wide-ranging impact of migration of the economy. The OECD's study provides different ways in which migrants affect the economies of both destination and origin countries. They are; their contributions to their public finances, to employment and job creation that is possible only the economic development emerges in their origin countries.

Nowadays, many countries including Nepal is trying to train the people to upgrade their skills level and educate the citizens to enter in the newly developed economy in order to meet the newly created demand of economic competitiveness. In this regard, Mehata et al. (2020) highlighting with migration in a study and finds that about a third of the households (30%) had at least one member of the family migrated from Bagmati province. Different studies and reports highlight that unemployment is the main reason for migration (70%). So that the remittances receiving from international migrants is the primary income source for majority of households (Thapa et al, 2020). But most of the migrants are compelled to leave the country without skills

that results employed in unskilled jobs. In fact, there is greatest labor shortage with skills not the unskilled labor. Usually, these unskilled jobs are called 3 D (from the term dirty, dangerous, difficult), (Stalker, 2015). On the other hand, returning migrants are contributing to the society and making visible contributions to the economic growth of their country of origin. As the returnee, they are bringing new work experience , new technological ideas, skills and innovations to the country. Therefore, international migration is very much important to generate entrepreneurial culture like Nepal. As per my study, the livelihoods level of migrant after migration is shown in the table 4 below.

Table 4: Livelihood level of migrants within the Bagmati province

Livelihood Level	Number of participants	%
Medium	24	11.27%
Increased/better	151	70.23%
Satisfactory	29	13.61%
Usual	9	4.25%

Out of 220 participants 213 respondent attempted this question, and the Table 4 shows that 70.23% participants have better livelihoods after migration that is the highest score of the study results in this question. Similarly satisfactory livelihoods level 13.61%, medium level of livelihoods 11.27% and as a usual 4.25% within the participants. The research study found the better livelihoods within the migrant families after migration.

Remittances are contributing over 50% of Nepali's foreign exchange reserves and helping to stabilize the economy through the migration which is backbone to contribute and reduce the poverty of Nepal. This kind of financial income improves living standards and allows families to invest in education, healthcare and infrastructure. But the young adults migrating to urban centers within Nepal or abroad then rural communities face an aging population and shortage of labor for agricultural activities. This is threatening the sustainability of traditional livelihoods and agricultural productivity, food security and rural development. Migration from rural to urban areas may impact access to education in rural communities that causes declining enrollment rates, lead to challenge maintaining educational infrastructure and quality.

FINDINGS

Drivers of migration: Multivariate models show that smaller landholdings and lower educational attainment significantly increase the probability of sending a migrant, controlling for household size and district fixed effects. Distance to market and lack of local wage employment are also significant predictors.

Remittance allocation: Descriptive statistics indicate that the majority of remittances are mostly used for daily consumption and education, only a small portion is invested in productive assets. Logistic regression shows that households with higher education levels and access to more likely to invest remittances productively.

Livelihood diversification: Households receiving remittances report a higher count of income sources in the short term, but qualitative interviews reveal barriers lack of skills, limited local markets, and risk aversion that constrain sustainable diversification.

Gendered outcomes: Female-headed households receive remittances but face constraints in converting funds into productive investments due to limited land rights and restricted access to credit; women left behind report increased decision-making responsibilities but also increased workload and care burdens.

IMPLICATIONS

The findings confirm that migration is a coping and investment strategy for households with limited land and local employment. While remittances improve consumption and human capital investments, they do not automatically lead to productive local investment or long-term diversification. Institutional constraints limited access to credit, lack of vocational training, and weak local markets mediate the translation of remittances into sustainable livelihoods. Gendered constraints further limit the ability of female-headed households to benefit from remittance inflows. These results align with and extend prior studies by combining causal checks (PSM) with qualitative explanation to clarify mechanisms.

Policy implications

1. Targeted skills training: Align vocational programs with both destination labor markets and local entrepreneurship opportunities.
2. Financial inclusion: Develop remittance-linked savings and credit products, matched-savings schemes, and low-cost credit for small enterprises.
3. Local market development: Invest in value chains and infrastructure to create demand for remittance-funded entrepreneurship.
4. Gender-sensitive programming: Ensure land rights, credit access, and childcare support to enable women to convert remittances into productive investments.

CONCLUSION/RECOMMENDATION

Labor migration remains a vital livelihood strategy in Nepal. Remittances stabilize household consumption and support human capital investments but do not automatically foster productive local investment or long-term livelihood diversification without complementary policies. Addressing institutional barriers and gendered constraints is essential to translate remittance flows into sustainable rural development.

It is the practice seen that most of the migration movements are continuing between neighboring countries including Nepal and India (UN, 2019). Similarly, more migrants now travel over greater distances due to their compulsion due to choose the most wanted countries (Czaika and de Haas, 2024). Migration is playing major role to boost the economy of Nepal where migrants are sent money to the country, that significantly contributes to Nepal's GDP. Migration is a double-edged sword for Nepal, while it fuels economic growth and helps to develop vocational skills, investing in business from their savings and creating jobs in the society from their own effort and investment.

Migration processes are continuing from past to the present. It is neither good or bad but helping to economic and social imbalances and not to be a negative impact on the development of demographic processes. Policies should be taken to invest in industrial growth, hydropower

generation, promote herbal medicine, fruit production and agriculture modernization to create more jobs. Encouraging entrepreneurship through financial support and vocational skills development programs. Implementing strict regulations to prevent labor exploitations abroad, enhancing vocational training to equip workers with skills that match global job market. Providing pre departure training is needed for risk minimization and support to returnee migrant with business groups and job placement programs to recognize and utilize their acquired new skills abroad that reduce dependency on remittances by expanding Nepal's economy into sectors like tourism, modern farming, IT and manufacturing. Therefore, it is realized that migration is deeply tied to Nepal's economic and social fabric for sustainable development.

The challenge posed by youth migration and economic dependence on remittances using as economic lifeline, they alone cannot sustain long term development. The study found that migration has given opportunity to uplift migrant's livelihood and 70.23% of the participant families have better livelihoods after migration. So that, Nepal should formulate prioritized strategic interventions to address the boot cause of youth migration and create a conducive environment to retain its young talent through creating conducive environment within the country. Migration has offered many doors as an opportunity to Nepal and they have multiple effects, however they are not properly been utilized due to the good initiation and implementation strategies taken from the government. Additionally, Nepal is not sufficiently benefitted from migration although it is most urgent in new context in order to minimize the negative impacts of migration. Therefore, policymakers should think about the implications of migration and focus on building a flexible and conducive environment in internal market that may be supportive to the domestic industries.

Nepal should focus on promoting vocational skills training to equip the youth to upgrade their skills and knowledge to cope the global challenge. By enhancing educational skills, quality and relevance, Nepalese youth can be empowered, self-motivated and hungry for innovation and progress from their own initiation and progress to their communities. By providing, bank loans, cooperatives facility and government start-up to small business then entrepreneurial environment can be created to its youth driving economic growth and job creation in the local market that offer competitive job opportunities to retain the youths. Nepal has high potential in agriculture production, herbal medicine, renewable energy and tourism. From these skilled workers may retain and reduce reliance on remittances and fostering sustainable economic development. However, achieving this, good governance, banking facility, infrastructure, political stability, transparency and accountability are prerequisite to create climate that attract investment and supports long term development projects from the donor agencies. So that, by prioritizing invest in technical vocational education and training, entrepreneurship and industry which can harness the potentials of youth to drive economic growth and prosperity. Policy interventions should be implemented to reduce the foreign dependency gradually.

Many Nepalis do not have specific skills so that they receive low salary at destination countries. This study also found that 26.15% are leaving country for migration without any kinds of training and skills and 8.72% have no specific training. Nepal government need to vocational skills for the benefits of Nepalese migrants. Similarly, needy youths should be focused to maximize through the benefits of exploring and diversifying new destination countries where Nepali migrants can could advantage.

Specific reintegration policies should be formulated and implemented with focusing to the returnees. For this, new programs of vocational training, entrepreneurship development. Should

be launched focusing to introduce programs for individuals to utilize the knowledge and skills. By providing both physical and financial resources and law friendly environments to encourage to the migrants. Specific policies and programs should be launched to retain the working age population. Strict programs, policies and implementation plans should focus to execute responsive policies in education, training, agriculture, green energy, herbal medicine and tourism sector making broader implications.

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