

Remittance to Strengthen the Alternative Rural Development Perspective in Nepal: How is this Possible?

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Article History: Received 3 Dec. 2023; Reviewed 21 Jan. 2024; Revised 24 Feb. 2024; Accepted 25 June 2023.

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Abstract

Remittance sector is blamed for its weak role in the industrial growth in Nepal, and this sector is largely affected due to the global COVID-pandemic. In this study, we analyzed the household and social level use of remittance by the Nepali households before and after the pandemic in 2019 to 2021. We adopted cross-sectional study design to collect data from 777 randomly selected respondents residing in three municipalities in mountain, hill, and plain geographies in Nepal. Our findings agreed that in the current economic situation remittance is unable to increase the agriculture production and distributions and increase entrepreneurship development in the local levels. We need policy revisions by incorporating four priorities in Nepali remittance policies which are i) studying the short-term and long-term impact of remittance, ii) developing inter/national level investment and market expansion, iii) enlarging internal and external motivation for investment, and iv) prioritizing local stakeholders' motivation for investment. This policy adjustment will institutionalize the remittance sector to strengthen the alternative development practices in the country. This study is a reference for developing evidence-based policies to mainstream remittance as a major game-changer of economic growth in developing countries such as Nepal.

Keywords: *Alternative Rural Development, governance of remittance, Remittance, Nepali economy*

Introduction

Remittances are private and direct person-to-person cash transfers from migrants to their families back home. Neither it allocated in any specific government-led goals, nor it depends on a network of actors to make an investment decision (Ricciardulli, 2019). In recent time, remittance has been linked to the global financial inclusion agenda and is termed the financialization of remittances (Poudel, 2022). The financialization of remittances is expected to support economic stability and contribute to the human development process (Warnecke-Berger, 2022). Poudel (2022) stressed that these changed dynamics are helpful to contribute “reconfiguration of social power, challenging the domination of certain castes

and rural elites, and re-stratifying financial and social hierarchies” (p. 822). Remittance needs a financial positioning to streamline global and national economy.

Nepal is the third among the global nations with the largest percentage of remittances received in terms of GDP (Nepal Rastra Bank [NRB], 2019). The country received US\$ 8.1 BN remittance (28% of GDP) in FY 2018/19 (Ministry of Labor Employment and Social Security [MoLESS], 2020) which was around Rs. 359.60 BN (23.1% of GDP) in FY 2011/12, Rs. 427.27 BN in FY 2015/2016 and Rs. 679.73 BN in FY 2017/18 (NRB, 2019). Shivakoti et al. (2021) mentioned that when Nepal liberalized the migration policies in 1990, the country’s temporary labor migration relatively became a new phenomenon and increased with a great volume. In 2018, Nepal was listed as the top 19th remittance recipient country. It is evident that the country is becoming popular in terms of exporting the labor force in international labor market. Besides, other factors increasing remittance in a country are mass movement, political instability, or miserable economic infrastructures (Sophie, 2019).

Nepal Government has opened 172 countries for individuals and 110 countries on an institutional basis for foreign employment. On average, about 1,750 young people leave the country every day (Department of Foreign Employment [DoFE], 2017). Total of 190,000 Nepali youths (172,000 M & 18,000 F) have departed for foreign employment in the FY 2019/20 (Ministry of Finance [MoF], 2021). In 2020, approximately 2,600,000 Nepali migrated out of them 69.9 percent were female (Migration Data Portal, 2020). The main hub of labor migration for Nepal are Gulf Cooperation Countries and Malaysia. In 2017/18, the top five countries for Nepali migrants were Malaysia, Qatar, UAE, Saudi Arabia and Kuwait, which comprised over 92 percent of the migrants flow (Ministry of Labor, Employment and Social Security [MoLESS], 2020). From 2002 to 2021, remittance inflows to Nepal have increased at an average annual rate of 17.2 percent (NRB, 2021).

It is evident that Nepal considers remittance as a state building strategy and the country is promoting remittance-based economy. However, the data shows that 23.9 percent of remittance is spent toward household consumption and only 1.1 percent invested in productive activities (NRB, 2019). More precisely, out of total remittance 78.9 percent are spent in daily consumption, 7.1 percent in repayment of loans, 4.5 percent in buying household property, 3.5 percent in education, and around 2.4 percent investing in capital formation (Central Bureau of Statistics [CBS], 2011). In addition, remittances have been used to pay for real estate, homes, loans, and the acquisition of gold jewelry (NRB, 2022), all of which have contributed to a long-term increase in the trade imbalance (NRB, 2014). Unfortunately, only 23 percent skilled and 75.5 percent unskilled workforce goes abroad (MoF, 2016; MoF, 2019). These facts indicate that massive portion of remittance is being expensed ineffectively and unproductively, and Nepal is unable to achieve macro- economic benefit from the remittance. At the meantime, National Planning Commission (2020) reported that Nepal is becoming an unequally middle human development index country in terms rural (0.431) and urban (0.487) regions. The index varies differently in provincial levels (Koshi: 0.427, Madesh: 0.387, Bagmati: 0.502, Gandaki: 0.441, Lumbini: 0.417, Karnali: 0.375 and Sudur Pachim: 0.4). This report also suggested addressing weak entrepreneurship capacity with linking productive capacity, entrepreneurial skills and promoting institutional capacity.

Above discussed facts indicate a contradictory scenario in Nepali economy. Foreign remittances are used in unproductive sectors in a larger percentage, while the country is unable to promote commercial agriculture growth and enterprise development. In this context, the productive use of the remittance can

be an alternative way for rural development in Nepal. This study aimed to assess the use of remittance by Nepali households and explore niches its efficient utilization, which will contribute to the (rural) development process in the post-COVID timeline.

Literature Review

Several research discusses the impact of COVID-pandemic and remittance-based economies globally. Musoke et al., (2021) found that domestic migrant workers had lower odds of receiving financial aid, anticipating the need to borrow money during Coronavirus pandemic, experiencing negative changes in their personal life, and anticipating the pandemic contraction. However, immigrants from other countries had a lower likelihood of returning to their prior employment. Sadly, Coronavirus pandemic killed many migrant workers in abroad. They also felt unprotected since they were required to live and work in congested camps and establishments with insufficient safety measures (Mandal, 2020; Nepal et al., 2020). Migrant workers anticipated returning to their pre-pandemic employment, however majority of them lost their jobs and income due to the COVID-19 restrictions (Ghimire et al., 2022).

Withers et al., (2021), suggested that COVID-19 disrupted the flow of international remittance to most of the South Asian countries. This 'remittance shock' was likely to catalyze a downturn in foreign exchange earnings, worsen structural unemployment and threaten the welfare of millions of low-income families. Lack of remittances will have an impact on the daily expenses of those nations with weak economic growth. Khan et al., (2022) analyzed the pandemic's intensity, South Asian governments' responses, and the future of these countries. The pandemic has disturbed all the economic indicators, projections, and growth patterns by affecting the services, manufacturing, trade, supply chain, and particularly small enterprises.

In this pandemic context, Nepal's remittance economy could not remain in isolation. Kunwar and Dhungana (2022) argued that policies should promote collaboration between governments of the countries of origin and of destination to address migration's problems, including those that arise in the event of a global pandemic. Kunwar and Dhungana further added that migrants and their family members are both subject to the consequences of any failures and challenges in migration. Nationally as well, Nepal Rastra Bank (2020) conducted study of 674 industry owner and businessman belonging to 52 districts. Out of total 61 percent business were completely closed and 39 percent full and partial opening 96.7 percent entrepreneurs' production and business decreased by 73.80 percent. After the lock down was imposed in the country, 80 percent businesses were planning to receive loan form bank and micro finance and remaining were planning to reduce expenditure through cutting down the number of workers, receiving loan form cooperative and involve partner in business. COVID-pandemic has exposed only one aspect of remittance- remittance is an unsustainable approach to Nepali economy. Despite, Nepal Rastra Bank (2012; 2016) has discussed the function of remittance, demonstrating that it has been a significant source of foreign currency income. Furthermore, the crucial role of remittance in development is determined using remittance in mobilizing local and national economies, and this aspect has been paid less attention to in academic studies.

Based on above discussed research (Aryal, 2022; Chaudhary, 2020; Kunwar & Dhungana, 2022; NRB, 2012, 2016, 2020; Rahman et al., 2014), it is an established fact that remittance is vital to boost Nepali economy; however, COVID-19 pandemic severely affected the flow of migrants and the money they send back home. This is a research opportunity to identify how remittance can be modelled to further

strengthen the national economy in the pandemic situations in developing countries such as Nepal. In this research, we have modelled remittance economy from the Alternative Rural Development Perspective in Nepal in the COVID-pandemic context.

Remittance: In the debate of Alternative (Rural) Development Practice in Nepal

In Nepal, government mechanisms are failed to use natural resources properly (Lekhi, 2008). Agriculture is the primary source of family income for most of the rural people, but due to its low return people are more interested in going abroad and earning direct cash. The government has also failed to mobilize human resources in home country through industrialization. Annual GDP contribution of agriculture in the country is at decreasing trend (Dhakal, 2023). Likewise, the return from the industrial development in Nepal is slow and this sector is blamed of being unable to prosper Nepal (Khatri, 2018). Meanwhile, data shows that the remittance sector has largely increased in the country contributing a big volume to national economy (Dhakal & Poudel, 2023). Remittance helps to increase family income, helps to improve family economic situation and livelihood, helps to reduce family poverty and social exclusion, helps to create self-employment/employment, and help to upgrade rural economy.

The deteriorating economic situation in the country has escalated educated youths to go abroad and earn money to support families back home. The local level governments are offering capacity/skill development training as well as orientation and counselling services to the youths before joining foreign employment. This migration trend has resulted in less priority of agricultural growth and industrialization in the country. Without educated youth, a nation cannot imagine streamlining its overall development process. This is a debate in Nepal that- Is remittance an alternative (rural) development initiator? How can remittance be remodeled to integrate on overall industrialization of the nation? What are the connecting dots between the remittance sector and economic industrialization in Nepal? This study identifies the factors that supplement the role of remittance sector in mainstreaming the country's economic process.

Methods and Materials

This study used quantitative approach and cross-sectional survey design in which Nepali remittance recipient's households were interviewed using a set of structured questions (see Gupta & Gupta, 2015). Required data were collected from the randomly selected 777 respondents from the population of 1229 remittance recipient households by using easy reference of sample size determination table (Krejcie & Morgan, 1970). More specifically, 224/331 respondents were selected from Chautara Sangachwokgadhi, 301/503 respondents were selected from Galkot, and 252/395 were selected from Mithila municipalities.

Ecologically, based on the highest origin district of total migrant workers, Sindhupalchok district was selected from Mountain, Dhanusha district was selected from the Tarai region (DoFE, 2019 as cited in MoLESS, 2020). Baglung district was selected from the Hill region where large portion of remittance was voluntarily invested at community level for implementing physical infrastructure development projects. We used reliable (0.8 Cronbach alpha) household survey questionnaires (Cohen et al., 2018), and we interviewed the respondents from 6th June to 18th October 2022. We used both descriptive and inferential (explorative factor analysis model) statistical tools for data analysis (Field, 2009). The following section includes the findings of the research under the headings, characteristics of the

remitters, sources of family income, governance of remittance, and factor analysis. Afterwards we analyzed data through insights from the alternative rural development perspectives.

Results: Characteristics of the remitters

Our surveyed data showed some interesting characteristics of the Nepali remitters. Majority 89.20 percent of the respondents reported having only one remitter per HH, whereas 10.60 percent of the respondents mentioned having two remitters per HH. The largest, 38.10 percent proportion fell within the age group of 25-31 which is followed by 31.50 percent belonging to the age group of 32-38. 90.50 percent of respondents were receiving remittance from male remitters, and rest by females. 81.10 percent of the remitters were married. 47.60 percent of the respondents reported that the remitters participated in orientation training from the government agencies to begin career in abroad. Others received capacity building trainings such as legal advisory, language, and at least one-tenth of them received vocational training. In this research, Japan is the most popular destination, accounting for 19.6 percent of the total remitters. Qatar and Saudi Arabia are also significant destinations, with 18.9 percent and 16.7 percent of remitters sending money to Nepal. Other prominent countries include Dubai 15.4 percent, Malaysia 12.0 percent, India 4.8 percent, and Romania 2.8 percent, showing a diverse range of preferred foreign countries Overall, these general characteristics of remitters indicate the well scope of foreign employment amongst Nepali youths across all geographic regions i.e. mountains, hills, and plain, even after the COVID-19 pandemic. Up next, we have done factor analysis related to remittance economy, in which we have identified common underlying factors important to the respondents.

Sources of family income

There are various sources of income in the study area in which remittance is the prominent one as mentioned in Table 1. Agriculture (Nepali Rupees [Rs.] 161, 943), private jobs (33,359) and pension (13,859) rank second, third and fourth respectively. Data also indicates that social security programs play a supportive role in family income. Government jobs claim the fifth position with 13,539 average incomes. General wholesale shop (10,437), semi-government (3,680) secures seventh and eighth position. Micro enterprises stand at twelfth, as families involved in micro-enterprises earn an average income of Rs. 1,943. The table displays some interesting aspects such as remittance is the top contributor of family income which is more than four times higher than the earning from agriculture. To our dismay, there are less family earnings from the microenterprise sector.

Table 1. Family Income from different Sources

Family income	N	Range	Min	Max	\bar{X} (Rs.)
Agriculture	777	20,000,000	0	20,000,000	161,943
Micro enterprises	777	300,000	0	300,000	1,943
General wholesale shop	777	700,000	0	700,000	10,437
Agriculture wages	773	600,000	0	600,000	12,976
Non-agriculture wages	777	400,000	0	400,000	10,586
Job government	777	500,000	0	500,000	13,539
Job private	777	500,000	0	500,000	33,359
Foreign employment	777	20,000,000	0	20,000,000	732,693
Pension social security	777	1,000,000	0	1,000,000	13,859

Up next, we have done factor analysis related to remittance economy, in which we have identified common underlying factors important to the respondents.

Identifying Factors which Strengthen Remittance as an Alternative Rural Development

Factor analysis model develops few constructs or variables from the multiple constructs so that such construct can become new constructs or variables according to research issues and contexts (Field, 2009). We applied exploratory factor loading, hit and trial methods with 0.45 benchmark value. In doing so, 18 Likert scaled variables related to remittance as an alternative for rural development are developed into four variables which are

the short-term and long-term impact of remittance; inter/national level investment and market expansion; internal and external motivation for investment; local stakeholders' motivation for investment. The KMO measure a sample adequacy $<0.70.84$ and determinant value $0.0001 > 0.000005$ signifies that there were adequate sample to run the exploratory factor analysis. Extraction value for each of the variables (public moral hazard increased, domestic household hazard increased, alternative use of natural resource, entrepreneurship development, technical support entrepreneurs, increased

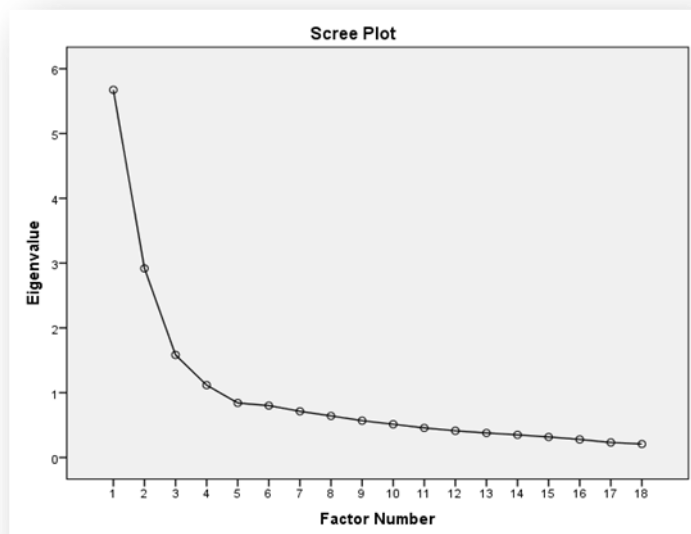


Figure 1. Scree Plot

foreign trade deficit, forming national economy, increased international level investment, increased social level investment, expansion local market, increased national level investment, financial support government, government policy brain gain, local government policy use remittance, social institution motivated use remittance service, social institution motivated use remittance service, local government policy use remittance local level, social institution human development investment) is more than 0.5 and cumulative sum square loading up to the second factor is 52.68 percent > 50 percent. This data clearly indicates that the new four factors (latent variables) that are produced by the variables are well explained, and the model is statistically valid which are displayed in Figure 1 and Table 2.

Table 2. Rotated Factor Matrix^a

	Factor			
	Short-term and long-term impact of remittance	Inter/national level investment and market expansion	Internal and External motivation for investment	Local stakeholders' motivation for investment
Public moral hazard increased	.801	.076	.029	.053
Household public hazard increased	.727	.068	-.050	-.069
Alternative RD use natural resource	.661	.090	.232	.129

Entrepreneurship development	.632	.102	.137	.179
Technical support entrepreneurs	.611	.138	.130	.271
Increased foreign trade deficit	.545	.009	-.197	.020
Forming national economy	.511	-.041	.192	.119
Increased international level investment	.131	.835	.050	.172
Increased social level investment	.089	.739	.225	.286
Expansion local market	.022	.733	.102	.135
Increased national level investment	-.003	.718	.199	.141
Financial support government	.128	.594	.244	.171
Increased HHs development thrust	.173	.240	.687	.078
Government policy brain gain	.063	.181	.684	.099
Local government policy use remittance	.010	.136	.620	.106
Social institution motivated use remittance service	.158	.286	.133	.783
Local government policy use remittance local level	.288	.288	.152	.564
Social institution human development investment	.075	.362	.094	.515

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

The factor analysis of the data illustrated that the post-COVID remittance sector in Nepal should highly prioritize the i) short-term and long-term impact of remittance; ii) inter/national level investment and market expansion; iii) internal and external motivation for investment; and iv) local stakeholders' motivation for investment, for its sustainable growth and boosting the local/national economy as an alternative (rural) development strategy.

Discussions of Findings

Remittance is becoming a priority source of family income in the Hill and Mountain regions in Nepal. According to the Nepal Living Standard Survey III (2010/11), 56 percent of Nepalese households received remittances, with one in every two rural households receiving such support (CBS, 2011). Nepal is currently facing the imminent loss of its young and potential workforce on a regular basis (Silwal, 2019). Majority of the remittance recipient households are male headed who have at least completed primary education. Male are holding the largest portion of land ownership. Very few female and male youth are working in foreign employment comparing to Mountain and Hill regions. Labor migration from Nepal is predominantly male dominated, with female migrant workers accounting for only about 5 percent (MoLESS, 2020). Bhandari (2018) added remittance significantly empower the Nepali women in business entrepreneurship in small and cottage-based industries in Nepal. Despite, our research found that there are less enterprising activities and outputs in the study area and remittance is the dominant source of family income.

Most of the youth from the Mountain and Hill regions are involved in construction, cleaning, and hotel management sectors. In terms of training categories, this study showed that orientation to youths before the departure to foreign employment was the most common, whereas, financial literacy training was received by the least number of migrating youths. Nepalese carpenters, masons, and other artisans face challenges in competing with skilled workers from the Philippines, Thailand, South Korea, and India. It is crucial to enhance their technical competence. Nepalese trade unions and the Federation of Nepalese Chambers of Commerce and Industry can establish training and counseling centers at the district level, focusing on the rights and needs of workers and addressing the demands of potential labor-importing countries (Shrestha, 2008).

Most of the youth from Tarai region are involved in electrician and driving sector. The local level is offering capacity/skill development training as well as orientation and counselling services to the youths before joining foreign employment. Migrants holding semi-skilled and unskilled positions in restaurants and factories also find work opportunities as domestic workers, security guards, and maids (Kharel & Kharel, 2020). Local government from Mountain and Hill regions established institutional cooperation with Abroad Nepali Societies to engage these societies in local development activities. Remittance and migration management practices are performing better in Mountain and Hill regions compared to Tarai region.

Remittance recipient households have good access to households' facilities like drinking water, sanitation, and health services. Multiple studies including Pasa and Bishwokarma, (2020), Pasa (2019), Wahidin (1989), and Seddon et al. (1999), have documented the utilization of remittances for improving living standards. Investment of remittance are used depending on the social, political, and economic context of each household (Ricciardulli, 2019). Most remitters are motivated by self-interest before joining foreign employment. Most of the remitters are married youths and send remittance on a quarterly basis. The highest-ranked medium for obtaining foreign employment is through legal agents. Japan is the most popular destination to the total remitters of Hill region whereas Qatar and Saudi Arabia are also significant destinations for youths from Mountain and Tarai regions. This suggests that these countries attract a significant number of remitters, possibly due to employment opportunities and favorable economic conditions. Hotel and restaurant employment/self-employment ranked highest compared to other sectors.

Remittance has been implemented as state strategy for development of Nepal, however the grassroots reality. This contradiction is due to the less utilization of the remittance money in the productive sector. The country received US\$ 23.3 BN remittance in 2012. In this research remittance is prominent sources of family income having the highest average income at Rs. 732,693.69. Agriculture is a primary source of family income having the second highest average income at Rs. 161,943.37. This is a grave concern that relying heavily on remittances can lead to a long-term dependency on abroad job market, and hinder the engagement of the youth in the country's own development (MoF, 2010/11).

Undoubtedly, remittance helps to increase family income in the study area. Remittance is expected to create self-employment/employment and upgrading rural economy, but it has failed to increase agriculture production and distributions activities. Srivastava and Chaudhary (2007) explored the positive impact of remittance on increasing the per capita income in Nepal and showed that it was an effective tool for poverty reduction (Shrestha, 2008). Remittances had a strong and statistically significant impact on poverty reduction and economic growth in Pakistan also (Javid, Arif & Qayyum,

2012). Beyond this, it is urgent need to develop connectivity between remittance sector and Nepal's economic prosperity. **The four factors such as** short-term and long-term impact of remittance, inter/national level investment and market expansion, internal and external motivation for investment and local stakeholders' motivation for investment are the key concerns, which need to be acknowledged by the policy makers for mainstreaming remittance sector as a driver of rural development. This finding resonates to Shrestha (2022), who suggested creating favorable policy investment environment for enhancing the role of remittance on economic growth. This policy adjustment will contribute to commercialization of agriculture production, and enhancement of micro-enterprising activities at local level.

Four Factors: Adjusting the Remittance-based Policies in Nepal

It is evident that the supply sides of foreign employment in Nepal, such as skill training programs, skill testing of youths, orientation and capacity development of youths, administrative support are satisfactory in the context of Nepal. The GDP contribution of remittance in Nepal is at least one-tenth of the national GDP (World Bank Group, 2024). However, there is a disjuncture between the capital formation due to the remittance sector and economic transformation. In this perspective, we developed the four factors, which the Nepal's foreign employment policies can accommodate to strengthen the overall industrialization of the country. These factors are discussed below:

Short-term and long-term impact of remittance

Policies should incorporate ideas that address the public moral hazard in the remittance sector. This policy support will encourage the entrepreneurs to explore new market destinations for Nepali workers, as well as it will ensure the investment security of the abroad returnees. These returnees should be provided entrepreneurship development training and then continuous technical support to run their enterprises. These enterprises can prioritize the agriculture-based industries, small micro-enterprises, or others, which will contribute to local employment creation. This initiation at local levels will contribute to building the national economy in the long run.

Inter/national level investment and market expansion

Policies should make a reliable economic environment for the safe investments of the abroad workers who want to make investment in the country. Market expansion is essential for the proper utilization of the capital money of these workers. In order to achieve this, several mega-projects such as railway connectivity, hydropower, tunnelways, cable cars, and others can be run. These large-scale infrastructure developments will require international know-how and technical support. A basket fund can be created where these abroad workers can invest and get return in the long term. Thus, there needs inter/national investment, widening of market opportunities, and favorable policies for utilizing the financial capital from the remittance sector.

Internal and external motivation for investment

There is a need for awareness amongst remittance-recipient families of its productive use. Saving and investing can create enterprising activities at the household level. Local governments should facilitate policies that encourage people to invest in enterprise development activities and envision their secure livelihood. These governments can also launch several programs such as networking the foreign

workers and requesting them to invest in community development activities as a part of their social responsibilities.

Local stakeholders' motivation for investment

Apart from the role of the local governments, social institutions in Nepal can play key roles to motivate youths to invest in the economic and human development activities locally. These institutions can generate ideas based upon their indigenous knowledge and practice that will motivate youths to carry on their traditional occupations such as agriculture with a new mindset and more investment. Youths will find scope in the agriculture sector, local enterprise development, and other sectors due to the faith they earn from their communities.

Theoretical Reflection

Agriculture is a primary source of family income for most of the Nepali rural people, but this research shows less earning from this sector. The government has also failed to mobilize human resources in the home country. Most of the youths are unskilled and semi-skilled but work abroad. Most of the youth from the Mountain and Hill regions are involved in construction, cleaning, and hotel management sectors abroad. In Nepal, the local level governments are offering capacity/skill development trainings as well as orientation and counselling services to the youths before joining foreign employment. This research explored that remittance becoming prominent sources of family income having the highest average income at Rs. 732,693.69 per HH in a year. This picture shows that the government is promoting a remittance-based economy. There is a policy lacking to integrate remittance sector to agricultural growth and enterprising activities.

In this research, nearly 50 percent of households reported that their remitters returned home due to the impact of the COVID-19 pandemic. However, they were not entertained in rural entrepreneurship development at the local level. The local level administrative functions are not yet effective and supportive to the returnee migrants including local entrepreneurs. Due to lack of favorable investment environment, policies, and ideas, some migrants returned to foreign countries. Thereby, addressing these hurdles in promoting remittance economies, Nepal can take good benefit from foreign employment which supplement the rural development process. The four factors, which are short-term and long-term impact of remittance, inter/national level investment and market expansion, internal and external motivation for investment, and local stakeholders' motivation for investment, should be the core-values of policy making, to instate the remittance sector as a driver of rural development process.

Conclusions

Even though remittance is not a sustainable way to promote a country's economy, it has become a prominent source of Nepal's national income. Integrating the agriculture transformation and entrepreneurship development at local level with remittance economy will contribute to the national economic development process; thus, remittance sector will stand as an alternative rural development strategy. Nepali foreign employment policies should consider four factors: short-term and long-term impact of remittance, inter/national level investment and market expansion, internal and external motivation for investment, and local stakeholders' motivation for investment. The economic transformation at local level through remittance sector will contribute the rural development plans and policies.

Acknowledgements

This study has received research fund (Award no.: FRG-077/78-FoHSS-1) from University Grants Commission (UGC). We are thankful to the UGC Bhaktapur for providing this award and necessary facilities to conduct this study. We are also grateful to the anonymous reviewers for their contributions that significantly enhanced the quality of the paper.

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