

Poverty Alleviation Through Remittances in Bhimdatta Municipality, Kanchanpur

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Abstract

The increasing ease of global integration and advancements in communication technology have accelerated the migration of Nepali youth to foreign countries. This has resulted in a significant rise in remittance inflows from Gulf nations and other regions, making remittances vital to Nepal's local and national economies. This study, titled "Poverty Alleviation Through Remittances in Bheemdatta Municipality, Kanchanpur District," investigates the role of remittances in reducing rural poverty, their socio-economic impact, and the extent of remittance income in the study area. Employing both qualitative and quantitative methods, the research utilizes descriptive, comparative, and analytical designs. Data collection included household surveys, field visits, focus group discussions, and observations as primary sources, complemented by secondary data. A simple random sampling method was employed to select the respondents in the study area. The findings reveal that remittances significantly enhance household conditions by improving housing, education, healthcare, savings, and overall living standards. The study recommends channeling remittance funds into productive sectors like agriculture and business while advocating for vocational training institutions to support skill development. The research underscores remittances' crucial role in poverty reduction and rural development, offering policy insights to foster sustainable poverty alleviation, influence migration policies, and drive economic diversification in Bheemdatta Municipality.

Keywords: foreign employment, migrants, remittances, poverty, alleviation

Introduction

Remittance refers to the money sent by migrant workers to their home countries. Migration, which involves relocating from one place to another, often improves the financial situation of families previously facing economic hardship (ILO, 2020). Before migrating, these families had limited funds for significant investments, but after earning money abroad, they can invest in sectors of their choice (Sapkota, 2013). In Nepal, labor migration has been increasing, and remittances have greatly enhanced living standards and reduced poverty (Adhikari & Gurung, 2021). To sustain progress, it is essential to create a conducive environment for investment. Higher income and savings depend on how families manage essential expenses like health, education, and food (Pant, 2011). Many families use remittances to invest in agriculture, animal husbandry, education, and land (Dangal, 2018; Seddon, Adhikari & Gurung, 2002). Additionally, remittances have been linked to improved healthcare access and education outcomes, further supporting long-term development (Thieme & Wyss, 2005).

For developing countries, remittances are a key source of foreign currency, often exceeding foreign aid. In 2019, global remittances surpassed USD 700 billion, with Nepal receiving over USD 8 billion annually since 2018. In 2015, remittances accounted for 27.6% of Nepal's GDP, and in 2020, they contributed 24% (WDI, 2022). This reliance is due to a weak domestic economy, limited job opportunities (Acharya & Leon, 2013; World Bank, 2011), Nepal's landlocked position (Choe & Pradhan, 2011), and globalization (Martin, 2001). Many rural workers migrate to cities like Kathmandu or go abroad, mainly to India, Southeast Asia, and the Gulf (Acharya & Leon, 2013; MoLESS, 2020).

As one of the least developed countries, Nepal continues to grapple with poverty and inequality. While GDP per capita increased to USD 1,155 in 2020 (WDI, 2022), poverty remains, and income inequality has worsened since 2010. Remittances have helped reduce the trade deficit, supported post-earthquake recovery, and alleviated poverty (Salike & Regis, 2022). Although remittances ease foreign exchange pressures, they have caused domestic labor shortages (Martin, 2001). With foreign employment on the rise, Nepal's dependence on remittances is expected to grow (SAARC, 2014).

Remittances increase household disposable income and consumption, helping families cope with economic shocks (Martin, 2001). They play a significant role in

poverty reduction, especially in rural areas (Adams, 1991), and have a positive impact on household income stability, investment, and production choices (Stark & Levhari, 1982). Studies indicate that remittances significantly reduce poverty in recipient countries (Azams & Gubert, 2005). For instance, Adams (1991) found that international transfers reduced the poverty rate in rural Egypt by 9.8%. Khan (2024) linked international remittances to poverty reduction in 71 developing countries, estimating that a 10% increase in per capita remittances could reduce poverty by 3.5%. In Guatemala, both internal and international remittances helped lower poverty, with the poorest households relying on remittances for 50-60% of their income.

In rural Mexico, Edwards et al. (2005) observed that a 10% rise in international remittances reduced the poverty rate by 1.68%, the poverty gap by 1.65%, and the squared poverty gap by 1.64%. In Algeria, migration reduced poverty by nearly 40%, though the impact on extreme poverty varied by region (Margolis et al., 2015). Gubert et al. (2010) found that families receiving remittances in Mali earned more than those that didn't, while Bouoiyour and Miftah (2014) concluded that remittances reduced poverty vulnerability in rural southern Morocco. Similar findings were reported by Edwards et al. (2005), who noted that remittances decreased both poverty levels and the vulnerability of non-poor families in the same region. A cross-country study also showed that remittances in Latin America help alleviate poverty and inequality (Acosta et al., 2008).

The rapid pace of globalization and advancements in information technology have enabled Nepalese workers to migrate globally, making remittances the largest source of foreign income for Nepal, surpassing other financial inflows. This reliance has integrated Nepal's economy with other nations. As one of South Asia's least developed countries, about 85% of Nepal's population relies on subsistence agriculture. However, outdated farming techniques and political instability have led to insufficient production, pushing many young Nepalis to seek jobs abroad. Since 2007, around 250,000 people have migrated annually for work (Ojha, 2019).

Most Nepali migrant workers are employed in 4D jobs (Difficult, Dirty, Dangerous, Demeaning) in countries such as Qatar, Malaysia, South Korea, and Israel. In the fiscal year 2013-2014, 527,814 Nepali men and women left for foreign employment, with women making up a small percentage (Kunwer, 2019). Remittance income, which reached \$8.1 billion in 2016 and contributed 30% to Nepal's GDP (Sah, 2022), is vital for capital formation and linked to labor migration.

Although remittances improve household welfare and stimulate the economy, they can also foster dependency, reduce labor participation, encourage excessive consumption, and slow economic growth (Amuedo, 2014). Migrants send nearly \$100 billion home annually, but a large portion is spent on non-productive sectors such as home repairs and education rather than investment. This spending pattern, driven by the unpredictable nature of remittances, can worsen the trade deficit (NRB, 2020).

Unemployment is a critical issue in Nepal, and this study highlights the role of remittances in the nation's economy. Economists assert that remittances are the second-largest contributor to the national economy after agriculture. If remittances were directed toward productive sectors, they could drive economic growth. However, a significant amount is spent on household needs and repaying migration-related debts, with limited investment in agriculture or small businesses. This research explores key questions concerning foreign employment and remittances, such as the current state of foreign employment, how remittances are allocated across different sectors, and their contribution to poverty reduction in the study area (Chhetri & Dhakal, 2020).

This study aims to assess the impact of remittance inflows on poverty reduction in Bhimdatta Municipality, Kanchanpur, with a particular focus on households receiving remittances. It seeks to explore the current state of foreign employment in the municipality, examining the socio-economic characteristics of migrant workers, their key destinations, and the frequency and number of remittances they send. Furthermore, the research delves into how remittances are utilized across various sectors, including daily living expenses, education, healthcare, housing, agriculture, and small business ventures. The study also evaluates the measurable effects of remittance income on reducing poverty by analyzing improvements in household living conditions, access to essential services, financial stability, and social progress within the municipality (Thakuri, 2022).

Methodology

This study utilized a mixed-methods approach, incorporating both quantitative and qualitative methods, along with descriptive, comparative, and analytical research designs to provide a holistic analysis of how remittances contribute to poverty alleviation, capturing both statistical patterns and personal narratives, thus ensuring a balanced and comprehensive study in the study area. The research design provided the

framework for data collection and analysis. Both primary and secondary data were examined. The respondents are selected using a simple random sampling method. Out of a total population of 260 households, a sample of 156 was selected, applying a 5% margin of error, a 50% population proportion, and a 95% confidence level, calculated through an online sample size calculator (calculator.net).

Result and Discussion

Gender Description of Foreign Employment

Migration in pursuit of decent work has long been a historical trend, but it has become a major global issue in the 21st century, increasingly highlighted in policy discussions at national, regional, and international levels. The number of women migrating for employment has grown significantly and continues to increase. Today, more women and girls of diverse skill levels are migrating independently as primary breadwinners. The following table shows the gender distribution of migrant workers, detailing the number of men and women involved in foreign employment.

Table 1

Gender Description of Foreign Employment

| Gender | No. of Respondents | Percentage |
|--------|--------------------|------------|
| Male | 114 | 73.07 |
| Female | 42 | 26.92 |
| Total | 156 | 100 |

Source: Field Survey, 2024

Table 1 presents the gender breakdown of migrant workers, revealing that 73.07% are male, while only 26.92% are female. This data underscores a substantial gender imbalance in foreign employment, with men representing the majority. Acknowledging this disparity is essential for developing policies that foster gender equality in labor migration and improve the socio-economic conditions of both male and female workers in the foreign employment sector.

Educational Level of Migrant Workers

Social research acknowledges education as a driving force for social, economic, and ideological transformation. This study examines the connection between education and migration for foreign employment. The educational levels of migrant workers are

detailed below, with illiterate migrants defined as those unable to read or write, even their own names, and literate migrants being those who can read and write.

Table 2

Educational Level of Migrants

| Educational Level | No. of Respondents | Percentage |
|--------------------------|---------------------------|-------------------|
| Illiterate | 24 | 15.40 |
| Literate | 66 | 42.30 |
| Till SEE | 54 | 34.61 |
| Higher Education | 12 | 7.69 |
| Total | 156 | 100 |

Source: Field Survey, 2024

Table 2 presents the educational status of migrant workers. Of the total respondents, around 15.40% are illiterate, equating to 8 out of 30 workers. In comparison, half of the migrant workers are literate. The largest group, 34.61%, consists of those who have completed the Secondary Education Examination (SEE). Additionally, only about 7.69% of migrant workers have higher education.

The educational background of migrants in this sample shows a range of qualifications, with many being literate or having completed secondary education. However, the small percentage of individuals with higher education highlights an area for policy efforts focused on improving educational attainment and vocational training. These initiatives could enhance the opportunities and socio-economic conditions of migrants seeking foreign employment. The distribution of educational levels suggests the need for targeted educational and vocational programs to improve the skills of prospective migrants, enabling them to secure better-paying jobs abroad.

Country Wise Employment Situation

This section details the main destinations of foreign migrant workers, offering insights into the number of individuals who have migrated abroad from the study area. The following breakdown provides a comprehensive overview of the number of workers who have traveled to different countries for employment.

Table 3

Destination Countries for Employment Situation

| Countries | Number of Respondents | Percentage |
|------------------|------------------------------|-------------------|
| Malaysia | 36 | 23.07 |

| | | |
|-------------|-----|-------|
| Qatar | 27 | 17.30 |
| Saudi Arab | 18 | 11.53 |
| South Korea | 54 | 34.60 |
| Others | 21 | 13.50 |
| Total | 156 | 100 |

Source: Field Survey, 2024

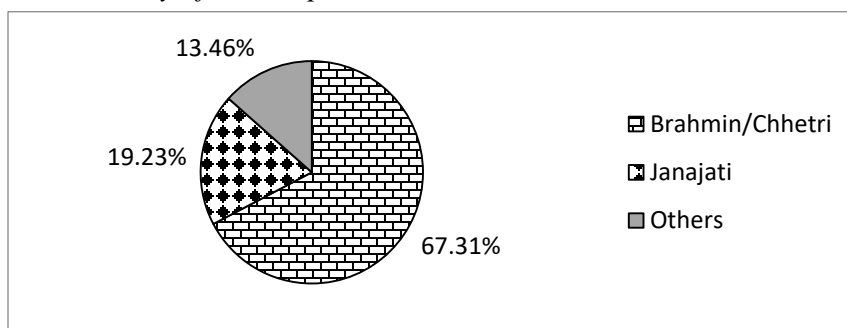
Table 3 shows that the highest proportion of workers, 34.60%, are employed in South Korea, followed by Malaysia, which accounts for 23.07% of the 156 samples. Qatar employs 17.30% of workers, while 11.53% are in Saudi Arabia and 13.50% workers in other countries. This data highlights a strong preference for South Korea and Malaysia as employment destinations, along with notable opportunities in Qatar and Saudi Arabia. Understanding these trends is crucial for developing migration policies and support systems that cater to the needs and goals of migrant workers. The findings also point to the importance of further research into the industries and working conditions in these countries to better understand the factors shaping migration patterns. Additionally, these insights can help policymakers and organizations offer targeted support and resources to migrants.

Caste and Ethnicity

The study area is marked by a diverse population, encompassing various castes such as Brahmin, Chhetri, Magar, Gurung, Limbo, and Dalit. Brahmins and Chhetris make up the largest caste groups, surpassing Janajati and Dalits in number. Nepali is the primary language used for communication across all castes. Figure 1 shows the distribution of respondents based on caste and ethnicity.

Figure 1

Caste Survey of the Respondents



Source: Field Survey, 2024

Figure 1 displays the caste distribution among the respondents, showing that Brahmin and Chhetri make up 67.31%, Janajati represents 19.23%, and other castes account for 13.46% in the study area.

The caste survey highlights a significant predominance of Brahmin and Chhetri respondents, suggesting a potential imbalance in the representation of different caste groups. This finding calls for further exploration into the factors affecting the participation of various castes in migration and employment. It emphasizes the importance of implementing inclusive strategies that support all communities within the framework of foreign employment and related policies.

Age Group of the Migrant Workers

The respondents were categorized into four age groups. Questions were posed to individuals aged 15 and older, as illustrated in Table 4.

Table 4

Age Group of the Respondents

| Age Group | Number of Respondents | Percentage |
|-----------|-----------------------|------------|
| 20-30 | 39 | 25 |
| 30-40 | 78 | 50 |
| 40-50 | 27 | 17.31 |
| 50 above | 12 | 7.69 |
| Total | 156 | 100 |

Source: Field Survey, 2024

Table 4 indicates that the largest portion of respondents, 50%, falls within the age group of 30-40 years, while 25% are in the 20-30 age range. Furthermore, 17.31% of respondents are aged 40-50, and those over 50 comprise 7.69% of the total migrant workers. The age group with the highest representation of workers, both male and female, is 30-40 years.

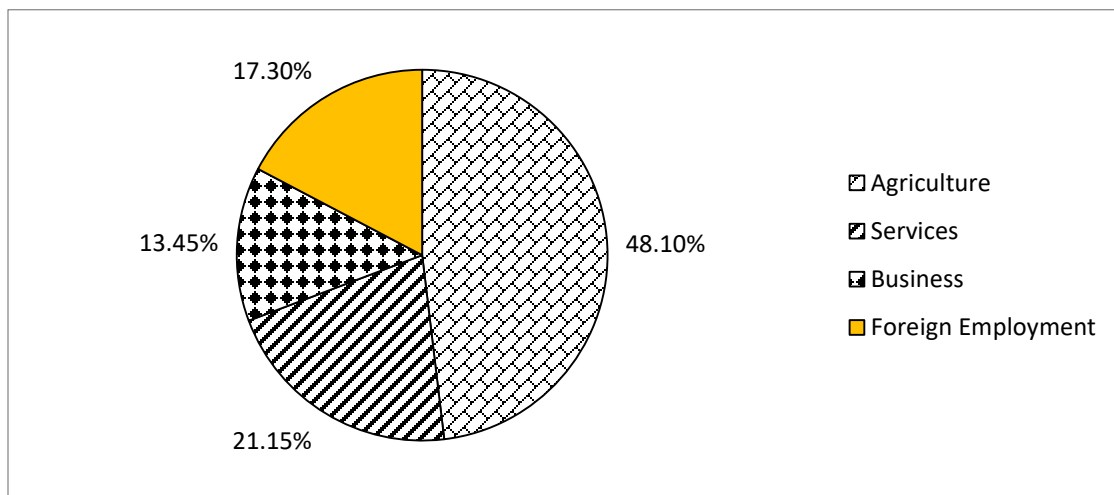
This age distribution highlights a significant majority of respondents in the 30-40 age range, identifying this demographic as a crucial focus for foreign employment initiatives. The lower representation of both younger and older individuals suggests a need for targeted strategies to understand and address the unique challenges faced by these groups, ensuring that policies and support systems are inclusive and effective for people of all ages.

Main Income Sources of the Migrants' Households

The main occupations and income sources for the surveyed households encompass agriculture, services, self-employment, and foreign employment, with additional roles such as daily wage labor and fishing also mentioned. The table below presents the frequency and percentage of households participating in these occupations. A significant number of households depend on agriculture, with 75 out of 156 households identifying farming as their primary income source.

Figure 2

Main Income Sources of Respondents



Source: Field Survey, 2024

Figure 2 shows that the primary income sources are agriculture at 48.10%, services at 21.15%, business at 13.45%, and foreign employment at 17.30%.

The primary income sources for respondents reveal a significant reliance on agriculture, with service jobs, business, and foreign employment also contributing. This dependence highlights the importance of agricultural development initiatives and the need for strategies that foster greater economic diversification, including expanding opportunities for foreign employment and entrepreneurship. Understanding these dynamics is crucial for creating effective policies that enhance the economic resilience of the community.

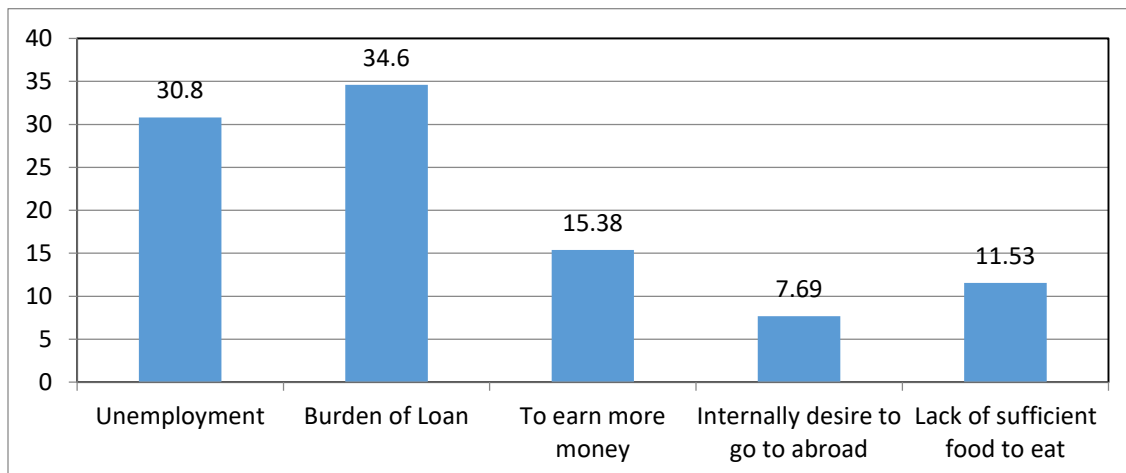
Causes of Foreign Employment

Respondents cited various reasons for seeking foreign employment, which can be categorized as economic, social, or political. These motivations may also relate to their acquired skills and other considerations. To understand the factors influencing their

decision to work abroad, respondents were asked to specify their primary reasons, and many provided several justifications.

Figure 3

Causes for Going to Abroad for Employment



Source: Field Survey, 2024

Figure 3 depicts the main reasons for pursuing foreign employment, which include unemployment, loan burdens, the desire to earn a higher income, personal aspirations to go abroad, and food insufficiency. The data reveals that the largest segment of respondents, 30.80%, identified unemployment as their reason for migrating, while 34.60% cited loan burdens as their primary motivation. Additionally, 15.38% sought foreign employment for better earnings and 11.53% did so due to insufficient food. Only 7.69% of respondents expressed a personal wish to work abroad.

The motivations for seeking employment abroad are predominantly linked to financial difficulties, with loan burdens and unemployment being the most significant factors. This underscores the need for policies aimed at addressing these economic challenges and improving local job opportunities, ultimately reducing reliance on foreign employment as a solution to financial issues. Understanding and addressing these motivations is essential for developing effective strategies that align with the community's needs and aspirations.

Ways to Send Money

The most common way to send remittances is through electronic payment systems, using banks or money transfer services such as Western Union, which generally charge a fee for their services. Transfers can be completed in as little as ten minutes.

Additionally, Hundi is an informal remittance transfer method primarily utilized by South Asian migrant workers, although it is illegal in Nepal. Nonetheless, Hundi continues to be used within the Korea-Nepal remittance corridor. In the study area, migrants employ various methods to send money home, including banks, remittance companies, and assistance from friends and family, as outlined in Table 5.

Table 5

Ways to Send Money of Respondents

| Ways | Number of Respondents | Percentage |
|--------------------|-----------------------|------------|
| Bank | 54 | 34.61 |
| Remittance Company | 75 | 48.10 |
| Friends | 12 | 7.69 |
| Relatives | 9 | 5.76 |
| Others | 6 | 3.84 |
| Total | 156 | 100 |

Source: Field Survey, 2024

Table 5 reveals that 34.61% of migrants send their money through banks, while 48.10% use remittance companies. Additionally, 7.69% depend on friends for money transfers, 5.76% receive help from relatives, and 3.84% employ other methods. The data indicates that most migrants prefer banks and remittance companies for sending their funds, with only a small percentage using friends, relatives, or alternative methods.

The analysis of Table 5 shows that remittance companies and banks are the primary channels for sending money among respondents, highlighting a preference for formal and reliable methods over informal ones. This trend underscores the need to improve the accessibility and efficiency of remittance services, as well as the importance of educational programs that empower migrants to make informed financial decisions.

Housing Condition of the Study Area

Table 6 compares the housing conditions of households before and after receiving remittances. It categorizes housing into three types: Pakki (permanent), Ardha Pakki (semi-permanent), and Kachhi (temporary), with percentages illustrating the distribution of households in each category both before and after they received remittances.

Table 6

Housing Condition Comparison between before and after Remittance Receiving Households

| Housing Condition | Before Receiving Remittance in Percent | After Receiving Remittance in Percent |
|--------------------------|---|--|
| Pakki | 26.4 | 38.8 |
| Ardha Pakki | 32.8 | 45.2 |
| Kachhi | 40.8 | 16.0 |
| Total | 100.0 | 100.0 |

Source: Field Survey, 2024

The data indicates a notable improvement in housing quality, evidenced by a decrease in Kachhi houses and a corresponding increase in Pakki and Ardha Pakki houses. This suggests that remittance income is being utilized to enhance living conditions, especially in housing infrastructure. The substantial reduction in temporary housing (Kachhi) underscores the role of remittances in providing families with greater stability. The shift towards semi-permanent and permanent housing signifies an overall enhancement in economic security and living standards for households receiving remittances. The findings imply that remittances are crucial for improving housing and, by extension, contribute to a better quality of life, potentially impacting health, safety, and social status within the community. Overall, the table illustrates a positive correlation between remittance inflows and improved housing conditions, highlighting the socio-economic benefits of foreign employment.

Change in Facilities of the Study Area

This study compares household ownership of various appliances and devices before and after receiving remittances. It lists items such as motorcycles, TVs/radios, smartphones, furniture, refrigerators, biogas systems, computers, and washing machines, displaying the percentage of households that owned these items during each period.

Table 7

Comparison Between Before and After Remittance Receiving Households in Term of Using of Apparatuses

| Particulars | Before Remittance Receiving Households in Percent | After Remittance Receiving Households in Percent |
|--------------------|--|---|
| Motorcycle | 47.6 | 77.6 |
| TV / Radio | 86.4 | 96.4 |
| Smartphone | 64.8 | 100.0 |
| Furniture | 47.6 | 96.4 |
| Refrigerator | 34.0 | 78.4 |
| Bio Gas | 20.0 | 24.0 |
| Computer | 36.8 | 67.2 |
| Washing Machine | 14.4 | 20.4 |

Source: Field Survey, 2024

Table 7 reveals that ownership of household appliances rose in all categories after households began receiving remittances. This highlights the significant impact of remittances on enhancing living standards by facilitating the purchase of modern conveniences. The most striking increases were in smartphone ownership (100%) and motorcycles (77.6%), underscoring the importance of communication and mobility in improving daily life and access to opportunities. There were also considerable rises in ownership of furniture, refrigerators, and computers, indicating that remittances are being used to enhance home comfort and provide access to technology for education or work. The smallest increases were observed in biogas systems and washing machines, suggesting that while remittances help improve infrastructure, factors such as cost or accessibility may limit the broader adoption of these items. Overall, the table highlights the positive effects of remittances on enhancing household living conditions, mobility, and comfort.

Changing in Education Attainment of the Study Area

The educational preferences of households before and after receiving remittances, focusing on the types of schools their children attend. The schools are categorized as

government, community, and private, with percentages indicating the proportion of households that enrolled their children in each type both prior to and following the receipt of remittances.

Table 8

Comparison Between Before and After Receiving Remittances in Educational Attainment Status

| Type of School the Children of the HHs go | Before Remittance Receiving Households in Percent | After Remittance Receiving Households in Percent |
|--|--|---|
| Government School | 59.2 | 36.0 |
| Community School | 30.8 | 23.2 |
| Private School | 10.0 | 40.8 |
| Total | 100.0 | 100.0 |

Source: Field Survey, 2024

Table 8 reveals a significant change in educational preferences among households. Before receiving remittances, government schools were the predominant choice at 59.2%, but this figure dropped dramatically to 36.0% after remittances were received. In contrast, enrollment in private schools surged from 10.0% to 40.8%. This shift indicates that remittances provide households with the financial means to opt for private education, which is often perceived as offering better facilities, resources, and opportunities.

The slight decline in community school attendance (from 30.8% to 23.2%) suggests that some families transitioned from government to community schools, which are typically viewed as a cost-effective alternative between government and private options.

The notable increase in private school enrollment highlights that households benefiting from remittances prioritize investing in their children's education. This investment may lead to improved academic outcomes and better future opportunities, as private schools generally offer superior infrastructure and educational resources. The trend towards private education not only signifies increased household income but also a desire for upward social mobility. Families with enhanced financial resources from remittances seem to emphasize quality education as a long-term investment in their

children's future.

Overall, the table illustrates the significant impact of remittances on educational decisions. The considerable shift from government to private schools underscores how remittance income enables families to prioritize and afford higher-quality educational options, which could have lasting socioeconomic effects, as better education often translates to improved job prospects and upward mobility for subsequent generations.

Change in Using Health Facilities in the Study Area

Regular health check-ups are essential from conception and should continue throughout everyday life. However, many people fail to monitor their health consistently due to issues such as lack of awareness, financial difficulties, and limited access to facilities. Despite this, there have been some shifts in health-related behaviors among these individuals.

Distribution of respondents seeking care at different health institutions before and after receiving remittances. It categorizes care into three types: health posts/medical facilities, hospitals, and traditional healers (Dhami/Jhakri), with percentages reflecting the proportion of respondents who visited each type of institution during both periods.

Table 9

Distribution of Respondents Visiting Health Institutions Before and After Receiving Remittance

| Health Institution | Before Remittance Receiving Households in Percent | After Remittance Receiving Households in Percent |
|---------------------------|--|---|
| Health Post/Medical | 48.4 | 56.8 |
| Hospital | 35.6 | 38.8 |
| Dhami/Jhakri | 16.0 | 4.4 |
| Total | 100.0 | 100.0 |

Source: Field Survey, 2024

Table 9 shows a notable shift toward modern healthcare options. The increase in visits to health posts and hospitals indicates that households receiving remittances are increasingly accessing professional medical care, reflecting an improvement in their ability to afford and prioritize formal healthcare. The significant drop in visits to traditional healers (from 16.0% to 4.4%) suggests that remittance income enables families to move away from traditional healing methods, which are often sought due to financial constraints or limited access to formal healthcare. This decline indicates that better financial resources lead families to trust and utilize modern healthcare systems more.

While hospital visits have increased, this growth is less pronounced than the rise in health post-visits. This may imply that, although more individuals have access to healthcare, they prefer to use less expensive health posts for routine care and reserve hospital visits for more serious issues or referrals. Overall, the table indicates that remittances positively impact healthcare access and choices. As households receive remittances, they can afford higher-quality healthcare services, transitioning from traditional healers to modern medical facilities, which can improve health outcomes and overall well-being.

The data highlights a significant change in healthcare-seeking behavior after receiving remittances, marked by a clear increase in the use of modern healthcare institutions (health posts and hospitals) and a notable reduction in reliance on traditional healing practices. This demonstrates how remittances empower families to prioritize and access better healthcare services, contributing to healthier and more resilient communities.

Change in Income Status of Migrant Households

When individuals migrate to other countries, their income sources change. The income patterns depend on the type of employment and the destination country. Essentially, these income changes are largely influenced by the remittances they send back home.

Table 10

Change in Income Status of Migrant Respondents

| Annual Income (000) | Before Receiving Remittance | Percentage | After Receiving Remittance | Percentage |
|----------------------------|------------------------------------|-------------------|-----------------------------------|-------------------|
| Less than 200 | 36 | 23.10 | 18 | 11.53 |
| 200-400 | 36 | 23.10 | 36 | 23.10 |
| 400-600 | 30 | 19.20 | 36 | 23.10 |
| 600-800 | 18 | 11.53 | 36 | 23.10 |
| 800-1000 | 18 | 11.53 | 18 | 11.53 |
| 1000-1200 | 18 | 11.53 | 12 | 7.70 |
| Total | 156 | 100 | 156 | 100 |

Source: Field Survey, 2024

Table 10 shows that before receiving remittances, 23.10% of respondents reported an annual income of less than NRs. 200,000, while another 23.10% had incomes between NRs. 200,000 and 400,000. Additionally, 19.20% earned between NRs. 400,000

and 600,000, and 11.53% were in the NRs. 600,000 to 800,000 range. Another 11.53% reported incomes between NRs. 800,000 and 1,000,000, indicating many were in financial distress.

After receiving remittances, there was a significant increase in annual income among respondents. Only 11.53% reported earning less than NRs. 200,000 after remittances. The proportion of respondents earning between NRs. 600,000 and 800,000 doubled from 10% to 20%, and those in the NRs. 800,000 to 1,000,000 range also increased from 10% to 20%. Furthermore, the income bracket of NRs. 400,000 to 600,000 rose from 15% to 20%, while those earning between NRs. 1,000,000 and 1,200,000 increased from 5% to 10%. In contrast, the percentage of respondents earning between NRs. 200,000 and 400,000 fell from 30% to 20%. Overall, the table illustrates the positive effect of remittances on respondents' income levels.

In summary, Table 10 indicates that remittances have generally improved household income, evidenced by a decrease in the lowest income bracket and an increase in households earning between NRs. 400,000 and 800,000 annually. This suggests that remittances have contributed positively to household finances, enabling many families to enter higher income groups. Some income ranges (NRs. 200,000-400,000 and NRs. 800,000-1,000,000) remained stable, indicating financial consistency without major changes. The slight drop in household earnings between NRs. 1,000,000 and 1,200,000 may reflect a reduction in remittance benefits or shifting financial priorities. Overall, remittances have helped alleviate poverty, elevate many households to middle-income levels, and improve economic stability for most families, although their effects on the highest income groups vary.

Range of Remittance Earned by Migrants' Household

The survey classified households receiving remittances into six categories based on the income generated from these remittances, encompassing a total of 156 households.

Table 11

Range of Remittance Earned by Surveyed Households Through Remittance (Yearly in Nepalese Rupees)

| Income | No. of Respondents | Percentage |
|---------------|--------------------|------------|
| 100000-200000 | 23 | 15 |
| 200000-400000 | 27 | 17 |
| 400000-600000 | 27 | 17 |

| | | |
|-----------------|-----|-----|
| 600000-800000 | 33 | 21 |
| 800000-1000000 | 33 | 21 |
| 1000000-1200000 | 13 | 9 |
| Total | 156 | 100 |

Source: Field Survey, 2024

Table 11 provides a clear view of the income distribution among 156 surveyed households. The majority of households earn remittances in the mid-to-high income brackets, with 33 respondents (21% each) falling within the NPR 600,000–800,000 and NPR 800,000–1,000,000 categories. This indicates that a significant proportion of households benefit from substantial financial inflows through remittances. Similarly, the income ranges of NPR 200,000–400,000 and NPR 400,000–600,000, each comprising 27 households (17%), highlight a moderately significant contribution of remittances to household income.

In contrast, the lower-income range of NPR 100,000–200,000 accounts for 23 households (15%), suggesting that a minority of households receive minimal remittances, potentially reflecting limited employment opportunities or lower wages for family members abroad. At the higher end, only 13 households (9%) earn over NPR 1,000,000, showcasing a smaller group benefitting from significantly higher remittance inflows, which could be attributed to better-paying jobs or multiple earners abroad.

The distribution demonstrates that remittances are an essential source of income for these households, with most falling in the NPR 400,000–1,000,000 range. This pattern underscores the economic significance of remittances in enhancing household welfare while also pointing to variability in the income levels influenced by factors such as the nature of employment, destination country, and skill level of migrants. The relatively low percentage of households in the highest and lowest income ranges also reflects an uneven yet concentrated impact of remittance earnings within the surveyed population.

Expenditure Patterns of Respondents

This section examines how respondents allocate their spending after receiving remittances. Their expenditures are divided into six primary categories: daily essentials, durable goods, savings, investments, loan repayments, and miscellaneous expenses. Table 7 below shows the average spending of the respondents in these categories.

Table 12*Expenditure Patterns of Respondents*

| Expenditures | Percentage |
|---------------------|-------------------|
| Daily need goods | 30% |
| Durable goods | 20% |
| Saving | 10% |
| Investment | 5% |
| Loan Repayment | 25% |
| Others | 10% |
| Total | 100% |

Source: Field Survey, 2024

Table 12 shows that 30% of respondents use their remittances for daily necessities such as food and vegetables. Furthermore, 20% is spent on durable goods like televisions and computers. Ten percent is allocated to savings, while 5% goes toward investments. A significant 25% is used for loan repayments, and 10% covers other expenses. This data suggests that only a small fraction is invested in productive sectors, with a larger portion going to non-productive areas.

The spending patterns indicate that households prioritize daily necessities, loan repayments, and durable goods, which together represent 75% of their total expenditures. This highlights a focus on immediate consumption and managing debt, leading to limited resources for savings and investment. The considerable allocation for loan repayments underscores the financial burden of existing debts, which may hinder their ability to save or invest in productive endeavors, ultimately affecting long-term financial stability. With only 5% devoted to investment and 10% to savings, there is minimal focus on long-term financial growth, potentially perpetuating a reliance on remittances without significant progress toward economic independence.

Scenario of Poverty and Remittances in Nepal

Throughout the year, some individuals may struggle to earn a living due to severe poverty. Contributing factors include unemployment and underemployment, a rapidly growing population, sluggish economic growth, low levels of industrial development, socio-cultural influences, the underutilization of available resources, and insufficient socio-economic infrastructure. Consequently, many people choose to seek employment

abroad and send remittances back home. The connection between poverty and remittances is depicted in the table below:

Table 13*Situation of Poverty and Remittance*

| Fiscal Year | Remittance RS in Billion | Remittance as Percent of GDP | Percentage of Poverty |
|-------------|--------------------------|------------------------------|-----------------------|
| 2013/2014 | 543.3 | 27.7 | 26 |
| 2014/2015 | 617.3 | 29.0 | - |
| 2015/2016 | 665.1 | 25.5 | 21.6 |
| 2016/2017 | 695.5 | 22.6 | - |
| 2017/2018 | 755.1 | 21.8 | 25.6 |
| 2018/2019 | 879.3 | 22.8 | 17.4 |
| 2019/2020 | 875.0 | 22.5 | 16.67 |
| 2020/21 | 961.10 | 22.5 | 18.7 |
| 2021/22 | 631.20 | - | 15.1 |
| Total | 6622.90 | - | - |

Sources: Economic Survey, 2079/80

Table 13 provides information on remittances in billions of rupees as reported in the Economic Survey by the Ministry of Finance, Government of Nepal, and the National Planning Commission for the fiscal years 2013/14 to 2021/22.

According to Table 13, remittances totaled 543.3 billion NPR in the fiscal year 2013/14, which constituted 27.7% of GNP, with a poverty rate of 26%. Although there was a decrease in remittances in 2014/15, they rebounded to 665.1 billion NPR in 2015/16, contributing 25.5% to GNP and reducing the poverty rate to 21.6%.

By 2017/18, remittances had increased to 755.1 billion NPR, representing 21.8% of GNP. The following year saw a further rise to 879.3 billion NPR, or 22.8% of GNP, with a poverty rate of 17.4%. In 2019/20, remittances slightly declined to 875.0 billion NPR, accounting for 22.5% of GNP. They rose again in 2020/21 to 961.1 billion NPR, maintaining a 22.5% contribution to GNP and a poverty rate of 18.7%. However, in 2021/22, remittances fell to 631.2 billion NPR, with a poverty rate of 15.1%.

The significant role of remittances in GDP highlights the Nepalese economy's reliance on funds sent by migrant workers. This dependence can create vulnerabilities, particularly if remittance flows decrease due to global economic conditions or changes in migration trends. The reduction in poverty rates alongside rising remittances indicates

that these funds are essential for alleviating poverty for many families. Increased financial resources from remittances allow households to invest in education, healthcare, and improved living conditions.

Fluctuations in remittance levels and poverty rates reflect broader economic and social challenges in Nepal. Factors such as political instability, economic downturns, and global events (including the COVID-19 pandemic) can impact both remittance inflows and the poverty situation.

Overall, the data illustrates a strong correlation between remittances and poverty reduction in Nepal, with increasing remittance inflows contributing to better household income and economic stability. However, the variability in remittance amounts and poverty rates suggests that external influences can significantly affect this relationship, emphasizing the need for policies that enhance the resilience of households dependent on remittances.

Conclusion and Implication

This study emphasizes the vital role of remittances in reducing poverty in Bhimdatta Municipality, Kanchanpur. The findings demonstrate that remittance inflows have been instrumental in enhancing the socio-economic well-being of recipient households. Many families depend on these funds to cover daily living costs, invest in education, access healthcare, and improve housing and agricultural productivity. Additionally, remittances enable households to establish small businesses, fostering financial stability and contributing to sustained socio-economic development within the municipality.

Foreign employment emerges as the main source of these remittances, with migrant workers from Bhimdatta Municipality engaged in jobs abroad. Their earnings significantly influence their families' quality of life, as the study reveals improvements in living standards, increased access to essential services, and greater financial security. These advancements have played a key role in lowering poverty rates and promoting social mobility within the community.

Furthermore, the research highlights the varied ways in which remittance income is utilized, addressing immediate needs while also supporting long-term investments in education and entrepreneurial activities. These findings underscore the transformative

impact of remittances on poverty alleviation, particularly when allocated strategically across critical sectors. The poverty rate dropped from 24.4% in 2015/16 to 18.7% in 2018/19, indicating a reduction in absolute poverty between 2013/14 and 2021/22. Thus, foreign employment stands out as a significant economic phenomenon in Nepal, directly linked to economic growth (Economic Review of Nepal, 2022).

This research study has important implications for enhancing the economic conditions of the study area. By exploring trends in foreign employment and remittances, the study provides valuable insights into migration patterns and their impact on local economies. Understanding how migrant workers distribute their remittances across various sectors can help formulate targeted policies that maximize these financial resources for investments in education, healthcare, and small businesses. Moreover, the findings underscore the crucial role of remittances in alleviating poverty, presenting opportunities for local authorities and organizations to devise effective strategies for utilizing these funds. Ultimately, this research can inform decision-making, strengthen community resilience, and contribute to improved living standards for families in Bhimdatta Municipality.

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