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Socio-Economic Consequences of Remittance on Households in Pokhara Valley

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ABSTRACT

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There has been a continuous discussion about the advantages and disadvantages of the continuously increasing remittance flows. On the one hand, few studies in different parts of the world have noted that remittances have increased conspicuous consumption and decreased the Labour supply for farming and agriculture. Instead, several others have shown how enhancing food, health, and education can help recipient households' quality of life. Thus, this study aims to analyze the socio-economic consequences of remittance on households in Pokhara Valley Through the use of a structured questionnaire, data on how much money families who receive and do not receive remittances spend and invest on a variety of household activities, such as food, children's health, education, consumer goods, and asset investment, were collected, compared and analyzed using various statistical tools like frequencies, mean, standard deviation and independent samples t-test. The association of the two categories of households of the study on involvement in agriculture and farming was examined using the chi-square test. The study has shown that the remittance income has increased the purchasing power of remittance-receiving households which has led to an increment in the spending capacity of those households. The results indicate that remittance positively affects the improvement of human capital as the remittance recipient households spend more on family members' education and health services than remittance non-recipient households do. However, remittance has also resulted in conspicuous consumption and higher *spending on non-productive activities. In addition, it has adversely affected the participation of recipient families on involvement in agriculture and farming, ultimately necessitating the importation of food grains. On this basis, it is recommended that the government should develop measures that can stimulate remittance recipient families on remittance investments in the development of the domestic economy, national output, and agricultural production rather than spending on unproductive activities.*

Keywords: households, Pokhara valley, remittance, socio-economic consequences

INTRODUCTION

The growth of migration, which encompasses the movement and transfer of human resources, is currently experiencing significant expansion among nations in the contemporary era of globalization. Moreover, the global economy and socio-cultural interdependence have undergone notable transformations as a result of the influx of funds through the labor of migrants and the subsequent remittances. In recent times, there has been a substantial increase in migration, particularly from South Asian countries to more developed nations. This prevailing trend is expected to persist for a considerable period of time. It is worth noting that the labor force of Nepal comprises approximately 79.60% of individuals aged between 15 and 64, as reported by the CEIC in 2021. Furthermore, the Nepal Living Standard Survey (NLSS)-III conducted in 2011 revealed that every second household in Nepal (56%) has the potential to receive remittances. These remittances sent within Nepal account for nearly 30% of the country's Gross Domestic Product, as stated by the World Bank Group (WBG) in 2021. The size and vitality of an economy are often evaluated based on its Gross Domestic Product (GDP). It is important to understand that remittances are monetary transfers made by employees who are working outside their usual place of residence with the intention of supporting their families. These remittances can be seen as financial resources and services provided by migrant workers employed in foreign countries to assist their relatives back home. The term "remittance" refers to a sum of currency that can be transmitted from one location or individual to another, even across great distances, in the form of physical currency or checks (Alishani & Nushi, 2012). Generally, there are two parties involved in the process of remittances: the "Remitte" and the "Remitter." Remittances can take various forms, including cash or non-monetary goods, which are channeled through official means such as electronic transfers or unofficial channels like physical goods or currency transported across international boundaries. The recipient of remittances is commonly referred to as the "remitte," while the sender is known as the "remitter." The trends observed in remittances have exerted significant impacts on economies at both micro and macro levels. Remittances have a positive influence on income levels, access to healthcare, and educational opportunities. It is widely understood that remittances refer to a portion of a migrant's earnings that is sent back to their country of origin. Although remittances can involve non-cash items, the term primarily pertains to financial transactions.

Furthermore, the phrase is commonly employed to depict transfers conducted by migrant laborers. However, it is imperative to acknowledge that remittances are also dispatched by refugees and other migrants who lack the same legal status as migrant workers. The magnitude of remittances from migrants is progressively expanding each year. Developing nations encounter challenges such as deficient employment and income rates, elevated poverty rates, and inequitable distribution of income. In these nations, foreign employment acts as the primary source of household income, and remittances directly benefit these households. When remittances constitute a substantial portion of a family's income, they enhance their societal standing, diminish the prevalence of poverty, and facilitate the fulfillment of their fundamental necessities. Remittances have evolved into a pivotal source of government revenue and a strategy for poverty eradication. According to specific surveys, a noteworthy proportion of remittances is invested in commerce and enterprise, while the remaining funds are allocated to c Remittances, which aggregated to $605 billion globally, are projected to increase by 4.2 percent to $630 billion by 2022 (WBG, 2021). Nepal, ranking highest among South Asian nations and sixth globally, relies on remittances, which constitute 25% of its GDP (World Bank Group, 2021). In the most recent fiscal year, Nepal received remittances totaling NPR 699 billion (USD 6.56 billion) from its citizens working abroad, representing over a quarter of the country's GDP and the fourth-highest share worldwide (Asian Development Bank, 2021). These remittances have played a pivotal role in sustaining the nation's economy and have assisted numerous individuals in rural areas in escaping poverty. The receipt of remittances has also augmented the purchasing power of the Nepali people. Despite the benefits of remittance, there are associated risks and challenges, such as the migration of proficient and educated individuals abroad in search of employment opportunities. While theoretically, such migration may yield advantages, it leads to a substantial loss of highly educated individuals who were trained and educated with public resources. Owing to diminishing employment opportunities within the nation, an increasing number of Nepalese workers are departing their homeland in pursuit of job prospects overseas. The magnitude of remittances is influenced by the number of migrants in a household and the specific country. When more migrants actively seek employment abroad, remittance revenue tends to flow more freely, and vice versa. Various factors, including violent conflicts in recent years and limited prospects at home, have compelled Nepalese laborers to seek economic stability overseas (Dahal, 2004). Additionally, migration and the influx of remittances are prevalent in countries undergoing political unrest, civil wars, economic recessions, low investment in entrepreneurship, and economic downturns across diverse regions of the globe.

Remittances to Nepal are channeled through specific means such as SWIFT or demand draft. In the early 2000s, numerous banks and cash transfer operators began offering money transfer services, which quickly grew into substantial enterprises. Currently, engaging in the remittance industry for domestic money transfers has become a viable job opportunity. Esteemed remittance providers such as International Money Express (IME), Western Union, City Express, Himal Remit, Prabhu Remit, Samsara Remit, and others have established themselves in this sector within Nepal. Furthermore, the practice of "Hundi," involving the unofficial and personal transmission of money, remains prevalent in Nepalese society. The global economy has recently experienced a severe impact from the Covid-19 pandemic, resulting in the suspension of non-essential services during strict lockdowns. Industries heavily reliant on migrant labor, such as tourism, hospitality, and construction, have been particularly devastated. Many individuals who unexpectedly lost their jobs have faced financial crises due to the scarcity of employment opportunities. The inflow of remittances to Nepal has also been significantly affected by these adverse circumstances that have impacted migrant workers. The post-pandemic effects continue to exert an influence on the economy of Nepal. The effects of remittance flows, whether positive or negative, have sparked a long-standing debate. Some studies suggest that remittances promote conspicuous consumption and reduce labor supply in agriculture, while others argue that they enhance the livelihoods of recipient households by improving access to food, healthcare, and education. Given Nepal's significant role as a recipient of remittances, further research on the social and economic effects on migrant households in this country is urgently required. This study aims analyze the socio-economic consequences of remittance on households in Pokhara Valley.

HYPOTHESES

$H_{1:}$ There is a significant difference in expenditure level of remittance receiving and remittance non- receiving households in food expenses.

$H_{2:}$ There is a significant difference in expenditure level of remittance receiving and remittance non- receiving households in non-durable consumer able goods.

$H_{3:}$ There is a significant difference in expenditure level of remittance receiving and remittance non- receiving households in recreational activities.

$H_{4:}$ There is a significant difference in expenditure level of remittance receiving and remittance non- receiving households in housing expenses.

$H_{5:}$ There is a significant difference in expenditure level of remittance receiving and remittance non- receiving households in transportation cost.

$H_{6:}$ There is a significant difference in expenditure level of remittance receiving and remittance non- receiving households in social involvement cost.

$H_{7:}$ There is a significant difference in investment level of remittance receiving and remittance non- receiving households in ornaments and jewelry.

$H_{8:}$ There is a significant difference in investment level of remittance receiving and remittance non- receiving households inland and buildings.

$H_{9:}$ There is a significant difference in investment level of remittance receiving and remittance non- receiving households in electrical and electronic goods.

$H_{10:}$ There is a significant difference in investment level of remittance receiving and remittance non- receiving households in durable consumer able goods.

$H_{11:}$ There is a significant difference in investment level of remittance receiving and remittance non- receiving households in share, bonds and debentures.

LITERATURE REVIEW

Remittances, the transfer of money by migrants to their home countries, have become a significant factor in the global economy. As these financial inflows continue to rise, there is a growing interest in understanding their impact on the economic development of recipient countries. The three most influential theories regarding the impact of remittances on economic development as per United Nations (1990) are: The Developmental Optimistic School, The Developmental Pessimistic School, and The Developmental Pluralistic View. Each theory offers a unique perspective on the relationship between remittances and development.

The Developmental Optimistic School emerged during the 1950s and 1960s, rooted in the neoclassical migration hypothesis. This perspective maintains an optimistic outlook on remittances, suggesting that migration leads to "North-South" transfers of investment capital, fostering liberal, rational, and democratic ideas in labor-exporting countries. Proponents argue that remittances, along with skills and knowledge acquired abroad, contribute to improvements in recipient nations' development and economic growth. The belief is that migrants will invest significant capital in their home countries, stimulating development and modernization. In contrast, the Developmental Pessimistic School, influenced by structuralism dependency, takes a pessimistic stance on remittances' impact. This perspective emerged in the late 1960s, supported by empirical studies suggesting that migration and remittances do not lead to sustainable development. Critics argue that the brain drain resulting from educated individuals migrating causes a loss in human capital for developing countries, outweighing the benefits associated with remittances. Additionally, concerns include the potential for increased income inequality, inflation, and the negative effects on labor supply and competitiveness. The Developmental Pluralistic View, arising in the 1980s and 1990s, synthesizes elements from both optimistic and pessimistic perspectives. This view acknowledges the complexity of the relationship between remittances and development, rejecting a strictly positive or negative impact. Instead, it emphasizes the context-specific nature of remittance effects, arguing that no overarching theory can explain all outcomes. According to this view, understanding the various ways remittances affect recipient economies requires consideration of multiple factors.

The motivation behind remittances is a crucial aspect of understanding their impact on economic development. Lucas (1987) proposed four motivations: altruism, self-interest, investment, and tempered altruism. Altruism suggests migrants remit to enhance the well-being of their families, while self-interest involves personal gains, such as investment opportunities. Investment motivation sees remittances as a return on human capital deployment, and insurance suggests migrants and families use remittances to mitigate risks associated with migration (World Bank, 2006). Altruism, the most commonly accepted motivation theory, posits that migrants remit to improve the living conditions of their families. Stark (1985) argued that pure altruism involves selfless remittances, with the amount increasing as family income declines due to poverty. This perspective suggests that migrants prioritize the well-being of their families over personal gain. Alternatively, self-interest motives propose that migrants remit for personal gains, such as investment opportunities or future benefits upon return. Remittances may serve as a way to accumulate assets in the home country or ensure support and influence upon the migrant's return. This perspective highlights the individualistic motivations behind remittance behavior. The insurance motivation theory suggests that migrants use remittances to manage risks associated with migration. By diversifying risks between migrants and their families, remittances act as a form of financial insurance. This theory implies that remittances respond to various risk factors, demonstrating the intricate relationship between migration and risk management. The investment motive suggests that remittances represent a return on the deployment of human capital. Families act as financial agents for migrants, managing funds on their behalf. This perspective predicts that increased economic conditions in the recipient country will lead to higher remittances, creating a procyclical effect on development.

Research conducted by Stark (1985) in Botswana revealed that remittances were primarily driven by insurance and loan payback incentives, challenging the prevalent notion of altruism as the sole motivator. Hoddinott (1994), using survey data from Kenya, criticized the exclusive focus on altruism and found evidence supporting motivations rooted in inheritance and debt payback. Brown's (1997) study in Tonga and Western Samoa identified significant self-interest incentives and altruistic intentions among migrants, particularly in investment and asset accumulation. Agarwal and Horowitz (2002), through their survey in Guyana, provided evidence supporting altruism, suggesting that remittances are likely made for altruistic motives as more migrants' remit, leading to an increase in the household's standard of living. Remittances have also proven instrumental in underdeveloped nations, financing micro-businesses and contributing to economic development (Ratha, 2005). Combes and Ebeke (2011) highlighted the insurance role of remittances in emerging countries, reducing the consequences of various consumption instabilities. Bohra and Massey (2009) using propensity score matching conducted a study in in Chitwan, Nepal which has emphasized the beneficial impact of remittances on agricultural investments, acting as a catalyst for overall investment.

According to consumption economics, remittances contribute to increased household income, influencing spending patterns. Adams and Page (2005) found that global migration and remittances significantly reduced poverty in developing countries, leading to higher household incomes and increased spending on food, education, clothes, and entertainment. However, Adams (2006) in Guatemalan households and Casteldo and Barry (2007) in Albanian households observed no significant difference in expenditure patterns in consumptions of remittance receiving families rather than that of remittance non- receiving families in areas like food, schooling and health care. In contrast, Studies by Airola (2007), Parinduri and Thangavelu (2008), and Dhital (2008) concluded that remittances lead to increased spending on durable items, healthcare, and housing, contributing to the overall welfare of households. Nair's (2009) research in Nepal demonstrated that female emigration and remittances positively impact economic and social growth, leading to changes in budget allocations for education, health care, and durable goods. NLSS-III (2011) revealed that remittances constituted a significant portion of household income, mainly used for daily consumption and loan repayment. Sharma (2011) conducted a study in Sri Lanka that indicated a considerable positive impact of remittances on key sectors such as food intake, health expenditures, and expenses on vital non-food commodities. Wagle (2012) concluded that remittance-receiving households in Nepal spent more and saved more money, highlighting the positive impact on both spending behavior and savings. Research by De and Ratha (2012) on Sri Lankan families emphasized the upward economic mobility facilitated by remittance money, contributing to the development of children's human capital. Similarly, Sikder and Ballis (2013) conducted an ethnographic study in Bangladesh, concluding that migration improves households' access to food, depending on the amount of remittances received. Yameogo's (2014) study in Burkina Faso used a latent class model to assess the impact of international remittances on households' expenditures, considering factors such as household size, education, age, gender, and access to electricity. Fransen (2015) highlighted the favorable long-term impacts of remittances on families returning from conflict-affected areas in Burundi, contributing to development following a conflict. Mahapatro et al. (2015) examined the impact of domestic and foreign remittances on spending patterns in three Indian states, concluding that remittances improved household well-being, particularly in health and education. Dhungana and Pandit (2016) studied the socio-economic impact of remittances in Nepal, finding positive effects on children's education and the overall social status of households. Khomutenko's (2016) research in Ukraine concluded that households receiving remittances from abroad spent more on housing, indicating a shift in spending patterns. Phuyal et al. (2016) explored how remittances improved the quality of life for remittance-receiving families in Kathmandu valley, highlighting the positive correlation between remittance income and various consumption levels. Wadood and Hossain (2016), using empirical data from Bangladesh, concluded that remittances were used for both direct consumption and human investment. Wolde's (2018) study in Ethiopia found a favorable and statistically significant impact of remittance money on household consumer spending, emphasizing the need to strengthen bilateral ties for increased remittance inflow. Dhakal and Maharjan's (2018) review of approaches to the productive use of remittances in Nepal suggested that the government should create programs and policies to encourage remittances for productive purposes, contributing to national development.

Little research has been done to describe or analyze the impact of remittances on household spending in Nepal, particularly in Pokhara Metropolitan Municipality. Despite numerous studies on remittances, there is limited research on their effect on Nepalese households' spending habits. This study aims to compare spending in Pokhara Metropolitan Municipality between households that receive remittances and those that do not. The literature lacks comprehensive coverage of the core issues addressed in this study. Therefore, this research aims to fill the knowledge gaps and explore the consequences of remittances on household spending patterns.

RESEARCH METHODOLOGY

In order to examine the social and economic consequences of remittance on households in Pokhara Metropolitan City, this study has focused on the spending patterns of remittance receiving and remittance-non-receiving families in various household activities, including food, child health, and education, consumer goods, and asset investment, specifically in families of ward no. 22 of Pokhara valley. As a result, a descriptive cum comparative research design has been adopted. In this study, a descriptive research design that uses data from the respondents has been used. The respondents' responses are shown along with the information they provided. The study has also used a comparative research methodology to compare how remittance-receiving and -non-receiving families spend their money to determine the impact of remittances on households in Pokhara metropolitan city. The majority of the study's core data comes from respondents' responses to questionnaires. The houses and families in ward number 22 of the Pokhara Metropolitan Municipality comprise the study's population. A pilot survey of 20 houses was initially done at random through convenience sampling, and it was discovered that 3 of the households received remittance and 17 of the households did not. Thus, the pilot survey produced 15% of remittance-receiving households and families and 85% of remittance non-receiving households, which were then used to determine the adequate sample size for this study.

The population sample size was chosen using formulas for an infinite population sampling technique based on the supposition above.

Infinite population sample size (n) = Z^2pq/e^2

Where, Z = Given Z value   p = Percentage of population

q= 1-p   e = margin of error.

Z^2 is a normal curve that eliminates a portion of data at the tails (1- equals the desired confidence level, in this case, 95). It can be calculated using a Z-table and is referred to as a critical value.

Computation:

$Z^2pq=(1.96)\times(1.96)\times(0.85)\times(0.15)$……………………………………………(1)

$Z^2pq =0.489804$………………………………………………..………...........(2)

$Z^2pq/e^2=0.489804/(0.05)^2$……………………………………………………..(3)

Sample size (n) = 196.

A sample size of 196 houses was chosen for the multivariate analysis. Samples were selected from both remittance-receiving and non-receiving families. Convenience and snowball sampling methods were used. The data used in the study are quantitative and interpretive. Primary data sources were utilized, including a structured questionnaire. The collected data were analyzed to compare household consumptions between the two categories. Descriptive and inferential analysis techniques were applied. Descriptive analysis helps summarize data, while inferential analysis generalizes results to the population. Frequency, percentage, mean, median, and standard deviation were used as descriptive statistical tools. Mean difference was used to analyze income and consumption data. Chi-square test and independent samples t-test were used as inferential statistical tools.

Research Framework and Definition of Variables

The following framework has been developed for conducting the research's core theme. It demonstrates how the various variables are related to one another.

Figure 3.1

Research Framework

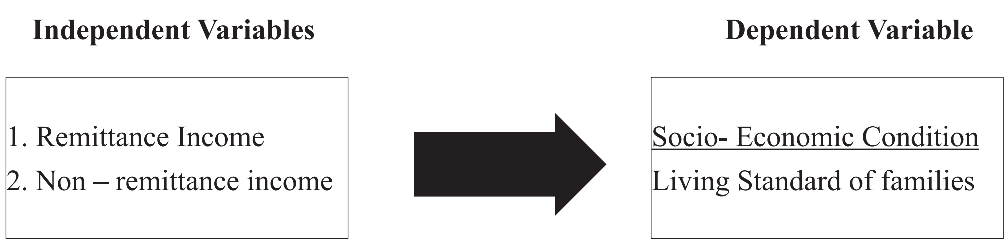

Table 1

Definition and description of variables:

Name of the variable	Description
A. Independent variables	It is a stand-alone variable that is unaffected by the other variables that will be measured.

1. Remittance Income	The money and other assets sent to the households of migrants are referred to as remittance income.
1.1 Number of family members as foreign employment workers	The number of family members who work overseas determines how much money a home receives in remittances. The number of family members who work overseas also supports the independent variable remittance.
1.2 Remittance Amount	The remittance amount establishes the income of households that consistently receive remittance revenue, which serves as the primary funding source for household expenses.
1.3 Frequency of sending remittance	Remittance frequency also assesses how much money households regularly get in remittances. Remittance frequency as a percentage of annual household income indicates how much money a household has to cover expenses.
2 Non- Remittance income	Non-remittance income is the amount of money people earn domestically or through businesses they run within a nation.
2.1 Number of domestic employment workers	Income of non- remittance receiving families depends on number of domestic employment workers within a country.
2.2 Heirlooms and family business	Heirlooms and family business generate income other then employment and remittance for the family.
B. Dependent Variables	These are measurable variables that depend on other measurable things. As a result of experimental manipulation of the independent variable(s), these variables should change.
1. Living standard of families	Here, Families' living standard is assessed based on food, healthcare, transportation and communication, education, and social involvement costs, investment and more.
1.1 Food consumption	Numerous academic works claim that most remittances are used for food consumption. The effect of remittances on food consumption must be understood in this situation.
1.2 Non- durable consumer able goods	The cost of non-durable consumer products such as clothing, footwear, textiles, cosmetics, and toiletries varies according to the income levels of different families (here, remittance-receiving and remittance non- receiving families).
1.3 Housing expenses	It covers housing-related costs like rent, electricity, water, internet, phone, etc., which are used to evaluate how well-off a family is based on their access to these utilities.

1.4 Durable consumer goods	The possession of durable consumer goods, such as furniture, electronics, and vehicles, has also been given weight in this study to help determine how well-off a household is.
1.5 Transportation and travelling	Today, consumers spend more money in two significant sectors: transportation and communication. This category of expenses significantly impacted by remittances includes bus and taxi fares as well as the price of fuel and other consumables.
1.6 Recreational activities	The living standards of households are determined by the costs associated with recreational activities like traveling and camping, parties, outdoor excursions, etc.
1.7 Social involvement	It covers the cost of participating in social rituals, including pujas, donations, and various other family and social gatherings except for weddings in this study, as many other social factors are involved in the marriage ceremony.
1.8 Nature of House living in:	Here, nature of house means own non- Rcc house, rented/ other house and own Rcc houses that families live in which is measured by 1= Rented and others, 2= own Rcc- house and 3= own non- Rcc house.
1.9 Ornaments and jewelry	In this study, ornaments and jewelry possession have also been given weight to interpret the living standard of households.
1.10 Family Income	The amount of remittances a household receives significantly impacts its income, and receiving more remittances generally results in income growth.

RESULTS

This section presents and analyzes the results from the respondent's response.

Table 2

Frequency of Respondent Household Type (Remittance Receiving and Remittance Non-Receiving Households):

Family Type	Frequency	Percent	Valid Percent	Cumulative Percent
Remittance receiving household	98	50.0	50.0	50.0

Remittance non-receiving household	98	50.0	50.0	100.0
Total	196	100.0	100.0	

Note: *Field Survey, 2022*

Table 2 shows that sample data from 98 households each of remittance receiving and remittance non-receiving families were collected as per the need and objectives of the study.

Table 3

Annual Family Income.

Household Types	Mean (Rs.)	Maximum (Rs.)	Minimum (Rs.)	Range (Rs.)	Standard Deviation
Remittance receiving	1,536,700	4,000,000	480,000	3,520,000	676,385
Remittance non-receiving	1,020,100	3,000,000	60,000	2,940,000	418,097

Note: *Field Survey, 2022*

The study found a sizable gap in the average annual family income between the study's two categories of households which is clearly seen in Table 3. In contrast to the average yearly income of remittance receiving households, which is Rs. 1,020,100 (SD= 418,097), the mean household income of remittance receiving families is Rs. 1,563,700 (SD= 676,385). Families that receive remittances typically make more money than non-remittance families—nearly 1.5 times more.

Table 4

*Remittance Receiving and Non- Receiving * Number of School Going Children below Age of 18 Cross Tabulation*

Household Types	Number of school going children below age of 18			Total
	1	2	3	
Remittance receiving	32	41	1	74
Remittance non- receiving	31	49	7	87
Total	63	90	8	161

Note: Field Survey, 2022

In order to evaluate how two sets of families invested in their children's education to create human capital, information on the number of students enrolled in schools for those under 18 was obtained for the study and is shown in Table 4. The study found that 90 of the study's households had two school-aged children, whereas the frequency of families with school-aged children was 63 for one child and 8 for three.

Table 5

*Remittance Receiving and Non- Receiving * Family Size Cross tabulation*

Household Type	Family size										Mean family size
	3	4	5	6	7	8	9	10	11	Total	
Remittance receiving	6	22	23	28	10	7	1	1	0	98	5
Remittance non- receiving	3	18	27	25	16	5	3	0	1	98	6
Total	9	40	50	53	26	12	4	1	1	196	

Note: Field Survey, 2022 & SPSS output.

Table 5 shows; it is evident that little difference exists in family size between households that get remittances and those that do not. The analysis shows that the two households had nearly identical household sizes. While the average family size in other categories of families is 6, it is 5 in homes that receive remittances.

Table 6

Family Member Aged above 18(Employed and Unemployed Amongst the Families)

Nature of Households	Number of family members of age>18 (Independent) other than family head having income	Number of family members of age> 18 (Dependent) including family head
Remittance receiving	17	100
Remittance non-receiving	86	94

Note: Field Survey, 2022

Table 6 shows that, among the samples, the dependent number of family members in remittance-receiving households, including the family head, is nearly six times that of independent family members. In contrast, the dependent number of family members in remittance-non-receiving households is almost equal to that of independent family members. In remittance recipient families, more family members are reported to depend on remittance income.

Table 7

*Remittance Receiving and Non- Receiving * Nature of House Living In*

	Nature of house living in		
Family Type	Others/ Rented	Own Rcc building	Own-non Rcc building
Remittance receiving	8	62	28
Remittance non- receiving	24	40	34
Total	32	102	62

Note:Field Survey, 2022

Table 7 details the types of homes in which remittance-receiving and non-receiving families reside. According to the data, 62 percent of families who get remittances reside in their RCC building, as opposed to 40% of those who do not. Similarly, 34% of non-receiving households own their non-RCC building compared to 28% of remittance-receiving households who reside in their non-RCC building. In the survey, just 8% of families who received remittances were found to be residing in rented or other buildings, compared to 24% of those who did not receive remittances.

Table 8

*Remittance Receiving and Non- Receiving * Type of School Children Attend and Type of Hospital*

Family Type	Types of School		Type of Hospital	
	Private	Public	Private	Public
Remittance receiving	80%	20%	73%	27%
Remittance non- receiving	65.59%	34.4%	87%	13%

Note: Field Survey, 2022

Table 8 indicates the kind of schools and hospitals the children in two different households attend. Children from remittance-receiving households enroll in private schools or colleges at 80%, compared to 65.59% of those from remittance-non-receiving households. However, only 20% and 34.4% of children from remittance-receiving families and remittance non-receiving families attend government or public school or college respectively. The remittance receiving households (73%) prefer private hospitals and (27%) prefer government or public hospitals for medical care, whereas remittance-non-receiving (87%) choose government or public hospitals and only (13%) prefer private hospitals for medical facilities.

Table 9

Number of Migrant Workers Amongst Family Members

Migrants' Count	Frequency	Valid Percent	Cumulative Percent
1	67	67.0	67.0
2	19	19.0	86.0
3	11	11.0	97.0
4	3	3.0	100.0
Total	100	100.0	

Note: Field Survey, 2022

Table 9 shows the number of migrant workers amongst family members in remittance-receiving families. The data reveals that 67% of remittance-receiving families have a single relative who is a migrant worker abroad. For this, 2, 3, or 4 family members as migrant workers make up 19%, 11%, and 3% of the households in this category, respectively.

Table 10

Number of Remittance Received Per Year Amongst Remittance Receiving Households

Number of remittance	Frequency	Valid Percent	Cumulative Percent
3	1	1.0	1.0
4	11	11.0	12.0
5	1	1.0	13.0
6	39	40.0	53.0
8	10	10.0	63.0
9	2	2.0	65.0
12	34	35.0	100.0
Total	98	100.0	

Note: Field Survey, 2022

The frequency of remittances received by the households that receive remittances over a year is shown in table 10. Remittance is received by 40% of households six times per year, followed by 35% of families who receive it twelve times per year. 11 % of households in this category receive remittances four times a year, compared to one percent and two percent who receive remittances five times and nine times annually, respectively.

Table 11

Socio- Demographic Status of Remitter in Remittance Receiving Households.

Particulars	Number of migrant workers	Age of migrant worker(s)	amount of remittance received per annum (Rs.)	years migrant workers working abroad	number of remittance sent per year
Mean	1.49	33.02	1,142,200.00	6.88	8.10
Mode	1	28	600,000	4	6
SD	.810	8.812	552,316.66	3.901	3.067
Minimum	1	21	480,000	1	3
Maximum	4	84	3,600,000	21	12

Note: Field Survey, 2022, SPSS output.

The socio demographic condition of the sender in remittance-receiving families is shown in Table 11. The average number of migrant workers is 1.49 (SD = 0.810), and their average age is 33.02 (SD = 8.812). The mean annual remittance received (standard deviation: 552,316.66) is Rs. 11, 42,200. The average time migrant workers spend working overseas is 6.88 years (SD = 3.901), and the average number of times they send money home is 8 times (SD = 3.607).

Table 12

Expenditure Patterns and Independent Samples T-Test Between Remittance Receiving and Non- Receiving Households

Particulars	Family Type	N	Mean (Rs.)	SD	MD	Df	T	Sig
Food expenses (annual)	Remittance receiving	100	125,760	87,027.35	27,540	198	2.257	.025
	Remittance non- receiving	100	98,220	85,496.00				
Non durable consumer able goods cost annual	Remittance receiving	100	34,700	20,344.26	16,430	198	7.711	0.001
	Remittance non- receiving	100	18,270	7,099.37				

Recreation activities annual cost	Remittance receiving	100	40,980	23,219.63	26,100	198	10.47	0.001
	Remittance non- receiving	100	14,880	9,099.10				
Housing expenses (annual)	Remittance receiving	100	39,900	28,404.54	-3,684	198	-.677	.499
	Remittance non- receiving	100	43,584	46,408.43				
Transport cost (annual)	Remittance receiving	100	73,380	49,395.29	-11,832	198	-1.71	.089
	Remittance non- receiving	100	85,212	48,596.44				
Social involvement expenses in last 12 months	Remittance receiving	100	90,630	107,142.1	24,545	198	1.821	.070
	Remittance non- receiving	100	66,085	81,738.96				

Note: Field Survey, 2022 and SPSS output

Table 12 illustrates that the mean annual food expenditure of households getting remittances is higher than that of households not receiving remittances (125,760>98,220). The average annual cost of a household receiving remittances is higher than the average annual cost of a household not receiving remittances in several areas, including non-durable consumer goods (34,700 > 18,270), social involvement costs (90,630 > 66,085), and the cost of recreational activities (40,980 > 14,880). The degree of expenditure for these home activities differs significantly between the two kinds of households. In contrast, households that do not receive remittances spend more to housing costs (43,584 > 39,900) and transportation costs (85,212> 73,380), respectively.

Independent samples t- test was conducted to compare the expenditure level of remittance receiving and remittance non- receiving households in different bundles of household goods. Results indicate that remittance receiving households (M= 125,760, SD= 87,027.35) spent more than remittance non- receiving households (M= 98,220, SD= 85,496) on food items, t (198)=2.257> critical value(1.96), p(0.025)< level of significance(0.05).The t value is significant. Therefore, H_1 is accepted, and the conclusion is reached that there is a significant difference in spending on food expenses between households that get remittances and households that do not.

The findings also show that the t value for non-durable consumer items is significant, with a t(198)=7.711> critical value(1.96) and a p(.001)< level of significance (0.05). Additionally, the cost of recreational activities has a significant t value, with a t- value (198)=10.47> critical value (1.96) and a p- value(.001)<level of significance(0.05).Therefore, H_2 and H_3 are accepted, and the conclusion is reached that there is a significant difference in spending on these two bundles of household consumption: non-durable consumer goods, and recreational activity costs between households that get remittances and households that do not.

On the other hand, the independent samples t- test conducted showed insignificant differences for housing expenses, (|t|(df=198)= 0.677, p=0.499) in the scores with mean score for remittance receiving families (M= 39,900, SD= 28,404.54) which was higher than of remittance non receiving households (M= 43,584, SD= 46,408.43). The magnitude of the difference in the means (mean difference= -3,684) was insignificant as calculated absolute t (0.677)< critical value(1.96) and P value is greater than level of significance i.e. (0.499>0.05). Thus, H_4 is rejected.

Similar findings show that the absolute t value for annual transportation costs is not significant, as shown by the values of t (198) =1.71< critical value(1.96), and p(.089)> level of significance (0.05). Additionally, t (198)=1.821 <critical value (1.96), p(0.070)> degree of significance(0.05) indicates that the t value for social involvement expenses is not significant. As a result, H_5 and H_6 were denied, and it is determined that neither category of households spent much differently on transportation nor social involvement costs.

Table 13

Remittance Receiving and Non- Receiving Households Building Built (If)*

	Building built(if)				
Family Type	Before remittance	After remittance	Business income	Domestic employment/ retirement	Total
Remittance receiving	33	61	-	-	94
Total	35.11%	64.89%	-	-	100%
Remittance non-receiving	-	-	25	43	68
Total	-	-	36.76%	63.24%	100%

Note: Field Survey, 2022

Table 13 illustrates the number of structures built by the two different types of households. The households that received remittances constructed 61 buildings after receiving their money, compared to 33 buildings constructed before receiving their revenue. Similarly, families that did not receive remittances constructed 25 buildings from business income, while 43 did so from domestic employment and retirement income. The information above suggests that about two-thirds of the families who received remittances used the funds to build buildings.

Table 14

Investment Patterns in Different Assets and Independent Samples T-Test Between Remittance Receiving and Non Receiving Households

Investment	Household Type	N	Mean (Rs.)	Std. Deviation	Mean Diff. (Rs.)	T	Df	Sig(2-tailed)
Ornaments and jewelry	Remittance receiving	100	717,000.00	406,960.90	151,848.49	3.185	198	.002
	Remittance non-receiving	100	565,151.52	244,996.31				
Land and building	Remittance receiving	95	11,921,052.63	6,542,136.66	4,887,249.82	5.18	164	.001
	Remittance non-receiving	71	7,033,802.82	5,233,789.77				
Electrical and electronics	Remittance receiving	100	288,500.00	243,478.06	118,398.99	4.474	198	.000
	Remittance non-receiving	100	170,101.01	100,709.17				
Durable consumer able goods	Remittance receiving	100	864,900.00	886,824.43	194,495.96	1.69	198	.093
	Remittance non-receiving	100	670,404.04	732,886.27				
Share, bonds and debenture	Remittance receiving	37	559,459.46	392,611.95	-104,924.10	-1.10	108	.273
	Remittance non-receiving	73	664,383.56	506,929.72				

Note: Field Survey, 2022 & SPSS output.

Independent samples t- test was conducted to compare the investment level of remittance receiving and remittance non- receiving households in different assets. The independent samples t- test to compare investment in ornaments and jewelry showed significant differences (t (df= 198)=3.185, p=0.002) in the scores with mean score for remittance receiving families (M=717,000, SD= 406,960.90) which was higher than of remittance non receiving households (M= 565,151.52, SD= 244,996.31). The magnitude of the difference in the means (mean difference= 151,848.49) was significant as calculated t (3.185)> critical value (1.96) and P value is less than level of significance i.e. (0.002<0.05). Hence, H_7 is accepted and conclusion is drawn that there is significant difference in investment level of both categories of households in ornaments and jewelry.

Similar results were obtained when comparing the investment levels of two households in land and buildings using independent samples t-test. Absolute t value (5.176)> critical value (1.96), and p-value (0.001) < significance level (0.05). Additionally, the study's two categories of families' investments in electrical and electronics were compared. The estimated absolute t value (4.474)>critical value (1.96), p(0.000)<level of significance (0.05) resulted in the significance of t value supported our alternative hypotheses H_8 and H_9 with a conclusion that real estate and, electrical and electronics investment levels differ significantly between households that get remittances and those that do not. On the other hand, the independent samples t- test to compare investment in durable consumer able goods such as furniture and vehicles showed insignificant differences (t(df= 198)=1.686, p=0.93) in the scores with mean score for remittance receiving families (M=864,900, SD= 886,824.43) which was higher than of remittance non receiving households (M= 670,404.04, SD= 732,886.27). The magnitude of the difference in the means (mean difference= 194,495.96) was insignificant as calculated t (1.686)< critical value(1.96) and P value is greater than level of significance i.e. (0.093>0.05). Hence, H_{10} was rejected and conclusion is drawn that there is no significant difference in investment level of both categories of households in durable consumer able goods.

Similar is the case in comparison of level of investment of both category of families in share, bonds and debenture. The calculated absolute t value (1.10)< critical value(1.96) and the p value(0.273)> level of significance (0.05) which rejected our alternative hypothesis H_{11} concluding there is no significant difference in investment level of remittance receiving and remittance non receiving households in share, bonds and debenture.

DISCUSSION

The main aim of the study was to access and compare the expenditure pattern between remittance-receiving and remittance-non-receiving households in different bundles of goods such as; food, durables and non-durables, housing, transportation, social involvement, and recreational activities. To achieve the objective of the study and answer the first research question, Hypothesis 1-11 was formulated.

Hypothesis 1-11 postulates that there is a significant difference in the expenditure level of two categories of households in different bundles of goods and household activities. The independent samples t-test results indicate that the remittance-receiving households significantly spend more on food items, non-durable consumer goods, and recreational activities than that of remittance-non-receiving households. At the same time, there is little difference in the level of expenditure for housing costs, transportation costs, and social involvement costs between the two categories of study households. To be precise, the remittance non-receiving households spend a little more on transportation and housing expenses then the other category of household of the study. The investment level of the two families analyzed differs significantly in asset accumulation, including land and buildings, ornamentation, and electronics as remittance receiving families invest more on these assets then remittance non-receiving families.

The study's conclusions align with numerous other studies on the same subject that had been conducted worldwide. Mahapatro et al. (2015) also believe that remittances have a beneficial impact on household development. Their research showed that households that received remittances spent more money on food and health care. Similarly, Wolde (2018) through a regression analysis study concluded with similar findings that remittance income has a favorable and statistically significant impact on a household's consumption and investment. According to the study, households that get remittances spend and invest more than those that do not. However, Adams (2006) criticizes that households receiving remittances spent significantly less than households not receiving remittances on purchasing food, consumer items, and durables. Castaldo and Barry (2007) reached a similar conclusion through their research in Albania, concluding that there was no statistically significant difference between the spending patterns of Albanian households that received remittances and those that did not.

CONCLUSION AND IMPLICATIONS

The research has attempted to understand the social and economic consequences of remittance through a field investigation and analysis of expenditure patterns between remittance-receiving households compared with households receiving no remittances in ward no. 22 of Pokhara Metropolitan municipality. For this purpose, primary data of 98 families of each remittance-receiving household and remittance non-receiving household were collected, including different demographics, expenditure data, and investment data through a structured questionnaire. The key objective of the study was to examine the socioeconomic effects of remittances on households. As consumption and investment are the two main ways that remittances affect households, it was expected that there would be a big difference between households who received remittances and those that did not in terms of consumption of various household items and level of investment. Remittance-receiving households were expected to spend more on housing, health care, and education on both physical and human capital at the margin. Low Labour supply because of migration for remittance is supposed to create a lack of Labour in remittance recipient households which affects the involvement of these households in agriculture and farming.

Descriptive statistical tools like mean, median, and standard deviation has been used as descriptive analytical tools. The mean difference in expenditure level of the two types of families in the study has been thoroughly studied to find the difference in consumption behavior. Inferential statistical methods, such as the chi-square test, independent samples t-test, and significance level, have been used for hypothesis testing. To determine whether a hypothesis is valid, the absolute t value is compared with a critical value of z (1.96) at 95 percent confidence and a 5 percent significance level. The research's analyses and findings show that remittances from abroad have favorable socio-economic consequences on immigrant households. It is possible to conclude that remittance income has enhanced the purchasing power of remittance-receiving households, increasing their spending capacity. According to this study, households that receive remittances spend more on assets like land and buildings, as well as on leisure activities and durable consumer goods like cars, furniture, and technology that are seen as crucial indicators of the socio-economic status of households. The study also found that families who get remittances spend more on conspicuous consumption of food items and non-durable consumer goods such as clothing, textiles, shoes, toiletries, and cosmetics than families who do not.

This study may have various implications for practitioners, academics, and politicians. It might be discussed as suggestions and areas for further study. As a developing nation, Nepal heavily depends on remittances and subsistence farming. Due to the industrial and production sectors' continued underdevelopment, there have been more imports and fewer exports. Even though the study contends that remittances are a significant foreign exchange source and are expanding in the national context, they are primarily used to stabilize the balance of payments deficit rather than support capital development. As a result, policymakers should develop measures that can stimulate remittance investments in the development of the domestic economy and national output, which could eventually reduce import trends and balance payment deficits soon.

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