



Remittances and Happiness: Investigating Socioeconomic Impact of Remittances in Jiri Municipality through Survey Data

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Abstract

Purpose: In recent years, international migration, notably in economically less developed countries like Nepal, has surged since 1990. Remittances, a vital income source, now constitute a quarter of Nepal's GDP. This research examines their diverse impact on the socioeconomic development of migrant households in Jiri Municipality, Dolakha district. This study tries to address the dimensions such as living standards, education, healthcare, happiness and overall well-being through remittances.

Design/Methodology: This study used a quantitative approach based on a post-positivist philosophy. Data was collected from 240 respondents, equally divided between remittance-receiving and non-receiving households using structured self-administered questionnaires. A binary logistic regression model was employed to analyse the impact of remittances on various aspects of recipient households, including living standards, education, healthcare, sanitation, empowerment, and overall happiness.

Findings: The study's results indicate that unemployment was the foremost catalyst for migration, followed closely by various poverty-related factors in the study region. Notably, income from remittances exceeded earnings from other sources. The remittances coefficient was highly significant at the 1 per cent level. Furthermore, households receiving remittances demonstrated a significantly greater probability of enjoying improved living standards, enhanced access to quality education, better healthcare and sanitation facilities, increased empowerment, and overall greater happiness than those lacking remittance inflows.

Conclusion: This study highlights remittances' pivotal role in boosting socioeconomic development in Jiri Municipality, Dolakha district. The findings revealed that remittance income surpassing other earnings led to improved living standards, better education, enhanced healthcare, increased empowerment, and greater happiness in recipient households. These findings emphasize remittances' resilience and transformative impact in rural Nepal, highlighting the potential for government initiatives to harness remittances for further local community development.

Research limitations/implications: This study highlights the resilience of remittances in the study area and reaffirms their constructive role in advancing socioeconomic development within Nepal's rural regions. A detailed study could provide valuable insights to the government for formulating a robust plan to foster remittance-led development in Nepal.

Keywords: Migration, Remittance, Living standard, Empowerment, Happiness

JEL Classification Codes: I3, F24, O1, R5

Introduction

Migration from less developed to developed countries has significantly increased, with migrant workers comprising 164 million of 258 million international migrants (ILO, 2017). They contribute to destination countries' growth, and their remittances benefit their countries of origin. This study explores the socioeconomic effects of international remittances. Since the 1990s, globalisation has rapidly increased labour migration, impacting social, political, and civil aspects and extending beyond financial dimensions (Hass, 2007). In Nepal, overseas job applications surged post-democracy restoration in 1990. Policy changes, like the Overseas Employment Act of 1985, the Gulf oil boom, and passport distribution, shifted Nepalese migration patterns. This trend has alleviated unemployment, generated household income, and stabilised national currency reserves through remittances. Remittances reduce poverty, fostering human capital, health, education, technology access, financial sector engagement, small business investment, and entrepreneurship (World Bank, 2011). With globalisation, economic liberalisation, and high poverty rates, Gulf Countries and Malaysia became preferred destinations for Nepalese migrants. In 2011, 7.2% of Nepal's population lived abroad, with over 10% engaged in foreign employment. Fransen et al. (2015) note migration and remittances' socioeconomic impact since the early 2000s, with remittances crucial for migrant households and the nation's economy. It also supports and influences cross-border business activities (Paudel et al., 2018). Despite their growing size and poverty reduction, remittances are underutilised at the household level. Recognising the importance of remittances, the Government of Nepal (GON) introduced plans to direct remittances legally, aiming for productive use. However, challenges persist in addressing remittances' long-term contribution to socioeconomic development and poverty reduction (World Bank, 2011).

The Multidimensional Poverty Index (MPI) report (2018) indicates that approximately 28.6% of Nepal's population is multidimensionally poor. The Nepal Labor Migration Report (2020) reveals a significant increase in labour approvals for foreign employment, from 3605 in 1993/94 to 106660 in 2003/04, demonstrating a 30-fold rise. Migration out of Nepal peaked at 519638 in 2013/14, declining to 236208 in 2018/19 due to various factors, including the impact of the COVID-19 pandemic (DOFE, 2019; Nepal Migration Report, 2022). Between 2008/09 and 2021/22, more than 4.5 million new labour approvals were issued, with a notable resurgence in 2021/22 matching the record numbers of 2013/14 (Nepal Migration Report, 2022). Remittances play a crucial role in Nepal's economy, with only 17% of household remittances coming from within Nepal and the majority originating from abroad (NLFS, 2008). Remittances from various countries, including India, Malaysia, Saudi Arabia, Qatar, and the United Kingdom, contribute significantly to Nepal's GDP, reaching almost 30% in 2016 (MOF, 2016). The Ministry of Finance (MOF) notes the challenges in obtaining accurate remittance data but reports a growth of 23.4% in remittance inflow to Rs.582.19 billion during mid-March of FY 2018/19 (MOF, 2019). The Economic Survey (2020) indicates that remittance inflow was NRs. 879.3 billion in FY 2019/20, constituting 25.4% of GDP. Over the last decade, the average remittance inflow has been 25% of GDP. CBS (2019) reports that 79% of total remittances are used for daily expenses, while only 7% for loan repayment. The household income dynamics in Nepal have increased from 23% in 1995/96 to 56% in 2010/11, with remittances contributing significantly, rising from 27% to 31% during the same period (CBS, 2011). According to the Nepal Macroeconomic Update (2022), remittance inflows to Nepal have grown at an average annual rate of 17.2% from 2002 to 2021, establishing remittances as a major source of foreign exchange earnings.

In Dolakha district, 25.9% of the population resides below the poverty line, as reported in the District Profile 2072. Census data 2011 indicates that 5.39% of the population migrated for foreign employment, a significant increase from the 1.15% recorded in 2001. Paurakhi Nepal's report in 2072 highlights a decade-long trend of increasing migration, with migrant households in Dolakha receiving substantial remittances amounting to approximately Rs. 1.3 billion in the fiscal year 2018/19. This figure is equivalent to the total development budget of seven Rural Municipalities

within Dolakha district, as documented by the Records of Banks, IME, and SACCOS in April 2019. Despite the apparent economic benefit, experts frequently express concern over the predominant use of remittances for household consumption rather than social development and productive sectors. This consumption-focused pattern has a negative long-term impact on poverty reduction and socioeconomic development. Sustainable Development Goal 1 (SDG 1) aims to end poverty in all its manifestations and dimensions, recognising the daily hardships people endure. The global Multidimensional Poverty Index (MPI), an innovative measure beyond traditional income metrics, assesses progress against poverty by considering deprivations in education, health, and living standards (UNDP, 2019). This index is valuable for comprehensively understanding and addressing poverty beyond conventional measures. Pokharel (2015) contends that after the restoration of democracy in the 1990s, obtaining loans for foreign labour migration became relatively easy for poor households. Approximately 80% of remittances are utilised for daily consumption, reducing consumption-based poverty and making remittances a significant tool in alleviating poverty in Nepal.

The prevailing literature widely asserts that remittances significantly bolster households' spending capacity, fostering poverty reduction and overall socioeconomic advancement for migrant families. However, past research predominantly relied on conventional methods like assessing household income and consumption patterns, often overlooking critical elements such as empowerment and happiness integral to socioeconomic development. Addressing this gap, the present study delves into the impact of remittances on the socioeconomic development of migrant households in Jiri Municipality. Despite the availability of Multidimensional Poverty Index (MPI) estimates at national, provincial, and district levels, corresponding estimates at the municipality level are notably absent. This research endeavours to unravel key questions in the sector, probing the extent of remittance effects on living standards, education, health, and sanitation in migrant households, along with its influence on happiness and empowerment. The study seeks to discern variations between remittance-receiving and non-receiving households in various socioeconomic indicators by utilising variables from the Multidimensional Poverty Index and introducing additional factors.

The remaining sections are organised as follows: literature review, methodology, results, discussion and conclusion.

Literature Review

Remittances and National Income

Remittances, defined as funds transferred by migrants to their home countries, remain a resilient and crucial income source for low and middle-income countries, even during global economic crises (Orzell, 2013). Research, exemplified by the Nepal Living Standards Survey (2011), indicates that remittances significantly contribute to poverty reduction, with 79% used for consumption and 7% for loan repayments. Yoshino et al. (2017) demonstrate the impact of international remittances on poverty reduction in Asia, suggesting that a 1% increase can substantially decrease the poverty gap and severity ratio. Remittances also serve as stable foreign currency and valuable resources for small business investment (Hass, 2007; Bhandari, 2015). While Aryal (2014) argues against their contribution to sustainable growth, Devkota (2015) emphasises their positive impact on reducing poverty in Nepal. Panta (2016) notes that remittances enable higher consumption levels for recipient households. Sharma (2017) warns of potential downsides, such as increased imports and trade deficits, while Jongwanich (2017) finds that a 10% increase in remittances correlates with a 2.8% reduction in poverty in Asia and the Pacific. Remittances in Nepal contribute to foreign currency income, enhancing overall well-being (Dhungana & Pandit, 2014). Internal remittances focus on durable goods, while external remittances prioritise non-food and health expenditures (Thapa & Acharya, 2017). Furthermore, remittances elevate social prestige and improve living standards (Gaudel, 2006; Acharya, 2011), ultimately playing

a multifaceted role in shaping economic, social, and poverty-reduction landscapes in Asia and the Pacific.

Remittances and Poverty Reduction

Remittances play a pivotal role in poverty reduction, extending beyond material deprivation to impact education, health, and overall well-being positively (Asian Development Bank, 2002). Research across regions highlights statistically significant and positive effects of remittances on households. In Kenya, Bang et al. (2014) found that remittances served as a shield against income shocks and life-cycle risks, leading to increased income, education, health, and welfare improvements. Asiedu and Brempong's (2009) study in Ghana revealed short-term and more substantial long-term poverty reduction, especially in human capital formation. Imran et al. (2019) noted in Pakistan's Punjab province that foreign remittances significantly reduced poverty, but a cessation could result in job losses and increased poverty.

Similarly, in Nepal, remittances played a pivotal role in social development, poverty reduction, economic growth, and higher consumption (Arter, 2009). Challenges include dependency, rising inequality, reduced work motivation, and land price speculation (Arter, 2009). Lamichhane (2018) emphasised remittances' significant contribution, accounting for about 30% of Nepal's GDP, but noted adverse effects on the agricultural sector due to internal migration (Chaudhary, 2018). Despite their impact on poverty reduction, the lack of clear government plans and policies hinders maximising remittance benefits, leading to emergency-based fund utilisation in rural areas (CBS, 2012). In conclusion, while remittances are potent for poverty alleviation, addressing associated challenges is crucial for sustainable development.

Remittances and Social Development

Remittances, the funds sent by migrants, significantly impact social development, poverty reduction, and overall well-being, playing a crucial role in enhancing living conditions, living standards, and entrepreneurship (Mahedintu et al., 2019). While often directed towards consumption, remittances can fuel economic growth through investment, savings, and entrepreneurial ventures. Financial literacy, highlighted by Panta (2011), empowers recipients to make informed decisions. Remittance-driven knowledge sharing and group organisation enhance business growth in diaspora communities. Thapa and Acharya (2017) reveal that remittances significantly impact household spending patterns, with higher investments in education and healthcare positively affecting children's well-being (Pant, 2017). Remittances contribute to increased household budgets, altering spending habits and improving family welfare. Esmail and Shili (2018) emphasise the strong link between social factors, healthcare, education, employment, and economic development, highlighting their role in family happiness and well-being. According to Graham et al. (2012), education positively influences happiness, career opportunities, and overall quality of life. Narayan (2002) stresses the importance of empowerment, encompassing access to information, inclusion, participation, accountability, and local organisational capacity. Well-being is significantly impacted by remittances, influenced by positive relationships between happiness, human development, health, and policy options (Hall & Helliwell, 2014). They contribute to education, healthcare, employment, and empowerment, improving recipient households and communities' overall quality of life.

Remittances and Government's Policy

Remittances substantially impact developing countries' economies, primarily towards household consumption, with a smaller fraction allocated for business investment (ILO, 2016). The stability and significance of remittance flows in these nations make them a critical policy concern, prompting various countries to implement strategies for productive investment. Mexico's matching contribution program, matching diaspora investments, funded development projects in infrastructure, healthcare,

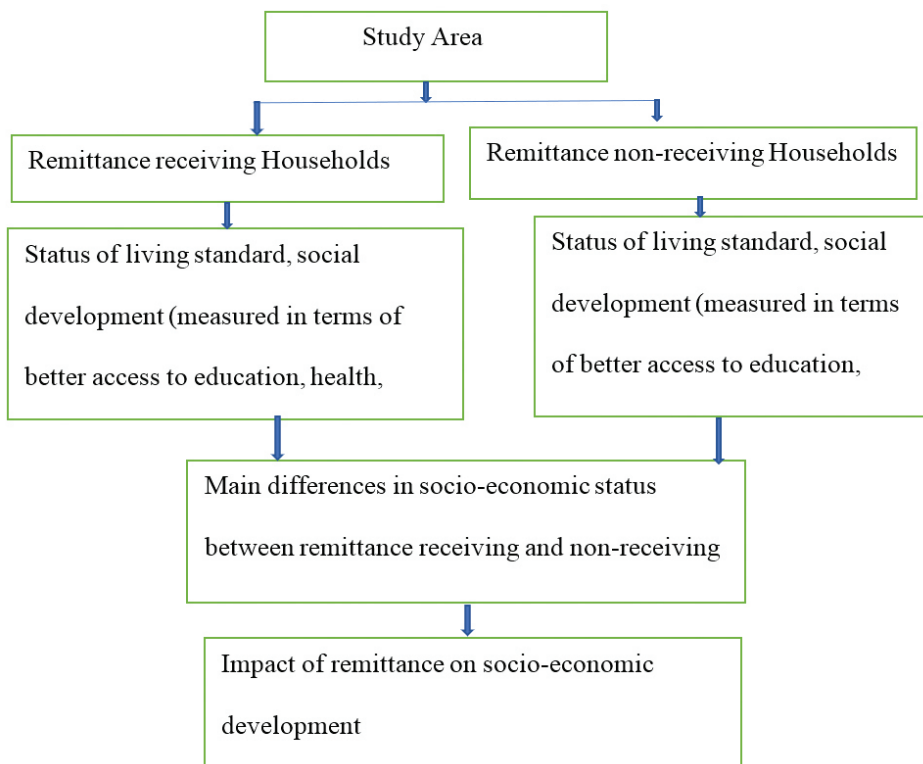
and education (Khadka et al., 2016). Financial literacy has emerged as a tool in China, India, Indonesia, Mexico, and the Philippines, with governments providing training to empower recipients in money management and savings (ILO, 2016). Sri Lanka introduced entrepreneurship development programs for returning migrants, promoting investment and financial planning (Pant, 2011). In Nepal, the government, recognising the positive impact of remittances, prioritises overseas employment and maximises transfer benefits (Pant, 2011). Financial education equips recipients with skills for evaluating financial products and planning long-term income-generating projects (Pant, 2011). Policies incentivising remittance use for long-term growth and income security, as well as encouraging self-employment and small businesses among returnees, are crucial (Acharya, 2017). Governments increasingly recognise the importance of directing remittances into productive sectors, fostering financial literacy, and developing investment and long-term planning policies, maximising remittance benefits for economic development and income security.

The impact of remittances on national income, poverty reduction, and consumption is widely recognised in the literature. However, there is a notable scarcity of studies examining the multidimensional effects of remittances, including their influence on happiness and empowerment, both at the national and local levels, such as in Jiri Municipality. These aspects are vital in the context of the 2030 Agenda's Sustainable Development Goals (SDGs), which highlight the role of migration in advancing development, particularly in Goal 1 (eradicating global poverty), Goal 3 (ensuring health and well-being), and Goal 4 (providing inclusive quality education). Remittances are often directed towards household consumption, child education, and healthcare in the migrants' countries of origin, contributing significantly to economic mobility for recipient households and serving as a cornerstone of Nepal's economy. Nonetheless, there is growing concern that remittances are predominantly used for consumption rather than productive investments, with limited research addressing this issue. The COVID-19 crisis, marked by unprecedented job losses, has imposed additional burdens on rural areas and migrant households, underscoring the need for specific policies to encourage the productive utilisation of remittances. This study proposes approaches for promoting remittance financing programs and income-generating initiatives in rural areas, emphasising the importance of understanding remittance utilisation in Jiri's rural households, with potential implications for other regions in Nepal.

Methodology

Conceptual Framework

The theoretical framework for this study draws upon key economic and sociological concepts to understand the multifaceted impact of remittances on households in Jiri Municipality. Firstly, the Altruism Model posits that migrants remit money to support the well-being of their family members back home, driven by altruistic motives. According to this model, remittances should increase with the migrant's income and decrease with the family's domestic income (OCSE, 2006). The New Economics of Labor Migration (NELM) theory views households as decision-making units seeking to maximise combined income while minimising risk. NELM suggests that migration is a strategy households employ to increase or diversify income, invest in future endeavours, and mitigate risks associated with local market failures (Panta, 2016). Migration is a household economic scheme setting a development dynamic linked to production, investment, and income growth (Zewdu, 2014). Figure 3 illustrates the NELM mechanism, depicting the interlinkage among remittances, household income, loans, and investments, ultimately impacting socioeconomic development in the society (Kazi Abdul Mannan & Fredericks, 2015). Additionally, remittances are crucial for improving the livelihoods of people in developing countries (Klugman, 2009). Studies have also highlighted the role of remittances in increasing spending on human capital development, including health care (Adhikari, 2021).

Figure 1. Conceptual Framework

Source: Developed by the researcher based on the counterfactual research design

After the globalisation and liberalisation wave, remittance has become an emerging and burning issue in the Nepalese economy (Neupane, 2011). So, remittances are important monetary sources for socioeconomic development in the rural area. The schematic diagram (Figure 3) presents a conceptual framework based on the counterfactual research design of remittances' impact on Nepal's socioeconomic development. The study incorporates various household characteristics, including household size, the number of economically active members, the age and gender of the household head, and their education level. Key variables such as main income sources, household expenditure, disposable income, empowerment, happiness, labour migration, and the Multidimensional Poverty Index (MPI) are considered to assess the impact of remittances comprehensively. In this context, poverty refers to absolute poverty, a severe lack of basic human needs. Remittances are funds transferred by international migrant workers to their families in their home country. Living standards encompass various aspects, including assets, access to essential services, and economic well-being. Social development involves improving education, health, sanitation, empowerment, and household happiness. This theoretical framework guides the study in examining the complex relationships between remittances, household characteristics, and socioeconomic development in Jiri Municipality, providing a comprehensive understanding of the impact of remittances on recipient households.

Econometric Model

The binary logistic econometric model is used because the research questionnaire for this study contains dichotomous variables. This study used the two-stage treatment effect model to compare expenditures between households that received remittances and those that did not to test various hypotheses. Two equations make up the treatment effect model: one for the outcome variable and one for the treatment

variable. With a value of 1 for the treated group (those who receive remittances) and 0 for the controlled group, treatment is a binary variable (not receiving remittances). The percentage of the budget spent on various goods bundles and social development are outcome variables (education, health, sanitation, empowerment and happiness). Using a linear model with a fixed slope constant for all expenditure levels may not be ideal or accurately reflect real-world behaviour. In light of this, the study used a binomial Logit and Probit model for the treatment model in the first stage and household expenditure share equations as a function of other variables (such as the logarithm of total expenditure, household variables, and community variables) in the second stage.

Through the following function, the probabilities in this model are converted into a logarithmic formulation as:

$$P_i = p(1-p) = e^{\alpha + \beta X_i} \text{ or}$$

$$P_i = p(1-p) = e^{\alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n} \text{ (to examine the more cofactors)}$$

Where P_i = odds prediction = Probability of investment in living standard, education status, health and sanitation facilities, empowerment and happiness of the remittance-receiving and non-receiving households. Similarly, α = Constant, X_i = Households' i , β = coefficient of interest, X_1, X_2, X_3, \dots are vectors of other social characteristics, such that $P_i = 1$, if i th households opt for remittances-receiving = 0, otherwise (remittances non-receiving).

Study Area, Population and Sample

Dolakha is one of the hilly districts, situated in Bagmati province of Nepal, spread over 2191 square kilometres and located at 27°28' - 28°00' N and 85°50' - 86°32' E. From the lowest elevation point of 762 meters above sea level to 7134 meters up to the peak of Mt Gaurishankar, one can find a culmination of diverse natural heritage, culture and traditions. The district is divided into two Municipalities and seven Rural Municipalities. The Headquarters of this district is Charikot, which lies 133 kilometres east of the capital city of Kathmandu. According to the National Population and Housing Census (2021), its total population is 1, 72,767 including 48.5% males and 51.5% females residing in 49493 households. There are 63 castes/ethnicities in the district. Agriculture is the mainstay of the majority of people in Dolakha. According to the district profile (2072), 80% of the population in Dolakha is dependent on agriculture for their livelihoods. Jiri is a municipality in the Dolakha district. It is nearly 56 kilometres east of the district headquarters. Jiri lies at an elevation from 1649m to 5341m from the sea level and occupies 221.25 square kilometres of land. The largest ethnic group of Chhetri is 28.14%, followed by 21.66% Jirel and 18% Sherpa. According to Nagar Profile (2075), all households are electrified, and most use firewood for cooking fuel. Potatoes are the main cash crops for the residents of Jiri. According to the Nagar profile (2075 BS), 23.23% of the population of Jiri live below the poverty line. The inequality rate is 4.88%, and intensive poverty is 1.53%. According to the annual report of Paurakhi Nepal (2072), around 50% of household members have migrated abroad for employment, with most of them heading to the Middle East and Malaysia.

The study area is Jiri Municipality ward no. 5 and 7 of Dolakha district, which comprises 923 households and a total population of 2000. The sample size was determined by following Krejcie and Morgan (1970). The sample size of the study area was 240, which satisfies the required conditions whereby 120 households in remittance-receiving and non-receiving households are sampled. A total of 240 sampled households in the study area (50% are remittance-receiving and 50% are non-receiving households) have been interviewed using a structured questionnaire to quantify the respective socioeconomic status. Therefore, the data of ward numbers five and seven shows that the prevalence rate of remittance-receiving households is given by $P = 210/923 = 0.23$. Now, using Krejcie and Morgan (1970) formula to calculate the sample is given by $n =$, Where $Z = Z$ -value at 95% level of confidence = 1.96, $p =$ prevalence of remittance receiving household = 0.23, $q = 1-p = 1-0.23 = 0.77$ and $e =$ margin of error = 5% = 0.05

$$\text{Therefore, } n = \frac{1.96^2 \times 0.23 \times 0.77}{0.05^2} = \frac{0.68}{0.0025} = 272$$

$$\text{Here, the Population size (N) = 210. So, sample size} = \frac{272}{1 + \frac{272-1}{210}} = 120$$

Thus, an equal number of non-receiving households (HHs) are sampled to compare the remittance-receiving households with non-receiving households. Thus, the total sample size is $120 + 120 = 240$.

Table 1. Total Sample Size of Study Area

Ward No.	Households	Remittance receiving HH.	Sample HH (remittance)	Sample HH (non-remittance)	Total
5	493	110	65	65	130
7	430	100	55	55	110
Total	923	210	120	120	240

Source: Nagar Profile (2075)

Data Collection and Analysis

This research employed primary data collection methods, utilising surveys with open-ended questions for face-to-face interviews with key informants and dichotomous and Likert scale questionnaires to assess various aspects, including living standards, health, education, sanitation, empowerment, and happiness in the study area. Ethical considerations were meticulously observed, emphasising confidentiality and informed consent. Data reliability, assessed through Cronbach's alpha, yielded an acceptable internal consistency (0.705). Validation encompassed theoretical and empirical evidence, with subsequent quantitative analysis using statistical techniques. This study utilised a binary logistic econometric model to investigate living standards, health, education, sanitation, empowerment, and happiness among households, distinguishing between remittance recipients and non-recipients. A two-stage treatment effect model assessed household expenditures and hypotheses. Both descriptive and inferential analyses explored the relationship between the socioeconomic status of remittance-receiving and non-receiving households and their primary income sources, facilitated by SPSS software version 23 for data entry, cleaning, and quantitative analysis.

Results

Socioeconomic status of the Respondents

In this study, the researcher applied the average value measurement of ethnicity, principal occupation, and education status of sampled households. Similarly, the researcher applied the average value measurement regarding sex, education status, main destination countries, the leading cause of migration, and the primary income sources of households.

Table 1. The Ethnicity, Main Occupations and Education Status of Sampled HHs.

Dimensions	Status	Frequency	Percent
Ethnicity	Brahman/Chhetri	60	24.9
	Janajati	160	66.4
	Dalit	20	8.3
	Total	240	99.6

Occupation	Missing	1	0.4
	Agriculture	161	66.8
	Business	41	17.0
	Livestock	8	3.3
	Domestic labour	24	10.0
	Other	6	2.5
	Total	240	99.6
Education status	Missing	1	0.4
	Not formally educated but literate	31	12.9
	Below 10 grade	153	63.5
	Grade 10/SLC	36	14.9
	Grade 12/intermediate	18	7.5
	Bachelor	1	6.4
	Total	239	99.2

Table 1 presents a breakdown of sampled households in the study area. Janajatis constitute the majority at 66.4%, followed by Brahman/Chhetris at 24.9% and Dalits at 8.3%. Regarding livelihoods, 66.8% of households are engaged in agriculture, 17% in business, 3.3% in livestock, 10% in domestic labour, and 2.5% in other sectors. Regarding education, 12.9% of households have no access to formal education, 63.5% have a head of household with an education level below grade 10, 14.9% have passed grade 10/SLC, 7.5% have completed grade 12/intermediate, and 6.4% have achieved a bachelor's degree. Furthermore, the study reveals that 74.2% of migrants from the study area are male, while 25.8% are female, highlighting a notable gender gap. Among these migrants, 0.83% are literate without formal education, 42.5% have education below grade 10, 15% have passed grade 10 or SLC, 40% have completed grade 12 or intermediate studies, and 2.5% hold a bachelor's degree. Additionally, 67.5% of migrants are married, while 32.5% are unmarried in the study area. As we can see, the majority of the respondents in wards 5 and 7 are less educated, and the majority are involved in the agriculture sector, which may impact migration.

Table 2. Sex and Educational Status of Migrants in the Study Area

Dimensions	Structure	Frequency	Per cent
Sex	Male	89	74.2
	Female	31	25.8
	Total	120	100
Education status	Not formally educated but literate	1	0.83
	Below 10 grades	51	42.5
	Grade 10/SLC	18	15
	Grade 12/intermediate	47	40
	Bachelor	3	2.5
	Total	120	100
Marital Status	Married	81	67.5
	Unmarried	35	32.5
	Total	120	100

Table 2 shows that 74.2% of male and 25.8% of female adults have labour migrants. Likewise, out of them, 0.83% are not formally educated but literate, 42.5% have passed below 10 grade, 15% have passed grade 10 or SLC, 40% have passed grade 12 or intermediate, and 2.5% have passed bachelor's degree. Likewise, 67.5% of migrants were married, and 32.5% were unmarried. Most adults who passed grade twelve migrated abroad for employment in the study area.

Respondents were asked what are the primary destination countries of the migrants from their households. The result shows that 36.2% of individuals have gone to Gulf countries, 22% to Malaysia, 10.6% to Europe, and 31.2% to other countries. The data reveals that most of the household members of the study area migrated to the Gulf countries for employment. Similarly, they were also asked what are their primary causes of migration. About 62% of individuals reported they migrated due to rampant unemployment problems, 26% of individuals have migrated due to poverty, and 12% have migrated for study purposes. This data reveals that most individuals in the study area have migrated because of unemployment. Although Malaysia is the primary destination for foreign employment for Nepali youth, the data shows that Gulf countries are the destination countries for individuals in the study area.

Figure 2. Annual Average Income Share of Household in Study Area

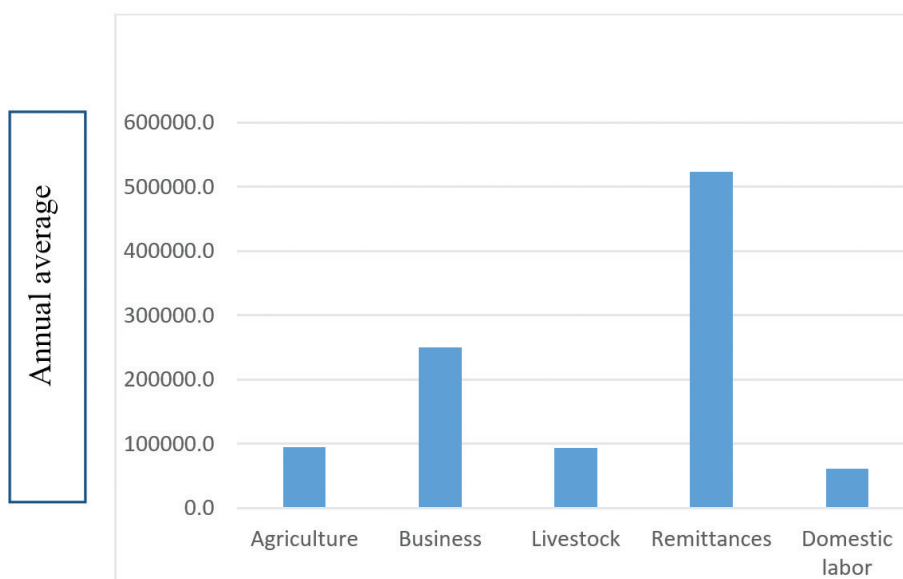


Figure 3 shows that the average annual income of sampled households from remittance is Rs.52000, the average annual income obtained from business is Rs.25000, the annual average income obtained from agriculture is Rs.10000, the annual average income obtained from livestock is Rs.10000, and the annual average income obtained from domestic labour is Rs.6000. The descriptive statistics shows that the remittance income is significant and is the primary income of the migrant's households.

Examining the socioeconomic status of the respondents, the study reveals that a significant portion of individuals migrated primarily due to unemployment, followed by reasons related to poverty and educational pursuits in the study area. Notably, males in the study area have migrated approximately three times more frequently than females. Furthermore, the average income from remittances surpasses that from other regional sources, covering 96% of the total household income for remittance-receiving households. Comparing remittance-receiving households to their non-receiving counterparts in the study area, the former exhibit a 21.50% higher standard of living, a 10.29% greater access to quality education, a 5.85% enhanced level of health and sanitation services, a 9.73% increased level of empowerment, and an 11.95% higher level of happiness. Many remittance-receiving families tend to

relocate from rural to urban areas to access better educational opportunities for their children, enrolling them in private schools. Moreover, residents of Jiri Municipality have seen improvements in healthcare, with households benefiting from increased prosperity and overall happiness.

Inferential Statistics

Regression analysis incorporating hypothesis testing was applied to determine whether the relationship observed in the sample data exists in the population. A binary logistic econometric model was applied to study the socioeconomic impact on the primary income sources of remittance-receiving and non-receiving households.

Table 3. Correlation between Remittance and Households' Income

Annual income	Pearson Correlation	Annual income from remittance	Annual income
remittance		1	.985**
	Sig. (2-tailed)		.000
	N	240	238
Annual income	Pearson Correlation	.985**	1
	Sig. (2-tailed)	.000	
	N	238	238

The primary income and remittance have a significant relationship, as shown in the above table by the p-value of 0.000 to 0.05. Furthermore, the correlation coefficient is 0.98, indicating a strong correlation and that remittances account for 98% of the primary income of migrant households. This is clear from the fact that remittances make up much of the household's income. Remittances generate a higher average household income than other industries in the study area. As a result, there is a strong connection between household income and remittance.

Table 4. Correlations Coefficient for Validity Test

	Ldhhs	edu_dev	Health_ \$anits	Happiness	empowerment new	total_score	
Ldhhs	Pearson Correlation	1	-.798**	-.795**	-.769**	.644**	-.351**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	238	237	237	237	238	236
edu_dev	Pearson Correlation	-.798**	1	.928**	.731**	-.497**	.656**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	237	239	239	238	239	236
Health_ \$anits.	Pearson Correlation	-.795**	.928**	1	.755**	-.470**	.745**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	237	239	239	238	239	236

Happiness	Pearson Correlation	-.769**	.731**	.755**	1	-.520**	.618**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	237	238	238	239	239	236
empowerment_new	Pearson Correlation	.644**	-.497**	-.470**	-.520**	1	.027
	Sig. (2-tailed)	.000	.000	.000	.000		.679
	N	238	239	239	239	240	236
total_score	Pearson Correlation	-.351**	.656**	.745**	.618**	.027	1
	Sig. (2-tailed)	.000	.000	.000	.000	.679	
	N	236	236	236	236	236	236

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5. Model Summary

Variables	Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
Standard of life	1	225.337a	.338	.457
Education Status	1	253.768a	.225	.308
Health and sanitation facilities	1	277.637a	.148	.203
Empowerment	1	75.516a	.031	.108
Happiness	1	236.376a	.218	.308

Note: The Cox & Snell R Square and Nagelkerke R Square values are shown in Table 9 (model summary). The model is apt because all values of Cox & Snell R Square and Nagelkerke R Square are between 0 and 1.

The above results show that a 45.7% likelihood of standard of living is described by remittance only. From the model summary, Table 8 shows that the remittance only describes a 30.9% likelihood of access to quality education for the family. Likewise, a 20.3% likelihood of access to health and sanitation facilities of the family is described by remittance only. Similarly, a 30.8% likelihood of family happiness is described by the remittance only, and a 10.8% likelihood of empowerment to the family is described by the remittance only.

Table 6. Model in Equations for Binary Logistic Model

Variables	Households' main income	B	SE	Sig.	Exp(B)
Standard of Life	Remittance_binary	3.056	.364	.000	21.250
	Constant	-.859	.199	.000	.424
Education Status	Remittance_binary	2.331	.332	.000	10.286
	Constant	-.385	.185	.038	.681

Health and Sanitation Facilities	Remittance_binary	1.766	.302	.000	5.849
	Constant	-.216	.183	.238	.806
Empowerment	Remittance_binary	2.275	1.062	.032	9.730
	Constant	-4.787	1.004	.000	.008
Happiness	Remittance_binary	2.481	.377	.000	11.948
	Constant	-.083	.182	.650	.921

The p-value in Table 9 is 0.00, indicating a significant relationship between the dependent and independent variables. As seen in the preceding table, the Exp(B) column displays the odds ratio, indicating that the coefficient of remittance is significant on dependent variables. The model equation shows that the remittance coefficient is significant at 1%, and the odds ratio of 21.50 indicates that remittance-receiving households are likely to have a higher standard of living by 21.50% compared to remittance-non-receiving households. Similarly, remittance-receiving households are likely to have 10.29% more access to quality education than remittance-non-receiving households. Remittance-receiving households will likely have 5.85% more health and sanitation facilities than remittance-non-receiving households. Similarly, remittance-receiving households are likely to have 9.73% more empowerment than remittance-non-receiving households, and remittance-receiving households are likely to have 11.95% more happiness than remittance-non-receiving households.

Table 7. Model in the Equations with More than One Cofactors

Dependent Variable	Cofactors(HHs)	B	SE.	Sig.	Exp(B)
Living standard	Remi_bin	3.782	.458	.000	43.893
	Occupation_bin	-1.052	.398	.008	.349
	Education_bin	-.748	.578	.196	.473
	Brahmanchhetri_bin	.752	.404	.062	2.122
	Constant	-.545	.307	.075	.580
Health and Sanitation Facilities	Remi_bin	1.485	.689	.031	4.413
	Occupation_bin	.499	.546	.361	1.648
	Education_bin	-.294	.824	.722	.746
	Brahmanchhetri_bin	1.039	.788	.187	2.827
	Constant	1.686	.424	.000	5.396
Status of Happiness	Remi_bin	2.502	.402	.000	12.201
	Occupation_bin	-.057	.340	.868	.945
	Education_bin	-.328	.540	.544	.721
	Brahmanchhetri_bin	-.322	.367	.379	.724
	Constant	.087	.287	.763	1.091
Status of Empowerment	Remi_bin	2.454	1.126	.029	11.637
	Occupation_bin	.173	.886	.845	1.189
	Education_bin	-.554	1.123	.622	.575
	Brahmanchhetri_bin	2.195	.726	.003	8.980
	Constant	-5.971	1.230	.000	.003

Table 7 shows that the coefficient of the p-value of household characteristics is greater than 0.05, indicating no significant relationship between a dependent variable and an independent variable. The study area has no significant socioeconomic outcomes when controlled for other household head characteristics.

Discussions

Aiming to provide empirical evidence regarding the impact of remittances on socioeconomic development in Dolakha's Jiri Municipality, this study underscores the significance of the standard of living in socioeconomic development. It highlights the role of social factors, emphasising the strong relationship. Employing a binary logit model, this study explores the influence of remittances on various aspects, including living standards, access to quality education, health, sanitation, happiness, and empowerment in rural migrant households. The research investigates significant socioeconomic differences by comparing remittance-receiving and non-receiving households in the study area.

This study found that 74.2% of migrants from the study area were male, while 25.8% were female. Among the migrants, 0.83% were not formally educated but literate, 42.5% had educational attainment below grade 10, 15% had completed grade 10 or its equivalent (SLC), 40% had completed grade 12 or intermediate studies, and 2.5% held a bachelor's degree. Furthermore, 67.5% of migrants were married, and 32.5% were unmarried. Regarding foreign employment destinations, the majority of individuals went to Gulf countries, along with Malaysia. Unemployment was the primary reason for migration, followed by poverty and study purposes. From the model summary, it was determined that remittances accounted for 45.7% of the likelihood of improved living standards in households, 30.9% of the likelihood of quality education access, 20.3% of the likelihood of access to health and sanitation facilities, 30.8% of the likelihood of family happiness, and 10.8% of the likelihood of family empowerment. The model equations revealed that remittance-receiving households were 21.50% more likely to have a higher standard of living, 10.29% more likely to access quality education, 5.85% more likely to have better health and sanitation facilities, 9.73% more likely to experience greater empowerment, and 11.95% more likely to have increased happiness compared to remittance non-receiving households in the studied area. When other household characteristics were controlled for, no significant differences were observed regarding living standards, education development, health and sanitation facilities, empowerment, and happiness.

The world and the remittance discourse have emerged in various development forums. Global remittances to developing countries have consistently contributed to poverty reduction through socioeconomic changes in migrants' households. However, many researchers worldwide claim that a significant portion of remittances goes to household consumption, primarily food and housekeeping. The direct impact of remittance is an increase in the stated by the ILO (2017); with the globalisation wave, job-seeking migration has increased around household budget, which may be reflected in a change in spending habits and an improvement in the welfare of family members at home. According to research, remittance-receiving households' consumption increases. In Nepal, various research studies found that the contribution of remittance to GDP is 29 per cent, and foreign currency reserves also support it to the nation. As indicated by Nepal Rashtra Bank data (2011), 79 per cent of the total remittance income is spent on daily consumptions in Nepal. In many countries, as well as in Nepal, poverty was traditionally measured by monetary indicators. Later, questions were raised in the discussion forums about the traditional method, and Nepal Planning Commission (NPC) has incorporated the Multidimensional Poverty Index (MPI) to measure people's socioeconomic status.

This study found that male migrants in the study area had diverse educational backgrounds and reasons for migration. Gulf countries were the prominent destination, mainly driven by unemployment. Remittances are significantly correlated with improved living standards, followed by access to quality education, family happiness, empowerment and overall happiness in recipient households. This study

highlighted that remittance-receiving households directed their funds toward consumables, child education, and health and sanitation facilities. This investment, in turn, led to positive changes in the socioeconomic status of migrant households and contributed to the local economy in the rural area under investigation. The research established a strong connection between remittance income and improved living standards, access to education, and happiness among migrant households, while the relationship with health and sanitation was relatively weaker. This study demonstrated a significant socioeconomic disparity between remittance-receiving and non-receiving households, underscoring the substantial impact of remittances on the socioeconomic development of migrant households in the study area.

According to UNDP (2021), the global agenda is one tool for measuring progress against Sustainable Development Goal (SDG) 1. SDG 1 aims to end poverty through changes in socioeconomic conditions. In the current world, empowerment and happiness have been important indicators for measuring the socioeconomic status of people. The various previous research is lacking in examining the socioeconomic status changes based on the living standard of MPI as well as happiness and empowerment indicators. It is one of the intuitive motivations described in the literature as ‘altruism’ in the microeconomics view of remittance. According to this model, the amount of remittance should increase the migrant’s income and provide satisfaction from household welfare. Many argue that the New Economic Labor Migration Theory is simply an extension of neoclassical theory, which considers the household as a unit that decides for the family’s well-being to maximise their combined income. The NELM theory is essential not only for household-level analysis but also for the impact of remittances on the local economy. This theory represents a pessimistic viewpoint.

Conclusion

This study underscores the significant positive impact of remittance income on socioeconomic well-being and poverty reduction in the studied rural area. Remittances directly enhance household budgets, leading to changes in spending patterns and improved welfare for family members at home. Social factors such as healthcare, education, employment, and economic development are interrelated and vital to individual happiness and overall well-being. The research revealed substantial disparities between remittance-receiving and non-receiving households in terms of living standards, access to quality education, healthcare, sanitation facilities, empowerment, and happiness. Remittances emerge as a dependable source for meeting basic needs and various socioeconomic aspects of rural residents’ lives. To mitigate the potential negative impact of all migrants returning to their home country, policymakers at all levels of government should encourage returning migrants to engage in self-employment activities. This study’s empirical findings can inform policies promoting wiser use of remittances. The outcome of this study suggests that local governments should consider implementing counselling and skill development training programs for unemployed youth, as migration often stems from unemployment and poverty. Prioritising investment in education and healthcare could also help control rural-to-urban migration and the use of underutilised rural land. Furthermore, this study recommends government support for labour-intensive development programs to stimulate capital formation, particularly in the face of potential global epidemics and recessions. Offering matching funds to promote savings utilisation for productive purposes and agricultural sector reform can contribute to sustainable income generation in rural areas.

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