
**Impact of Remittance on Economic Activities in Yangwarak Rural Municipality,
Panchthar**

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Abstract

The study aims to explore the impact of remittance on economic activities of the households in Yangwarak Rural Municipality of Panchthar District. In the study area, remittance is a main source of income. For this purpose, 60 immigrant households were selected as sample in Phalaicha. The required data and information were collected from field survey with the help of structured questionnaire through direct interview schedule of sampled households. Descriptive statistics is carried out to analyse the collected data and information. The study found that there is an improvement in the economic status of migrant households, involvement of households in community development activities, and participation in social organization. It is concluded that it has brought a qualitative change in socio-economic status of members of households in foreign employment. The economic status of the sampled households is better than that of before receiving remittance. There are positively changes in the overall economic status of the migrant households.

Keywords: foreign employment, remittance, economic activities, household status

Introduction

Remittances are commonly defined as their portion of the earnings of migrants sent from the migration destination to the place of origin. The term usually refers to

monetary transfer only, although remittances can also be sent in kind (Nair, 2020). Nepal is a landlocked and agricultural country and suffering from the problem of underemployment. Due to the lack of employment opportunities in country, skilled, semi-skilled and unskilled types of people have shown interest to the foreign employment. To search for better opportunities of employment, Nepalese people migrate to the various countries. They go abroad for employment and they earn some amount of money and send back to the home country which is known as remittance. Remittance income is that portion of income which is transferred by foreign workers, who are leaving and working in other countries, typically to their family who are still leaving in their home countries (Adhikari, 2021). Remittance denotes household come from foreign economy arising mainly from the temporary or permanent movement of people to those economies. Remittance includes cash and material items that flow through formal channels via electronic wire or through informal channels such as money or goods carried across border.

In Nepal, there is not success to increase in employment opportunities as increasing in decreasing rate 0.92 percent population. Therefore, the trend of foreign migration continuously goes on increasing 59,69,236 population in foreign country. According to economic survey 2080/81 Nepal to Korea 1,04,060 (MOLESS, 2024) Nepalese economy is extensively becoming dependent on remittance. The overseas migration and remittance have become tool to poverty alleviation as well as for improving living standard of people. According to Economy Survey 2024, the contribution of remittance to the income of Nepalese households is increasing year by year (69953.7 core from 2079/80 and 77387.2 core from 2080/81). Due to increasing trend in foreign employment and decreasing trend of exports, the contribution of remittance is increasing 13.9% in the previous year (NRB 2024). There is no doubt that remittance is one of the main sources of income of many Nepalese households.

Nepalese economy is heavily dependent on agriculture, with engaging around 80 percent of total population of country (MoF, 2023). However, cultivation system is traditional and subsistence. On the other hand, growth rate of population is high. Moreover, as industrial development is in its infancy problem is very high. The contribution of remittance in GDP is 25percent in FY 2079/80(Nepal labour market, 2023). Per capita income is increased from U.S.\$ 1396 to U.S.\$ 1456. This is only the increasing trend of remittance. The remittance NRs.613.25 billion in FY2080/81.

Remittance is an important source of income and poverty alleviation for migrants, their households, and their communities of origin in many parts of developing world (Ariff, 2022). Remittances are the most direct and significant contribution to the livelihoods of the people. The benefits of remittance are not limited to households but have a wider impact on the receiving society as remittance are spent, generating consumer demand, and jobs for local workers. Economically, the home countries could reap numerous benefits such as foreign exchange remittance, investment, technology transfer, and training for labour force. The trend of remittance has an important implication for the economies seen both in micro and macro perspective (Alishani& Nushi, 2019). The remittance not only positively affect level of income but also the ability to access healthcare and education. The continuous augmentation in workers remittance is mainly due to the increase in the number of workers export and the creation of facilities to send remittances from abroad. Considering the issue above, this study examines the economic impact of remittance on households in Phalaicha.

Statement of Problem

Being the citizen of developing country, most of the Nepali people are suffering from the problem of unemployment. In order to earn more money, they go to foreign land. They earn more money in foreign country. However, the uses of remittance have not also been investigated in this area until now. There is different impact in different

sectors of remittance in study area. But this study only focused to analyses the socio-economic impact of remittance in the study area. Hence, this study tries to explore the answer of the following questions:

- What are the causes of migration?
- What is the destination of foreign employment.
- What is the nature of remittance inflow?
- What is the economic impact of remittance in the study area?

Objectives of the Study

The general objective of the study is to analyse the economic impact of remittance in the study area. However, the specific objectives of the study are as follows:

- To find out the causes of migration.
- To know the destination of foreign employment.
- To identify the nature of remittance inflow.
- To analyse the economic impact of remittance in study area.

Methods

In this article, both primary and secondary sources of information are used. Secondary sources of information obtained from the web sites of central Bureau of statistics of Nepal (CBS). Primary data are obtained from the household surveys that are conducted in Jun 2024. Communities and household sample randomly selected because survey mostly focused on migrant's communities and households in the study area. The data set includes a survey of 60 households and 60 members. The relevant information collected through the medium of questionnaire. Researcher takes personal interview and filled up questionnaire. After the completion of field survey, collected data and information were organized, processed and tabulated manually. Tabulated data

was interpreted based on percent distribution and presented in some suitable form of diagram with the help of computer programmed.

Results and Discussion

Various theories related to the income and consumption expenditure show that as the level of income increase, level of consumption expenditure also increases. The theories such as absolute income hypothesis, permanent income hypothesis, relative income hypothesis, and life cycle income hypothesis show various conditions that affect the consumption expenditure. Income is defined as the amount of final goods and services received by an individual, corporation or economy in a given period of time. In other words, earning by one individual or economy is known as income. In Nepalese context, single occupation cannot support individual to maintain the level due to lack of socialization. Therefore, people are involved in many occupations for their livelihood. Most of the households in the study area, earns from foreign employment.

Causes of Migrant Workers

There are several reasons to seek foreign employment. To find the causes to seek this employment, the respondents were asked what the causes for going abroad are as shown in the given table.

Table 1

Causes of Migrants

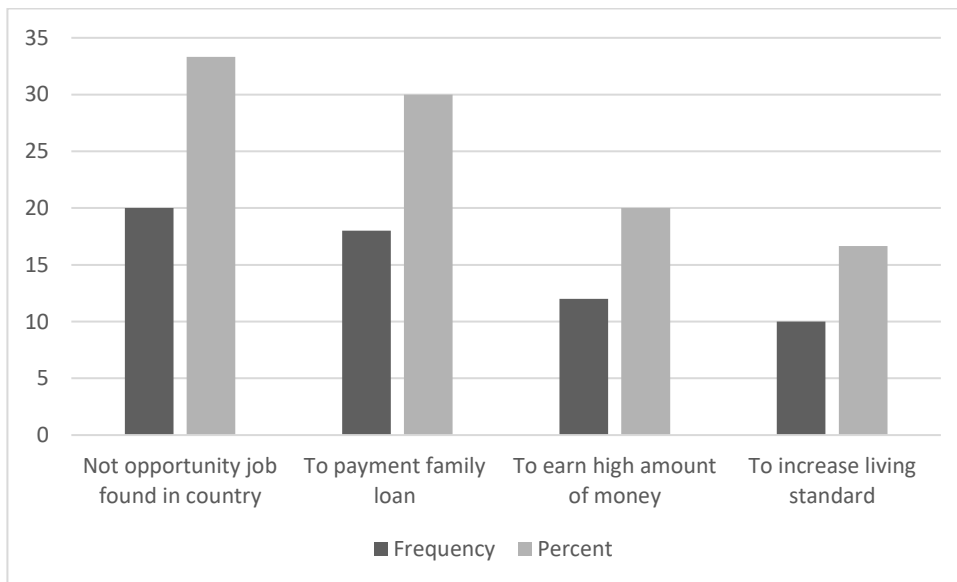
S.N.	Causes of Migrant for Abroad	Frequency	Percent
1	Not opportunity job found in country	20	33.33333333
2	To payment family loan	18	30
3	To earn high amount of money	12	20
4	To increase living standard	10	16.66666667
	Total	60	100

Source: Field survey, 2024.

The table 1 shows that 33.33 percent of population were migrated due to lack of employment in the country, 30 percent were due to payment of family loan, 20 percent were due to earn high amount of money, and 16.67 percent increase living standard. The table also shows that to earn high amount of money and lack of employment opportunities in the country is the main cause to seek foreign employment shown given below chart.

Figure 1

Cause of Migrants



Destination of Foreign Employment

There are several destination countries where people are going to search for better employment opportunities in study area which is shown in table 2

Table 2*Destination of Foreign Employment*

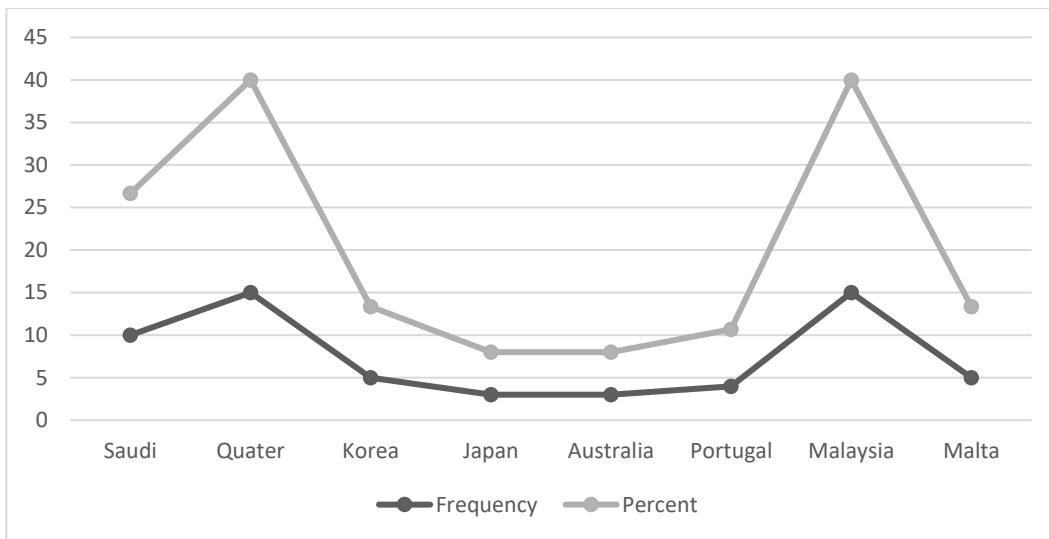
S.N.	Foreign Countries	Frequency	Percent
1	Saudi	10	16.6666667
2	Quater	15	25
3	Korea	5	8.33333333
4	Japan	3	5
5	Australia	3	5
6	Portugal	4	6.66666667
7	Malaysia	15	25
8	Malta	5	8.33333333
	Total	60	100

Source: Field survey, 2024.

Table 2 shows the result of worker along with migrated countries. According to which, majority of workers have been migrant to Gulf countries which is 60 percent out of total and remaining 40 percent to towards other countries has been found. The worker not see opportunity in our country bright future and career. Shown given in figure below.

Figure 2

Destination of Foreign Employment



Income distributions among the sample of migrant people towards foreign countries are explained by dividing migrant people into different group with fix income range. It simply deals with the migrant people and ranges of income they earned. The table 3 shows total sampled migrant people to categories into five different group on the basis of certain annual income. Shown in table 3.

Table 3

Nature of Remittance inflow

S.N.	Income group (000)	Frequency	Precent
1	30 to 40	13	21.6666667

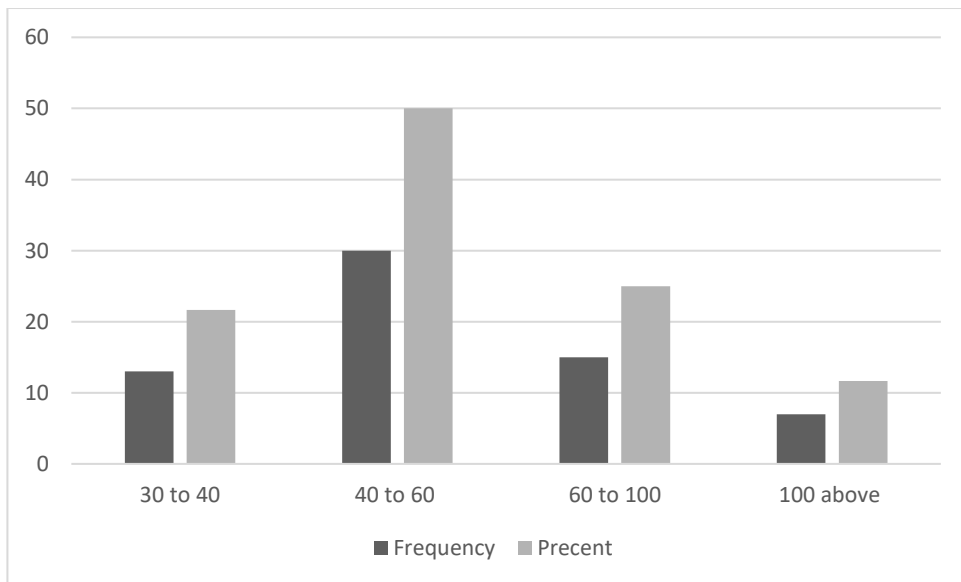
2	40 to 60	30	50
3	60 to 100	15	25
4	100 above	7	11.6666667
Total		60	100

Source: Field Survey, 2024

According to the table 3, the percent of migrant people for the income group (40-60) thousand is found the highest which is 50 percent. Similarly, the percent of migrant people income group (30-40) thousand (60-100) thousand and 100 thousand above are 21.67, 25 and 11.67 respectively. The percent of migrant people for income group up to 1000 thousand is not found in the field survey. Shows below in chart.

Figure 3

Nature of Remittance Inflow



Use of Remittance for Property Accumulation

To find the added property from remittance the respondent were asked have you added any property from remittance. The table shows the result of respondent.

Table 4

Added Property from Remittance

S.N.	Particulars	Frequency	Percent
1	Nothing Added	10	16.6666667
2	Vehicle	7	11.6666667
3	Land	23	38.3333333
4	Gold	5	8.3333333
5	Home	15	25
	Total	60	100

Source: Field survey, 2024.

Table 4 shows that, out of total migrant population 11.67 percent migrant population vehicle. Similarly, which is the highest percent of added property migrant population 38,34 percent migrant population added land, migrant population 8.34 percent and 25 percent migrant population, added gold and home respectively. It was found that maximum income receiving from abroad were used added land in this study area. Table shows the pie chart in below.

Figure 4

Added Property from Remittance



Household Expenditure Patterns Before and After Migration

Expenditure plays a significant role in development process of the country. It is not only showing the value of expenditure but also trend and patterns of expenditure. The consumption expenditure directly shows the picture of domestic production, imports of consumer goods. Bop situation surplus US\$1472 core economy survey 2080/81 and condition of saving of country. Here an attempt is made to illustrate the use of total income and nature of expenditure in study area before and after migration. Hence to find out use of income (remittance) in village Phalaicha various items of

consumption such as food, education, clothing, Jewellery, festival ceremony etc has been considered as main item.

Table 5

Expenditure Pattern of Households before and after Migration

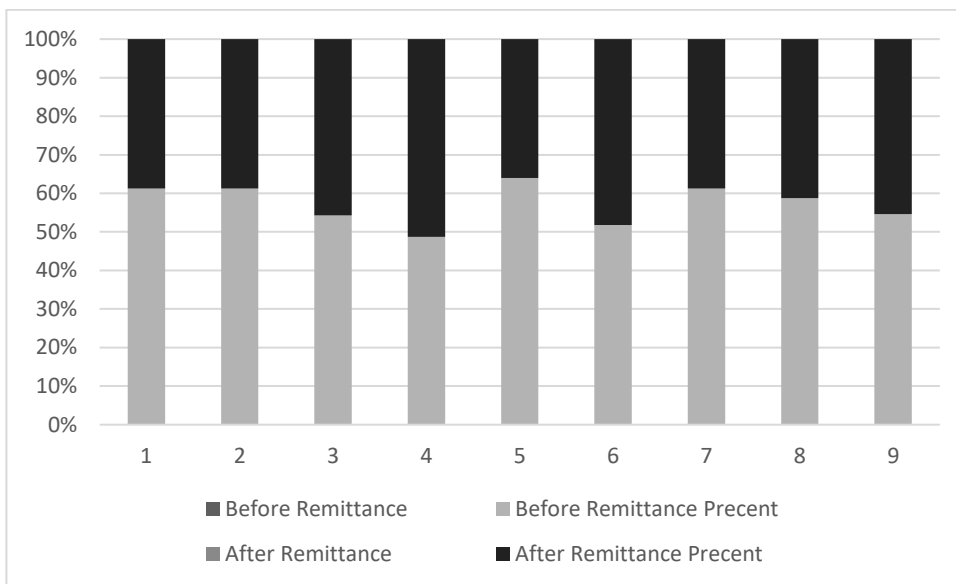
S. N.	Particulars	Before Remittance		After Remittance	
		Amount	Precent	Amount	Precent
1	Food	2000000	22.62	6000000	14.319
2	Education	5000000	56.56	15000000	35.799
3	Jeweller	500000	5.67	2000000	4.77
4	clothing	100000	1.13	500000	1.19
5	Festival	300000	3.39	800000	1.91
6	Fuel	90000	1.02	400000	0.95
7	Health	200000	2.26	600000	1.43
8	Loan	600000	6.79	2000000	4.77
9	Skill and tanning	50000	0.565	200000	0.47
Total		88,40,000	100	4,19,00,000	100

Source: Field survey, 2024.

The table 5 shows the household expenditure pattern before and after migration. Before migration, about 22.62 percent spent on food, 56.56 percent on education, 3.39 percent on festival and so on. But after migration 14.319 percent spent on food, 35.799 percent on education, 1.19 percent on festival and so on. The table shows that the amount of expenditure on each heading goes on increasing on food, education, clothing, festival etc. after migration. By which the amount of saving goes on increasing shown in given chart.

Figure 5

Expenditure Pattern of Households before and after Migration



Level of Expenditure, and Saving before and after Migration

Actually, the level of annual income, expenditure, and saving shows clear picture about economic and social development of nation. Here an attempt is made to illustrate the level of annual income, expenditure, and saving before and after migration in the study area. The result is shown in table 6.

Table 6

Level of Expenditure and Saving before and after Migration

S. N.	Particulars	Before Migration	After Migration
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		Amount	Percent	Amount	Percent	Change in income
1	Expenditure	5540000	70.21	15000000	65.21	9460000
2	Saving	2350000	29.784	8000000	34.78	5650000
	Total income	7890000	100	23000000	100	15110000

Source: Filled survey, 2024.

Table 6 shows the level of annual income, expenditure, and saving of household before and after migration. Which is followed by out of total income about 70.21 percent is made expenditure and remaining 29.784 percent is saving before migration. Similarly, after migration out of total income, 65.21 percent is spending and remaining 34.78 percent is saving. Likewise, after migration the level of income, expenditure, and saving are increased.

Conclusion and Recommendation

This study shows the remittance and its economic impact on households of Yangworak Rural Municipality in Phalaicha. For this purpose, primary information is use through sample survey. From the findings of this study, it can be concluded that sources of remittance, and the use of remittance on consumption is increasing positively. Remittance inflow and its current situation in the study area are high in national scenario. Remittance is major sources of foreign currency and it contribute positively to recipient's national balance of payments on macro level, remittances are main source of foreign currency which helps to stabilize the balance of payment deficit. But in micro level, study shows that remittances are spent primarily on consumption of goods and services such goods usually are imported. The use of remittance plays an important role for the development of economy.

This study finds that most of remittance income spent on consumption of goods, to purchase land, gold etc. which are unproductive and killed the poor of saving. So, policy maker should make such policy, which can attract them to invest in capital formulating sectors and reduces such expenditure. A large number of active populations is engaged in foreign employment for earnings. Remittance income has positive impact in society to increase the personal income. But it hampered to agricultural productivity.

So, policy maker should formulate such policy which promote to agriculture development and small domestic industry. Most of migrant's households due to lack of saving habit and saving mobilization, small amount of saving also being spent on non-capital formulating sector. This hampers to the income generation process and results various circle of poverty. So, habit of saving and saving mobilization should make effectively by the policy maker. Likewise, government should discourage expenditure on land purchasing, traditional festival ceremony, encourages on investment in their baby education and domestic productive sector and discourage the continuous augmentation in workers remittance is mainly due to the increase in the number of workers export and the creation of facilities to send remittances from abroad.

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