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**Remittance Utilization and Its Impact on Rural Community of Nepal  
(A Study of Phalgunanda Rural Municipality Ward-4, Panchathar)**

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**Abstract**

This paper examines the emerging trends and major issues related to remittance inflows in Nepal, within the context of the broader global migration landscape. Nepal's reliance on remittance is a proof to the increasingly globalized nature of labor migration. The inflow of remittance has become a crucial component of Nepal's economy, contributing significantly to the nation's economic growth and stability. The objective of this study is to identify the flow of remittance and its utilization in the study area. Study is prepared on primary sources and descriptive design. The study is based on the quantitative nature. Out of 261 foreign labor migrants' people, about one third people (32.5%) were sent money for remittance less than five lakhs per year and less than one percent (0.8%) people were sent more than twenty-five lakhs per year from foreign country. Majority of the households (34.7%) have been spent their remittance in household expenditure and only few (0.7%) households for health care and treatment. Migration improved quality of life and economic stability for 88% of migrant households, with 40% able to buy land, 32% access quality education, and 17.7% improving relationships. Over 80% of households saw an additional burden on women as a result of foreign labor migration, with 29.7% having difficulty caring for children and the elderly. Over 75.2% reported troubled children, a lack of supervision, family collapse, and loneliness, with 9.6% facing

the extra stress of loneliness. Only 0.3% reported feeling lazy or uninterested in their task.

Government agencies and local government take effective action. Agriculture should be modernized and professionalized to reduce the rate of going foreign employment. Effective policy and strategy should be implemented for livelihood by the government of Nepal. As results we can reduce the problems and challenges which occur due to foreign employment

*Keywords:* migration, foreign labour, remittance inflow, positive effects, negative effects and family

### **Introduction**

Migration and remittance are interconnected, with migrants seeking family nourishment and development, while remittances, often workers' wages, ensure stability and job opportunities in new countries. Remittances have both positive and negative impacts on poverty reduction in emerging countries. India, the world's largest receiver of international remittances, receives over 80 billion in 2020, with over 15 million migrants. This study shows that the socioeconomic features, regional sources, and spatial variations using Census, Reserve Bank of India Notes, and interviews (Joseph, 2023).

Migration seeking overseas jobs has long been a significant source of income for Nepal's rural inhabitants. In the nineteenth century, Nepali (Gurkhas) were recruited to service in the British Army and British India, while lately, during the latter part of the 1990s, Nepali people began to travel progressively to Gulf nations for employment (Seddon and Gurung, 1998).

The study shows that Conversion of Cropland to Forest Program (CCFP) payments significantly boost out-migrants' remittances to their origin households, leading to significant forest regeneration and greening. Remittances reduce households'

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reliance on natural capital, allowing nearby forests to recover. The estimated ecological and economic additionality generated by remittances is 2.0% and 9.7% (Zhang et al., 2024).

The migration trend and increased personal remittances highlight the competitive need for overseas workers. Labor migration's relationship with major economies is mixed, with migrant population inversely related to economic growth (Wagle, 2024).

Todaro (1976) proposed a rural to urban migration theory, focusing on perceived income and employment opportunities. Migration is a rational decision based on urban-rural differences in expected income, with migrants choosing the most effective labor market opportunity. Expected gains are measured by real incomes. The classical push and pull perspective explain migration as driven by wage differentials between origin and destination countries, with migrants typically moving from low-wage countries to higher-wage ones (Borjas, 1989). Neo-Marxist dependency theory suggests that migration perpetuates reproductive inequality through cumulative causation, as suggested by Myrdal and Paters in 1975 and 1981. The system and network concept allows migration to be conceptualized as circular, multi-causal, and interdependent, with the effects of change in one part of the system traceable through the rest of the system (Faist, 2000).

This shows the positive impact of personal remittances on human and gender development, while international migration negatively affects gender. It suggests increasing remittances, offering cheaper routes, and promoting international labor markets. (Nasrin, Haider & Ahsan, 2024)

Graner and Karmacharya (2001) found that weak agriculture in hilly areas drives young males to migrate for wage labor, with remittances as a crucial income source. Nepalese laborers seek Middle East jobs since 1815 (Gurung, 2001).

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Khatiwada (2008) explores conflict-induced migration from a social inclusion perspective, highlighting growing concern about its impact on the national economy, sociocultural aspects, and sociocultural aspects.

Rural-urban migration is a natural process involving excess labor from rural sectors for urban industrial expansion, with income gaps and population size influencing intra-provincial migration (Zhang, Evin& Song, 2003).

Migrant workers abroad lack legal protection from both Nepalese and receiving governments, leading to workplace exploitation. Nepalese workers face dire situations in unauthorized countries, with some facing imprisonment. The Nepalese government is not implementing appropriate political diplomacy to rescue and ensure their safe return to Nepal (Bhattarai, 2005).

Recent migration can significantly alter the demographic structure of sending and receiving societies, weakening local production systems and cultural shifts, and potentially altering the economic mainstream (Portes, 2008). Negative consequences of brain drain include loss of highly trained individuals, resulting in decreased growth and productivity, while receiving countries benefit from social cultural contributions (Bailey, 2010).

Dependency theory suggests that international migration is a result of the global geographical division of labor and the historical incorporation of underdeveloped countries into major capitalist economies, leading millions of people to migrate (De Hass, 2010 cited from King, 2012). World System Theory is a historical account of the global capitalist system's creation and extension in the sixteenth century. It classifies countries based on their position within the global market economy, with the core being dominant and the periphery being dependent (Wallerstein, 1974, 1979, cited in King, 2012).

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Neo-classical and Pull-Push Theory; this theory dominated much migration thinking during the twentieth century, until the 1960s if not later, and replaced the neo-classical economic paradigm. The theory conceives of migration as driven by a set of push factors operating from the region or country of origin (poverty, unemployment, landlessness, rapid population growth, political repression, low social status, poor marriage prospects, etc.) and pull factors operating from the place (Massy et al. 1998 cited in King, 2012).

The number of Nepalese traveling abroad for work opportunities, income, and technology transfer has consistently increased, despite minor adjustments caused by the global economic crisis. Remittance revenue from the official banking industry alone accounts for about 20% of Nepal's GDP, saving the economy from near collapse (Khatiwada, 2012).

The study explores the correlation between remittances, GDP per capita, consumption, and investment in Nepal from 1976 to 2013, finding that increased remittances decrease GDP growth, primarily through consumption and investment (Uprety, 2017).

Unemployment, dwindling natural resources, and nations experiencing more than a decade of political instability are among the primary causes of the high rate of outmigration. Many social, cultural, economic, and political issues are intertwined with the process of internal and international migration (Gartaula, 2014).

Nepal is experiencing a significant increase in internal and out migration, particularly from rural to urban areas and foreign countries like India. This migration is driven by various factors, such as earning, education, marriage, and family responsibilities. However, the migration of older people also presents challenges such as loneliness, anxiety, and loneliness (Gautam, 2008).

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Nepal's economic situation is characterized by transition extortions, poor labor law, and poor industrial safety, leading to limited employment opportunities. The government has opened 109 countries for foreign employment, with 93% destined to Malaysia, Qatar, Saudi Arabia, and UAE (Pant, 2013).

Nepal's foreign employment industry is a significant sector, with over 400,000 people traveling abroad annually. Every household sends someone abroad for work. Over 1500 people daily migrate from Tribhuvan International Airport, with few migrants for earning or business purposes (Taylor, Paoletti & Sijapati, 2014). More than 26 million population growing at the rate of 1.44 percent per annum, every year an additional 383,000 individuals are expected enter to the labour market in Nepal. Due to political instability, after effects of armed conflict, stringent labour law and poor investment, creation of employment opportunities is very limited in the country (CBS, 2014).

Most migrants are labor migrants, working in low- and semi-skilled professions. Diverse demographics, educational levels, and languages travel to find better futures. South Asians make up 38 million migrants, with Bangladesh, India, Nepal, and Pakistan sending 46,000-71,000 laborers annually (World Bank, 2022).

Migration from South Asia, including India, Pakistan, Bangladesh, Nepal, Sri Lanka, Afghanistan, and Bhutan, has significantly impacted global communities. The South Asian diaspora is one of the largest, with India hosting the largest number of migrants at over 17.7 million (IOM, 2022).

The study explores the relationship between migration and development, focusing on remittances and demographic variables. It highlights the importance of a multifaceted approach to policy, as migration and development are interconnected processes. Policymakers can identify the impact of specific aspects of development on migration and prepare accordingly (Skeldon n.d.).

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### **Objectives of the Study**

The objective of this study is to identify the flow of remittance and its utilization in the study area.

### **Methods and Materials**

The present study has used a descriptive and exploratory design. Sample was determined using the Solvin's formula. Sample size was 261. Quantitative data were collected through interviews, while qualitative information was collected through FGD and KII. The targeted households were selected through purposive sampling. Mainly, primary sources were used in this study. Data analysis was used in simple statistical way.

### **Results and Discussion**

This section describes the inflow of remittance, use of remittance, use of remittance caste/ethnicity, positive effects experiences and negative effects experience in family. It also describes positive and negative effects of foreign and labour migration from on the basis of data and information. It is a current important issue to research in the context of Nepal.

#### **Inflow of Remittance**

Remittances is an important source of development for developing countries like Nepal. Nepal is also among the beneficiaries. Almost migrant's people go to other country (destination) for earning money. They have a sweat dream of standard living and helping family. The amount of inflow money from foreign countries is presented in Table 1.

**Table 1**

*Distribution of Inflow of Remittance*

Inflow of Remittance since 2023 A.D.	Foreign Labour Migrants	
	n	%
Below 500000	85	32.5
600000 to 800000	49	18.7
900000 to 1000000	23	8.8
1100000 to 1200000	21	8.1
1300000 to 1500000	16	6.1
1600000 to 2500000	65	24.9
Above 2500000	2	0.8
Total	261	100.0

Source: Field Survey, 2023.

The study revealed that the amount of sending money at this time. Among them migrant workers who sent money to his/her home country (HHs), Around one third (32.5%) migrants sent money less than Rs. 50,000 followed by Rs. 1600000 - 2500000 (24.9%), Rs. 600000 - 800000 (18.7%), Rs. 900000 - 1000000 (8.8%), Rs. 1100000 - 1200000 (8.1%), Rs. 1300000 - 1500000 (6.1%), few migrant workers (0.8%) sent 250000 and above at that time.

**Use of Remittance**

Now remittance is the main sources of income in the context of country. Remittance is that money which is send by migrant's worker to his/her origin country. By earning money migrant worker sent of family. It needs to be used in a proper way.



The respondents of migrant's household were asked about the utilization of remittance and the responses were found. Caste/ethnicity of the households is presented in Table 2.

**Table 2**

*Distribution of Remittance Utilization of Migrant's Households*

Use of remittance	Migrant's Households	
	n	%
Pay debts	55	21.1
Household expensive	90	34.5
Buying Lands/Building house	89	34.1
Going credit to others	11	4.2
Spending for children in abroad study	12	4.5
Health care treatment	2	0.7
Total	261	100.0

Source: Field Survey, 2023.

The study revealed that the utilization of remittance by migrants' households. Among the respondents of migrants household, one-third (34.7%) household have spent their remittance in household expenditure more, 34.5 percent migrant's household have spent their remittance for buying lands/building house, 21.1 percent households have spent their remittance for paying debts, 4.5 percent have spent their remittance for their children who have gone abroad study, 4.2 percent households have spent their remittance for giving credit to others and only few 0.7 percent households have spent for health care and treatment.

**Use of Remittance by Caste/Ethnicity**

Nepal is multi-cultural, multi-religious, multi-lingual and multi-caste/ethnicity country. Caste/ethnicity is main variant of diversity that carries meaning of cultural heterogeneity as well as cultural assets of Nepal. It is a major social variable in

understanding the process of social inclusion/exclusion and the level of socio-economic development of the people. The description of use of remittance by caste/Ethnicity is presented in Table 3.

**Table 3**

*Distribution of Use of Remittance by Caste/Ethnicity*

Caste/ Ethnicity	Use of Remittance						Total
	Pay debts	Household expenditure	Buying Lands/Building house	Going credit to others	Spending for children in abroad study	Health care treatment	
Chhetri	0.0	100.0	0.0	0.0	0.0	0.0	(1)100.0
Hill-Brahman	0.0	57.1	0.0	42.9	0.0	0.0	(7)100.0
Hill-Janjati	6.6	32.2	49.7	10.6	1.0	0.1	(250)100.0
Dalits	75.0	25.0	0.0	0.0	0.0	0.0	(3) 100.0
Total	20.0	34.9	34.5	4.3	4.7	0.8	(261)100.0

Source: Field Survey, 2023.

This study revealed that migrant households allocate their remittances based on their caste/ethnicity. Cent percent Chhetri migrant’s household have utilized their remittance as a household’s expenditure. Similarly, more than fifty seven percent (57.1%) Hill-Brahman migrant’s household have utilized their remittance as a household expenditure and 42.9 % spent their remittance as a going credit to others. Majority of the Hill-Janjati migrant’s households (49.7%) spent their remittance as a buying land/ building house, followed by household expenditure (32.2%), going credit to others (10.6%), pay debts (6.6%), and only equal (0.1%) households spent their remittance to send their children in abroad for the further study and health care treatment. The third-fourth Dalits migrant’s households (75.0%) utilized their

remittance as a pay debt and one-fourth migrant’s household (25%) utilized their remittance as a household expenditure.

**Positive Experience of Family**

Positive effects experience in family by foreign labour migration in family who had gone foreign labour migration. The data below present the positive effects being faced by the family which was based on multiple responses. The description of positive effects in family is presented below in Table 4.

**Table 4**

*Distribution of Positive Effects in Family*

Use of remittance	Migrant's Households		
	n	Response	%
To increase quality of life	261	230	88.8
Economically secure	261	154	59.1
To buy land	261	105	40.5
Access to quality education	261	85	32.8
Free from land	261	97	37.4
Access to health facilities	261	63	24.3
Improve relation relatives/family	261	46	17.7

Source: Field Survey, 2023.

The study revealed that the total migrant's family were 261. Out of total households, maximum household's respondent feels in family was increased and the quality of life based on multiple response 230 families of them responses; more than 88 percent family was found to increase quality of life after migration. The family was economically secure based on multiple response 154 families of them responses; more than 59 percent of family was found to economically secure after migration. The family was feels to buy land/building house on multiple responses 105 families of them

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responses; more than 40 percent family was found for feeling buy land/building home after migration.

Similarly, out of 261 household, 85 of them responses; more than 32 percent family was found for feeling to access quality education of children after migration. Out of 261 household 97 of them responses; 37.4 percent family was found for feeling to free from lone. Out of 261 households, 63 of them responses; 24.3 percent of family was found for feeling to access the health facilities. Out of 261 households, 46 of them responses, 17.7 percent of family was found for feeling to improve relationships.

### **Positive Effects Experience in Family from Qualitative Data**

FGD and key informants highlighted the different aspects of positive effects due to foreign labour migration maximum responses in group discussion. Migration makes people increase their quality of life all over, before migration the quality of life of families was very poor, they had been facing many problems to fulfil basic needs. After migration maximum facilities had been feeling to develop the quality of life by different aspects. Similarly, migration makes people help lift their economic status before migration the economic condition of many families is very poor. They even had problem to maintain essential heads if they had problem in general expenditure, they need to took lone but after foreign labour migration due to regular sources of earning they do not face such type of problem, they do not need to take lone from minor expenditure in the sense they feel economic secure or increasing purchasing capacity they were feeling to essay for the child studying. Access to cash was itself a prestigious no one can dominate to those families. Migration had direct effect in relation too. Hence, we can say the migration had key role in socio-economic and demographic factors.

**Negative Effects Experiences in Family**

Negative effects experiences in family who had gone foreign labour migration. The data below presents the negative effects facing their family which are based on multiple responses. The description of negative effects experience in family Table 5.

**Table 5**

*Distribution of Negative Effects in Family by Migration*

Negative Effects	Migrants Households		
	n	Response	%
Increased burden worked to women	261	212	81.8
Problem of rearing and caring of child and senior citizens	261	77	29.5
Distributed children's education/lack of guidance to children	261	158	60.5
Breakdown of family relation/Disruption of family	261	62	23.7
Loneliness	261	195	74.7
Added burden of loan	261	25	9.6
Laziness of family member, not interested in work	261	1	0.3

Source: Field Survey, 2023.

The study revealed that the total migrant's family were 261. Out of total households, the family was to increase burden work to women on multiple responses 212 family of them responses; more than eighty percent family was found for feeling to burden work in women. Similarly, out of 77 responses, 29.7 percent of family were found to problem of reasoning and caring of children and senior citizen due to foreign labour.

Out of 158 responses, more than third fourth percent (75.2%) of family were found to disturbed children educating lack of guidance of child due to foreign labour migration. Out of 63 responses, 24.3 %) family were found to breakdown of family relation/disruption of family due to foreign labour migration. Out of 195 responses, more than 75 %) family were found to loneliness of family member. Out of 25 responses, 9.6 percent family were found to added burden of lone due to foreign labour migration. Out of responses only 1, only 0.3 percent family were found laziness/not interested in work.

### **Negative Effects Experience in Family after Migration from qualitative Information**

FGD and key informants highlighted the different aspect of negative effect due to foreign labour migration. Family member had responsibilities to looks of their children and senior citizen. As a result, other household's productive activity was decreased due to lack of family member. Most of them responded if there was not father at home, we guide to their children in their study area but we mother are not able to learn, so we cannot guide our children.

Another major effect of migration was agriculture. The fertile land of the village was changed in grassland. There were only the people of small age children and people of senior citizens. There was shortage of manpower at village due to migration. Maximum of the land productive land was empty. The money (remittance) is mainly spent to household consumption and non-productive investment. Therefore, remittance led to a passive and dangerous dependency on people in this study area.

### **Conclusion**

Migration enhances families' quality of life by providing regular income, enhancing economic security, and increasing purchasing capacity, thereby influencing socio-

Remittances offer economic security, cover minor expenses, and reduce poverty, but can also lead to dependency economic and demographic factors. Over 88 percent of families post-migration increased their quality of life, felt economically secure, and were more to buy land or build a home, with 34.7% spending remittance on household expenditure. Foreign labor migration has significantly impacted households, with 80% of households burdening women, 75.2% experiencing disturbed children, lack of guidance, breakdown of relationships, and loneliness among family members. Migration enhances families' quality of life by providing regular income, enhancing economic security, and increasing purchasing capacity, thereby influencing socio-economic and demographic factors. The study found that family responsibilities, limited education, and migration led to decrease productivity, agricultural issues, and passive dependency on the study area. The study revealed that family responsibilities, limited education, and migration have led to decreased household productivity, agricultural issues, and passive dependency in the study area. Data gaps hinder future understanding of labor migration and agricultural production in rural villages. A comprehensive survey by government and agencies is needed for researchers, educators, policymakers, and planners.

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