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# Provincial Disparity, Remittance and Household Well-Being in Nepal: A PMPD Perspective

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**ABSTRACT**

*Remittances constitute one of the most significant external financial inflows to Nepal and play a decisive role in shaping household welfare outcomes. This study examines the provincial impact of remittances on household economic well-being using a political economy framework informed by the developmental philosophy of People's Multiparty Democracy (PMPD). The analysis combines provincial indicators from the Nepal Living Standards Survey 2022/23, published by the National Statistics Office, with household-level survey data from 1,750 returnee migrant workers collected by CEDA across all seven provinces. The findings indicate that remittances substantially improve household welfare: 85.03% of returnees reported improved living standards, 82.88% reported increased property values, and 83.04% perceived increased wealth. However, the magnitude of these gains varies significantly across provinces. Provinces such as Gandaki and Madhesh demonstrate stronger asset-formation outcomes, while Sudurpashchim and Karnali show more consumption-smoothing effects, reflecting structural development disparities. By integrating empirical evidence with PMPD's emphasis on equitable distribution, productive transformation, and decentralized development, the paper argues that remittances function simultaneously as a household risk-management mechanism and a potential instrument of structural transformation. The study concludes that remittance-sensitive provincial policies, local investment channels, and institutional capacity-building measures are essential to convert household welfare gains into sustainable regional development.*

## Introduction

Remittances have become a major component of Nepal's economy, influencing household income, consumption, and poverty dynamics. Over the past two decades, Nepal has remained among the world's most remittance-dependent economies, with inflows accounting for roughly one-quarter of national GDP. Beyond macroeconomic stabilization, remittances shape household investment behavior, educational access, and local economic activity, particularly in rural and migration-prone regions. Remittances remain a critical stabilizer, supporting millions of households and helping to reduce poverty, with extreme poverty (based on United States dollars (USD) 3.00/day, or Nepali rupees

(NPR) 113 in 2023) falling from 21.5 percent in 2011 to 3 percent in 2023 (World Bank, 2026).

Despite their importance, remittance impacts are spatially uneven. Nepal's federal restructuring has exposed persistent provincial disparities in infrastructure, employment opportunities, and access to public services. Provinces differ significantly in poverty incidence, human development indicators, and economic diversification. These structural inequalities influence how remittances are utilized—whether primarily for consumption, asset accumulation, or productive investment.

Previous studies have established that remittances contribute to poverty reduction and consumption smoothing; however, relatively little attention has been paid to their provincial distributional consequences or their relationship with Nepal's political development philosophy (Salike et al., 2022; Yoshino et al., 2017; World Bank, 2026). People's Multiparty Democracy (PMPD) emphasizes equitable development, self-reliance, grassroots empowerment, and the productive transformation of the economy. Understanding whether remittance flows reinforce or undermine these principles offers a novel political-economy perspective.

Household well-being is a multidimensional concept measured through objective economic, social, and environmental indicators—such as income, housing quality, health, and education—alongside subjective life satisfaction. Key measurement indicators of household well-being are household income, expenditure, savings, and assets, which are frequently analyzed using frameworks like the Multidimensional Poverty Index (MPI) to identify deprivations (Shukla & Shree, 2016; UNECE, 2025; Schlossarek et al., 2024). This study therefore seeks to examine how remittances affect household well-being across provinces and how these outcomes can be interpreted within a PMPD-informed developmental framework.

## Methodology

The existing literature has highlighted various dimensions of how remittances influence household economies in developing nations like Nepal. Studies on the impact of remittances on developing economies have indicated that remittance income positively affects household per capita income and consumption levels. Research has shown a significant relationship between remittance inflows and poverty reduction, particularly among lower-income households. A study using data from Morocco found that remittances significantly increase household consumption expenditure, suggesting that higher remittance levels correlate with increased consumption. This relationship also implies a reduction in household poverty levels due to the additional income from remittances (Ismaili & Kawkaba, 2023). The literature documents the positive relationship between remittances and household welfare in developing economies. Empirical studies show that remittance income tends to raise per capita consumption and reduce poverty, particularly among low-income households. Similar findings have been reported in Nepal, where remittances are associated with improved living standards, higher consumption, and reduced poverty incidence.

Research conducted in Nepal demonstrated that remittance income positively affects household per capita income and consumption. The study revealed a statistically significant relationship between remittance income and a decrease in the poverty headcount ratio, indicating that remittances help elevate lower-income households while contributing to overall economic improvement (Bam et al., 2016). Dhakal and Oli (2020) have confirmed that remittances not only enhance household consumption but also improve living conditions and reduce poverty across various regions. For instance, findings from multiple countries indicate that remittance inflows lead to increased consumption and have a substantial impact on poverty alleviation, particularly for families in the lower-income brackets. At the same time, regional development studies highlight deep socio-economic disparities among Nepal's provinces. Provinces such as Bagmati and Gandaki exhibit higher human development indicators and diversified economic structures, while Karnali and Sudurpashchim continue to face infrastructural constraints and persistent poverty.

A study published in the Interdisciplinary Journal of Innovation in Nepali Academia discusses the economic performance of Nepal's provinces, noting that Bagmati Province has the highest per capita income, while provinces such as Karnali and Madhesh show weaker economic indicators. This analysis emphasizes the need for a provincial approach to understanding remittance impacts due to these disparities (Bhattarai, 2024). NSO (2022/23) revealed significant disparities in wealth distribution among provinces. For instance, over half of the households in Karnali are in the poorest quintile, contrasting sharply with Bagmati, where a substantial proportion is in the wealthiest quintile. This disparity underscores the necessity for targeted policies to address economic inequalities across provinces (Regmi, 2024).

A study by Kathmandu University School of Education (KUSOED, 2019) in 2019 elaborated on multidimensional disparities across Nepal's provinces, indicating that provinces such as Gandaki perform better on various economic indicators than Karnali and Sudurpashchim. This multifaceted analysis supports the argument for a detailed examination of remittance impacts at the provincial level, given the varying degrees of development and access to services (Bhattarai et al., 2023). The study utilized a Multidimensional Disparity Index (MDI) to assess these disparities across six dimensions: economic, educational, health, geographic vulnerability, living standards, and demographics. The MDI for Gandaki Province is reported at 0.513, while Karnali and Sudurpashchim score lower at 0.412 and 0.415, respectively. This analysis underscores the necessity for a detailed examination of remittance impacts at the provincial level, as the varying degrees of development and access to services significantly influence economic outcomes. For instance, Bagmati Province shows a notably lower Multidimensional Poverty Index (MPI) score of 0.051 compared to Karnali's 0.230 and Madhesh's 0.217. Additionally, indicators such as literacy rates and life expectancy further illustrate the disparities, with Gandaki Province having a literacy rate of 74.8% compared to Karnali's 49.5%. The findings advocate for targeted policies that address these disparities by focusing on the unique challenges faced by less developed provinces such as Karnali and Sudurpashchim, thereby enhancing their economic resilience and access to services.

While remittances are a well-documented driver of household economic welfare in Nepal, there is a critical gap in understanding how these flows align with or diverge from the developmental vision embedded in PMPD. Most existing studies, however, treat remittances primarily as an economic variable rather than a political-developmental phenomenon. Trang's (2024) study explained how political decisions shape economic policies and outcomes and, conversely, how economic conditions influence political structures and actions. Few studies have examined how remittance flows interact with federal governance structures or with normative development frameworks. This study contributes to the literature by linking provincial inequality analysis with a political-economy interpretation of remittance-driven welfare change. Existing research has overlooked the multidimensional and structural dimensions of economic well-being, especially through the lens of equity, self-reliance, and productive transformation. Moreover, the potential role of federal and local institutions in channeling remittances toward inclusive development remains underexplored. This study addresses these gaps by examining household remittance behavior, well-being outcomes, and policy implications through a PMPD-informed framework.

To guide the empirical analysis, this study adopts a conceptual framework that links remittance inflows to household welfare outcomes and provincial development patterns. The framework structures the analysis around three behavioral transmission channels—consumption, asset formation, and human capital investment—through which remittances influence household economic well-being. These micro-level outcomes are then examined in relation to provincial disparities in poverty, infrastructure, and economic opportunity. The framework also serves as an interpretive device, enabling the findings to be assessed against broader development principles concerning equity, productive transformation, and balanced regional development. By integrating household-level evidence with spatial inequality analysis, the framework ensures coherence between the empirical results and the study's political-economy perspective. The framework is presented in the following figure.

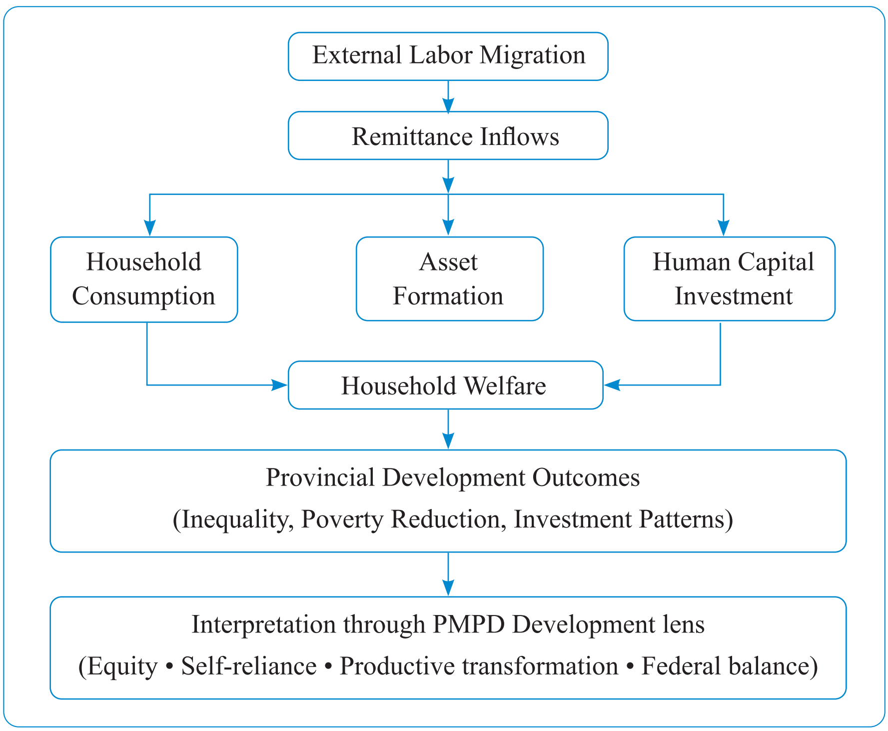


*Figure 1: Linking remittances, household welfare, and provincial development under a PMPD perspective*

The framework conceptualizes remittances as a transmission mechanism linking migration to household welfare and provincial inequality, while the PMPD perspective provides the normative lens for interpreting whether these outcomes contribute to equitable and productive development.

The conceptual framework positions remittances as the central transmission mechanism linking international labor migration to household and regional economic outcomes. Remittance inflows influence household decision-making through three primary channels: consumption smoothing, asset formation, and investment in human capital, such as education and health. These behavioral responses shape household welfare, which in turn aggregates into broader provincial development patterns reflected in poverty reduction, inequality, and local investment dynamics. The framework further incorporates a normative interpretive layer grounded in the philosophy of PMPD, which emphasizes equitable distribution, productive transformation, and balanced federal development. By integrating micro-level household responses with macro-level provincial disparities, the framework provides a structured lens for assessing whether remittance-driven welfare gains contribute to inclusive and sustainable development.

This study adopts a mixed analytical design, combining secondary national survey data with primary cross-provincial household information. Provincial disparity indicators are derived from the Nepal Living Standards Survey 2022/23, published by the National Statistics Office, while household-level remittance outcomes are based on a structured survey conducted by the Centre for Economic Development and Administration under a Tribhuvan University-funded research project on the economic whereabouts of returnee migrant workers.

The primary dataset consists of 1,750 returnee migrants, with proportional sampling of 250 respondents from the seven provinces to ensure national representativeness. The study uses descriptive statistics, inter-provincial comparisons, and welfare proxy indicators—including perceived living standard change, property value change, and wealth perception—to assess remittance outcomes.

Analytically, the study applies a political-economy interpretation of household welfare change, situating empirical findings within a conceptual framework linking remittance inflows, household economic behavior, and regional inequality. Political-economy interpretation analyzes how political institutions, power dynamics, and social structures influence economic outcomes and systems (Serrat, 2011). The normative dimension is interpreted through the developmental principles of PMPD, particularly its emphasis on equitable resource distribution, productive transformation, and decentralized development governance. The study relies on self-reported welfare indicators and is limited by the absence of longitudinal panel data to capture dynamic remittance effects over time.

## Results and Discussion

### Provincial disparity in Nepal

The provincial disparities in Nepal based on household consumption, poverty rate, literacy rate, access to piped water, electricity access; remittance dependency, HDI and Poverty gap are presented through the following table.

**Table 1: Provincial disparities in Nepal based on NLSS 2022/23 and UNDP (2019)**

| Province | Average household consumption (NRs) | Poverty rate (%) | Literacy rate (%) | Access to piped water (%) | Electricity access (%) | Remittance dependency (% of HHs) | Human development index* | Poverty gap |
|---|---|---|---|---|---|---|---|---|
| Koshi | 4,80,979 | 17.19 | 78.2 | 55.7 | 94.5 | 68.3 | 0.580 | 3.84 |
| Madhesh | 4,18,098 | 22.53 | 68.3 | 7.6 | 98.5 | 79.1 | 0.519 | 4.62 |
| Bagmati | 7,54,525 | 12.59 | 83.0 | 65.9 | 98.1 | 69.8 | 0.669 | 2.64 |
| Gandaki | 5,51,478 | 11.88 | 83.4 | 75.9 | 98.3 | 81.1 | 0.621 | 2.33 |
| Lumbini | 4,72,972 | 24.35 | 80.1 | 53.2 | 95.9 | 89.6 | 0.563 | 5.80 |
| Karnali | 3,86,813 | 26.69 | 76.6 | 80.7 | 58.0 | 83.9 | 0.538 | 6.25 |
| Sudurpashchim | 3,81,272 | 34.16 | 73.5 | 54.0 | 85.0 | 69.8 | 0.547 | 8.41 |

Source: National Statistics Office (2024)

Table 1 indicates that Bagmati Province, including the Kathmandu Valley, consistently records the highest average household consumption, benefiting from urbanization, government employment, and the concentration of services. Sudurpashchim and Karnali Provinces exhibit the lowest per capita consumption and income, highlighting persistent poverty and limited economic opportunities. Bagmati's average household consumption is nearly twice that of Sudurpashchim. A higher proportion of households in Karnali and Sudurpashchim rely on remittances, agriculture, and wage labor, indicating vulnerability and limited diversification.

Sudurpashchim has the highest poverty incidence despite some improvements. Factors include remoteness, low infrastructure development, and limited job opportunities. Karnali and Lumbini also lag behind the national average in poverty reduction. Gandaki and Bagmati have the lowest poverty rates, aligning with higher human development indicators. The poverty gap is highest in Sudurpashchim (8.41) and lowest in Gandaki (2.41), indicating rising inequality within the provinces. Literacy and school attendance rates are highest in Gandaki and Bagmati. Karnali and Sudurpashchim lag behind in educational outcomes, particularly among women and disadvantaged castes and ethnicities. Reasons include inadequate school infrastructure, high dropout rates, child marriage, and social exclusion.

Institutional delivery rates and child immunization coverage are highest in Gandaki and Bagmati. Karnali and Sudurpashchim show high child stunting and underweight prevalence, reflecting chronic malnutrition and limited access to health services. Health service utilization is significantly lower in remote provinces due to geographic and financial barriers. Though the availability of piped water is highest in Karnali Province (80.7%), electricity access is the lowest (58%) in this province in comparison to Madhesh (98.5%), Gandaki (98.3%), and Bagmati (98.1%). Karnali suffers from the least access to basic services despite government and donor efforts to expand connectivity. Only about 35–40% of households in Karnali have access to all-weather roads, compared to over 90% in Bagmati. Internet and digital access are also lowest in remote provinces. Out-migration for foreign employment is highest in Lumbini, Karnali, and Gandaki, contributing heavily to household incomes through remittances. Bagmati and Gandaki have more opportunities in the formal employment and self-employment sectors.

In terms of economic and social indicators such as the Human Development Index (HDI), per capita income, poverty rates, remittance inflows, infrastructure, and access to services, there is a wide disparity among the provinces. Understanding these provincial disparities is essential for analyzing how remittances affect household economic well-being in different regions. Provinces with lower HDI scores, higher poverty rates, and limited access to infrastructure may rely more heavily on remittances for basic needs, while others may use remittances for investment and development purposes. This analysis provides insights into how remittance flows align with or diverge from the goals of PMPD, particularly in promoting equitable development and reducing regional disparities.

The NLSS reveals systemic and structural disparities across provinces in Nepal. Provinces such as Karnali, Sudurpashchim, and Madhesh require targeted investment in education, health, roads, and employment generation. Addressing provincial disparities requires federal fiscal equalization, data-driven planning, and enhanced local capacity in lagging provinces. Federalism must focus on equitable resource distribution and decentralized service delivery to promote inclusive growth.

### Living standards of returnee workers

Remittances are a cornerstone of Nepal's economy, consistently accounting for over one-fourth of GDP and acting as a primary source of foreign exchange. As of the first eight months of the 2025/26 fiscal year (mid-March 2026), inflows reached Rs. 1,449.65 billion (approx. USD 10.15 billion), surpassing the combined total of foreign direct investment and development assistance. These funds primarily support household consumption, reducing poverty and improving living standards (Salike, 2022).

The contribution of remittances to the Nepali economy is analyzed through the following table. It examines the living standards of returnee workers after their return from abroad. The impact of remittances on returnee workers is observed through interprovincial comparisons.

**Table 2: Provincial information on living standard of returnees (2024)**

| Province | Increase in living standard after return from abroad | | | | | |
|---|---|---|---|---|---|---|
| | Yes (n) | Yes (%) | No (n) | No (%) | Total (n) | Total (%) |
| Koshi | 199 | 79.60 | 51 | 20.40 | 250 | 100.00 |
| Madhesh | 222 | 88.80 | 28 | 11.20 | 250 | 100.00 |
| Bagmati | 217 | 87.50 | 31 | 12.50 | 248 | 100.00 |
| Gandaki | 248 | 99.20 | 2 | 0.80 | 250 | 100.00 |
| Lumbini | 211 | 84.40 | 39 | 15.60 | 250 | 100.00 |
| Karnali | 220 | 88.00 | 30 | 12.00 | 250 | 100.00 |
| Sudurpaschim | 171 | 67.86 | 81 | 32.14 | 252 | 100.00 |
| Total | 1488 | 85.03 | 262 | 14.97 | 1750 | 100.00 |

Source: Centre for Economic Development and Administration, Tribhuvan University (2024)

Table 2 provides information about the living standards of returnees from the seven provinces. It shows that 85.03% of the returnees have expressed that their living standards increased after their return from abroad, whereas only 14.97% expressed that their living standards had not changed. Based on the information presented in the table, 99.20% of the returnees in Gandaki Province expressed that their living standards increased, whereas only 67.86% of the returnees in Sudurpashchim Province expressed that their living standards had not changed. The impact of remittances in other provinces can be observed in the table. It indicates that there is variation in the impact across different provinces in terms of living standards.

## Value of property after return from abroad

The value of property and assets owned by returnee migrant workers in Nepal varies significantly based on their skill level, destination, and the length of their stay abroad. While many return with accumulated financial capital and newly acquired skills, a significant proportion face financial stress due to high migration costs, debt, and limited opportunities for productive investment (IOM Nepal, 2022). Table 3 presents information about the value of property in the seven provinces. The value of property has been taken as an indicator of the living standards of returnees and the impact of remittances.

**Table 3: Provincial information on change in value of property (2024)**

| Province | Increase in value of property after return from abroad | | | | | |
|---|---|---|---|---|---|---|
| | Yes (n) | Yes (%) | No (n) | No (%) | Total (n) | Total (%) |
| Koshi | 158 | 63.20 | 92 | 36.80 | 250 | 100.00 |
| Madhesh | 212 | 84.80 | 38 | 15.20 | 250 | 100.00 |

| Province | Increase in living standard after return from abroad | | | | | |
|---|---|---|---|---|---|---|
| | Yes (n) | Yes (%) | No (n) | No (%) | Total (n) | Total (%) |
| Bagmati | 208 | 83.53 | 41 | 16.47 | 249 | 100.00 |
| Gandaki | 248 | 99.20 | 2 | 0.80 | 250 | 100.00 |
| Lumbini | 226 | 90.40 | 24 | 9.60 | 250 | 100.00 |
| Karnali | 220 | 88.00 | 30 | 12.00 | 250 | 100.00 |
| Sudurpaschim | 180 | 71.15 | 73 | 28.85 | 253 | 100.00 |
| Total | 1452 | 82.88 | 300 | 17.12 | 1752 | 100.00 |

Source: Centre for Economic Development and Administration, Tribhuvan University (2024)

Table 3 indicates that the value of the property of returnee migrant workers has changed. Among the returnees, 82.88% have expressed that the value of their property increased after their return from abroad, whereas only 17.12% expressed that the value of their property had not changed. Based on the information presented in the table, 99.20% of the returnees from Gandaki Province expressed that the value of their property increased, whereas 63.20% in Koshi Province expressed that the value had increased. The impact of remittances concerning the value of property in other provinces can be observed in the table. It indicates that there is variation in the impact across different provinces in terms of property values.

### Change in wealth after return from abroad

The impact of remittances has also been observed through changes in the wealth of returnee migrant workers. This is presented in the following table. The information given in Table 4 indicates how these provinces have benefited from remittances.

**Table 4: Provincial information on change in wealth (2024)**

| Province | Increase in wealth after return from abroad | | | | | |
|---|---|---|---|---|---|---|
| | Yes (n) | Yes (%) | No (n) | No (%) | Total (n) | Total (%) |
| Koshi | 195 | 78.00 | 55 | 22.00 | 250 | 100.00 |
| Madhesh | 214 | 85.94 | 35 | 14.06 | 249 | 100.00 |
| Bagmati | 196 | 78.71 | 53 | 21.29 | 249 | 100.00 |
| Gandaki | 247 | 98.80 | 3 | 1.20 | 250 | 100.00 |
| Lumbini | 216 | 86.40 | 34 | 13.60 | 250 | 100.00 |
| Karnali | 206 | 82.40 | 44 | 17.60 | 250 | 100.00 |
| Sudurpaschim | 180 | 71.15 | 73 | 28.85 | 253 | 100.00 |
| Total | 1454 | 83.04 | 297 | 16.96 | 1751 | 100.00 |

Source: Centre for Economic Development and Administration, Tribhuvan University (2024)

Table 4 provides information on whether the wealth of returnee migrant workers has changed. Among the returnees, 83.04% expressed that their wealth increased after their return from abroad, whereas only 16.96% expressed that their wealth had not increased. Based on the information presented in the table, 98.80% of the returnees from Gandaki Province expressed that their wealth increased, whereas 71.15% in Sudurpashchim Province expressed that their wealth had increased. The impact of remittances regarding wealth in other provinces can be observed in the table. It indicates that there is variation in the impact across different provinces in terms of wealth.

### Motivation towards foreign employment

The paper has attempted to analyze the perceptions of returnees regarding their motivation for foreign employment. The outcomes from the collected information are presented in the following table:

**Table 5: Provincial information on motivation of foreign employment**

| Province | Government should motivate foreign employment | | | | | |
|---|---|---|---|---|---|---|
| | Yes (n) | Yes (%) | No (n) | No (%) | Total (n) | Total (%) |
| Koshi | 90 | 36.00 | 160 | 64.00 | 250 | 100.00 |
| Madhesh | 189 | 75.60 | 61 | 24.40 | 250 | 100.00 |
| Bagmati | 39 | 15.66 | 210 | 84.34 | 249 | 100.00 |
| Gandaki | 15 | 6.02 | 234 | 93.98 | 249 | 100.00 |
| Lumbini | 142 | 56.80 | 108 | 43.20 | 250 | 100.00 |
| Karnali | 99 | 39.60 | 151 | 60.40 | 250 | 100.00 |
| Sudurpaschim | 56 | 22.22 | 196 | 77.78 | 252 | 100.00 |
| Total | 630 | 36.00 | 1120 | 64.00 | 1750 | 100.00 |

Source: Centre for Economic Development and Administration, Tribhuvan University (2024)

Table 5 provides information on whether the government should encourage foreign employment. Among the returnees, 36% expressed that the government should encourage foreign employment, whereas 64% expressed that the government should not encourage it. Based on the information presented in the table, 75.60% of the returnees from Madhesh Province expressed that the government should encourage foreign employment, whereas 6.02% in Gandaki Province expressed that the government should not encourage it. The impact of remittances regarding attitudes toward foreign employment in other provinces can be observed in the table. It indicates that there is variation in perceptions across different provinces in terms of foreign employment.

### Income and well-being disparities: Reflection from the PMPD perspective

The PMPD philosophy provides a theoretical lens to understand and address the provincial impact of remittances on Nepal's economy. The PMPD philosophy guides the present study in terms of policy implications. PMPD supports federalism as a mechanism for equitable development across provinces. By decentralizing governance, provinces can tailor policies to their unique socio-economic contexts. Provinces with high remittance inflows can develop localized strategies for channeling these funds into productive sectors, such as infrastructure, education, and small-scale industries. Provincial autonomy ensures that remittance income addresses regional disparities, aligning with PMPD's commitment to inclusive growth.

PMPD advocates using financial resources, including remittance income, to build a socialist-oriented economy. This involves directing funds into productive sectors rather than unproductive consumption. Investing in rural electrification and irrigation systems to modernize agriculture and developing vocational training programs to enhance skills and reduce dependency on foreign employment are some examples. It also focuses on the establishment of cooperatives to mobilize remittance savings for local development projects. One of the core principles of PMPD is investing in people to create a more equitable society. Remittances can be a tool to achieve this goal at the provincial level. PMPD informs the approach of allocating remittance revenues to education and health services, improving long-term productivity. Provinces can provide scholarships or skill-development programs funded through remittance-derived taxes or contributions.

Provinces can align their development goals with PMPD principles by formulating remittance-sensitive policies. For example, high-remittance provinces can prioritize the diversification of income sources and the creation of value-added industries to reduce overreliance on remittances. Low-remittance provinces can focus on infrastructure and connectivity to attract investment and facilitate labor migration to high-opportunity areas within Nepal. PMPD highlights the risks of overreliance on foreign employment, such as economic vulnerability and brain drain. It advocates strategies that reduce dependency over time by promoting local industries and agriculture to create jobs. It can utilize remittance inflows to strengthen provincial economies through strategic investments.

The philosophy of PMPD, formulated by Madan Bhandari and adopted by the Communist Party of Nepal (Unified Marxist-Leninist) in 1993, is a political framework designed to achieve socialism through a multiparty, democratic, and peacefully competitive system. It emphasizes a mixed economic model, national economic development, and social justice to transform a semi-feudal society into an egalitarian one (Roka, 2024). It emphasizes equitable development, local empowerment, and the productive transformation of the economy. From this perspective, remittances represent both an opportunity and a structural vulnerability.

PMPD proposed a development model based on self-reliance, modernization, and social transformation (Luitel, 2023). It aims to eliminate the "semi-feudal, semi-colonial, and comprador capitalist" character of the economy. It focuses on building physical and social infrastructure to promote national capital development and import substitution. It proposed a mixed economic system framework that supports the existence of multiple ownership types (public, private, and cooperative) under state regulation, guiding the country toward a socialist-oriented economy. The philosophy advocates advanced farming techniques, improved access to inputs (seeds, tools, and manure), and the organization of farming markets to ensure fair prices for farmers. It encourages the use of foreign capital and technology while maintaining national interests (Roka, 2024).

PMPD has prioritized household well-being and social transformation by increasing the incomes and livelihoods of common citizens and reducing social inequalities. The philosophy focuses on social development, the right to employment, and guaranteeing minimum wages for laborers, particularly agricultural and informal-sector workers. The framework emphasizes poverty reduction to break the concentration of national income in the hands of a few and reduce the number of people living below the poverty line (Luitel, 2023). As mechanisms to reduce disparities, PMPD proposed land reform, fiscal federalism, people's participation, and support for disadvantaged groups (Karki, 2023).

Against this background, remittances support household welfare, reduce poverty, and enhance social mobility, aligning with PMPD's emphasis on improving people's living conditions. On the other hand, heavy reliance on external labor markets may undermine long-term self-reliance and domestic productive capacity.

A PMPD-informed policy framework would therefore focus on transforming remittance inflows into productive investment. This could involve strengthening cooperatives, encouraging local enterprise development, investing in vocational training, and building infrastructure in migration-dependent provinces. Such measures would help convert private remittance income into a driver of inclusive regional development.

The present study helps establish mechanisms for resource sharing and capacity building among provinces. It creates provincial-level policies to encourage the saving and investment of remittance income in priority sectors. Moreover, this study develops systems to track how remittances are utilized at the provincial level, ensuring alignment with PMPD's goals of equity and sustainability.

## Conclusion

This study demonstrates that remittances play a decisive role in improving household welfare in Nepal, yet their developmental effects remain spatially uneven across provinces. While the majority of returnee households report improvements in living standards, wealth, and asset ownership, the nature of these gains differs substantially between relatively advanced provinces and structurally disadvantaged ones. In less developed provinces, remittances largely function as a mechanism of income stabilization and poverty mitigation, whereas in more economically diversified regions they contribute more effectively to asset accumulation and local investment. These findings indicate that remittances alone cannot reduce regional inequality unless they are embedded within supportive institutional and policy frameworks.

Interpreted through the lens of inclusive and balanced development, the results suggest that remittance inflows represent both an opportunity and a structural vulnerability for Nepal's economy. On the one hand, they enhance household resilience, improve human capital prospects, and support rural consumption. On the other hand, heavy reliance on external labor markets risks reinforcing dependency and delaying domestic productive transformation. The developmental challenge, therefore, is not merely to increase remittance inflows but to convert them into drivers of sustainable regional growth.

Understanding the provincial variations in the impacts of remittances on household economic well-being is crucial for formulating effective policies that can enhance these benefits. This research can contribute valuable insights into the socio-economic dynamics influenced by remittance flows in Nepal, ultimately aiding policymakers in addressing regional disparities and fostering sustainable economic growth. The conclusion of the present study exemplifies the PMPD philosophy. By interpreting the findings through the lens of PMPD, the study highlights the importance of linking remittance management with equitable regional development strategies. Remittances alone cannot reduce provincial disparities unless they are supported by institutional mechanisms, productive investment channels, and targeted provincial policies. Transforming remittance inflows into engines of structural change remains one of the central development challenges facing Nepal's federal economy.

Based on the conclusions of the present paper, the federal and provincial governments can adopt appropriate policies to channel remittances into productive sectors. This can enhance the pace of economic growth, generate employment opportunities, and reduce disparities among the provinces.

To achieve this transformation, several policy directions emerge. First, provincial governments should adopt remittance-sensitive development strategies that identify priority investment sectors—such as agro-processing, rural infrastructure, and small-scale manufacturing—where migrant savings can be productively channeled. This requires strengthening local planning capacity and integrating migration economics into provincial development plans.

Second, financial institutions and cooperatives should be mobilized to create remittance-linked savings and investment instruments, including migrant bonds, cooperative investment funds, and matched savings schemes. Such mechanisms can help shift remittance use from short-term consumption toward longer-term capital formation.

Third, targeted public investment in lagging provinces—particularly in roads, irrigation, digital connectivity, and technical education—is essential to expand the productive opportunities available to returnees. Without improvements in the local investment climate, remittance income will continue to flow primarily into land and housing rather than enterprise development.

Fourth, labor migration policy should be reframed from a purely employment-oriented approach toward a migration–development nexus framework. This involves providing reintegration support, entrepreneurship training, and credit access for returnees so that foreign employment becomes a pathway to domestic productivity rather than a permanent structural dependence.

Finally, federal fiscal policy should explicitly incorporate remittance dependency indicators into equalization grants and regional development programs. Provinces with high migration intensity require targeted institutional support to translate private remittance flows into public development outcomes.

In sum, remittances already play a crucial welfare-enhancing role in Nepal, but their long-term developmental contribution will depend on whether policy frameworks succeed in converting private income transfers into engines of productive transformation. A coordinated strategy linking household behavior, provincial planning, and national economic policy is therefore essential for ensuring that remittance-driven gains contribute to inclusive, balanced, and sustainable development.

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