

## Role of Remittance on Socio-economic Status of Peri-Urban Households of Kathmandu

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### Abstract

International labor migration has become a central livelihood strategy in Nepal, with remittances playing a critical role in sustaining household economies and supporting national development. This study examines the socio-economic impact of remittances on peri-urban households in Chandragiri Municipality, Ward No. 13 of Kathmandu District, using primary data collected from 60 migrant households in 2023. A descriptive cross-sectional research design was employed, supported by secondary data from government and international migration reports. The findings indicate that remittances significantly improved household income, asset ownership, living standards, and social status. Migrant households experienced reduced debt burdens, increased consumption of nutritious food, and greater investment in land, housing, and durable goods. However, the majority of migrants were engaged in low-skilled employment in Gulf countries and Malaysia, reflecting limited educational attainment and restricted access to higher-paying jobs. This pattern suggests that while remittances provide important short-term economic benefits, their long-term developmental impact remains constrained by skill deficits and labor market vulnerability. The study concludes that remittances are a vital source of livelihood security for peri-urban households in Kathmandu but emphasizes the need for policies that promote skills development, financial literacy, and productive investment in order to transform migration from a survival strategy into a pathway for sustainable socio-economic development.

**Keywords:** Remittances, international migration, foreign employment, peri-urban households, Nepal

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## Background of the Study

Migration has emerged as one of the most significant socio-economic processes of the twenty-first century, reshaping labor markets, household livelihoods, and national development trajectories. In developing countries such as Nepal, international labor migration is primarily driven by limited domestic employment opportunities, income insecurity, and demographic pressure. As a result, remittances have become a central pillar of household survival and national economic stability.

From a theoretical perspective, migration is understood through multiple disciplinary lenses. Economists view migration as a response to wage differentials and labor demand, while sociologists emphasize household strategies, social networks, and structural inequalities. Political and rights-based approaches recognize migration as both a livelihood strategy and a human right (Ahsan & Haque, 2020). These perspectives converge on one central reality: migration is not only an individual decision but a household-level economic strategy shaped by broader socio-economic conditions.

In Nepal, labor migration has historically been oriented toward India, but since the mid-1980s there has been a rapid expansion toward the Gulf Cooperation Council (GCC) countries and Malaysia. According to the Nepal Migration Report (2022), more than 88 percent of Nepali labor migrants are employed in these destinations, largely in low-skilled sectors such as construction, manufacturing, and domestic work. This pattern reflects both limited educational attainment and constrained employment opportunities within Nepal.

Remittances generated through foreign employment have become one of the most important sources of household income in Nepal, contributing significantly to poverty reduction, consumption smoothing, and investment in education and housing (Ministry of Finance, 2021). At the micro-level, remittances often determine whether households can meet basic needs, repay debts, and accumulate assets. However, the developmental impact of remittances is not uniform. While they improve short-term welfare, their long-term contribution depends on how households allocate these resources between consumption, asset building, and productive investment.

Despite the extensive literature on remittances in Nepal, most studies focus on rural areas or national-level trends. Peri-urban areas—zones that lie between rural and urban economies—remain relatively under-studied, even though they are among the fastest-growing migration-sending regions. These areas are characterized by rising land values, changing livelihood strategies, and strong dependence on foreign income.

This study addresses this gap by examining the role of remittances in shaping the socio-economic status of peri-urban households in Chandragiri Municipality, Ward No. 13 of Kathmandu District. Using primary household-level data collected in 2023, the study provides updated micro-level evidence on how foreign employment influences income, assets, consumption, and social mobility in a rapidly urbanizing context.

## Research Methodology

This study adopted a descriptive and cross-sectional research design to examine the socio-economic impact of remittances on peri-urban migrant households. A micro-level approach was used to capture household-level changes in income, assets, consumption, and social status resulting from foreign employment. Both quantitative and qualitative data were collected to ensure a comprehensive understanding of remittance utilization patterns.

The study was conducted in Chandragiri Municipality, Ward No. 13, located in the western peri-urban fringe of Kathmandu District. Chandragiri is a rapidly urbanizing area characterized by rising land values, mixed rural–urban livelihoods, and a high incidence of foreign labor migration. According to the Central Bureau of Statistics (2011), Ward No. 13 had a population of 4,546 and 1,054 households, of which 205 households had at least one member engaged in foreign employment.

This ward was purposively selected because it represents a typical peri-urban migration-sending community, where households rely heavily on remittances for livelihood security while simultaneously experiencing urbanization pressures.

From the total 205 migrant households in Ward No. 13, a sample of 60 households was selected using purposive sampling. This represents approximately 29.3 percent of all migrant households in the ward. In small-area socio-economic studies, a sampling fraction above 25 percent is considered sufficient to capture household-level variation and generate reliable descriptive and comparative insights (Kothari, 2004).

Given the relative socio-economic homogeneity of migrant households in the study area and the resource constraints of fieldwork, this sample size was adequate for identifying patterns of remittance use and socio-economic change. However, the findings should be interpreted as context-specific and indicative rather than statistically generalizable to all peri-urban areas of Nepal.

Primary data were collected in 2023 through structured household interviews using a pre-tested questionnaire. The survey gathered information on demographic

characteristics, education, migration history, remittance flows, asset ownership, consumption patterns, and debt status before and after migration.

In addition, five key informant interviews were conducted with local political leaders, social workers, former ward representatives, and community leaders to gain qualitative insights into migration trends and remittance use in the ward.

Secondary data were obtained from government publications, including the Nepal Migration Reports, Economic Surveys of the Ministry of Finance, and reports of the International Organization for Migration (IOM) and the International Labour Organization (ILO).

The collected data were analyzed using descriptive statistics such as frequencies, percentages, and cross-comparisons of household conditions before and after receiving remittances. Tables were used to compare changes in land ownership, physical assets, consumption patterns, and debt status. Where relevant, study findings were compared with national migration and remittance trends to enhance analytical depth.

## **Social Status of Foreign Migrants**

### **Age Composition of Migrants:**

In this section, age description of migrant workers has been analyzed which helps to know how many people have been gone to foreign country among these age groups from study area.

**Table 1: Age Composition of Migrants**

<b>Age group</b>	<b>No. of respondents</b>	<b>Percent</b>
18 – 25	40	67
25 – 32	10	17
32 – 40	5	8
>40	5	8.0
Total	60	100

*Sources: Field Survey 2023*

The age distribution indicates that foreign employment is heavily concentrated among young adults, with 67 percent of migrants aged between 18 and 25 years. This pattern reflects the strong labor-export orientation of Nepal's youth population, driven by limited domestic employment opportunities and high income aspirations. At the national level, the majority of Nepali migrants also fall within the 18–35 age group

(Nepal Migration Report, 2022), suggesting that the study area closely mirrors national migration dynamics. The outflow of economically active youth implies both household-level income gains and potential long-term labor shortages in the local economy.

### **Education Status of Migrant**

In the table 2 education statuses of migrants has been shown which illustrates the educational background of the migrant workers.

**Table 2: Educational Status of Foreign Migrant Workers**

<b>Education Background</b>	<b>No. of Respondents</b>	<b>Percent</b>
Under S.L.C.	5	8
S.L.C.	38	63
Intermediate	13	22
Bachelor or above	4	7
Total	60	100

*Source: Field Survey 2023*

The educational profile of migrants reveals that 71 percent possessed secondary-level education (SLC) or below, indicating that foreign employment from Chandragiri is dominated by low-skilled labor. This pattern is consistent with national data, where more than 60 percent of Nepali migrant workers have secondary education or lower (Ministry of Labor, 2022). Lower educational attainment limits access to higher-paying jobs abroad, reinforcing migrants' concentration in physically demanding and insecure occupations, particularly in the Gulf countries.

### **Major Destination of Migrants**

In this section, major destination of foreign migrant workers has been included which helps to know that how many people have gone to foreign country from the study area.

**Table 3: Major Destination of Foreign Migrant Workers**

<b>Country</b>	<b>Total</b>	<b>Percentage</b>
Dubai	20	33.3
Malaysia	15	25.0
Qatar	5	8.3
Saudi	10	16.7
South Korea	5	8.3
Poland	5	8.3
Total	60	100

*Source: Field Survey 2023*

The destination pattern shows that 83.3 percent of migrants were employed in the Gulf countries and Malaysia, with Dubai and Malaysia being the dominant destinations. This closely reflects Nepal's national migration structure, where over 88 percent of labor migrants work in these regions (Nepal Migration Report, 2022). The strong concentration in low-wage destinations highlights the structural dependence of peri-urban households on labor-intensive foreign employment.

### **The Economic Status of Migrant Households before and after Remittance**

In this section, we can compare the economic status of migrant household before and after received remittance as well as what the impact of remittance on households after received it. The data have been examined with different sub topic as follows.

#### **Land Holding Size of Migrant Households**

The landholding exercise before and after remittance income is shown in the table 4.

**Table 4: Land Holding Before and After Received Remittance**

Before Remittance income			After Remittance income		
Land holding size*	No. of respondent	Percentage	Land holding size*	No. of Respondents	Percentage
Landless	-	-	Landless	-	-
Up to 4	5	8.3	Up to 4	-	-
4-16	15	25	4-16	18	30
16-32	25	41.7	16-32	27	45
32+	15	25	32+	15	25
	60	100		60	100

Source: Field Survey 2023 \*Land size in Aana)

The comparison of landholding before and after migration indicates that remittance income has significantly increased household asset ownership. Households owning less than four aana of land before migration disappeared entirely after receiving remittances, while medium and large landholdings increased. This suggests that peri-urban households prioritize land acquisition as a form of wealth security. In rapidly urbanizing areas like Chandragiri, land functions not only as a productive asset but also as a store of value and a hedge against economic uncertainty.

#### **Changes in Economy of Migrant Households**

It is believed that if somebody received remittance in households, his/her economy improved. The changes in economic wellbeing and improvement in living

standard will improve the social status of household. The frequency distributions of changes in different indicators of migrant household has been shown in following table.

**Table 5: Frequency Distribution of Changed in Different Indicators of the migrant HH**

Indicators	Change in condition			Total
	Increased	Constant	Decreased	
Economic status	50(83.3)	9(15)	1(1.6)	60(100)
Living Standard	55(91.6)	5(8.3)	0(0)	60(100)
Social Attitude	40(66.6)	15(25)	5(8.3)	60(100)
Skill	52(86.6)	8(13.3)	0(0)	60(100)

*Source: Field Survey 2023*

*Note:* Figure in parenthesis of row and column indicate percent

More than 83 percent of households reported improvements in economic status, while over 91 percent experienced higher living standards after receiving remittances. The majority also reported increased social recognition and skill acquisition. These findings indicate that remittances generate both material and social mobility, enabling households to upgrade their lifestyle, reduce vulnerability, and enhance their community standing.

It can be concluded that there was a positive changes in migrant household's economy and migrant's skills after going foreign employment.

### **Changes on physical Assets due to Remittance**

The migrants' household seems to more impact on the sector of physical assets by the comparison of the condition of physical between before and after received remittance. Here mainly concern with the effect on Vehicles, T.V., Mobile, Computer, Refrigerator etc.

**Table 6: Physical Assets of Households before and after Remittance Received**

Physical assets	Before	Foreign	After	Foreign	Amount (In Rs.)	
	Employment	Employment	Employment	Before	After	
Vehicles	2		45		200000	2000000
Smart T.V	10		45		6000	100000
Mobile	10		60		5000	15000
Refrigerator	5		50		50000	100000
Computer	-		47		-	35000

*Source: Field Survey 2023*

Remittances significantly increased household ownership of durable goods, including vehicles, refrigerators, computers, and smartphones. The sharp rise in computer ownership (from zero to 47 households) indicates that remittances also support educational investment for children. This shift suggests that remittances contribute not only to consumption but also to human capital development.

### **Consumption Pattern before and after Received Remittance**

**Table 7: Consumption Pattern of Remittance of Households before and after Received the remittance**

Consumption Pattern	Before (days in week)	After (days in week)	Amount	
			Before	After
Food	7	7	1000	1500
Fruit	1	5	200	1000
Meat	1	3	500	2000

*Source: Field Survey 2023*

**Table 8: Comparison of Loan/ Debt Condition of Households before and after Remittance**

Loan/ Debt condition	Amount	
	Before	After
For HHs expenditure	10000	-
For Education of children	3000	-
For Food	3000	-
For Other	5000	-

*Source: Field Survey 2023*

Household consumption of nutritious foods such as fruits and meat increased substantially after receiving remittances, reflecting improved dietary quality and living standards. At the same time, households eliminated their dependence on borrowing for basic needs, demonstrating that remittances function as a critical financial stabilizer for peri-urban families.

### **Discussion and Conclusion**

The findings of this study demonstrate that remittances play a decisive role in shaping the socio-economic trajectories of peri-urban households in Chandragiri Municipality. Consistent with national trends, foreign employment has become a primary livelihood strategy for young and low-skilled workers, reflecting structural weaknesses in Nepal's domestic labor market. The dominance of migrants in Gulf

countries and Malaysia indicates that households rely on labor-intensive and often precarious forms of employment abroad to secure income stability at home.

The observed increase in land ownership highlights an important behavioral pattern among remittance-receiving households. In peri-urban Kathmandu, land represents both economic security and future investment potential. Rather than allocating remittances toward productive enterprises, households prefer to acquire land as a safe asset in an environment characterized by market uncertainty and rising urban land prices. This pattern is widely observed in Nepal, where real estate functions as a primary form of wealth accumulation for migrant families.

While remittances significantly improve consumption, housing, and access to durable goods, they do not automatically translate into long-term economic transformation. The concentration of migrants in low-skilled occupations limits their earning potential and increases their exposure to job insecurity, contract termination, and occupational risks. Although many migrants reported gaining skills abroad, the lack of formal certification and reintegration mechanisms restricts the ability to convert these skills into sustainable livelihoods upon return.

The reduction of household debt and the improvement in food and education-related consumption suggest that remittances play a crucial role in poverty alleviation and risk management. By stabilizing household finances, remittances allow families to move beyond survival and invest in better living conditions and human capital. However, the absence of productive investment indicates that remittances alone are insufficient to generate broader local economic development unless supported by appropriate policy frameworks.

Overall, the study suggests that foreign employment functions as a short- to medium-term coping strategy for peri-urban households rather than a pathway to long-term structural transformation. For remittances to contribute more effectively to sustainable development, they must be complemented by skills training, financial literacy, and investment-support programs that enable households to diversify income sources and reduce long-term dependency on foreign labor markets.

## Conclusion

This study examined the socio-economic impact of remittances on peri-urban migrant households in Chandragiri Municipality, Ward No. 13 of Kathmandu District. Using primary household-level data collected in 2023, the research provides updated evidence on how foreign employment influences income, assets, consumption, and social mobility in a rapidly urbanizing context.

The findings confirm that remittances significantly improve household economic security, living standards, and asset ownership. Migrant households were able to reduce debt, increase food and education-related consumption, and accumulate physical and financial assets, particularly land and durable goods. These outcomes demonstrate the central role of remittances in sustaining household livelihoods and enhancing social status in peri-urban Nepal.

However, the study also reveals structural vulnerabilities in Nepal's migration-based development model. The dominance of low-skilled migration to Gulf countries and Malaysia limits income growth and exposes households to labor market risks abroad. While remittances provide short-term welfare gains, their long-term developmental impact remains constrained by limited skill development and the predominance of non-productive investment.

The findings suggest that policies should move beyond promoting foreign employment toward strengthening skill development, financial literacy, and investment support for migrant households. By enabling remittances to be used more productively, Nepal can transform migration from a survival strategy into a driver of sustainable peri-urban development.

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