

**MIGRATION AND REMITTANCE INFLOWS IN NEPAL WITH SPECIAL  
REFERENCE TO GANDAKI PROVINCE**

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**ECONOMICS**

**BY**

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## DECLARATION

I hereby declare that this PhD dissertation entitled MIGRATION AND REMITTANCE INFLOWS IN NEPAL WITH SPECIAL REFERENCE TO GANDAKI PROVINCE submitted by me to the office of Dean, Faculty of Humanities and Social Sciences, Tribhuvan University, Nepal, is my own work prepared under the supervision and guidance of supervisor Prof. Dr. Ram Prasad Gyanwaly and co-supervisor Dr. Bharat Singh Thapa. I have made due acknowledgement to all ideas and information borrowed from different sources in the course of writing this dissertation. The result presented in this dissertation has not ever been presented or submitted anywhere else for the award of any degree for any purposes. No parts of the content of this dissertation have ever been published in the form or part of any book. I am solely responsible if any evidence is found against my declaration.

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PhD Reg. No. 250/074

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**LETTER OF RECOMMENDATION**

We certify that this dissertation entitled **MIGRATION AND REMITTANCE INFLOWS IN NEPAL WITH SPECIAL REFERENCE TO GANDAKI PROVINCE** was prepared by Mr. Laxmi Prasad Dawadi under our supervision and guidance. We hereby recommend this dissertation for final examination by the research committee of the Faculty of Humanities and Social Sciences, Tribhuvan University, in fulfillment of the requirement for the degree of **DOCTOR OF PHILOSOPHY in ECONOMICS**.

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## ABSTRACT

Nepal has experienced significant out-migration of unskilled and semi-skilled labor, predominantly to Gulf countries and Malaysia. After 1990s, the remittances sent by these migrants now constitute nearly one-third of the country's gross domestic product (GDP), yet there is a scarcity of rigorous studies assessing the impact of remittances in the Nepalese context. This study seeks to investigate the determinants of international migration and the socio-economic impact of remittance income on households, alongside an analysis of the current status of migration and remittances in Nepal.

Adopting a descriptive research design, the study conducted a cross-sectional survey of 514 households, equally divided between migrant and non-migrant categories, across three districts representing diverse geographies of Gandaki Province. Logit and probit models were employed to evaluate the determinants of migration, while t-tests of significance difference and Chi-square tests of significant association were used to assess the impact of remittances on various socio-economic variables.

The results reveal that key determinants of migration include the gender of the household head, household size, Janajati ethnicity, age of the household head, land size, household income, and the educational level of the household head. In regard to economic impact, households receiving remittances were found to have significantly larger land holdings, higher asset values, greater overall income, increased consumption and saving capacity compared to non-receiving households. On the social front, remittances were associated with improved social capital and women's empowerment, as well as enhanced child education, healthcare and nutrition access, and social networks. However, remittances did not significantly affect livestock ownership and levels of social trust.

In conclusion, the study demonstrates that remittances substantially improve both the economic and social outcomes of households in Nepal, highlighting the critical role of labor migration. As such, the findings imply the need for favorable labor migration policies that enhance the well-being of migrant-sending households.

**Key Words:** *Foreign employment, Migration, Remittances, Logit-Probit, Social impact, Economic impact, Nepal*

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**ABBREVIATIONS/ACRONYMS**

ADB	Asian Development Bank
AGEHH	Age of Household Head
ARDL	Auto-Regressive Distributed Lag
AVRR	Assisted Voluntary Return and Reintegration
CARRICUM	English Speaking Caribbean Countries
CEECs	Countries of Central and Eastern Europe
CSA	Central and Southern Asia
CVFS	Chitwan Valley Family Survey
DADO	District Agriculture Development Office Development
DoFE	Department of Foreign Employment
EDUHH	Education of Household's Head
ESEA	East and South East Asia
FE	Fixed Effect
FIML	Full Information Maximum Likelihood
FMOLS	Fully Modified Ordinary Least Square
FNCCI	Federation of Nepal Chambers of Commerce and Industry
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GENDERHH	Gender of Household Head
GMM	Generalized Method of Moment
HHSIZE	Size of Household
IDPs	Internally Displaced Persons
INCOME	Expected Income of the Household
IOM	International Organization for Migration
JANDUM	Janajati Dummy

KNOMAD	The Global Knowledge Partnership on Migration and Development
LANDSIZE	Expected Size of Land Holding
LSMS	Living Standard Measurement Survey
MENA	Middle East and North African Countries
NAFEA	Nepal Association of Foreign Employment Agencies
NELM	New Economics of Labor Migration
NLSS	Nepal Living Standard Survey
OECD	Organization for Economic Development and Co-operation
OECS	Organization of Eastern Caribbean States
OLS	Ordinary Least Square
RE	Random Effect
RNRHH	Remittances Non-Receiving Household
RRHH	Remittances Receiving Household
RURAL	Rural Urban Dummy
SSA	Sub-Saharan Africa
TDEPEN	Total Dependent Members in a Family
TDUM	Terai Dummy
UN DESA	United Nation Department of Economic and Social Affairs
UNDP	United Nations Development Program
UNHCR	United Nation High Commissioner for Refugee
VECM	Vector Error Correction Model
VHLSS	Vietnam Household Living Standard Survey
VIF	Variance Inflation Factor

## CHAPTER I

### INTRODUCTION

#### 1.1 Background of the Study

Migration and remittances have emerged as defining elements of globalization, commanding substantial attention from scholars, policymakers, and development practitioners. The International Organization for Migration (IOM, 2019) defines migration as the movement of individuals across geographical boundaries, domestically or internationally, primarily in search of employment opportunities. International migration, in particular, entails the cross-border relocation of individuals temporarily or permanently, with the intent to settle and improve socio-economic conditions. As Gentili (2011) highlights, migration and remittances have become central themes in global development discourse due to their multifaceted implications for origin and destination countries alike.

Migration can be broadly categorized into short-term and long-term types. According to the United Nations Department of Economic and Social Affairs (UN DESA, 1998), international migrants are those who move from their country of origin, with short-term migration defined as lasting less than a year, and long-term migration as exceeding one year. Migration is not merely a demographic process; it encapsulates economic, cultural, and social transformations. As Cismas et al. (2020) argue, international labor migration intersects with various dimensions economic, social, security, and cultural; reflecting both the aspirations of individuals and the strategic interests of nation-states. Selcuk and Suwala (2020) further underscore the dual benefits of migration, wherein both sending and receiving countries accrue gains in labor supply, remittance inflows, and cross-cultural exchange.

Economic factors remain the dominant drivers of international migration. As Koczan et al. (2021) point out, wage differentials between skilled and unskilled workers in developed and developing countries often exceed a tenfold margin, creating strong economic incentives for individuals to migrate. Consequently, international migration from the Global South to the Global North has intensified in recent decades. The *World Migration Report (2022)* notes that the number of international migrants surged from 150 million in 2000 to 281 million in 2021, with women comprising 47.9% of the global migrant stock in 2020. Remittance flows also witnessed dramatic growth, rising from

US\$126 billion in 2000 to US\$831 billion in 2022. In parallel, internal migration remains substantial, with an estimated 740 million people relocating within national borders.

Multiple economic and non-economic factors contribute to the global migration phenomenon. In underdeveloped economies, rapid population growth, surplus labor, rural underemployment, and limited economic opportunities are key push factors driving both internal and international migration (Lewis, 1954; Todaro & Smith, 2002; Adenutsy, 2014). However, the process of migration is not devoid of challenges. Exploitation by intermediaries often leads to the deployment of young workers into hazardous, labor-intensive, and precarious (3D: dirty, difficult, and dangerous) jobs abroad (Rahmatullaevich, 2012). Despite such challenges, remittances remain a pivotal source of income, improving household welfare, enhancing macroeconomic indicators, and contributing significantly to poverty reduction and inequality mitigation (Havolli, 2015). In the context of Nepal, determinants such as educational attainment, access to credit, indebtedness, and linkages with manpower agencies are instrumental in influencing international migration decisions (Magar et al., 2024).

Ensuring safe and dignified migration has become a critical global priority. The *New York Declaration for Refugees and Migrants* (UNHCR, 2016) represents a landmark initiative to promote secure, orderly, and dignified migration while recognizing the socio-economic contributions of migrants to host countries. Recent assessments by the IOM (2024) indicate notable advancements in global migration governance and the protection of migrant rights.

Various theoretical perspectives have been employed to analyze remittance behavior, including altruism, self-interest, insurance mechanisms, loan repayment obligations, and asset accumulation motives (Brown & Connell, 2015). Remittances are often regarded as compensatory transfers for labor loss and serve as critical financial inflows that support economic resilience in countries of origin (Blouchoutzi & Nikas, 2014). Since the early 2000s, remittances have outpaced foreign aid and foreign direct investment in many developing economies, playing a stabilizing role by narrowing current account deficits and supporting household consumption (Havolli, 2015). As such, remittances have become a vital economic safety net in low-income economies.

Several empirical studies have explored the determinants of migration and remittance flows. Cerrutti and Massey (2001) identified parental influence as a strong factor shaping youth migration decisions, while Carlos (2002) emphasized the role of population pressures and income differentials in resource-rich destination countries. Munshi (2003) illustrated the critical role of migrant networks in facilitating migration, and Simpson (2022) reinforced the significance of push and pull factors in shaping migration intentions. Similarly, Hagen-Zanker and Siegel (2007) found that altruism, insurance, and repayment motives often govern remittance behavior, while Abbas (2020) linked fluctuations in crude oil prices to volatility in global remittance flows. Khramova et al. (2020) acknowledged the positive impact of migration on GDP and entrepreneurship but noted that remittances primarily address immediate household needs rather than long-term structural transformation in origin countries.

In terms of usage, remittances in developing contexts have been positively associated with increased spending on food, healthcare, housing, and land acquisition (Nepal, 2013). However, their contribution to productive investment in business and industry remains limited. Shakya and Gonpu (2021) emphasize the role of remittances in augmenting foreign exchange reserves and funding small-scale enterprises, while Acharya and Gonzalez (2014) highlight the nuanced effects of parental migration on child development and educational outcomes, shaped by the parents' awareness and socio-economic background. In particular, remittances play a crucial role in supporting credit-constrained households, improving school enrollment, reducing dropout rates, and enhancing investment in quality education. Nevertheless, there remains a conspicuous lack of empirical research on the determinants of migration and the socio-economic impacts of remittances in Nepal's Gandaki Province.

Nepal continues to experience large-scale labor outmigration, with approximately 400,000 individuals migrating annually. The current stock of overseas Nepali migrants is estimated at 5.7 million, with average annual remittance inflows amounting to NPR 930.70 billion equivalent to approximately 22.5% of the national GDP (Economic Survey, 2022/23). Given this magnitude, it is imperative to investigate the key determinants of international migration and assess the developmental implications of remittance inflows at the household level.

This study, therefore, aims to examine the dynamics of international migration and remittance inflows in Nepal, with a particular focus on Gandaki Province. It seeks

to identify the major determinants influencing migration decisions and to evaluate the socio-economic impacts of remittances on recipient households. Through empirical analysis, the study aspires to contribute to the existing body of literature and offer evidence-based insights to inform national migration and remittance-related policy formulation.

## **1.2 Statement of the Problem**

Migration and remittances are emerging phenomenon in developing economies receiving substantial attention from policy makers, academics and development agencies. Globally, a large number of researches have been undertaken regarding international migration and impact of remittance inflows (Boyd, 1989; Hashemi et al., 1996; Barro & Lee, 2000; Romano, 2009; Kalaj, 2013; Majee et al., 2019; Strielkowski, 2017).

The decision to migrate is shaped by a complex interplay of factors from both sending and receiving countries, as well as individual family circumstances. Simpson (2022) emphasized economic pull factors such as labor demand, higher wages, and quality of life amenities, while also recognizing non-economic influences like social networks, freedoms, and cultural similarities. On the other hand, push factors: including poverty, unemployment, and high taxes often compel individuals to seek better opportunities abroad.

Cerruti and Massy (2001) found that male members are the major determinants of female out-migration and parents are the major determinants of outmigration of minor male member. However, Jennissen (2003) found that education level and migrant stock were positively associated with the out-migration while unemployment in the host country was found negatively associated on migration. Furthermore, Mayda (2005) found common border, past colonial relationship and common language as the major determinants of outmigration. Similarly, Goelrich and Trebesch (2008) identified network effect, migration experiences and poverty as the main determinants of migration, while Rajan (2023) found that feminization and climate change induce temporary labour migration in South Asia.

Generous studies have been undertaken in the world context; however, a few empirical evidences are found in the context of Nepal (Adhikari & Gurung, 2009; Bohra & Massey, 2009; Kafle, 2019; Chaudhary, 2020; Adhikari, 2021). Nepal (2013) found that migration is determined by Janajati ethnicity, gender of household head, age of

household head, nature of business, types of family, education of household head, number of adults and previous international migration experiences. Other reports found that human capital, social capital and ethnicity variables were positively associated with outmigration (Bohra & Massy, 2009; Gurung, 2012).

Regarding the impact of remittances, Haas (2006) posited that they can significantly contribute to economic development, enhance living standards, and facilitate the partial emancipation of marginalized ethnic groups. However, Ramatullavich (2012) cautioned that remittances carry the potential for negative consequences, such as brain drain and inflationary pressures. Mehedintu et al. (2020) explored duality, revealing that while remittances can enhance economic indicators at the household level, they may also exacerbate social inequalities within communities, foster dependency, reduce the motivation to seek employment, and contribute to inflationary pressures in the economy.

Bhadra (2007) found that women remittances had a significant impact on poverty reduction, household capital formation, and leading to improvement of quality of life. The next studies claimed that remittances are seen in the increment of Capital stock, transfer of expert technology, knowledge and skills enhancement, productivity of domestic firms, creating of export markets, poverty reduction and inclusive growth in Nepal (Chaudhary, 2013; Jones & Basnet, 2013). In contrast, Satyal (2011) found corruption, fraud and hurdles are frequent in migration process, while trafficking and exploitation of female workers as a sex slave overseas, import of sexually transmitted diseases and HIV/AIDS, inflationary effect in the remittance receiving countries, drain of labors and unproductiveness of economy are caused by labour outmigration. However, it is claimed that international remittances enhance the assets value, household expenditure, income of the household for short-run, food and healthcare expenditure, and decrease the poverty gap and square poverty gap (Nepal, 2013; Devkota, 2015). Hence, to explore the major determinants of migration and substantial impact of remittance; in the context of developing countries, the present study aims at evaluating the socio-economic impact of remittance in Gandaki Province of Nepal.

International studies have limitation of not covering the local context. Most of these studies in Nepalese context have limited scope in terms of sample size and area coverage of study along with using macroeconomic variables. As of the researcher's

knowledge, there is a dearth of comprehensive and empirical studies within the context of Nepal, particularly in the Gandaki province. The household and community levels experience both positive and negative impacts, making the rational utilization of remittances in productive sectors a challenge in the Nepalese context. To address these challenges, it is crucial to empirically study the impact of migration and remittances, focusing on the major determinants of migration behavior, and the impact of remittances among Nepalese migrant families.

Without empirical understanding the problems of the major determinants of migration and the impact of remittances, these issues will remain unknown and grow increasingly complex over time. A comprehensive research study that examines a broad dynamics of potential migration determinants and the socio-economic effects of remittances on the families left behind is essential to gain a profound understanding of the reasons behind the movement of workers in countries heavily reliant on remittances, such as Nepal.

To sum up, this study aims to bridge this knowledge gap by comprehensively investigating the major destinations of Nepalese migrants, key determinants of migration, and the economic and social impacts of remittances.

### **1.3 Research Questions**

To address the problems stated above, this study has raised the following research questions:

- What is the status of migration and remittance in Nepal?
- How do demographic and socio-economic indicators of households determine the international labor migration in Nepal?
- How do remittances affect the income, expenditure, assets, land and building, livestock, and savings status of households in Nepal?
- What is the impact of remittance on women empowerment, health and nutrition, education, social network, and social trust of households of the family?

#### **1.4 Objectives of the Study**

The main objective of the study is to analyze migration and remittance inflow in Nepal with special reference to Gandaki Province. The specific objectives are as follows:

- To analyze the status of migration and remittances in Nepal.
- To assess the major demographic and socio-economic determinants of international migration in Nepal.
- To examine the effect of remittance on income, expenditure, assets, land and building, livestock and savings status of households in Nepal.
- To evaluate the impact of remittance on women empowerment, health and nutrition, education, social network, and social trust of households of the family.

#### **1.5 Significance of the Study**

Migration has become a defining feature of the global demographic landscape, with 3.6% of the world's population residing outside their country of birth (IOM, 2022). In Nepal, approximately 55.8% of households receive remittances from around six million workers abroad, contributing around 25% to the national GDP (Economic Survey, 2021). Existing research from institutions such as The World Bank (2005) and the ILO (2021), alongside experts like Ratha (2019) and Taylor and Martin (2001), highlight the reliability of remittances, which are less volatile and less pro-cyclical compared to Foreign Direct Investment (FDI) and Official Development Assistance (ODA). Given this, investigating the dynamics of migration and remittance inflows in Nepal becomes imperative.

International bodies, including the United Nations (UN), International Organization for Migration (IOM), and The World Bank (WB), recognize remittances as a crucial source of income for developing countries. Nepal, one of the least developed nations, faces economic challenges, with many citizens seeking employment abroad due to limited opportunities at home. Despite the significant role of migration in Nepal's economy, there remains a scarcity of empirical studies examining the impact of migration and remittances. Addressing this gap is essential to understanding how foreign employment influences poverty reduction, household living standards, and economic development in vulnerable communities.

This study is the first of its kind in Nepal to comprehensively explore both the determinants of migration and the impacts of remittances at the household level. While previous researches have often focused on either determinants or impacts, this study bridges the two by employing binary logit and probit models to estimate factors such as household income, land size, Janajati community status, gender, and household size as key determinants of foreign employment. Economic impacts are evaluated using independent sample t-tests, while social impacts are examined through non-parametric chi-square tests.

The findings reveal that foreign employment plays a pivotal role in empowering Nepalese women in decision-making regarding family health, education, and social networking, leading to improved quality of life. The study also emphasizes that migrant households experience significantly higher economic and social status compared to non-migrant households. Furthermore, remittances serve as a crucial factor in offsetting Nepal's trade deficit, with their stable and less fluctuating nature making them a reliable source of foreign income for short term.

By addressing these key issues, this research aims to inform policymakers and promote policy reforms in the field of migration and remittances. The insights gathered can help the Ministry of Foreign Affairs, central and provincial governments, and local authorities formulate evidence-based policies to manage migration and maximize the benefits of remittance inflows. Moreover, this study is expected to serve as a valuable reference for future researchers, offering a foundation for further exploration into socioeconomic impacts of migration on Nepal's economy.

## **1.6 Delimitations of the Study**

Delimitation of the study are as follows:

- For data analysis, secondary data has been used to address the first objective. While this data provides necessary insights, its analytical scope is limited.
- For the analysis of primary data, randomized control trials (RCT) could have been employed for a more rigorous impact evaluation, particularly if the sample population had been selected using simple random sampling from the same eligible population for both the treatment and control groups. However, this study uses independent sample t-tests and chi-square tests for impact evaluation and binary logit and probit models to identify the major determinants of foreign migration.

- This study focuses specifically on migrant workers and remittances in Gandaki Province. While the findings offer valuable insights, they may not fully capture the diverse experiences of migrant workers across Nepal's various provinces and districts. Therefore, caution has been exercised when generalizing these results to the entire country.
- Methodological limitations may arise from the quality of data, given respondents' varying levels of understanding and the diverse nature of the data collection. Efforts were made to correct inconsistencies at the end of each field survey day, but some data limitations may persist.

Despite some limitations, this study offers a detailed account of the key determinants of migration and the economic and social impacts of remittances at the household level.

### **1.7 Organization of the Study**

This study is structured into eight comprehensive chapters, each addressing critical components of migration and remittance inflows in Nepal, particularly focusing on Gandaki Province.

The first chapter serves as the introduction, establishing the foundation for the research. It outlines the background of the study, articulates the statement of the problem, and formulates the research questions and objectives. This chapter also discusses the significance of the study, delineates its delimitations, and provides an overview of the organization of the thesis.

In the second chapter, a thorough literature review is presented. This chapter begins by exploring migration theories to provide a conceptual framework for understanding the reasons behind migration. The literature is systematically organized according to the study's objectives, dividing the review into global and national perspectives. The global perspective examines the determinants and impacts of migration and remittances, while the national perspective focuses on similar themes within the context of Nepal. This chapter concludes with an identification of research gaps that the current study seeks to address.

The third chapter details the research methodology employed in this study. It includes a discussion of the philosophical paradigm guiding the research, along with the rationale for selecting the study area. Additionally, it covers the nature and sources of data, the sampling procedure and sample size, and the household and population

roster. The chapter also outlines the data processing and analysis plan, addresses issues of reliability and validity, discusses ethical considerations, and highlights the study's novelty and contributions to the field.

The fourth chapter presents an in-depth analysis of migration and remittance inflows in Nepal, drawing an empirical finding derived from secondary data. This chapter covers a range of topics, including the external sector of Nepal, trade deficits, and the dynamics of Nepalese foreign migration. It also examines the gender distribution of the Nepalese migrant workforce, the destinations of labor migration, and the demographic characteristics of the study area. Furthermore, the chapter analyzes the macroeconomic status of remittances, their evolution, and their economic impact within Nepal, providing a comprehensive review of remittance inflows.

Chapters five, six, and seven focus on the presentation and analysis of primary data. Chapter five delves into the determinants of migration, identifying major influencing factors through descriptive analysis. Eighteen variables are estimated, including gender of the household head, household size, Janajati status, age of the household head, land size, education level, and household dependency ratios.

In chapter six, the economic impacts of remittances on families left behind are explored in detail. This chapter employs independent sample t-tests for mean differences and chi-square tests for association to validate the findings. Economic impact variables are assessed in terms of income, consumption, asset value, land ownership, livestock, and savings.

Chapter seven examines the social impacts of remittances at the household level. Various statistical methods, including chi-square tests, independent sample t-tests, and Likert scales, are utilized to gather and analyze respondents' perspectives. This chapter assesses social impacts through measures of women's empowerment, health and nutrition indicators, education metrics, social networking attitudes, and social trust.

Finally, the eighth chapter summarizes the study's key findings, draws conclusions, discusses policy implications, and offers suggestions for future research. This concluding chapter synthesizes the insights gained throughout the study, reinforcing the significance of understanding migration and remittance dynamics in Nepal.

## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Introduction

Globalization has facilitated the seamless movement of people, goods, services, knowledge, and technology across borders, challenging traditional economic paradigms. Over the past two decades, increased mobility and remittance flows have led policymakers, researchers, and development agencies to focus on the role of remittances in economic development (IOM, 2013). This section critically examines theories and literature on migration and remittances, exploring their economic and social impacts on household consumption, assets, income, education, women's empowerment, social trust, poverty alleviation, inequality, and investment. The first part of this chapter includes introduction. The second section deals with reviewing major theories and their implications to the present study. Third section critically analyzes the empirical studies in the international context. The fourth section is all about presenting and discussing of empirical works made in the context of Nepal. Finally, this chapter concludes with preparing research gap.

#### 2.2 Theoretical Foundations of Migration Studies

Many researchers have served comprehensive study on theories of migration. In this section, theories relevant to the present study to labour migration such as, Lewis Theory, New Economics of Labour Migration Theory (NELM), Neoclassical Theory, Todaro Theory, Human Capital Theory, Network Theory, Lee's Push-Pull Theory and World System Theory have been discussed in brief which shed light to this study.

##### *Lewis's Theory of Unlimited Supply of Labour*

Lewis's Theory of Unlimited Supply of Labour (1954) is a foundational framework in development economics, explaining the structural transformation of economies through the reallocation of labor from a traditional, low-productivity sector (agriculture) to a modern, high-productivity sector (industry). This process, driven by wage differentials and capital accumulation, is intrinsically linked to rural-urban migration, as workers seek better economic opportunities. The traditional sector, characterized by low productivity, subsistence wages, and surplus labor, exhibits "Disguised Unemployment," where the marginal productivity of labor is near zero. This creates an

"unlimited supply" of labor for the modern sector, which offers higher wages, greater productivity, and opportunities for capital accumulation. Lewis assumes that wages in the modern sector remain constant in the short to medium term due to the surplus labor pool.

Lewis's theory remains influential for understanding labor reallocation and migration in economic development. While its assumptions are critiqued, its insights into wage differentials, productivity shifts, and capital accumulation are enduring. Integrating Lewis's model with modern migration theories enriches the analysis of labor mobility in a globalized, technologically advanced world, highlighting migration as both a driver and outcome of economic transformation.

### *Human Capital Theory of Migration*

The Human Capital Theory of Migration conceptualizes migration as a strategic investment in one's human capital, wherein individuals relocate to optimize their lifetime earnings and career prospects by acquiring skills, education, and professional experiences (Schultz, 1961). Rooted in neoclassical economic principles, this theory posits that migration decisions are driven by rational cost-benefit analyses, where individuals evaluate the potential economic returns of migration against the associated costs, such as relocation expenses, cultural adaptation, and opportunity costs. Schultz, as a pioneering economist in the development of human capital theory, underscores the role of individual agency and economic rationality in shaping migration patterns. The theory predicts that migration is selective, with younger and more highly skilled individuals being more likely to migrate due to their greater capacity to benefit from enhanced opportunities and their longer time horizons to amortize the costs of migration. This framework provides a compelling economic lens for understanding the migration of skilled labor, particularly in the context of global labor markets and the increasing demand for specialized expertise. However, its narrow focus on economic determinants limits its explanatory power, as it overlooks the broader social, cultural, and structural factors that influence migration decisions.

While the Human Capital Theory offers valuable insights into the economic motivations underlying migration, its limitations necessitate a more comprehensive approach to fully capture the complexity of migration dynamics. Taylor and Martin (2001) critique the theory for its overemphasis on individual rationality and economic

incentives, arguing that it fails to account for the role of social networks, institutional constraints, and cultural contexts in shaping migration outcomes. For instance, the theory does not adequately address how structural inequalities, such as disparities in access to education and labor markets, influence who can migrate and under what conditions. Additionally, it neglects the impact of non-economic factors, such as family obligations, political instability, and cultural ties, which often play a decisive role in migration decisions. By focusing predominantly on skilled migration, the theory also overlooks the experiences of low-skilled migrants, whose movements are often driven by survival strategies rather than human capital optimization.

### *Push-Pull Theory*

Lee's (1966) Push-Pull Theory provides a comprehensive framework for understanding migration patterns by identifying the factors that drive individuals to leave their home country (push factors) and those that attract them to a new destination (pull factors). This theory emphasizes that adverse conditions such as economic hardship, political instability, or conflict can compel migration, while prospects for better employment, improved living standards, and stability in another country serve as strong incentives. By distinguishing between forced and voluntary migration, the theory offers valuable insights into the broader socio-economic impacts of migration on both sending and receiving regions.

The theory also incorporates intervening obstacles, such as distance, immigration policies, or cultural barriers, which can hinder migration. Additionally, it acknowledges the role of personal factors, such as age, education, and family ties, in shaping migration decisions. While the Push-Pull Theory provides a clear and intuitive framework for understanding migration, it has been critiqued for its simplistic dichotomy and overemphasis on economic factors, often neglecting structural, social, and political contexts. Despite these limitations, it remains a widely used tool for analyzing migration patterns and informing policy discussions.

### *Todaro's Theory of Expected Income*

Todaro's (1988) theory of rural-urban migration presents migration as a rational economic decision made by individuals, even in contexts where urban unemployment exists. Central to this theory is the notion that migration is motivated by expected wage

differences rather than actual ones. This perspective emphasizes the importance of anticipated financial rewards alongside psychological considerations in the decision-making process. At the core of Todaro's theory is the idea that individuals weigh their options based on expected real wages, which are shaped by the urban-rural wage differential and the perceived likelihood of securing employment in urban areas. As urban unemployment increases, the probability of finding a job in the city diminishes, influencing the migration decision. This dynamic suggests that migration rates are closely aligned with the growth of urban job opportunities; when such opportunities expand, individuals are more likely to migrate. Todaro's theory articulates migration as a rational response to expected wage differentials and employment prospects in urban centers, integrating both financial incentives and psychological factors into its framework. This approach highlights the complexity of migration decisions and underscores the interplay between economic realities and individual aspirations.

#### *New Economics of Labour Migration (NELM) Theory*

Taylor (1999) propounded The New Economics of Labour Migration (NELM) theory and shifted the focus from individual decision-making to household-level strategies, framing migration as a collective effort to manage risks, diversify income, and overcome market failures. NELM emphasizes that households use migration as a tool to mitigate economic instability, invest in education or small businesses through remittances, and reduce relative deprivation compared to others in their community. It highlights the role of imperfect credit, insurance, and capital markets in driving migration, as households seek alternative ways to secure their livelihoods (Gentili, 2011).

NELM has significant implications for development, as remittances can boost local economies and improve living standards in origin areas. It also underscores the importance of policies that facilitate remittance flows and address market failures. In summary, NELM provides a nuanced understanding of migration as a household risk-management strategy, offering valuable insights into the economic and social dynamics of origin communities.

#### *Neoclassical Theory of Migration*

The Classical (or Neoclassical) Theory of Migration, as articulated by Massey et al. (1993), provides an economic framework that conceptualizes migration as a rational decision-making process driven primarily by wage differentials between regions or

countries. This theory posits that individuals, acting as rational economic actors, migrate to maximize their income by relocating from low-wage areas to high-wage areas, thereby responding to imbalances in labor markets. Central to this framework is the assumption that individuals conduct cost-benefit analyses, weighing the potential economic gains of migration: such as higher wages and improved employment opportunities: against the associated costs, including transportation expenses and the social and psychological costs of leaving familiar environments. The theory further emphasizes the role of migration in achieving labor market equilibrium, suggesting that the movement of labor from surplus to deficit regions helps to balance supply and demand, ultimately reducing wage disparities over time. However, the theory relies on the assumption of perfect information, wherein individuals possess complete and accurate knowledge of wage levels, job availability, and living conditions in potential destination areas (Kucerova, 2020).

Despite its foundational role in migration studies, the Classical Theory of Migration has been critiqued for its narrow focus on economic factors and its reliance on idealized assumptions. By framing migration solely as a response to wage differentials, the theory overlooks the broader social, cultural, and structural factors that influence migration decisions, such as family dynamics, political instability, and institutional barriers. For instance, it does not account for the role of social networks in facilitating migration or the impact of restrictive immigration policies that may constrain labor mobility. Additionally, the assumption of perfect information has been challenged, as migrants often operate under conditions of uncertainty and rely on incomplete or informal sources of information. Furthermore, the theory's emphasis on individual rationality neglects the collective dimensions of migration, such as household strategies or community-level decision-making processes. While the Classical Theory of Migration offers a valuable economic perspective on the role of wage differentials and labor market dynamics in driving migration, its limitations underscore the need for a more integrated approach that incorporates insights from other disciplines, such as sociology, geography, and political science. Such an approach would provide a more nuanced understanding of the complex and multifaceted nature of migration processes.

### *Network Theory*

The network theory of migration posits that migration is not merely an individual decision but a socially embedded process, heavily influenced by interpersonal connections and relational dynamics. Central to this theory is the assertion that migration flows are sustained and shaped by networks of relationships, including familial ties, friendships, and shared community origins (Mora & Taylor, 2006; Munshi, 2003). These networks function as critical conduits of information, resources, and support, reducing the risks and uncertainties associated with migration. By leveraging these social ties, potential migrants gain access to knowledge about destination countries, employment opportunities, and logistical assistance, thereby facilitating the migration process. Furthermore, these networks create feedback loops, wherein successful migration experiences encourage further migration within the same social circles, perpetuating and institutionalizing migration systems over time (Boyd, 1989). This perspective underscores the interplay between micro-level social interactions and macro-level structural factors, highlighting how migration is both a cause and consequence of social capital accumulation.

From a theoretical standpoint, the network theory of migration challenges traditional push-pull models by emphasizing the relational and cumulative nature of migration. Boyd (1989) contends that migration networks are not static but evolve dynamically, reflecting the interplay between individual agency and structural constraints. These networks serve as mechanisms for the diffusion of migration-related information, reducing informational asymmetries and lowering the costs of migration. Moreover, they foster a sense of trust and reciprocity, which are essential for overcoming barriers such as legal restrictions, cultural differences, and economic disparities. The theory also elucidates how migration networks contribute to the formation of transnational communities, bridging origin and destination societies through sustained social, economic, and cultural exchanges. By focusing on the relational dimensions of migration, this theory provides a nuanced understanding of how migration systems are perpetuated and how they adapt to changing geopolitical and economic conditions. In doing so, it offers a robust framework for analyzing the complex interdependencies that characterize contemporary migration patterns.

### *World Systems Theory*

World Systems Theory (WST), as elaborated by Massey et al. (1993), situates migration within the broader context of global economic structures, arguing that the global economy is organized hierarchically, with wealthy core nations dominating poorer periphery and semi-periphery countries. This structural imbalance creates economic dependencies, wherein periphery nations supply cheap labor and raw materials to sustain the wealth and development of core nations. Migration, within this framework, is understood as a systemic response to these inequalities, as individuals from periphery countries move to core nations in search of employment opportunities, often filling low-wage, precarious jobs. WST emphasizes that such migration is not merely a voluntary choice but a consequence of historical processes, including colonialism, unequal trade relationships, and the exploitative practices of transnational corporations. These systemic forces displace local economies and livelihoods in periphery nations, compelling individuals to migrate as a survival strategy. By framing migration as a product of global capitalism, WST critiques neoliberal policies and highlights how migration perpetuates the global economic system by providing a flexible and exploitable labor force to core nations.

At its core, World Systems Theory offers a macro-level perspective that links migration to the enduring legacies of colonialism and the structural inequalities embedded in the global economy. It challenges individualistic and voluntaristic explanations of migration, instead emphasizing the role of systemic pressures and historical processes in shaping migration patterns. WST argues that transnational corporations and global capitalist practices exacerbate economic disparities, creating conditions that necessitate migration from periphery to core nations. This perspective underscores how migration is both a consequence and a sustainer of global inequalities, as it reinforces the economic dominance of core nations while perpetuating the marginalization of periphery countries. By highlighting the structural determinants of migration, WST provides a critical lens for understanding the power dynamics and historical continuities that underpin contemporary migration flows. However, while WST offers valuable insights into the macro-structural forces driving migration, it has been critiqued for underemphasizing the agency of migrants and the micro-level

factors, such as social networks and cultural ties, that also shape migration decisions. Nonetheless, its focus on global economic hierarchies and historical exploitation remains a vital contribution to the study of migration, offering a counter-narrative to more individualistic and economic theories.

Migration theories provide diverse perspectives on the motivations and dynamics of labor migration, particularly in the context of Nepal. The New Economics of Labour Migration (NELM) emphasizes household-level strategies, framing migration as a collective effort to manage risks, diversify income, and overcome market failures, such as imperfect credit and insurance systems. This aligns with the experiences of Nepalese migrants, whose remittances often serve as a critical lifeline for households, enabling investments in education, small businesses, and improved living standards. The Classical Theory of Migration complements this by framing migration as a rational, individual decision driven by wage differentials, which is evident in Nepal's labor migration to higher-wage destinations like the Gulf countries and Malaysia. Lee's Push-Pull Theory further contextualizes this by identifying adverse conditions in Nepal: such as economic hardship, unemployment, and political instability: as push factors, while better employment opportunities and stability abroad act as pull factors. Todaro's theory of rural-urban migration adds nuance by highlighting that migration decisions are based on expected wage differentials and employment prospects, which resonates with Nepalese migrants' aspirations despite urban unemployment risks in destination countries.

On a broader scale, structural theory like World Systems Theory (WST) provides macro-level insights into the systemic forces driving migration. This theory underscores the role of global economic inequalities, with core countries dominating the global economy and periphery nations like Nepal supplying cheap labor. Human Capital Theory underscores migration as an investment in skills and education, particularly relevant for skilled Nepalese migrants seeking higher returns abroad, while the Network Theory explains how established migrant networks reduce costs and risks, facilitating migration through personal connections. Together, these theories offer a comprehensive understanding of Nepalese labor migration, highlighting the interplay of individual aspirations, household strategies, structural inequalities, and global economic forces.

## 2.3 Empirical Review in International Context

### *Determinants of Migration*

Cerrutti and Massey (2001) analyzed factors influencing female migration in Mexico using data from the Mexican Migration Project (MMP) collected between 1982-83 and 1987-1996 across 50 communities. Their study employed logit, bivariate probit, and multinomial logit models to identify migration determinants for both genders. Key findings revealed that female migration often follows male migration, with women typically migrating alongside family members, while men tend to migrate independently, often before marriage. Male migration is mainly driven by employment opportunities, whereas female migration is largely influenced by family-related factors.

This research underscores the interconnectedness of male and female migration in Mexico, highlighting the dependency of female migration on male family members. It calls for policies that consider the gendered dynamics of migration in relation to family structures and labor opportunities.

Taylor (1999) conducted a comprehensive study comparing classical and neoclassical labor migration theories, building upon Todaro and Lewis's ideas. The study found that rural-to-urban migration is primarily driven by market distortions and imperfections, leading workers to seek higher incomes and social or technological benefits. The study examined a range of migrant-sending countries and regions, highlighting both positive and negative impacts of migration on income and production in agricultural households, the interconnectedness of product and factor markets, and the spillover effects of migration from migrant-sending households to others within the economy.

Taylor's research significantly contributes to the understanding of human capital, migration, and population change. By critically evaluating classical and neoclassical theories, they not only shed light on the factors driving rural out-migration but also emphasize the far-reaching impacts of migration on various aspects of the economy, providing a more nuanced understanding of the migration process.

Carlos (2002) investigated the economic determinants of international migration, focusing on factors such as population, average earnings, and employment rates in both origin and host countries. Using panel data from the Philippines, the study developed a

model examining migration to 26 non-Middle Eastern countries between 1981 and 1995.

The analysis, based on the logistic model by Schulz (1982), found that a higher population in the sending country positively correlates with migration probability, while a larger population in the host country negatively impacts it. Additionally, higher wages in the destination country significantly increase migration likelihood, whereas higher wages in the sending country reduce it. Moreover, increased unemployment in the sending country correlates with higher migration rates, while higher employment rates in the destination country enhance migration probability. Carlos's research provides valuable insights into the economic dynamics shaping international migration patterns, enhancing understanding of the factors influencing individuals' decisions to relocate across borders.

Jennissen's (2003) using time series regression analysis, conducted on Western European international migration data from 1960 to 1998, revealed that higher GDP per capita in sending countries positively correlated with net migration, suggesting that economic growth fosters migration. Conversely, higher unemployment rates negatively correlated with migration, indicating that weaker domestic labor markets reduce emigration. Additionally, the study found that higher education levels and larger migrant stocks per capita positively influence migration, suggesting that better-educated populations and established migrant networks facilitate further migration. These findings underscore the complex interplay of economic factors in shaping international migration patterns, highlighting the critical roles of income, employment, education, and migrant networks in influencing individual migration decisions.

Munshi (2003) examined job networks among Mexican migrants in the U.S. labor market, utilizing rainfall in Mexico as an instrument to assess the impact of network size at the destination and found that such networks significantly enhance labor market outcomes for migrants. Specifically, networks not only facilitate job placement but also channel migrants into higher-paying, non-agricultural occupations, while providing financial support and housing assistance. The research highlighted that established network members play a critical role in assisting disadvantaged migrants including women, the elderly, and those with less education in securing better-paying jobs in non-

agricultural sectors. This study underscores the pivotal role of social networks in improving economic opportunities and integration for marginalized migrant groups.

Nivalainen's (2004) longitudinal study, utilizing census data from Statistics Finland, explored the factors influencing family migration across short and long distances. Analyzing a sample of 600,000 individuals focused on individual characteristics, family relations, and life-cycle stages. The study found a strong negative correlation between family life-cycle stages and migration. Couples without children or with preschool-aged children were more likely to move, but as children reached school age, mothers' employment often influenced migration decisions.

Moreover, migration decisions were frequently shaped by husbands' career demands, positioning wives as "tied migrants." A greater income disparity between spouses was linked to increased long-distance migration, while unemployed couples tended to prefer local moves. Younger couples were more inclined to migrate compared to their older counterparts. These findings underscore the complex interplay between family dynamics and migration behavior in Finland.

Mayda (2005) analyzed the determinants and effects of international migration using data from the International Migration Statistics (IMS) for 14 OECD countries between 1980 and 1995. Employing a trade gravity model, the study examined how economic and non-economic factors, including network effects, influence migration patterns. Key variables included mean wages, per-worker GDP (adjusted for PPP), migration costs, distance, common land borders, cultural similarities, historical ties, political connections, immigration policies, and the youth population share in origin countries.

The findings revealed that higher per-worker GDP in destination countries increased emigration by 2.6 per 100,000, for every 10% rise in host country's per workers GDP implies a 19% increase in the emigration rate, while doubling the distance decreased emigration by 40 per 100,000. Although common borders and shared language were expected to promote migration, their effects were statistically insignificant. Importantly, a higher share of young people (ages 15-29) in origin countries significantly boosted emigration rates, resulting in a 24 per 100,000. The study underscored the significant roles of economic incentives, demographic factors, proximity, and social networks in shaping migration patterns.

Mora and Taylor (2006) studied the Mexican migrant and non-migrant households with internal and external migration. The data were taken from the Mexican national rural household survey which included 7298 individuals from 1782 households. The independent variables were demographic characteristics, assets, income sources of the households, production and pattern on migration, to estimate the migrant's destination and multinomial logit model was operated to find the determinants of out-migration.

The study revealed that individual characteristics, family characteristics and community characteristics were considered to influence the foreign migration. Furthermore, individual's schooling was positively associated with international migration. Similarly, family contact to United States significantly affected the international migration to both farm and non-farm jobs. Age, sex, marital status, migration networks and accessibility were positively associated with international migration; whereas, household head's schooling was negatively associated. It was also explored that household head's schooling increased the productivity of the labor by enhancing the opportunity cost of migration. This study illuminates the diverse influences on Mexican migration, encompassing individual, family, and community characteristics. Moreover, the findings contribute valuable insights for policymakers and researchers seeking to understand and address the complexities of migration dynamics in Mexico.

Goelrich and Trebesch (2008) examined the Moldova's seasonal labour migration by taking the data from Moldova's household survey conducted by Centre for Sociological Investigations and Marketing (CBS-AXA) in October-November 2004, covering 2668 households to find seasonal versus long-term migration on a household level. The study used logit model for estimating migration decision. Household characteristics, poverty perception, network and community variables were included in the model and investigated that the determinants of migration from Moldova were network effect, migration experience and poverty, which had a positive association with out-migration in Moldova. The study contributed to a nuanced understanding of the determinants of seasonal labour migration in Moldova.

Cattaneo (2009) conducted a cross-country analysis of 64 developing countries to investigate the impact of out-migration on poverty reduction in source countries. The study employed independent variables such as education levels, public spending, infrastructure development, good governance and institutional quality, and

per capita migrant stock. Using Ordinary Least Squares regression, the study found that a 10% increase in the per capita stock of migrants residing in OECD countries is associated with a 1% increase in the income of the poor. Additionally, a 10% increase in per capita expenditure is associated with a 3% increase in the dollar value of the poor on average.

While migration was positively associated with poverty reduction, non-poor households were less likely to migrate due to a small wage differential. However, the implications of brain drain on poverty indicate that international migration continues to be a means for workers in underdeveloped and poor countries to reduce poverty.

Gibson and McKenzie (2009) conducted a study to examine the extent of emigration and return migration among top secondary school performers in Tonga, New Zealand, and Papua New Guinea between 1976 and 2004. Using a linear utility model, they estimated the income maximization of return migrants, considering variables such as utility maximization, migration cost, wages, age, sex, and education.

The study found that emigration rates among top students were highest in their twenties. Within this highly skilled group, emigration decisions were strongly associated with risk aversion, patience, and the choice of science subjects in secondary school. High-skilled students were more likely to migrate than less-skilled students, especially when comparing salaries and incentives across countries.

The decision to return was strongly linked to family and lifestyle reasons, particularly having living parents in their home country. Income opportunities and the chance to work with other experts in their profession in different countries also influenced return decisions. In conclusion, the study sheds light on the migration behavior of highly skilled individuals, emphasizing the role of both economic and non-economic factors. This nuanced understanding contributes to a better understanding of the complex motivations behind migration among top students in the study area.

Gray (2009) conducted a cross-sectional study of 397 households in 36 rural communities of Loja province, Ecuador, to investigate the impact of out-migration on agriculture. The study used data from 2006 to examine the determinants of labor out-migration, considering local, internal, and international migration. A multinomial discrete-time event model was employed to predict out-migration, using variables such

as human capital, social capital, physical capital, rainfall, land quality, harvest fluctuation, and access to land.

The study found that human capital and social capital variables, including previous migration experience and current migration, were statistically significant predictors of out-migration. Internal migration was more likely among land-poor households, while international migration was more likely among land-rich households. Additionally, International migration from rural Ecuador was highly influenced by human capital and least influenced by agrarian and environmental conditions. These results provide valuable insights into the complex relationship between migration patterns and agricultural dynamics in the study area.

Kim and Cohen (2010) examined the determinants of international immigration in 17 developed nations. They used social, geographic, and demographic variables, including population, infant mortality rates, distance, land area, urban population, landlocked status, official language, border connections, ethnic language similarities, and colonial links. Using time series data, the study analyzed the flow of international migrants.

The study found that demographic variables were the most influential determinants of migration, while social and historical factors were less influential. A young age structure in the destination country had less influence, whereas a young age structure in the origin country was associated with higher migration. Infant mortality rates significantly influenced both inflows and outflows, but in opposite directions. Land access, common borders, shared official languages, and colonial links were statistically significant predictors of international migration, but with smaller effects. In conclusion, the study underscores the primary role of demographic factors in shaping migration patterns, contributing to a robust understanding of the various determinants of migration dynamics.

Gentili (2011) conducted a comprehensive study on the determinants of migration, focusing on the economic decision-making in migration. Utilizing data from the Mexican Migration Project (MMP) and the Latin American Migration Project (LAMP), this study applied various statistical methods, including Ordinary Least Squares (OLS), Instrumental Variables (IV), Two-Stage Least Squares (2SLS), and Probit models. The study identified several key independent variables: age, gender of

workers, household size, education level, migration experience, social networks, and wealth. A significant finding was that budget constraints heavily influenced migration behavior in underdeveloped economies. Poorer households exhibited greater interest in migrating but faced more barriers, while wealthier households had more opportunities but less motivation.

The study identified several key determinants influencing migration decisions. Existing migration experience and transnational social networks particularly ties to U.S. residents-significantly increased migration propensity by reducing both financial costs and perceived risks. Household demographic characteristics also played a crucial role: larger household size and a higher proportion of male members were positively associated with migration likelihood. In contrast, two countervailing factors emerged: (1) higher educational attainment and greater household wealth served as deterrents, while (2) advanced age of household heads and greater geographical distance from destinations negatively affected migration decisions. These findings collectively enhance our understanding of migration's complex drivers and provide empirical evidence to inform targeted policy interventions.

Haas (2011) studied to find the major determinants of international migration along with the nature and evolution of migration policies. Data were collected in September 1998 and June 2000 following participatory approach in sampling of 3801 individuals from 507 households from the six villages of Todgha areas of Morocco.

The study found that poor infrastructure, corruption, weak governance, malfunctioning of judiciary and legal insecurity, absence of appropriate public policies (health care, schooling, land reform etc.), market failures and poor access to origin countries enhances international migration. The study also deduced that migration contributes positively for social and economic development in micro level in migrant sending areas including the individuals and households. It was further deduced that remittances gave households greater freedom to concentrate their activities and to allocate investment in productive, stable and profitable sector. In summary, this study provides a valuable insight into the multifaceted impacts of international migration on both the sending areas and the households involved.

Olowa and Awoyemi (2012) identified the statistically significant determinants of migration and remittances in Nigeria. Using the Nigeria Living Standard Survey (NLSS), they employed a two-stage stratified sampling design, selecting 120 enumeration areas (EAs) from each state and the federal capital territory in the first stage, and then selecting 5 housing units from each selected EA in the second stage. This resulted in a sample of 22,200 households across the country. A multinomial logit regression model was used to examine the factors affecting migration and remittances, with dependent variables Y1, Y2, and Y3 representing the probability of internal migration and remittances, external migration and remittances, or no migration and no remittances, respectively.

The study reveals distinct socioeconomic determinants shaping migration and remittance patterns. For internal migration, four key factors emerged as significant predictors: (1) secondary-level education attainment among members, (2) older household head age, (3) higher number of male members aged 15 years and above, and (4) larger landholdings. A parallel but stratified pattern appeared for international remittances, where university-level education replaced secondary education as the significant educational threshold, while landholding size and household head age maintained their influence. These differential educational thresholds (secondary vs. tertiary) suggest migration streams are educationally segmented, with higher qualifications facilitating international connections. The consistent role of landholding size across both migration types indicates asset-based risk capacity influences mobility decisions regardless of destination. Together, these findings advance the conceptualization of migration as a household resource-allocation strategy, where human capital, demographic structure, and economic assets interact to determine spatial labor distribution.

Gardner (2013) conducted a comprehensive analysis of wage differentials between the North and South during the Great Migration, using a difference-in-difference regression model and an aggregate production function to estimate migration's effects on wages. This dual approach provides a nuanced view of how migration reshapes labor markets.

A key contribution is Gardner's exploration of intergenerational altruism as a driver of migration, revealing that altruism increases the probability of migration by 4 to 6 percent, though many individuals remain unlikely to migrate despite these

motivations. The study highlights the disproportionate impact of southern Black migration, noting that a 10 percent rise in immigration led to a 20 percent wage decline for Black workers, while white wages were unaffected. However, Black migrants saw a 24 percent wage increase, underscoring economic incentives for migration.

The study also links migration trends to broader demographic shifts, particularly the divergence in worker-to-dependent ratios between developed and developing countries. Aging populations in developed countries drive a demand for services like healthcare, positioning these factors as key determinants of migration. Overall, Gardner's study offers valuable insights into wage differentials, labor market outcomes, and the role of altruism in migration, making it a significant resource for understanding migration dynamics in historical and modern contexts.

Brauw (2019) conducted a study examining the determinants of youth migration in Mexico, Bangladesh, Nepal, Indonesia, Pakistan, and Tanzania using recently collected data and randomized control trials. The study found that individual characteristics, such as gender, age, and educational attainment, were more influential than household characteristics.

More educated men and women were more likely to migrate, and there was limited evidence of credit constraints hindering youth migration. Surprisingly, youths from relatively poor households exhibited a higher propensity to migrate. The study raised discussions about the implications of these findings for migration-related policies targeting rural youth. In conclusion, these results underscore the importance of considering the unique socioeconomic contexts of different regions when formulating policies related to youth migration.

Ratha et al. (2019) assessed the scale and trends of migration from developing to resource-rich developed countries. The study highlighted the role of globalization and technological advancements in accelerating cross-border labor movement, driven by the widening gap in average real wages between developed and developing nations.

Valenta (2020) made a study to find out the status of migration in the countries of Gulf and Middle East. The study found that Gulf Cooperation Council is among the worlds' largest receivers of labour migrants in 2020. Labour migration in GCC is of temporary nature, but the migrants settle there for a long-term period with various adjustment. The adjustment behavior depends upon the various circular, serial and stepwise migration strategies. The study further found the pattern of itinerant of labour

migration to the Gulf and onwards, and the migrants are propelled by local rationality, family obligations, individual resources and aspirations.

In summary the study provides insights into the complex dynamics of labor migration in the GCC countries, highlighting the temporary nature of migration despite the migrants often settling for extended periods. Additionally, it emphasizes the various adjustment strategies employed by migrants and the factors influencing their decisions in the context of local rationality and personal aspirations.

Govind (2021) made a study in a dissertation, to look the causal effect of naturalization on the labour market integration of the foreigners in France by using administrative panel data and difference-in-difference approach and estimating the labour market returns to naturalization and revealed the change in the law of naturalization through marriage in France in 2006 which amended the eligibility criteria for foreign applicants by increasing the required criteria of marriage life to the French citizen from 2 to 4 years. The study explored that granting citizenship is an important policy to boost migrants' integration through naturalization. This type of integration is beneficial for both migrants and the host country. The study further explored that citizenship leads to an increase in annual earnings by 29 percent to the workers. This increment in annual income is driven by significant increase in the number of hours worked, as well as positive effects on hourly wage. The gain of earning is similar for both the men and women, but the effect for men is mostly driven by an increment in hours worked rather than to increase in hourly wages dissimilar as like of women. Finally, the study recommended that naturalization helps reduce informality, and discrimination and acts as a catalyst for labor market integration.

Iqbal et al. (2021) conducted a study in China in 2021 to examine the current trends and determinants of migration. Using probability sampling and a closed-ended questionnaire, the study employed logistic regression to analyze the data. The study found that high wages outside China and low wages within China were the primary reasons for leaving China. Additionally, more opportunities and a better lifestyle in destination countries were key factors attracting skilled human capital from China. Furthermore, better education in host countries positively correlates with migration intensity.

The study states that education, wages, more opportunities, and a better lifestyle were significant pull factors determining emigration from China. These determinants are crucial for policymakers and researchers seeking to understand the driving forces behind migration in the Chinese context.

Simpson (2022) examined the push and pull factors influencing migration, focusing on both demographic and economic determinants. Utilizing a simple Roy model, the study identified key economic pull factors, including demand for labor, high wages, generous welfare benefits, access to quality healthcare and education, robust economic growth, technological advancements, and a low cost of living. Non-economic pull factors encompassed networks of family and friends, rights and freedoms, property rights, law and order, amenities, and cultural and linguistic familiarity.

Conversely, the study highlighted economic push factors in home countries, such as poverty, low wages, high taxes, high unemployment, and overpopulation. Non-economic push factors included discrimination, inadequate healthcare, war and oppression, corruption, crime, compulsory military service, environmental degradation, famine, and pandemics. Overall, Simpson's research offers a nuanced understanding of the diverse factors shaping migration decisions and provides valuable insights for policymakers and researchers addressing migration dynamics.

In summary, scientific studies from 2001 to 2022 predominantly employ descriptive and inferential methods; including binary logit, multinomial logit, trade gravity models, OLS, Instrumental Variables (IV), Two-Stage Least Squares (2SLS), linear utility models, and simple Roy models: to analyze the determinants of foreign employment. These studies examine various factors, including family, demographic, geographical, community context, and macro-level variables and found positive for international migration. The findings underscore the need for tailored policies that enhance governance and economic conditions in origin countries while managing migration costs, recognizing the complex interplay of socio-economic factors in migration decisions.

#### *Economic Impact of Migration and Remittances*

Connell and Conway (2000) conducted a comprehensive study of seven microstates in the South Pacific and seven in the Caribbean, focusing on the social and economic value of migration. The study found that migration and remittances significantly contribute

to societal change and sustenance in these small island regions, increasing income and fostering greater integration with the global economy.

The study further found that remittances were primarily used for consumption, supporting the needs of recipients and contributing to the improvement of basic living standards. The study also explored the role of remittances in the livelihoods of left-behind families, particularly during times of economic volatility. Remittances were important for both investment and savings. In conclusion, this study highlights the multifaceted role of migrants' remittances in small island states, emphasizing their importance for meeting immediate consumption needs, supporting investments and savings, and driving societal change. The migration-remittances nexus was identified as a powerful force for economic and social well-being in these regions.

Rahman (2000) examined the consequences of international labor migration in the Bangladeshi village: Hoglekandi. Using both open-ended and closed-ended questionnaires, along with in-depth interviews with fifty returnees from Singapore, the study revealed that over two-thirds of migration costs were lost to foreign recruitment agents operating in Singapore.

Most returnees (72%) had to borrow from traditional money lenders to cover these costs, leading to significant financial burdens. Many returnees paid as much as 53.41% of their savings to repay these loans, disproportionately benefiting local lenders. The study found that rather than stimulating the local economy through remittances or skill development, labor migration drained local resources and impeded development. In conclusion, Rahman's research underscored the negative economic impacts of international labor migration on both the village and the national economy, highlighting the need for policies that address these issues.

Taylor and Martin (2001) analyzed the status of population change in the rural area of underdeveloped economies due to labour out migration. The data were taken from Mexican rural and urban migrants by using inequality index Gini decomposition for estimating the result and explored that poor people cannot migrate to the high-wage destinations due to high transportation and recruitment costs which leads them to migrate internally. Inequality increases due to international migration; whereas, more equalizer increases due to internal migration. Despite the negative effect on inequality, international remittances reduce rural poverty; but the marginal poor people won't take benefit unless their migration constraints are minimized. In summary, the study

emphasized the role of internal migration as an equalizer, in contrast, inequality is associated with international migration. Additionally, while international remittances contributed to poverty reduction, their benefits might be reached to the most economically marginalized individuals.

Adams and Page (2005) examined the impacts of migration and remittances on poverty<sup>1</sup> by using ordinary least square (OLS) method with instrumental variable and found that both internal and international migration and remittances reduce poverty level, poverty depth, and the severity of poverty in the developing world. It was further found that a 10 percent increment in the share of international migrants lead to 2.1 percent decline in a share of people living on less than US\$ 1 per person per day in a labour sending country. Similarly, 10 percent increase in per capita international remittances lead to a decline of 3.5 percent in the number of people living in poverty.

In conclusion, this study provides empirical evidence supporting the positive impacts of remittances on various dimensions of poverty in the developing world. The findings suggested that not only international remittances contribute to a decline in the percentage of people living in extreme poverty, but also plays a crucial role in reducing overall poverty levels, depth, and severity of poverty. Finally, the study highlighted the potential of migration and remittances as mechanisms for poverty alleviation in labor-sending countries.

Giuliano and Ruiz-Arranz (2005) analyze a newly constructed dataset on remittances from 100 developing countries spanning 1975–2002, employing the generalized method of moments (GMM) to examine the interaction between financial development and the growth-enhancing effects of remittances. Their study explores whether remittances serve as a substitute for financial intermediation in economies with underdeveloped financial systems.

The findings indicate that remittances significantly contribute to economic growth in countries with weak financial institutions by easing liquidity constraints and providing an alternative source of investment capital. In these contexts, remittances help households and businesses overcome credit limitations, leading to better capital

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<sup>1</sup> World bank (2023) classified low-income economies as per capita GNI having less than \$1085, low-middle income economies as per capita GNI having \$1085-\$4255, upper-middle income economies as per capita GNI having \$4256-13205 and high-income economies as per capita GNI having more than \$13205 in 2021.

allocation and increased economic activity. However, in economies with well-developed financial systems, the impact of remittances on growth diminishes and may even become negative. This suggests that remittances are most effective in economies where formal financial channels are inadequate, reinforcing their role as a stabilizing force in less developed financial markets. Additionally, the study finds that remittances exhibit pro-cyclicality and tend to follow profit-driven motives, implying that they may not always serve as a counter-cyclical buffer during economic downturns.

In conclusion, this study underscores the context-dependent nature of remittance-driven growth, emphasizing the need to account for a country's financial infrastructure when assessing the developmental impact of remittances. It provides valuable insights for policymakers aiming to leverage remittances more effectively in fostering economic development.

Ghosh (2006) in the cross-national analysis of developing countries, underscores the significant role of remittances in poverty alleviation. The study found that remittances contribute to reducing child labor and create multiplier effects for impoverished households, offering opportunities for temporary job migration abroad. It emphasizes the imperative link between remittance inflows and legal emigration as a means of poverty reduction. Remittances to developing countries exhibit stability and relatively low pro-cyclicality compared to other external finance flows, their impact is more pronounced at the micro level. Households receiving remittances perceive them as stable and predictable, leading to increased spending rather than saving and investing. However, at the macro level, remittances are less effective in driving nationwide development.

The study cautions against overestimating the macro-level impact of remittances, pointing out the equal likelihood of inflation in home countries. In conclusion, the research provides valuable insights into the nuanced effects of remittances, highlighting their positive influence on poverty alleviation and cautioning against unwarranted expectations regarding their macro-level developmental impact.

Haas (2006) conducted qualitative research on migration, remittances, and development in the Todgha Oasis of southern Morocco. Surveying 507 households, which included non-migrants, internal migrants, and international migrants, the study categorized households into five migration types.

The findings revealed that international migration and remittances significantly contribute to economic development and improved living standards, particularly for marginalized ethnic groups. International migrant households were found to invest more in housing, agriculture, and enterprises compared to other groups. Internal migration primarily served to spread risk and stabilize income, while also facilitating the education and international migration of younger family members. Remittances were shown to stimulate expenditures and investments, helping to diversify and urbanize the regional economy. In summary, the study provided valuable insights into the interconnected dynamics of migration and remittances, emphasizing their crucial role in enhancing economic development and empowering marginalized communities in the Todgha Oasis.

Castaldo and Reilly (2007) conducted a study examining the consumption patterns of Albanian households, considering both domestic and international remittances. The study found that while internal remittances did not significantly affect consumption patterns, international remittances led to a lower share of spending on food and a higher share on consumer durable goods. However, there were no significant differences in marginal consumption behavior between the two groups.

The study revealed that the source and nature of remittances influence consumption behavior, with households receiving international remittances exhibiting a potential shift towards consumer durable goods. These findings contribute to the understanding of the nuanced effects of remittances on household consumption in the Albanian context.

Gupta et al. (2007) conducted a comprehensive analysis of remittance flows to 76 developing countries, focusing specifically on household-level data from Sub-Saharan Africa (SSA). The study utilized a sample of 233 observations and employed various estimation techniques, including Ordinary Least Squares (OLS), three-stage least squares (3-SLS), baseline panel estimation, and panel instrumental variable models.

Key findings of the study indicated that SSA received only a small fraction (4%) of total recorded remittances to developing countries, compared to 33% directed to India. Furthermore, the study highlighted that aid flows to SSA significantly outstripped remittance inflows. Despite this, remittances demonstrated a direct poverty-mitigating effect and were found to promote financial development within SSA

countries. The research also identified reverse causality between remittances, poverty levels, and financial development, suggesting a complex interplay among these factors. In conclusion, the study provides valuable insights into the multifaceted roles of remittances in shaping the economic dynamics of developing countries, particularly in the context of poverty alleviation and financial growth.

Adams (2007) conducted a comprehensive study on the economic impact of international remittances in developing countries, utilizing data from 115 nations. The study used workers' remittance data from the International Monetary Fund's Balance of Payments Statistical Yearbook and applied a gravity model. Key explanatory variables were the distance between origin and host countries, income levels, income inequality, poverty rates, education, population density, and credit ratings, alongside five sets of dummy variables.

The findings underscore the crucial role of remittances in reducing poverty, as recipient households shifted spending away from food towards education, entrepreneurship, and housing. This highlights the transformative potential of remittances, not just in alleviating poverty, but in promoting long-term investments. Additionally, the study shed light on the geographic distribution of remittance flows and their determinants, offering valuable insights into the broader economic impacts of remittances on developing countries. This research enhances our understanding of how international remittances contribute to both poverty reduction and household investment, positioning them as a critical factor in the economic development of recipient nations.

Adams et al. (2008) analyzed the impact of internal and international remittances on poverty and income inequality in Ghana using 2005/06 nationally representative household survey data. The study employed ordinary least squares (OLS), two-stage least squares, and a multinomial logit model with instrumental variables to examine migration networks and remittance effects. The findings revealed that international remittances reduced poverty more significantly than internal remittances, lowering poverty by 88.1% for households receiving international remittances, compared to a 69.4% reduction for households with internal remittances. However, international remittances increased income inequality more substantially, raising the Gini coefficient by 17.4%, compared to a 4% rise from internal remittances.

The study further demonstrated that households receiving international remittances were generally wealthier and spent more on food, education, and housing than non-receiving households with similar income levels, which contributed to greater inequality in income distribution. In conclusion, the study highlighted that while international remittances had a stronger impact on poverty reduction, they also exacerbated income inequality, providing key insights into the dual effects of remittances on economic well-being in Ghana.

Adams (2009) investigated the determinants of international remittances across 76 low- and middle-income developing countries, using data from the IMF's Balance of Payments Statistical Yearbook. The study employed ordinary least squares (OLS) and instrumental variable (IV) methods to identify key factors, including the percentage of urban population, the proportion of low-skilled migrants, the total migrant stock, the percentage of the population under 14 years, per capita GDP, real interest rates, exchange rates, and the presence of conflict in labor-sending countries.

The study found that migrant skill composition was a significant factor in remittance inflows. Countries sending high-skilled migrants received significantly higher remittances than those sending predominantly low-skilled migrants. Specifically, a 10% increase in high-skilled migrants raised per capita remittances by 11.2-19.7%, while a similar increase in low-skilled migrants raised remittances by 9.1-19.8%. Poverty levels were not statistically significant in determining remittance flows, but higher per capita remittances were positively correlated with real interest rates and investment returns in the origin country. The study concluded that migrant skills and financial conditions, rather than poverty, play a critical role in shaping remittance patterns.

Barajas et al. (2009) conducted an empirical study examining the impact of remittances on economic growth in 84 remittance-receiving countries, using annual data from 1970 to 2004. The study focused on variables like average growth rate, and per capita GDP growth rate. Employing Ordinary Least Squares (OLS-IV) and Fixed Effects Instrumental Variable (Fixed Effect IV) regression models, the study found that remittances did not significantly contribute to long-term economic growth in these countries. In fact, the study uncovered a negative relationship between remittances and economic growth. A key finding was that countries receiving remittances exceeding 10

percent of their GDP over the last four decades did not experience significant economic development, although remittances played a notable role in poverty reduction.

However, these inflows did not foster entrepreneurial activity among recipients, limiting their broader economic impact. In conclusion, while remittances were effective in alleviating poverty in recipient countries, they did not contribute to sustainable economic growth or entrepreneurial transformation. This study offers critical insights into the limitations of remittances in driving long-term economic development, challenging the assumption that remittances are a catalyst for broader economic advancement in developing economies.

Adams and Cuecuecha (2010) conducted a detailed analysis of the impact of international remittances on household welfare in Indonesia using panel data from the Indonesian Family Life Survey (IFLS), focusing primarily on IFLS-3 (2000) and IFLS-4 (2007). The study included a sample of 5,301 urban and rural households from 19 of Indonesia's 33 provinces. Key variables in the model encompassed household expenditure, education, health, nutrition, financial assets, household enterprises, and remittances. Instrumental variables, such as proximity to railroad stations and rainfall variations, were used to control for external factors, and a Pairwise Average Treatment Effect (ATE) model was applied to compare outcomes with counterfactual scenarios.

The study explored three significant dimensions of remittance effects. First, it found that international remittances contributed substantially to poverty reduction in Indonesia, decreasing the poverty headcount by 26.7 percent, the poverty gap by 55.3 percent, and the squared poverty gap by 69.9 percent. Second, households receiving remittances increased their marginal expenditure on consumption goods, particularly food, by 8.5 percent. Lastly, these households reduced their marginal expenditure on investment goods, notably housing, by 39.1 percent.

In conclusion, the study provides important insights into the multifaceted effects of remittances on household welfare in Indonesia. It highlights how remittances significantly reduce poverty while influencing household spending patterns, with a marked increase in consumption but a decrease in investment, offering a nuanced understanding of remittances' broader economic dynamics in Indonesia.

Singh et al. (2010) analyzed the determinants and macroeconomic impact of remittances on economic growth in 36 Sub-Saharan African countries from 1990 to

2005. Using data from the World Bank's World Development Indicators and IMF's African Department, the study employed panel fixed-effect estimation. Variables included in the model were lagged per capita GDP, population growth, government expenditure, trade openness, institutional quality, real exchange rate, and changes in terms of trade.

The study found that the countries with larger diasporas and those, whose emigrants resided in wealthier nations received higher remittances. Remittances were statistically significant in relation to the quality of domestic institutions, helping to stabilize consumption and reduce financial constraints in origin countries. Furthermore, well-functioning institutions enhanced remittance growth and contributed to fostering economic growth. In conclusion, the study emphasizes the importance of a deeper financial sector and a stable political environment to boost remittance flows and their positive impact on economic growth in Sub-Saharan Africa.

Kerr and Kerr (2011) studied comprehensively to survey recent empirical studies on the economic impacts of immigration. The study was split into two wings: Immigrant assimilation in the labour market and displacement effects in the labour market. Results were estimated through wage equation, on which; education, experiences, and occupation were independent variables.

The study found that there was not significant effect of immigrants on the wage of native labour market because of the lower earning of immigrants than that of native workers. The study further showed that the immigrants to Northern Europe used more social benefit than natives, and the net social impact of immigrants over his lifetimes depends on the immigrants' age at arrival, education and reason for migration. In conclusion, the study provided valuable insights into the economic impacts of immigration, with a specific focus on wage effects and social impacts. Additionally, the study highlighted the importance of considering various factors, including education and age at arrival, when assessing the overall social impact of immigrants. This research contributes to the ongoing discussion on immigration's role in labor markets and broader societal contexts.

Nathan (2014) made a study to shade light upon the impacts of labour market, by setting out a simple, non-technical frameworks for the discussion of main empirical findings to forecast the avenues for the future research. The study revealed the wider

effects of migration on the production and consumption sides of the economy of the host countries and the role of high skilled workers to boost the economy especially in the context of US, EU and other host countries. Skill migrants influence productivity and its drivers are entrepreneurship, investment and innovation. Similarly, skill migrants may create positive externalities that affect prices, product, service and public service usage on the consumption side. Production side of the economy take advantages from the skilled migrants by raising productivity and nominal wage rate, and further inflows of migration increases competition for resources, raising local costs and enhance the rate of consumption and housing costs of the native people and make contributions to the field of science and technology through entrepreneurship and innovative activities. In a nutshell, by considering both production and consumption aspects, the study contributes valuable insights for understanding the dynamics of labour markets in the context of migration.

Blouchoutzi and Nikas (2014) analyzed the macroeconomic impacts of remittances on small European economies, specifically focusing on Moldova and Albania. Using time series analysis grounded in Keynesian macroeconomic modeling, the study explored the effects of remittances following the collapse of the socialist system and the Balkan and Eastern European economies. The breakdown of these systems led to significant remittance inflows, which were seen as the primary benefit of migration for these countries, compensating for the loss of labor due to emigration.

The study further examined the influence of remittances on three key macroeconomic variables: consumption, imports, and investment. The findings indicated that in Albania, a large portion of remittances was directed towards family consumption rather than investment, limiting their potential to stimulate long-term economic growth. The research underscored that while remittances provided vital support for household consumption, they did not significantly drive investment or enhance the growth prospects of the recipient economies. Overall, the study offers important insights into how remittances function in small economies, highlighting their role in consumption and the challenges in leveraging them for broader economic development.

Balli and Rana (2015) examined the macroeconomic implications of remittances in providing insurance against domestic shocks in the recipient economies by using large sample data of 86 developing countries for the period 1990-2010. Both, the time

series and panel data were used and generalized method of moment were applied for the estimation of results and explored that remittance inflows serve as an important channel through which risk sharing takes place in the developing countries. Remittances help in income smoothing at around 5% on average. The study further explored that higher proportion of remittances originating from distant countries, facilitate more risk sharing compared to those from neighboring economies.

This study sheds light on the macroeconomic implications of remittances, emphasizing their role in providing insurance against domestic shocks and contributing to risk sharing in developing countries. The findings highlight the importance of considering factors such as migration destination diversity and geographical distance in understanding the impact of remittance inflows on economic stability and income smoothing. In overall, the study contributes valuable insights to the broader understanding of the economic consequences of remittances in developing economies.

Havolli (2015) examined the macroeconomic determinants of migration and remittances, employing a comprehensive dataset assembled from World Bank policy variables and UNDP survey data. The study investigated the implications of remittances on household expenditure patterns and labor force participation, utilizing Ordinary Least Squares (OLS) and Tobit models with a range of dependent, explanatory, and latent variables.

The findings reveal that as household income rises, expenditure on current consumption increases. However, households receiving more migrant visits tend to reduce spending on current consumption while allocating a greater share of their budget to education, suggesting a shift toward long-term investment in human capital. Additionally, remittance per capita was found to be insignificant in influencing the labor force participation of both male and female working-age household members, indicating that remittances may not necessarily encourage or discourage workforce engagement.

Overall, this study provides valuable insights into the interplay between macroeconomic conditions, migration behavior, and remittance utilization. By highlighting the differential impacts of remittances on household expenditure and labor market participation, the research enhances the understanding of remittances' economic consequences in both source and host countries. These findings have important

implications for policymakers seeking to optimize the developmental benefits of remittances.

Mallick (2017) analyzed the impact of remittances in 11 Asian countries from 1990-91 to 2013-14, using World Bank data. Key variables included migrant skill, economic growth differentials, interest rates, investment, consumption, financial development, and exchange rates between home and host countries.

The study found that remittances positively influence economic growth in home countries, with higher home-country interest rates boosting remittance inflows. However, growth rate differences between home and advanced host countries had little effect. Higher per capita income in host countries increased remittances, while rising incomes and wages at home reduced them. Conversely, remittances grew when home-country wages fell. Additionally, household consumption and crude oil prices in host countries positively impacted remittances, whereas higher home-country prices had a negative effect. These findings underscore the complex dynamics of remittance flows, offering valuable insights for policymakers on how remittances affect economic conditions in both home and host countries.

Strielkowski (2017) conducted an empirical study on remittances and migration patterns in the Transcarpathia Region of Morocco, using data collected from migrants and their families between 2014 and 2015. The study applied several econometric techniques, including Maximum Likelihood Estimation, Ordinary Least Squares (OLS) regression, Logit, Probit, and Linear Probability Models (LPM). The findings revealed that regular remittance inflows led to increased out-migration among older, less-educated individuals with larger families, suggesting a migration pattern driven by familial obligations and economic necessity.

The study also highlighted that remittances played a significant role in financing businesses in the migrants' home country, with statistically significant results indicating that remittances were a key source of business capital. Additionally, remittances were primarily directed towards productive investments, such as business ventures and education, supporting the idea that remittances can enhance economic development when used in these areas.

In conclusion, Strielkowski's study provides valuable insights into the economic impact of remittances, demonstrating that they not only promote migration but also contribute to productive investments that can spur business growth and improve educational opportunities in the source country.

Ratha (2007) explored the role of remittances in promoting economic development, focusing on both macro and micro-level impacts. At the macro level, the study highlighted that remittances can significantly enhance the sovereign credit ratings of receiving countries by improving debt sustainability and influencing their ability to meet external financial obligations. This, in turn, can facilitate borrowing from private creditors, with remittances being incorporated into key debt sustainability indicators that improve a country's creditworthiness.

On a microeconomic scale, the study emphasized the potential of remittances to assess the creditworthiness of poor individuals, promoting micro-savings and micro-insurance, thereby enhancing financial inclusion for underserved populations. However, the study also pointed to the need to reduce the cost of remittance transfers. In conclusion, the study underscores the dual importance of remittances: enhancing sovereign credit ratings and promoting financial inclusion.

Sujianto and Maschudi (2018) analyzed the causal relationships between remittances, economic growth, and household consumption in Indonesia from 1983 to 2016 using World Bank data. Employing methods like the Augmented Dickey-Fuller test, Granger causality test, and co-integration analysis, the study explored the interconnections among these variables.

The results indicated a one-way causality from remittances to household consumption, suggesting that higher remittances boost consumption expenditure. The study also highlighted remittances' broader role in stabilizing price levels, controlling inflation, and supporting economic growth by enhancing national income and promoting full employment. These findings offer empirical evidence on how remittances act as a crucial driver of economic stability and growth in Indonesia, providing a nuanced understanding of their role in shaping economic outcomes.

De and Yousefi (2018) examined the cyclical dynamics of remittance behavior during business cycles and financial crises, emphasizing their role in stabilizing consumption. Analyzing time series data from 109 countries (1980–2012), the study identified motivations for remittances, such as altruism and investment.

The study found that remittances tend to be acyclical, exhibiting less volatility than other financial inflows and resilience in crises. They are more procyclical than Official Development Assistance (ODA). Altruistic motives lead to counter-cyclical trends in consumption growth, enhancing household welfare, while self-interest motives are procyclical. The authors highlighted the need for policymakers and researchers to consider these dynamics when evaluating the economic impacts of remittance flows, as they can stabilize consumption and promote economic resilience.

Ozaki (2018) investigated the impact of remittance channels on economic growth and development in migrants' countries of origin, focusing on optimizing financial intermediation to maximize benefits for households, local communities, and national economies. The study emphasized the importance of channeling remittances into developmental projects, particularly in housing, education, and health, highlighting their potential to significantly boost economic outcomes. Ozaki advocated for policies that encourage remittance flows into formal financial systems to support long-term investment rather than consumption. This approach, according to the study, is critical for enhancing financial inclusion, particularly by expanding access to formal financial services for migrant workers and their families.

The study also identified the risks of overly restrictive state policies, which can drive remittances into informal channels, reducing their developmental potential. Instead, Ozaki recommended the development of a robust payment system and the expansion of microfinance institutions to reach workers without access to traditional banking services. Both public and private sectors should collaborate to create remittance-linked investment products, ensuring that remittance-receiving households can contribute to economic growth through productive investment. In conclusion, the study underscores the necessity of formalizing remittance channels, promoting investment over consumption, and establishing strong financial infrastructures to harness the full developmental potential of remittances in origin countries.

KNOMAD (2018) examined the role of “future flow” financing in supporting economic development through remittances in developing countries. The study focused on infrastructure investments, including hospitals, ports, railways, housing, schools, airports, hydroelectric power, and dams. It emphasized that “future flow” technology

enables banks to issue securities to creditors, lowering borrowing costs and facilitating access to funds for local businesses without requiring immediate cash transactions.

The research detailed the remittance transfer process: funds flow from the sender to the sending bank, then to the receiving bank in the recipient's country, and finally to the payee. This structure minimizes direct relationships among senders, banks, and payees, enhancing confidentiality and efficiency. The study found that billions of US dollars in “future flow” transactions have significantly contributed to economic development in countries like Turkey, Peru, and Brazil. By implementing this technology, remittance flows can improve and transfer costs for migrant households can be reduced. Ultimately, the study advocates for utilizing “future flow” financing to bolster essential infrastructure and services in developing countries, highlighting technology's potential to maximize the economic impact of remittances.

Ratha (2019) offers a comprehensive synthesis of contemporary literature and World Bank data to evaluate the economic implications of migration and remittance flows in developing countries. The study highlights a significant increase in remittance inflows, particularly in South Asia and the Europe and Central Asia regions, with an estimated growth rate of 11.2 percent. Ratha underscores that remittance flows to low- and middle-income countries (LMICs) have surpassed both foreign direct investment (FDI) and official development assistance (ODA), underscoring their critical role in national economies. However, the study also draws attention to the high transaction costs associated with remittance transfers, which average 7 percent globally and rise to 9.3 percent in Sub-Saharan Africa; well above the Sustainable Development Goal (SDG) target of 3 percent. Notably, banks remain the most expensive remittance channels, charging an average fee of 10.9 percent, compared to other money transfer operators (MTOs). The study emphasizes both the growing economic relevance of remittances and the structural barriers: particularly high transfer costs that hinder their full developmental potential, calling for policy interventions to promote more efficient and equitable remittance systems.

Redehegn et al. (2019) made a comprehensive study in impact of migration and remittances on the development of migrant sending countries from the evidence of Ethiopia. The study was based on the survey of 795 farm households from seven major agriculture villages of two major administrative regional states, Tigray and Amhara of northern Ethiopia, collecting data in the summer of 2016. Three-stage least-squares

method complemented with endogeneity and multicollinearity test, logistic and multinomial logistic regressions were used to estimate the determinants of the households' migration.

The study deduced that larger and wealthier households were less likely to have migration, while households living below the poverty line, as well as villages with the highest unemployment rate, tended to be in both temporary and permanent migration. Remitted income from migrants had positively associated with crops income and asset values in the form of land and livestock holdings. In conclusion, this study not only contributes to the empirical understanding of migration patterns in Ethiopia, but also underscores the intricate relationships between household characteristics, agricultural dynamics and the influence of remittances on economic development, which provides developmental implications of migration and remittances in migrant-sending countries.

Cismaş et al. (2020) analyzed the nature and impact of remittances on the economies of Central and Eastern European (CEE) countries, with a particular focus on Romania, using World Bank annual data spanning 21 years (1996-2007). The study employed various econometric methods, including OLS regression, Vector Error Correction Model (VECM), Variance Inflation Factor (VIF), and the Wald test, to estimate the effects of remittance inflows.

The findings revealed that remittances provided a stable source of income over the business cycle, outperforming private capital flows in terms of stability. However, despite their reliability, remittances did not contribute to significant economic growth in Romania. Instead, they had a more pronounced effect on economic activity, although their impact was less about stimulating long-term development and more about cushioning economic fluctuations. In conclusion, this study offers valuable insights into the dual role of remittances in the CEE economies, particularly Romania, by highlighting their stability and economic influence during times of volatility, yet underscoring their limited capacity to drive sustained growth. The research deepens the understanding of remittances' macroeconomic role in post-socialist economies.

In another study, Mehedintu et al. (2020) analyzed the evolution and trends of the share of remittances in gross domestic product (GDP) and the influence of migration on remittances in Romania. The data were taken from twenty-eight Eurostat between 2008–2017. Seven macroeconomic variables were used for the analysis including the

number of emigrants from Romania, the remittances received by Romania from the EU countries, and from the world countries, and the GDP at nominal values. The study was conducted by using linear, quadratic and cubic regression model, OLS estimate and polynomial-time regression model.

The study showed that over 80 percent share of remittances was received from the EU countries in Romania. GDP and GDP per capita had a permanent increase in the standard of living in Romania which is also relatively stable financial source, and the negative effects of remittances were: increase the inequalities in community level, dependence on money received from migrants, decrease the intention of employment, inflationary pressure in the economy and the exodus of brains and skilled workers. Finally, the study recommended for a better use of remittances, mainly for investments and less for consumption, to slow down the tendency of out migration and attract the flow of foreign migrants for the stable development. In conclusion, the study addresses the tendencies of outmigration and attract foreign migrants for stable development reflects a nuance understanding of the broader implications of migration and remittances on a nation's socio-economic landscape.

Abbas (2020) examined the key determinants of remittance inflows to Pakistan from Gulf Cooperation Council (GCC) countries, incorporating variables such as workers' remittances, GDP (of both Pakistan and host countries), bilateral trade, exchange rates, and financial development. Using an econometric approach, the study found that crude oil prices exert a significant positive impact on remittance inflows in the long run, although their short-term effect remains negligible.

Additionally, host-country economic conditions, exchange rate depreciation, strong bilateral trade ties, and financial development in Pakistan positively influenced remittance inflows over time. In contrast, Pakistan's domestic economic conditions negatively affected remittance inflows, suggesting that migrants are more likely to remit when economic instability persists at home.

Overall, the study underscores the complex interplay of macroeconomic factors in shaping remittance flows, emphasizing the role of trade, financial stability, and exchange rate dynamics. These findings provide valuable insights for policymakers seeking to optimize remittance-driven economic growth in Pakistan.

Mobarak et al. (2021) examined the impact of Bangladesh's G2G Visa lottery on phase one (T1) winners, phase two (T2) winners, and a control group (C) of lottery losers, using data from 3,512 G2G applicants collected through in-depth interviews in 2018. The study employed Intent-to-Treat and Instrumental Variable methods to assess migration outcomes, analyzing variables like consumption, health, education, child labor, and household assets.

The findings showed that international migration significantly increased migrants' earnings, with remittances doubling family incomes in Bangladesh. The G2G system was found to reduce migration costs and increase female decision-making power, while protecting migrants from exploitation by middlemen. However, the long-term effects included a decline in entrepreneurial activities among migrants after winning the lottery. The study highlights both the economic benefits and challenges associated with migration, offering key insights for policy improvements.

Abbas et al. (2024) examined the impact of COVID-19 on remittance inflows in five South Asian countries: Nepal, India, Sri Lanka, Bangladesh, and Pakistan; using monthly data from 2020 to 2021. Employing the pooled ordinary least squares (POLS) estimation method, the study found that COVID-19 had a positive overall impact on remittance flows to these countries. Notably, the relationship between COVID-19 case numbers and remittance inflows was found to be non-linear. While the initial phase of the pandemic adversely affected economic activity, remittance-driven income and consumption levels subsequently rose. This increase was largely attributed to the growing digitalization of banking systems in both sending and receiving countries, which facilitated more frequent and efficient remittance transfers.

Khan (2024) assessed the impact of remittance inflows on India's sustained economic growth using a time series dataset from 1976 to 2021 and employing the nonlinear autoregressive distributed lag (NARDL) model. The analysis included broad money supply and service sector performance as key variables.

The findings indicated that remittance inflows positively impact economic growth in both the short and long run, particularly during positive shocks. Importantly, no adverse effects of remittance inflows were observed during negative shocks, suggesting a stable and beneficial role in India's economic development. This stability

supports economic resilience, contributing to sustained growth amid fluctuating global conditions.

The study emphasizes the policy implications of these findings, recommending that India leverage remittance inflows to develop strategies aimed at achieving the Sustainable Development Goals (SDGs). Overall, it underscores remittances as a crucial driver for inclusive and sustained economic progress, particularly concerning financial stability and sectoral growth.

Between 2000 and 2024, numerous studies examined the economic impacts of migration and remittances at both macro and micro levels. These studies assessed remittances' role in national financial development and growth, while also analyzing household consumption, income, and expenditure patterns. Diverse econometric tools, including GMM, OLS, 3-SLS, Logit, IV models, and Granger Causality tests, were employed.

The findings consistently showed positive effects of remittances, such as improved household consumption, poverty reduction, increased spending on education and health, and investment in durable goods like land and housing. Remittances also spurred financial development and reduced child labor. Skilled migrants, though a smaller group, had significant positive impacts on productivity, wages, and innovation in the destination economies. However, there are some negative impacts of remittance including culture of dependency, hinder economic development and increase inflation. Studies recommended reducing migration costs and highlighted the broader economic benefits of skilled migration on both consumption and production sectors.

### **Social Impact of Migration and Remittances**

Kanaiaupuni and Donato (1999) made a study on migradollars and mortality by taking the data from Mexican Migration Project of 1987/88 to 1992/93 from among the community resided in five Mexican states and explored that the effects of migration on infant mortality in Mexico vary over time, since migration is a cumulative process, in times of out migration, level of infant mortality increases, then after it gradually decreases as migration becomes institutionalized in a community. The trend in social and economic impact of migration claims that migration tends to have a positive effect on infant mortality in the long run. The study further explored that mortality rate becomes low when remittances is high, and it decreases as migration increases.

In conclusion, the study contributes valuable insights into the dynamic relationship between migration, remittances, and infant mortality in Mexican communities. The recognition of the evolving nature of these impacts over time provides a nuanced understanding of the long-term consequences of migration on health outcomes. The findings contribute to a broader discourse on the social and economic implications of migration for sending communities.

Another study, Catrinescu et al. (2005) conducted the social impact of remittance by employing World Bank data as reported by the countries in their balance of payments (BOP). Remittances/GDP ratio was an independent variable and gross capital formation, net private capital flow and other institutional quality variables such as Transparency International Corruption Index, UNHDI, voice and accountability, political stability, rule of law, government efficiency, regulatory quality and control of corruption were used as independent variables. Similarly, 12 other institutional measures; government stability, socioeconomic conditions, investment profile, internal conflict, external conflict, corruption, military in politics, religious tensions, law and order, ethnic tensions, democratic accountability and bureaucracy quality were used as explanatory variables, and found that remittances exerted a weakly positive impact on long-term macroeconomic growth, and the long-term developmental impact of remittances can be increased in the presence of sound economic policies and institutions of a country. In a nutshell, by highlighting the weakly positive impact on long-term macroeconomic growth, the study prompts further exploration into the mechanisms through which remittances influence economic development. Additionally, the emphasis on the role of sound economic policies and institutions underscores the importance of a holistic approach to maximizing the developmental impact of remittances.

Romano (2009) made a study by taking the census data from the 2004 national census and incorporating the comprehensive UNDP study on El Salvador in a doctoral dissertation. The information was broadly collected from the five regions of the country. The study constructed several regression models to determine the incremental impact of migrant remittances on poverty, health, education level, workforce participation, life expectancy, crime and gender roles in households and revealed that the dollar amount of remittances had a significant positive relationship with reduced unemployment in households, higher average grade level, and higher life expectancy.

Furthermore, the study revealed positive effect of remittances in economic growth in the presence of good institutions. However, this variable was also correlated with increased cases of malnourishment in children. Percent of people receiving remittances had statistically significant inverse relationship with lower-average grade level, lower levels of malnourishment and decreased life expectancy. In conclusion, this study provides valuable insights into the multifaceted impacts of remittances in El Salvador. While highlighting positive relationships with certain socio-economic factors, the study also recognizes challenges, particularly in terms of malnourishment in children. The recommendation for in-depth qualitative case studies underscores the need for a nuanced understanding of the influence of remittances on fostering economic growth, emphasizing the importance of context-specific analyses.

Rahman and Fee (2012) examined the social impacts of remittances for migrant workers and their families and communities of origin in the context of Asia. The study was based in both quantitative and qualitative methods, which focused the determinants of remittances as: Gender and the remittances process, spatial breadth of remittance studies, recurrent transaction amount and uses of remittances and development implications and explored that, remittances had an unprecedented importance for the economy of many Asian communities. Feminization of labor migration in Asia and the world creates the increasing influence that female migrants have full ownership on remittance amount, family organization and gender relations, and become integral parts in the migration remittance process. The report further deduced that remittances appreciate the recurrent transactions through the continuity of social relations and refer the preferential use of remittances within and outside the household expenditures. Finally, the study advocated to conduct micro-level research on remittances and their impact on the life of people.

In summary, this advocates for micro-level research on remittances and their impact on people's lives. The call for more granular investigations underscores the need to comprehend the nuanced ways in which remittances influence individuals, families, and communities at the ground level. This approach is crucial for informing policies and interventions that aim to maximize the positive social impacts of remittances.

The next study, Kalaj (2013) examined the micro impact of remittance flows in the Albanian remittance-receiving households. The dataset was taken from the Albanian Living Standard Measurement Survey for 2005 with the technical assistance

of World Bank. Four Survey instruments were used to collect the information; a household questionnaire, a diary for recording the household consumption, a community questionnaire and a price questionnaire. The variables used in the study were; household roster, education, health, employment, migration, anthropometry, fertility, consumption, housing agriculture, household enterprises, miscellaneous income, saving and credit.

The study explored that, remittances reduce dropout risk, particularly for males with higher labor market opportunities, discourage female labor force participation via reduced work hours, not through unemployment reduction, promote capital accumulation by increasing healthcare expenditure and improving health outcomes, alleviate liquidity constraints, fueling local and national development, and spur growth in banking and financial institutions. The study provides a nuanced understanding of the multifaceted impacts of remittances at the micro level within Albanian households. The findings shed light on the various dimensions through which remittances influence education, labor markets, human capital, health, and overall development.

Majee et al. (2019) examined the relationship between migration and health by taking the data of 62 African immigrants to the United States and 66 African immigrants to South Africa, which were purposively collected using the PROMIS Global Health v1.2 and the PROMIS Bank v2.0 instrument which assess an individual's general physical, mental and social health. Participants were selected based on separating different countries of their origin by developing a Health Perception Index (HPI) and Information Support Index (ISI).

The study used Chi Square test and found that African migrant to South Africa seem to have a better HPI index compare to the U.S. healthcare. African immigrants to South Africa reported that they were highly satisfied with the South African health services offered to migrants, contrary to those of U. S. healthcare services as the HPI of South Africa was higher than that of U.S. though, there was no significant differences in the challenges faced by the immigrants in accessing relevant information to enable them to improve their socio-economic condition in destination countries. The study recommended better Policies and program to improve African immigrants and refugee family's access and utilization of healthcare services. In conclusion, the study recommends the development of better policies and programs to improve access and utilization of healthcare service for African immigrants and refuge family.

Khramova et al. (2020) studied to determine the impacts of remittances on living standard in Tajikistan at both the national and local levels from the evidence of labour emigration in between 1990-2020, majorly from Russian Federation and other parts of the OECD countries. The study found that labour migration has become the significant socio-economic phenomenon for the large part of population in Tajikistan, with positive impact on GDP growth, helping to open small business, develop entrepreneurship, create new job in private sector, boost on: construction, consumption on food, consumer goods and durable goods, and enhance quality of education. In contrast, the study found the negative impact of remittances as they actually help to meet only current needs, while the creation of new high technology jobs is slow and insufficient and lagging behind population growth.

In conclusion, this study underscores the significance of labor migration as a socio-economic phenomenon in Tajikistan, with both positive and negative impacts on the nation's development. While remittances contribute to various aspects of economic growth and well-being, addressing the challenges related to the creation of sustainable, high-tech jobs is crucial for aligning the benefits of remittances with the long-term development needs of the population.

Sezgin et al. (2023) conducted a study to examine the impact of remittances on financial development in eighteen emerging economies, using a static dynamic regression method. The study revealed that remittances significantly contribute to financial sector development, real GDP per capita growth, and the advancement of information and communication technology (ICT). These findings suggest that remittances play a critical role in promoting globalization and financial development in emerging economies. The study also found that remittances had a comparatively limited positive impact on educational attainment, indicating that while remittances boost other sectors of the economy, their effect on education may be less pronounced. Despite this, the overall findings highlight the potential of remittances to support several Sustainable Development Goals (SDGs), particularly those related to quality education, good health and well-being, decent work and economic growth, industry, innovation and infrastructure, reducing inequality, and promoting responsible consumption and production.

The study is significant for policymakers and stakeholders in emerging economies, as it underscores the multifaceted role of remittances in fostering economic

development and contributing to global sustainability goals. The insights provided can help shape more targeted policies that maximize the benefits of remittances across different sectors, ensuring balanced and inclusive growth.

Between 1999 to 2023, numerous studies examined the social impact of migration and remittances at household, community, national, and global levels. Key variables included corruption indices, governance metrics (e.g., political stability, rule of law), socioeconomic factors, and household-level indicators such as education, health, employment, and savings. Various econometric tools, including Chi-square tests and regression models, were employed to estimate these effects.

Empirical findings consistently showed positive links between remittances and improved quality of life, such as lower unemployment, higher educational attainment, and increased life expectancy. Remittances were also linked to mitigating issues like corruption and weak governance. However, they correlated with increased child malnutrition in some cases.

The feminization of labor migration emerged as a significant trend, with female migrants playing crucial roles in managing remittances and family dynamics. Remittances contributed to reduced school dropout rates and enhanced labor market opportunities, though they also had nuanced negative effects on societies, underscoring the complexity of migration's social impact.

#### *Economic and Social Impact of Migration and Remittances*

Duval and Wolff (2010) studied using the LSMS panel data of Albania collected by the World Bank in Albania from 2002-2004. The household survey data was carried out by the Albanian institute of statistic with the technical and financial support of the World Bank. The longitudinal data were considered in three waves and the 2002, LSMS data were nationally representative of households of both urban and rural areas composed of 3600 households. Four tiers of questionnaires: a household questionnaire, a diary recording consumption questionnaire, a community questionnaire and price questionnaire were used to explore the determinants of remittances sent by the migrants living abroad. The independent variables used in the model were gender, age, marital status, number of persons in the household, level of education, health condition, having a job, religion and rural-urban status. The study used the random and fixed effects discrete choice models and explored that remittance was positively associated with the

economic indicators like satisfaction with current situation, adequateness of food consumption and magnitude of affordable expenditures. The proportion of household receiving international remittance in Albania was more than 20 percent, which was majorly used for the fulfilment of basic needs of the households. This study shed light on the factors influencing remittance patterns in Albania, to underscore the significance of economic indicators in determining the likelihood of remittances, and the role of education levels for determining the volume of remittance.

Pfau and Giang (2009) examined the major determinants and impact of international remittances for the well-being of the households of Vietnam. Four survey data were taken from the Vietnam household living standard survey (VHLSS) for the year 1992-93, 1997-98, 2000 and 2004 which was conducted by the general statistics office of Vietnam (GSO). Both the individual and household were used for the representative result for entire Vietnamese population.

The study deduced that 20.7 percent households received overall remittances in the first survey 1992-93 and 22.7 percent in second survey 1997-98, then 80 percent in the third survey 2002 and 88.7 percent in the fourth survey 2004. The study further deduced that international remittances were disproportionately high among the female headed households and the households where the head does not work. The international remittances were found to reduce poverty, sharing risks, improving equality and led to greater investment, which help in economic growth and enhance the living standard of the people in Vietnam, where the part of social insurance is still weak. Finally, the study underscores the importance of remittances as a key factor in improving the well-being of Vietnamese households.

Ramatullavich (2012) examined the social and economic impacts of remittances from external labour migration in the local areas of Uzbekistan. The study was based on graphical presentation, by taking 30 migrant and 30 non-migrant household data, and revealed that the impacts of remittances are seen in three categories as micro (individual), mesho (communal), and macro (national) level. It was explored that remittances have both positive (in employment opportunities) and negative (brain drain and inflation) impacts. The study further explored that migrants' remittances, especially from the Russian Federation contributed positive impacts in the living standard and the physical endowment of the migrant family. This research sheds light on the multifaceted impacts of external labor migration and remittances on development in

Uzbekistan. By categorizing impacts at different levels, the study provides a nuanced understanding of how these dynamics influence individuals, communities, and the nation. The identification of both positive and negative impacts underscores the complexity of the relationship between labor migration, remittances, and development, emphasizing the need for comprehensive and context-specific policy considerations.

Stevanovic's (2012) qualitative study of Bangladeshi migrants in New York provides a nuanced understanding of remittances as socially embedded practices rather than purely economic transactions. Through sixty-five interviews (twelve unstructured, fifty-three semi-structured) and seven snowball-sampled household cases in Bangladesh, the research reveals how remittances function as: a mechanism for maintaining traditional gender roles, with male migrants preserving their identity as primary providers; a strategy for sustaining social status across transnational spaces; and moral obligation where non-compliance risks reputational damage. The study demonstrates that religious and cultural norms, particularly notions of kinship, hierarchy, and charity fundamentally shape remittance behaviors, challenging conventional economic analyses that overlook these socio-cultural dimensions.

The research makes significant theoretical contributions by framing remittances as a form of "social currency" within transnational moral economies. While focused on Bangladeshi migrants, its findings have broader implications, suggesting that effective migration and development policies must account for the cultural logics underlying financial transfers. By highlighting how remittance decisions are constrained by familial expectations and community pressures, the study calls for more holistic approaches to understanding migration's socioeconomic impacts that bridge econometric analyses with ethnographic insights into migrant lived experiences. This work thus advances migration scholarship by demonstrating how financial practices remain deeply rooted in social and cultural systems, even across transnational spaces.

Vernezza (2012) made an empirical study in a PhD dissertation. The objective of the study was to observe the interstate migrants of the USA. The data were taken mainly from university of Michigan's panel study of income dynamics (PSID) 1968-2004, and the March Population Survey 1968-2009, by employing risk aversion utility function to analyze the nominal income differences between the source and destination, by using compensating differential in climate, place attachment, price level, unemployment and average consumption variables.

The study deduced that migration leads to substantial rise to absolute income of the individual from the destination. When the source region is not contained best economic opportunities, there is a trade-off between income maximization and marginal utility of consumption that leads migration. Individuals having few assets were more likely to migrate and the individuals having high assets were likely to stay in the region of their origin. The study exerted that the key obstacle of a migration is place attachment which is the emotional bond of an individual towards the place of origin, though an individual choose migration as a by-product of accepting the job offer from new region for the dollar values over the place attachment of an individual. In summary, Vernezza's research provides insights into the complex factors influencing interstate migration in the United States. The study considers economic, emotional, and individual asset-related factors, shedding light on the intricate decision-making processes involved in the migration of individuals between regions.

Adenutsi (2014) conducted a comprehensive study analyzing the implications of financial liberalization on international remittance inflows in sub-Saharan Africa (SSA) between 1980 and 2009. Using dynamic and static panel-data estimation, Granger non-causality tests, and GMM, the study explored the impact of remittances on long-term economic growth.

The findings revealed that SSA received the lowest remittances globally, with no country receiving more than US\$1 per capita daily. However, international remittances significantly propell economic growth in SSA. Key macroeconomic determinants included host-country income, regulatory environment, institutional quality, real deposit interest rates, and inflation, which positively affect remittance flows. Conversely, home-country income, bank credit to the private sector, and real exchange rates had negative effects.

Moreover, the study found that remittances help reduce poverty and unemployment but not significant impact on income inequality or labor productivity. However, remittances positively influence human welfare, educational attainment, life expectancy, and financial development. In conclusion, Adenutsi highlighted the role of remittances in promoting growth and welfare in SSA, emphasizing the importance of broader macroeconomic factors in shaping these outcomes.

Amnesty International (2014) analyzed with reference to the Syrian migrants or asylum seekers and the migrants and refugees from all over the world who wanted to migrate specially to the countries of European Union through the route of Turkey, and explored that despite billions of euros invested, the human cost of EU border policies remains high, with countless refugees and migrants losing their lives in dangerous journeys. AI found that EU member states violate human rights principles they have signed onto, particularly regarding the treatment of refugees and migrants. The report cites the October 2013 Lampedusa shipwreck and the ongoing deaths in the Mediterranean and Aegean seas as evidence of the policy's deadly consequences, and criticizes EU's focus on border walls, surveillance, and stricter policies, arguing that it pushes people towards dangerous routes.

Amuedo-Dorantes (2014) explored the global debate on the pros and cons of remittances, highlighting both their positive and negative impacts. The study found that remittances significantly contribute to human capital accumulation, improved sanitary conditions, better healthcare, higher educational attainment, asset accumulation, business investments, financial literacy, and poverty reduction. These benefits enhance the well-being of families and boost the economies of recipient countries.

The study also identified drawbacks, such as reduced labor supply, dependency cultures, increased consumption of non-tradable goods, higher prices, decreased exports, and slower economic growth. The report concluded that a deeper understanding of remittance impacts is necessary to develop policies that maximize their benefits for developing economies. In summary, Dorantes's research highlights the dual nature of remittances, emphasizing their potential to foster economic development while acknowledging challenges like labor force participation decline and dependency. The study calls for informed policymaking to optimize remittances' positive effects.

Fransen (2015), examined the economic and social effects of remittances and return migration on households and communities in conflict-affected Burundi. The study employed a mixed-methods approach, combining quantitative and qualitative data collection taking data from 2011 where, two large-scale surveys were conducted: (i) a nationally representative cross-sectional household survey covering 1,500 households across 100 communities, and (ii) an urban household survey in Bujumbura, incorporating in-depth interviews with 800 households from 54 blocks.

To assess the impact of remittances, Fransen utilized propensity score matching (PSM) and regression analysis, complemented by an instrumental variable (IV) approach. The findings indicate that remittances played a crucial role in sustaining basic livelihoods in conflict-affected areas, particularly in the absence of stable foreign aid and foreign direct investment (FDI). However, the study also revealed structural limitations: remittances were often inaccessible to the most vulnerable populations who lacked the financial means to migrate. Additionally, due to the unstable economic and security conditions, remittances were largely spent on consumption rather than on long-term investments in education, financial inclusion, or asset accumulation.

This study contributes to the broader discourse on migration and development by highlighting the dual role of remittances in fragile economies. While remittances provide essential financial relief, their developmental impact remains constrained by structural barriers and the conflict-driven volatility of the region. The study underscores the need for targeted policy interventions that enhance financial accessibility, lower migration costs, and channel remittances into sustainable development initiatives in conflict-prone contexts.

Brown and Connell (2015) conducted a comprehensive synthesis of nineteen contemporary studies examining the multifaceted impacts of international migration and remittances. Their analysis explored policy responses, social transformations, the uses and effects of remittances, and the determinants of remittance behavior in both island and landlocked states. The study found that remittances play a critical role in alleviating liquidity constraints among low-income households, stimulating investment in agriculture, education, entrepreneurship, and facilitating further migration. In remote and impoverished areas, remittances have multiplier effects that mitigate risks and support economic activity. Although remittances can contribute to inflation, they also ease balance of payments pressures and promote employment generation. Furthermore, they lead to human capital accumulation, reduce child labor, enhance household resilience to shocks, and provide an informal yet effective system of social protection. Overall, the study emphasizes remittances as a vital mechanism for poverty alleviation, household empowerment, and socio-economic development, particularly in economically disadvantaged regions.

Dadush and Niebuhr (2016) made a study to examine the impact of international forced migration in the contest of sending and receiving countries. The study was

concerned in the current refugee crisis around the globe and explored that forced migration flows which are mismanaged, at present context, has created large negative political and economic externalities for the world as a whole. The study revealed that concerns of advanced countries that accepting forced migrants will cause job losses or falling wages, and place an extra burden on the public revenue.

The study recommended that there should be designed a perfect scheme for the extra burden of increased numbers of refugees settling in the North and increased aid should be impaired for the countries in the South to address the largest numbers of refugees. In a nutshell, this study contributes to the discourse on forced migration by highlighting the global challenges associated with mismanagement of migration flows. The recommendations underscore the importance of coordinated efforts and support mechanisms to address the impacts of forced migration on both sending and receiving countries.

Ahmed et al. (2017) critically examined the human impact of the Illegal Immigration Reforms and Immigrant Responsibility Act (IIRIRA) through five case studies, exposing the harsh realities of the Immigration Detention System. The study highlighted the experiences of criminalized immigrants, public defenders, nonprofit attorneys, and detainees' families, emphasizing the rapid and unforgiving nature of immigration proceedings.

The findings revealed that vulnerable migrant populations bear the brunt of IIRIRA's punitive measures, as the legal system largely perceives criminalized immigrants as undeserving of integration or empathy, even when facing permanent family separation. The study calls for a critical reassessment of immigration policies, advocating for a more balanced approach that moves beyond punishment to address the complex socio-legal realities of migration.

Gustafsson (2018) analyzed the migration-health relation in contemporary Nicaragua within a broader context of socio-economic transformation by using a mixed-methods approach, combining qualitative interview data and quantitative survey data. The study found that migration is commonly practiced as a strategy for making a living and is related to the struggle for a better life which caters both advantages and disadvantages for health. Migration can also be a stressful and health damaging event. The international migrants especially the undocumented, can have problems accessing

health care and experience much danger at border crossings. Transnational families also suffer emotionally as well as physically due to separation and their health is not as good as that of non-migrating families. In contrast, remittances can improve people's everyday life, have become an important source of income, and have partly invested in health. In summary, the study underscores the multifaceted nature of the migration-health relationship in Nicaragua. While migration is often a strategy for economic improvement, it comes with stressors and challenges, particularly for undocumented migrants and their families. Remittances contribute positively to the well-being of those left behind, but the overall impact on health is influenced by various factors, highlighting the complex interplay between migration and health in the socio-economic landscape of Nicaragua.

Sanchez (2018) made a study to explore the large movements of migrants and asylum seekers through secret and illegal routes in a global context and explored that the image of heart-rending death in the Mediterranean Sea or the Sahara and Arizona desert reveal the inherent risks of irregular migration, as their bodies are pulled out of the water or the corpses are bagged and disposed of and their identity remains forever unknown. These images present an unbearable feeling of despair and crisis. The tragedies were attributed throughout the world due to the action of the migrant smugglers who are depicted in the webs of organized criminals having a strong transnational approach. The study further explored that the risks inherent to the clandestine journey and the violence during the transits by many smugglers do take unnecessary benefits of the helpless migrants, refugee and asylum seekers, stripping them of their valuable life and abandoning them during their journeys. In conclusion, the study underscores the urgency of addressing the human cost and ethical concerns associated with irregular migration and the actions of those who exploit vulnerable populations.

Alatinga (2019) studied extracting the experience of migrant adolescent girl head porters from northern Ghana to the cities of Accra and Kumasi by using explanatory sequential mixed methods research design. The study also used the logistic model. The data were collected from 503 individual surveys and 24 in-depth interviews, and explored that 61 percent of adolescents migrated to escape from poverty and 29 percent migrated to work and raise money for school fees. The kayayoo business, they run in Accra didn't support to enhance their living as only 36 percent of them were able to

remit their families. The result showed that only the older adolescents, 15-19 years, number of years spent working as head porter and socio-economic status having not poor significantly influenced remittances which capacitated recipient families to invest in human capital development and improved household food security. In summary, the study sheds light on the complex interplay between internal migration, socio-economic status, and remittances among adolescent girl head porters in northern Ghana. The findings underscore the multifaceted motivations for migration, challenges faced in urban economic activities, and the differential impact of remittances on recipient families based on certain demographic and socio-economic factors.

Angu (2019) examined the livelihood strategies and challenges faced by Somali migrants in South Africa, focusing on their economic activities, social integration, and experiences of xenophobic violence. The study, based on interviews with 30 Somali migrants (20 males and 10 females) aged 25–45, utilized a snowball sampling approach to gather insights from individuals residing in Bellville, Khayelitsha, and Cape Town between 2015 and 2016.

The findings revealed intensifying tensions between Somali migrants and native South Africans, primarily due to economic competition in urban and peri-urban areas. Somali-owned businesses, perceived as a threat to local enterprises, frequently became targets of xenophobic attacks, looting, and harassment. The study also highlighted how South African nationals associated Somali migration with rising unemployment, poverty, and crime, further fueling anti-immigrant sentiment. Additionally, it explored Somali migrants' resilience and business strategies, as well as their struggles to support families back home while navigating hostility in the host country.

Overall, the study provides valuable insights into the intersection of migration, economic survival, and xenophobia, shedding light on the precarious existence of Somali migrants in South Africa and the broader implications for inter-community relations and migration policies.

Eresso (2019) conducted a study based on data from a senior post-doctoral research project carried out over three years, focusing on Ethiopian female migrants living in Djibouti. The research was conducted in both Djibouti City and the border town of Obock, near Yemen, using multiple qualitative methods including in-depth

interviews with key informants, collection of life histories and narratives, and focus group discussions. The study revealed that Ethiopian female migrants represent a heterogeneous and stratified group, whose settlement strategies varied-ranging from engaging in informal or illegal economic activities, becoming *Kimit* (a term referring to informal or temporary partners), marrying locals of Djiboutian origin, or returning to Ethiopia. The study critically examined their lived experiences, highlighting how their social class trajectories shaped their levels of social inclusion or exclusion within the host society. Overall, the study provides a nuanced perspective that challenges common stereotypes by illuminating the complex socio-economic dynamics, adaptation strategies, and integration processes of Ethiopian female migrants in Djibouti.

Mutambara and Maheshvari (2019) explored the experiences of Zimbabwean women migrants in South Africa, focusing on violence, discrimination, and human security challenges. The study, conducted in Durban; an entry point for many African migrants and refugees: collected data from 22 Zimbabwean female informal traders aged 18-45 through in-depth, open-ended interviews using purposive and snowball sampling.

The findings revealed that Zimbabwean migrant women faced intimate partner violence similar to local South African women, challenging the assumption that migration offers greater security. Many had fled instability in Zimbabwe, only to confront new forms of insecurity in South Africa, shaped by their gender, nationality, and socio-economic status. The study highlighted multiple layers of discrimination, where migrant women were marginalized as women, non-citizens, and Black Africans, making them particularly vulnerable. Overall, the study provides critical insights into the intersectionality of migration, gender, and human insecurity, advocating for policies that address both migrant-specific vulnerabilities and broader gender-based violence in South Africa. It underscores the need for protective measures to ensure the safety and inclusion of migrant women while addressing systemic challenges faced by women in the host country.

Ratha et al. (2019) examined the impact of migration on economic and social development by using contemporary literatures, and explored that international migration is an ever-growing phenomenon that has considerable development implications for both sending and receiving countries. For sending country migrants'

remittances lead to increased incomes and poverty reduction, improved health and better education, and promote economic development as a whole. Many developing countries along with developed countries are also large recipients of international migrants. Migrant workers face challenges of integration, job competition between migrant and native workers, and fiscal costs associated with provision of social services to the migrants. The study recommended an in-depth discussion on the impacts of migration on climate change, democratic values, demographic impacts, national identity and security. In conclusion, the study emphasizes the multifaceted nature of migration's impacts, stressing the importance of considering economic, social, and demographic dimensions. The study encourages further exploration and discussions on various aspects of migration to develop a comprehensive understanding of its implications.

Narang (2020) studied the major impacts and determinants of migration and remittances in the left behind family in micro level as well as community and in a macro level in the Indian economy. The study used two-stage least square method by framing a set of simultaneous equation to find out the impact of remittances inflows on consumption and investment level. The study used a time series data between 1975-2016. The source of data was the world development indicators of the world bank. Macroeconomic variables; gross domestic product, consumption, investment, skill and unskilled workers and trade were used for the estimation of results, and found that the extent of remittance outperforms the foreign direct investment and official development assistant in India. The remittance inflows were highest from Middle East and North Asian (MENA) countries and from among the MENA countries, United Arab Emirates remitted the maximum amount of remittances inflows in 2017. Unskilled and semi-skilled workers remitted more amount in comparison to skilled and highly skilled workers. India; Bangladesh, Nepal, Sri-Lanka and Pakistan received the larger amount of remittances respectively.

The study underscores the substantial impact of remittances on the Indian economy, emphasizing their significance relative to other forms of financial inflows. Additionally, the study provides insights into regional variations, worker skill levels, and trends in remittance costs.

Koczan et al. (2021) examined the multifaceted impacts of international migration, with a focus on Kyrgyzstan and Mexico. The study found that migration

serves as a key pathway for material advancement for migrants and their families, primarily through remittance flows. While migration may initially strain labor markets in destination countries, through wage suppression and displacement of native workers. It contributes positively in the medium to long term by enhancing productivity, innovation, and economic growth. High-skilled migrants drive wage and productivity gains, while low-skilled migrants indirectly support native labor participation, particularly among high-skilled women. The study also highlighted migration's positive fiscal contributions, as migrants are generally less costly in healthcare and support aging populations in host countries. Conversely, the study noted adverse effects on origin countries, including human capital loss and brain drain. Overall, international migration was shown to facilitate remittances, trade, FDI, and technology transfer, while generating complex socio-economic outcomes for both origin and host countries.

Idrissi and Kawkaba (2023) examined the impact of remittances on household consumption in Morocco, utilizing data from the national survey on household consumption and expenditure prepared by the High Commission for Planning (HCP). The study employed propensity score matching as the econometric model to assess the effect of remittances on household consumption. The findings revealed a significant and positive relationship between remittances and consumption expenditure, suggesting that as remittance inflows increase, so does household consumption in Morocco.

This increase in consumption contributes to poverty alleviation, as higher remittance receipts boost both total household consumption expenditure and per capita consumption. The study emphasizes the crucial role of international remittances in reducing poverty, highlighting remittances as an effective tool for improving living standards. The results have important policy implications, suggesting that promoting and facilitating remittance inflows could play a vital role in poverty reduction strategies in Morocco.

Scientific studies conducted from 2012 to 2023 extensively examined the economic and social impacts of migration and remittances. Research focused on areas such as household well-being, migrant detention conditions, migration costs, social inclusion, and the role of migration in promoting inclusive growth. Key variables studied included human capital, healthcare, education, business investment, poverty, national identity, and place attachment.

Various statistical tools such as, propensity square matching, simultaneous equation, Two-stage Least Square, dynamic and panel data estimation, Granger Non-causality test, GMM tests, logistic models and other regression analysis, as well as descriptive models were used to estimate the effects of remittances. The findings showed that remittances had positive impact on the living standards of migrant families by improving income, healthcare, and education. However, studies from developing countries revealed contrasting migration patterns compared to developed nations, highlighting that place attachment can be a significant barrier to migration.

While remittances generally enhanced the well-being of families left behind, some studies raised concerns about dependency and limited economic development. Migration's impact on destination countries showed initial negative effects on labor markets but long-term benefits, especially from skilled migrants who contributed to innovation and productivity. Studies also highlighted challenges like xenophobic violence, discrimination, and gender-based violence, showcasing the complex nature of migration's economic and social dimensions.

## **2.4 Empirical Review in National Context**

### *Determinants of Migration in Nepal*

Bohra and Massey (2009) studied the factors influencing internal and international migration from Chitwan district, using data from the 1996 Chitwan Valley Family Survey (CVFS), which included 1,773 households and 5,271 individuals aged 15-59. The study examined first-time and repeated migrations to three destinations: within Chitwan, other districts in Nepal, and abroad. Using a multinomial logistic regression model, the researchers assessed variables such as human capital, social capital, physical capital, and neighborhood socio-economic conditions.

The study found that education and occupational skills increased the likelihood of migration within Nepal but reduced the probability of migration abroad. Human capital, social capital, and ethnicity were statistically significant factors affecting migration. Additionally, poor households showed a high rate of migration to India. Overall, the research highlights the complex interplay of education, skills, and socio-economic conditions in shaping migration patterns from Chitwan.

Fafchamps and Shilpi (2012) analyzed the determinants of migrants' destination choices in Nepal, utilizing data from two rounds of the Nepal Living Standards Survey

(1995/96 and 2002/03) and a Population Census. Employing logit regression estimation, the study examined the influence of income, consumption (food, clothing, housing, healthcare, schooling), distance, population, and social proximity on migration decisions.

The findings revealed that distance, population density, social proximity, and access to amenities were strongly correlated with migrants' choice of destination. While income and consumption differentials between origin and destination significantly influenced migration, average district income was not a significant determinant, whereas average district consumption showed marginal significance. Notably, migrants responded to absolute rather than relative consumption gains, emphasizing the role of economic opportunity in decision-making. Additionally, urban environments and access to amenities emerged as key attractions for internal migrants. Overall, the study underscores the multifaceted nature of migration decisions, highlighting the importance of social networks, economic incentives, and infrastructure in shaping internal migration patterns in Nepal.

Gurung (2012) conducted a micro-level survey in 2009, revealing that migration results from the interaction of various social structures, including individual, household, and community levels. The study found that social networks significantly influence migration by sharing experiences and information, thereby facilitating potential migrants. Households accumulate knowledge about migration through interactions within the community and discussions among family members, which inform their decisions about migration.

The research indicated that able, literate, and educated males, particularly those from hill regions, were more likely to migrate abroad. Many of these individuals came from households with small landholdings, with 77% experiencing food insufficiency. Key determinants of out-migration included friends, relatives, neighbors, recruitment agents, and agencies in Moraang. In conclusion, Gurung's study emphasizes the importance of social networks, socioeconomic backgrounds, and influential figures in shaping migration patterns, contributing to a deeper understanding of the dynamics influencing migration within communities.

Bhandari (2016) conducted a study involving primary data collection from migrant-sending households in 30 randomly selected geographic clusters of western

Chitwan Valley, which were categorized into three strata based on proximity to Narayangarh, an urban city in Nepal. A total of 394 households were enumerated, and in-depth face-to-face interviews were conducted with 185 households.

Using multivariate analysis, the study revealed that households were less likely to receive remittances from migrants working in India compared to those employed in Nepal. In contrast, households received significantly higher remittances from migrants in countries with greater earning potential, such as the Middle East, East or Southeast Asia, followed by migrants in the United States, Australia, and Europe. These findings highlight the crucial role of the destination country in determining the amount of remittances received, indicating that migrants in higher-earning countries provide more substantial financial support to their sending households. The study offers valuable insights into the complexities of remittance patterns in the context of migration from western Chitwan Valley.

Shrestha (2017) examines the push and pull factors influencing international migration from Nepal, emphasizing the role of liquidity constraints and migration costs. Using panel data of NLFS from 452 village wards over three periods in the 2000s, the study employs rainfall shocks and conflict-related deaths as push factors, and labor demand in destination countries, particularly the Gulf and Malaysia, as pull factors.

The study's key finding is that a \$100 increase in household income from rainfall shocks raises migration to India by 54%, while it has no effect on migration to non-Indian countries. This result reflects the lower entry barriers and proximity of India compared to distant destinations. In contrast, an increase in conflict prompts wealthier families, especially in urban areas, to migrate abroad, highlighting the non-economic motivations behind migration. The study also finds that growing labor demand in Gulf countries and Malaysia drives migration to those regions, with a reduction in migration costs significantly increasing non-Indian migration. The study's focus on exogenous shocks reveals that households actively respond to external economic opportunities, aligning with the new economics of labor migration theory, though with distinct variations between Indian and non-Indian migration pathways.

The study provides valuable insights into the differentiated impacts of income and cost changes on migration patterns, illustrating the complex interplay between economic, social, and geographic factors in shaping Nepalese migration flows. The

study's findings underscore the need for nuanced policy interventions that consider both short-term income fluctuations and long-term migration costs.

The IOM (2019) study examined the key determinants of migration and remittances in Nepal, alongside their impacts on the economy, highlighting both positive and negative aspects of migration. It identified Nepal as a major labor-sending country, where foreign employment is a prevalent livelihood strategy influenced by various push and pull factors.

However, the study noted that working abroad entails significant risks, as migrant workers often face exploitation, abuse, and trafficking. Despite these challenges, international migration positively impacts several sectors, including health, education, social relations, and the environment. Remittances contribute to a substantial reduction in poverty, increased household consumption, improved family health, enhanced skills, and greater investment. The study underscores the importance of understanding these dynamics to maximize the benefits of migration while addressing the associated risks and vulnerabilities faced by migrant workers.

Munika and Thapa (2019) conducted a descriptive cross-sectional study to identify the determinants and aspirations of nurse migration from Nepal. Using a self-administered questionnaire, the study surveyed nurses working in private hospitals who met the inclusion criteria. The majority of participants were between 20 and 30 years old, Hindu, Chhetri, unmarried, and had completed an intermediate level of education. A significant portion (93.2%) intended to migrate, with over half (62.20%) preferring Australia as their destination.

The primary push factors for migration were political instability, lack of job opportunities, and a poor political environment. The major pull factor for international migration was occupational security abroad, followed by peer influence. These findings contribute valuable insights into the determinants and aspirations of nurse migration from Nepal. The study underscores the importance of addressing both push and pull factors to influence migration decisions and potentially retain skilled healthcare professionals in the country.

Bashyal (2020) conducted a study to examine the major determinants of labor migration from Nepal to India, utilizing contemporary literature to analyze this phenomenon. The study found that the migration of Nepalese laborers to India has been

steadily increasing, largely due to the open border between the two countries, shorter travel distances, and well-established social networks. The 1950 Treaty of Peace and Friendship between Nepal and India facilitates the unrestricted movement of people across the border, further contributing to this migration trend.

The research highlighted the poor economic conditions faced by Nepalese migrants in India. Most migrants live in overcrowded rented houses or slums, sharing rooms without adequate sanitation and hygiene. Social networks play a critical role in securing jobs, accommodation, and even loans for Nepalese migrants in Delhi, making these networks a major entry point for their survival. However, rather than achieving improved living standards, the majority of these migrants work merely to ensure their basic survival. In summary, the study provides valuable insights into the key drivers and challenges of Nepalese labor migration to India. The open border, historical treaties, and social networks significantly influence this migration, while the harsh socio-economic conditions of migrants highlight the challenges they face in achieving better living standards. This research contributes to a broader understanding of cross-border migration dynamics between Nepal and India.

Adhikari et al. (2023) examined the impact of global and national economies of out-migration. The explorative study found the intricate relationship between global and national economies and out-migration. Their analysis revealed that key drivers of migration are deeply embedded in the current political-economic landscape. Specifically, factors such as conflict, climate change, natural disasters, and livelihood challenges were identified as major catalysts for out-migration. Additionally, wage differentials, social networks (e.g., friends and family abroad), existing institutional frameworks, policy environments, and the recent effects of the Covid-19 pandemic were highlighted as significant determinants.

The study emphasizes that understanding these multifaceted migration drivers is essential for crafting well-rounded policies and strategies to address migration-related challenges in Nepal. A nuanced approach that takes into account both structural and socio-economic factors is crucial for developing effective solutions aimed at managing migration flows and mitigating their impact on the country.

Thapaliya et al. (2023) conducted a comprehensive study on the socio-economic determinants of foreign labor migration, focusing on the socio-cultural, political, and

environmental factors that drive out-migration. Using secondary data from the Marin rural municipality in Sindhuli district, the study employed a simple random sampling technique. Quantitative interval protocols were used, supplemented by key informant interviews and case studies. The findings revealed that low individual income, lack of employment opportunities, poor economic conditions, limited access to social protection, and education for children were major drivers of foreign migration. Additionally, factors such as social prestige, the desire for property accumulation, peer pressure, declining agricultural productivity, lack of education, inability to repay loans, and food insecurity played a critical role in motivating individuals to seek employment abroad.

The study's insights emphasize the importance of addressing these core socio-economic and cultural issues through targeted policy interventions. The study recommended the development of comprehensive strategies aimed at improving domestic employment opportunities, enhancing social protection systems, and addressing the broader socio-economic conditions that push individuals towards foreign migration. Such policy measures are crucial for managing migration flows and reducing the dependency on labor migration in Nepal.

Magar et al. (2024) investigated the factors driving overseas labor migration in Nepal, using survey data from 4,665 randomly selected households and 227 overseas labor migrants. By applying generalized two-part fractional regression models, the study analyzed the determinants of migration and its intensity in farming households, while migrants' destination choices were examined using the probit model. The findings revealed that a higher proportion of educated members, credit access, indebtedness, and contact with manpower agencies significantly increased the likelihood and intensity of overseas migration. Conversely, the presence of employed household members, larger farms, access to irrigation, and a higher asset index reduced this likelihood.

Additionally, the study showed that individuals from households with employed members and a higher asset index were less likely to migrate to Malaysia and Gulf countries, whereas those connected to manpower agencies were more likely to choose these destinations. These results highlight the critical need for improving domestic economic opportunities and strengthening the agricultural sector to mitigate the growing trend of labor migration from farming households in Nepal.

*Impact of Migration and Remittances in Nepal*

Adhikaree (1994) studied the impact of Indian immigrants on employment opportunities for native workers in Biratnagar, examining both formal and informal sectors. The research included interviews with 57 natives and 71 immigrant laborers in the formal sector, and 39 natives and 36 immigrants in the informal sector, selected through a lottery method.

Using regression techniques and chi-square tests, the study assessed employment dynamics. Key findings revealed that native laborers had higher literacy (4.8 years) than immigrants (2.8 years), but immigrants had more job market experience (9.93 years vs. 8.8 years). Employment patterns showed that 58% of immigrants worked in the informal sector and 41% in the formal sector, while 59% of natives were in the formal sector and 42% in the informal sector. Immigrants had a 100% employment probability in both sectors, compared to 94% for natives in formal and 87% in informal sectors.

The study concluded that native laborers were increasingly being replaced by immigrants due to their higher productivity, better skills, and stronger work ethic, highlighting the competitive advantages of immigrant workers and their broader economic implications for Nepal's labor market.

The study by Sedon et al. (2002) presents a critical analysis of the role of foreign labor migration and its impact on remittances in Nepal's economy. By employing macroeconomic data, the study argues that the true scale of remittances is significantly underreported, estimating that actual inflows could be up to twenty times higher than official figures, constituting 25% of Nepal's GDP. This discrepancy highlights a pressing issue in accurately assessing remittance inflows and points to the need for a thorough reassessment of Nepal's balance of payments.

The study provides an important contribution to understanding the economic impact of remittances in Nepal, particularly regarding the scale of remittance flows and their potential to offset trade deficits. However, the study could benefit from deeper empirical analysis of how remittances are distributed across regions and social classes. By incorporating micro-level data and addressing long-term policy implications, future research could offer a more comprehensive understanding of how remittances influence not only macroeconomic stability but also social and economic inequalities.

Panta (2006) conducted a descriptive study on the impact of remittance inflows, highlighting their significance as stimuli for economic growth through savings and investment. The study found that remittances are a substantial and stable source of economic support, less influenced by economic fluctuations in receiving countries compared to other forms of development finance. They provide critical support to vulnerable families during crises and enhance income.

As the number of workers going abroad for employment continues to rise, the corresponding growth in remittances is expected to strengthen long-term economic growth in the country. The study identified economic growth, interest rate, and exchange rate policies as key determinants of remittance inflows. It recommended encouraging remittance flows through official channels and promoting the conversion of foreign exchange into local currency. Overall, the study emphasized the multifaceted role of remittances in bolstering economic growth and family well-being, underscoring the need for supportive policies to maximize their positive impact on the economy.

Bhadra (2007) conducted a comprehensive study on the impact of remittances from women migrant workers on poverty reduction in Nepal. Using both quantitative and qualitative methods, the research included a sample survey and focus group discussions, targeting participants from Dharan and Pokhara. A total of 421 individuals were surveyed, including 241 returnee migrant workers and 174 household members of currently migrated women, using purposive and snowball sampling.

The study found that the "feminization of poverty" drove many Nepalese women to seek opportunities in the global labor market. The remittances sent by these women significantly contributed to poverty reduction, household capital formation, and improved quality of life. Beyond financial benefits, women migrants also facilitated "social remittances," enhancing self-esteem, altering gender identities, reducing violence against women, and increasing respect within families and communities. However, the research also identified challenges such as gender discrimination during migration, workplace violence, and rights violations. Additionally, the prolonged absence of mothers weakened mother-child relationships, with younger siblings often assuming increased household responsibilities, which limited their educational opportunities.

In conclusion, Bhadra's study emphasizes the complex dynamics of women's migration, highlighting the economic and social transformations that remittances can foster. The study advocates for addressing barriers faced by economically disadvantaged women, and promoting equitable sharing of migration benefits within households.

Lokshin et al. (2007) conducted a study examining the impact of work-related migration and remittances on poverty reduction in Nepal. Utilizing cross-sectional data from the Nepal Living Standards Survey (NLSS I, 1996, and NLSS II, 2004), covering 73 districts (excluding Mustang and Rasuwa), the researchers employed the Full Information Maximum Likelihood (FIML) model.

The findings indicated that work-related remittances from both internal and external migrants contributed significantly to poverty reduction, accounting for 20% of the total decline in poverty from 1995 to 2004. The study revealed that without migration and remittances, the poverty level would have been 33.6%, compared to the observed rate of 30%, and the mean per capita consumption would have decreased from Rs. 15,000 to Rs. 14,000.

In summary, the study highlights the substantial role of work-related remittances in improving economic conditions and reducing poverty levels in Nepal during the analyzed period.

Shrestha (2008) conducted a comprehensive study by employing a secondary data analysis approach and found that remittances played a vital role in maintaining macroeconomic stability and bolstering the national economy even in situation where the country's major economic indicators are less favorable. Specifically, the study identified shortcomings in information dissemination regarding foreign employment, a lack of adequate skill training programs, and insufficient assurance of a safe working environment and protection of the rights of migrant workers. These deficiencies were identified as impediments to the optimal functioning of foreign employment programs.

In light of these findings, the study recommended interventions to address the identified issues. It emphasized the need to enhance facilities related to information dissemination for prospective migrant workers. This involves providing comprehensive and accurate information about foreign employment opportunities. Furthermore, the

study highlighted the necessity for improved skill training initiatives to equip migrant workers with the capabilities necessary for their roles abroad.

Shrestha (2009) explored the trends of foreign employment and remittances in Nepal, drawing from contemporary literature and secondary data. The study highlighted that the growing demand for Nepalese labor abroad has significantly alleviated the issue of unemployment within the country. Moreover, remittances have played a vital role in reducing poverty on a large scale. These funds, sent by migrant workers, have been instrumental in providing economic security and improving social status both at the household and community levels. In addition to alleviating poverty, remittances have contributed to resolving the foreign exchange constraints faced by Nepal. They have also had a substantial impact on the country's economy, with growing contributions to the GDP and a strengthened balance of payments situation. The inflow of remittances has thus become a crucial factor in maintaining economic stability and promoting social mobility within Nepal.

The study also emphasized the importance of utilizing the assets, skills, and experiences of returnee migrants for both their personal benefit and for the broader economic development of Nepal. Shrestha recommended that economists, academics, and policymakers recognize and promote the potential of returnees in contributing to local and national development. By integrating the skills acquired abroad into the domestic economy, returnees could play a pivotal role in fostering sustainable growth and enhancing economic resilience at multiple levels.

Maharjan et al. (2011) examined the impact of male out-migration on the work load and the status of the women left behind in rural Nepal. The authors used primary data, through a household survey covering 280 households in the two hilly districts Syangja from western development region and Baitadi from far western development region based on the migration intensity and predominant migration pattern.

The study revealed that women in migrant households had a greater role in household decision than women in non-migrant households, but there were no significant differences in the ownership of assets by women from migrant and non-migrant households that women possessed lower value assets such as livestock than high value assets like land and houses to men in both the districts. The report further explored that, larger remittances helped to reduce the physical work burden and to

increase decision making roles by empowering the women left behind in Syangja district. But low remittances in Baitadi had the opposite impact and saddled left behind women with greater physical workload and less empowerment. In conclusion, the study highlighted the nuanced impact of male out-migration on women left behind, emphasizing the role of remittances in influencing women's workload and empowerment in the absence of male household members.

Satyal (2011) analyzed the macroeconomic impact of remittances in Nepal using secondary data and an Ordinary Least Squares (OLS) regression model, examining variables like the Consumer Price Index (CPI), broad money supply (M2), government expenditure, and GDP. The study found a significant positive relationship between remittances and these macroeconomic indicators, but no correlation with the exchange rate or Indian inflation, suggesting remittances primarily contribute to inflation by increasing consumer prices and the money supply.

Despite these positive effects, Satyal warned that remittances are not a permanent economic solution. He highlighted issues such as weakened institutions, corruption, exploitation of female workers, and the spread of diseases like HIV/AIDS. The long-term risks of labor drain also threaten Nepal's economy by depleting skilled labor.

Satyal concluded that while remittances provide temporary relief, reliance on them could create challenges for the economy. He advocated for viewing foreign employment as a short-term strategy and emphasized the need for sustainable long-term solutions to address economic and labor market issues in Nepal.

Chaudhary (2013) conducted a qualitative study examining whether migration could serve as a substitute for Foreign Direct Investment (FDI) in Nepal. The research highlighted that while FDI typically brings capital inflow, job creation, and technology transfer, Nepal has struggled to attract significant FDI, which accounts for just over 2% of its GDP. In contrast, remittances from Nepalese migrants contribute around 25% to the nation's GDP, indicating their critical role in the economy.

The study noted that migration has somewhat filled the gap left by low FDI, providing essential financial support through remittances that bolster household incomes, enhance consumption, and help sustain the balance of payments. While the study posited that migration could be an alternative mechanism for economic sustenance, it also cautioned against viewing it as a long-term substitute for FDI.

Remittances, although substantial, do not offer the same benefits for sustainable growth, technological advancement, or industrial development. The study recommended that Nepalese policymakers work to improve the investment climate to attract more FDI while also addressing the socio-economic implications of migration and remittances.

Jones and Basnet (2013) analyzed the impact of foreign employment on Nepal's growth potential in a study for the Nepal Centre for Inclusive Growth (CIG), funded by the UK Department for International Development (DFID). The qualitative research included interviews with 20 experts in Kathmandu and a review of relevant literature and data on political economy dimensions. The study revealed that over four million Nepalese had migrated for work, significantly influencing the economy.

A key finding was that, remittances making up around 25% of Nepal's GDP, reached 55% of households, with a more equitable distribution compared to national wealth. This highlighted remittance as a crucial factor in reducing income inequality. Over half of the poverty reduction in Nepal over the past two decades was directly linked to remittance income. The study emphasized that labor migration and remittances are major contributors to poverty reduction and socio-economic inclusion, offering a pathway to inclusive growth. The study concluded that labor migration and remittances would remain essential to Nepal's economic strategy, driving poverty alleviation and development.

Nepal (2013) studied in a PhD dissertation examining the determinants of migration and remittances, as well as their impact on migrant families in eastern Nepal. Using data from 542 households in Jhapa and Sunsari districts, the study employed logit and OLS regression models to analyze household expenditure patterns.

Key findings revealed that remittances played a crucial role in reducing poverty, significantly boosting household spending on food and healthcare, though they had no notable impact on educational expenditures. Migrant households were larger, with higher incomes and expenditures compared to non-migrant households. Factors such as having more males in specific age groups, female-headed households, and belonging to certain ethnic groups were positively linked to migration and remittance.

While remittances improved living standards, much of the money was used for non-productive purposes, like land purchases and house renovations, rather than being

invested in productive sectors like business or industry. The study concluded that remittances greatly enhanced household welfare but called for policies to direct these funds towards more sustainable economic development.

Rajkarnikar (2013) investigated the poverty-reducing effects of remittances using a sample from Hataiya (Baglung), Katahari (Morang), and Changunarayan (Bhaktapur). Employing the Confidence Interval Approach and Propensity Score Matching (PSM) to address selection bias, the study compares remittance-receiving households (RRHH) with non-receiving households (RNRHH).

The analysis focuses on economic security, human development, and social inclusion. Findings reveal that remittances significantly enhance households' ability to meet basic needs, improve socio-economic status, and boost investments in education and healthcare. The study emphasizes the long-term benefits of remittance-driven improvements in living standards and advocates for policies that promote sustained foreign employment and strategic investment in health and education to optimize remittance benefits.

Devkota (2015) analyzed the relationship between migration, remittances, and their impact on poverty and inequality in Nepal, utilizing data from the Nepal Living Standard Survey (NLSS III) 2011, alongside primary data from 275 return migrants. The study tested two hypotheses: remittances reduce poverty, and poorer households receive less remittance income compared to wealthier ones. Using a Probit model and the counterfactual method, Devkota found that remittances significantly reduced poverty, lowering the poverty headcount from 31.08% to 22.27%, on which international remittances proved more effective than internal remittances in this regard.

However, the study also found that remittances contributed to increased inequality, with the Gini coefficient rising from 36.06% to 54.59%, as wealthier households tended to receive larger remittances. Most remittances were used for non-productive purposes such as consumption, land purchases, and loan repayments, with only 4.44% invested in business ventures, highlighting a missed opportunity for economic growth. The study suggested that wealthier households benefitted more from remittances due to higher migration costs and foreign wages, exacerbating income disparities.

Devkota's research highlighted a dual challenge: while remittances reduce poverty, they also deepen inequality. The low percentage of remittances invested in productive sectors raised concerns about long-term economic sustainability. The study recommended future research on mechanisms to channel remittances into productive investments and address structural inequalities limiting poorer households' access to remittance income.

Kunwar (2015) explored the role of remittances in driving economic growth in Nepal. The study's null hypothesis posited that remittances do not significantly impact economic growth. Using time series data spanning 1990/91 to 2013/14 from various government sources, the analysis incorporated key variables: GDP, remittances (REM), foreign direct investment (FDI), exports (EXP), and imports (IMP). Several econometric tests were employed, including the Augmented Dickey-Fuller test, Unit Root test, Engle-Granger Co-Integration test, Engle-Granger error correction model, and Granger causality test. Diagnostic tests were conducted to assess multicollinearity, autocorrelation, homoscedasticity, non-normality, and model specification.

The findings revealed that remittances, FDI, and exports positively correlated with GDP, while imports exhibited a negative association. The Engle-Granger co-integration test established a long-run relationship among the variables, and the error correction model indicated an annual adjustment rate of 1.8% for disequilibrium from the previous year. Diagnostic tests confirmed that the residuals were homoscedastic and normally distributed, reinforcing the model's robustness. Overall, the study concluded that remittances, alongside FDI and exports, have a positive, long-term effect on Nepal's economic growth.

The next study Kunwar (2015) through an extensive review of secondary data and existing literature on Nepalese emigration, examined the multifaceted impacts of remittance inflows on Nepal's socio-economic landscape. The study found that remittances significantly contributed to an increase in GDP, a reduction in poverty, and gradual improvements in the education and health sectors. However, despite these positive outcomes, overall national development progressed at a sluggish pace, and the trade deficit continued to widen. The study also highlighted critical concerns regarding the treatment of Nepalese migrant workers abroad, noting widespread discrimination, limited access to rights, and disparities in earnings and benefits. These issues were largely attributed to migrants' low levels of education, lack of skills and training, and

their concentration in so-called 3D (Difficult, Dirty, and Dangerous) jobs, which also limited their remittance-earning capacity. While the study offers valuable insights into the benefits and challenges associated with Nepalese emigration, a more rigorous methodological framework and clearer specification of data sources would further strengthen the robustness and credibility of its conclusion.

Phadera (2016) examined the impact of migration on the labor supply of left-behind household members in Nepal using data from NLSS III (2010-2011). The study analyzed 7,108 households, of which 2,215 reported having at least one migrant member, and focused on 16,879 working-age individuals. The results were estimated using Ordinary Least Squares (OLS), Instrumental Variable (IV) methods, and a discrete occupational choice model.

The study found that male-dominated outmigration significantly influenced labor allocation within households. In response to migration, women shifted their time from market-based wage employment to self-employment and home production, compensating for the absence of male workers. The findings further revealed that left-behind women withdrew from wage employment but increased their labor participation in family farms, reflecting a reallocation of labor within the household economy.

This research provides valuable insights into the gendered labor market effects of migration, highlighting the adaptive strategies of left-behind women and the broader socioeconomic implications of labor reallocation in Nepalese households. The study's use of rigorous statistical methodologies strengthens its contribution to the understanding of migration's impact on labor supply dynamics.

Piya and Joshi (2016) examined the impact of migration and remittances on Nepal's socioeconomic landscape, relying on existing literature and secondary data. The study identified both push and pull factors, tracing migration patterns back to the historical recruitment of Gorkha soldiers into the British-Indian Army. It highlighted that global economic liberalization and Nepal's unstable political climate have accelerated youth migration, leading to a steady rise in remittance inflows, which now contribute over 25% of the country's GDP.

The study found that remittances have played a significant role in poverty reduction but have also contributed to rising income inequality. It underscored

the growing importance of remittances at both national and household levels, sparking discussions on broader socio-economic consequences.

While the study provides a broad overview of migration and remittance trends, a more detailed analysis of its specific findings, methodologies, and limitations would strengthen its contribution. A critical engagement with policy implications and structural challenges related to migration would further enhance the depth of the discussion.

Karna (2018) analyzed Nepal's legal, policy, and structural frameworks on labor migration and remittances, emphasizing their role in economic stability during conflict. The study highlighted the need for better management of remittance flows and advocated for investing remittances productively rather than solely on consumption and debt repayment.

It recommended stronger coordination among government agencies, NGOs, CBOs, and the private sector to enhance overseas employment opportunities and pre-departure training. While linking remittances to economic resilience, the study relied on secondary data, limiting its empirical depth. A regional analysis of remittance impacts and policy lessons from other countries would have strengthened its practical implications.

Raut and Tanaka (2018) examined the impact of international remittances on children's education in parental-absence households using data from the third wave of the NLSS survey. Employing OLS and 2SLS estimators, the study found that parental absence significantly disrupts the education of children left behind, while remittances have a positive mitigating effect. In contrast, non-parental absence showed no discernible impact on education.

The analysis revealed heterogeneous effects based on the child's gender, demonstrating that remittances alleviate household liquidity constraints, particularly by increasing investment in girls' education. Additionally, the mother's education level played a crucial role as educated mothers were able to counteract the negative consequences of parental absence on schooling. In summary, the study underscores the dual role of remittances as both a buffer against parental absence and a tool for reducing gender gaps in education insights that can inform inclusive development strategies in migration-prone regions.

Wagle and Devkota (2018) examined the impact of international remittances on poverty reduction in Nepal using panel data from the Nepal Living Standards Survey (NLSS) for 1996, 2004, and 2011. The study incorporated various independent variables, including caste, ethnicity, geographic regions (urban-rural, ecological belts), household size, and the demographic and occupational characteristics of household heads. The findings revealed that foreign migration and remittances significantly influenced household poverty and economic well-being, with remittances from countries other than India playing a notable role in poverty reduction.

In conclusion, the study provides valuable insights into the socioeconomic impact of international remittances, highlighting their role in alleviating poverty. By considering a broad set of variables and distinguishing remittance sources, it offers a nuanced understanding of remittances' effects on household well-being. However, a more detailed assessment of the methodology, specific findings, and limitations would further strengthen its conclusions.

Chaudhary (2019) made a study to analyze the changes in social, economic and political fields due to the impact of remittance over two decades among the migrant households. The data were based on Musaharniya village of Saptari district taking from all the migrant households of a village including 54 migrant and some non-migrant household for comparison out of 86 household of a village. Explorative and qualitative approach was used to find the trend of change patterns in terms of economic, social and political aspects.

The study found that remittance played a vital role in improving socio-economic condition, poverty reduction and generating social and political awareness in the village. Moreover, the study found that the households who were not involved in migration were comparatively poor, as remittance enhanced for the increment of income, increment in the expenditure capacity, households have added their land plots, access in the modern technologies, leading the internal migration from rural to urban for quality education, and increase in health and sanitation. In conclusion, the study provides valuable insights into the multifaceted impact of remittances on the Musaharniya village over two decades. The use of a qualitative approach and the focus on various aspects of life make this research relevant for understanding the transformative effects of migration and remittances in rural communities.

Kafle (2019) explored the relationship between workers' remittances and the economic growth of Nepal using time series data from 1976 to 2017. The study sought to examine both short-run and long-run associations between GDP (dependent variable) and independent variables such as remittances, trade, and economic growth. By applying econometric techniques, including unit root tests, co-integration tests, and an error correction mechanism (ECM), the study assessed the dynamics between these key macroeconomic variables.

The findings revealed no significant short-run causal relationship between remittances and economic growth; however, a notable long-run association was observed. This indicates that while remittances may not have an immediate impact on economic growth, they play a significant role in contributing to growth over a prolonged period. Additionally, the study uncovered a long-run relationship between remittances, trade, and economic growth, suggesting that these factors are interconnected in shaping Nepal's long-term economic trajectory.

The study recommended that policymakers focus on the effective utilization of remittances to ensure sustainable economic growth. Instead of relying solely on remittance inflows for household income and consumption, the study emphasized the need for channeling these funds into productive sectors to foster long-term development. This research provides valuable insight into how remittances impact Nepal's economic growth, particularly in the long run, and advocates for strategic policy interventions to leverage remittances for sustainable development and economic stability.

Sah (2019) analyzed Nepal's heavy reliance on remittances, which constituted around 30% of GDP, and their role in poverty reduction. Using secondary data, the study linked remittances to a decline in poverty rates (from 42% in 1996 to 25% in 2010/11) by improving household income, education, healthcare, and housing.

Despite these benefits, Sah cautioned that remittances and foreign employment are not sustainable solutions for Nepal's unemployment challenges. The study urged policy reforms to reduce dependence on foreign labor, promote domestic job creation, and channel remittances into productive sectors for long-term growth. While insightful, a deeper methodological analysis would strengthen its conclusions.

Sapkota (2019) investigated the social impacts of male outmigration on women in Nepal using data from the 2006 and 2011 Demographic and Health Surveys (DHS). The study applied both Ordinary Least Squares (OLS) and Two-Stage Least Squares (2SLS) methods, using ethnicity-specific migration networks and rainfall shocks as instrumental variables to address endogeneity.

OLS results showed that male outmigration increased the likelihood of women working for the family but decreased the likelihood of self-employment. However, 2SLS analysis indicated the opposite: male outmigration positively impacted female self-employment. This contrast emphasizes the importance of correcting for endogeneity in migration studies.

The study also found that male outmigration had significant social effects on women, leading to greater marital stability (less polygamy) and increased autonomy in health-related decisions. However, it also constrained women's freedom, as they were more likely to live with in-laws, limiting their ability to visit family. The study's use of robust econometric methods strengthens its conclusions on the dual empowering and restrictive effects of male outmigration on women in Nepal.

Chaudhary (2020) analyzed the impact of the COVID-19 pandemic on the Nepalese economy by using data from 2000 to 2019. The study employed methods such as the transmission approach, trend forecasting, ordinary least squares (OLS), and Root Mean Square Error to predict trends. The forecasting process was divided into two parts: first, estimating the share of remittances in GDP growth for 2020 assuming no pandemic, and second, considering a range of losses in remittance-to-GDP ratio due to the virus. The key variables included real GDP, remittance-to-GDP ratio, government final expenditure, gross capital formation as a percentage of GDP, and inflation.

The study reached two main conclusions. First, the remittance-to-GDP ratio had a positive effect on economic growth. Second, if the pandemic led to a reduction in remittances by 25%, 50%, or 75%, the projected GDP growth rate of 6.95% for 2020 would fall to 6.68%, 5.3%, and lower, respectively. Using a second-order polynomial trend forecast, the study suggested that the microeconomic impact of the pandemic might be more severe than the macroeconomic impact.

In conclusion, Chaudhary's study highlighted the critical role of remittances in Nepal's economic growth and the potential consequences of the pandemic. The findings

emphasize the importance of proactive policies to mitigate economic vulnerabilities and strengthen resilience against external shocks like the COVID-19 pandemic.

Karki (2020) conducted a qualitative study to examine the trends and destinations of foreign labor migration and assess the contribution of remittance inflows to Nepal's GDP. Using secondary data, the study revealed a substantial rise in the absent population over census periods due to labor migration, especially to emerging economies like Saudi Arabia, Malaysia, Qatar, and the United Arab Emirates. The study highlighted the significant role of remittances in improving the living standards of Nepalese households and contributing positively to the national economy, noting that Nepal is the third-largest recipient of remittances in terms of GDP percentage globally.

The study recommended that policymakers formulate robust migration policies to facilitate remittance inflows, particularly encouraging youth participation, and adopt investment policies to generate employment within the national economy. In conclusion, Karki's study provides critical insights into the growing impact of labor migration and remittances on the Nepalese economy. It emphasizes the need for coordinated policy efforts to ensure sustainable economic development and improve the well-being of the population.

Kharel and Kharel (2020) conducted a study using secondary data and descriptive analyses, such as percentage, ratio, pie-chart, bar diagram, line chart, correlation, and regression models, to explore the interrelationship between foreign migration and remittances. The study found that migration and remittances played a vital role in earning foreign currency, maintaining the balance of payments, reducing poverty, and fostering positive societal changes. It also contributed to long-term economic growth in Nepal.

Additionally, the study highlighted the economic significance of foreign employment in driving remittances and the trends of foreign labor migration, emphasizing its role in Nepal's development trajectory. In conclusion, the study offers valuable insights into the intricate connections between migration, remittances, and economic development, presenting opportunities for policymakers to strategically optimize the positive outcomes of these factors for sustainable growth.

Adhikari (2021) analyzed the contribution of remittances to social development in Nepal, focusing on health and education. Utilizing data from the Nepal Migration

Survey 2009 and various sources for public spending, primary school enrollment, and malnutrition, the study employed a logit model to explore the relationships among these variables.

The findings indicated that remittances positively influenced children's enrollment in primary education by alleviating financial constraints for households. However, the study found no significant link between remittances and health improvements, particularly in reducing malnutrition. It was noted that while a substantial portion of remittance income was directed toward education, many rural migrants faced high-interest loan repayments for migration costs, limiting their ability to afford nutritious food and healthcare.

In conclusion, Adhikari's study highlights the significant positive impact of remittances on education while revealing a lack of meaningful connection to health outcomes. This underscores the need for targeted policy interventions to address the intertwined challenges of education and health faced by migrant households.

Byanjankar and Sakha (2021) investigated the impact of remittances on rural poverty in Nepal using a cross-sectional microdata set from the Household Risk and Vulnerability Survey (2016-2018). By applying a logit regression model, the study revealed that around 20 percent of rural households were poor. The results showed that a 1 percent increase in household assets reduced the likelihood of falling into poverty by 4.8 percent. Additionally, remittance-receiving households were 2.3 percent less likely to be in poverty compared to non-receiving households, and a 10 percent rise in remittances decreased the probability of poverty by 1.1 percent.

In summary, the study provided valuable insights into the relationship between remittances and poverty reduction in rural Nepal. Its findings offer significant implications for policymakers and development practitioners aiming to formulate strategies that effectively address poverty alleviation through the lens of remittances.

Paudel and Bhusal (2021) investigated the impact of remittances on Nepal's export behavior through a gravity model, analyzing panel data from 1993 to 2018. Using secondary data from Nepal Rastra Bank and The World Bank, the study incorporated macroeconomic variables including remittances, GDP, and population data for Nepal and its trading partners.

The study found that while remittances support Nepal's balance of payments, they negatively influence export performance, largely fueling imports over exports, particularly in the manufacturing sector. This suggests that remittances primarily drive consumption rather than production. To address this, the authors recommend policies to channel remittances into entrepreneurship and productive investments, aiming to enhance domestic production and reduce import dependence. The study also suggests economic diversification by linking remittances to entrepreneurial initiatives, which could help mitigate Nepal's trade deficit.

In essence, the study provides valuable insights into the relationship between remittances, trade, and economic growth in Nepal. The findings raise concerns about the sustainability of remittance-driven growth and highlight the potential for policy shifts that could promote export-led development and reduce import reliance.

Bhattarai and Subedi (2021) examined the impact of the COVID-19 pandemic on key macroeconomic variables, focusing on remittances and their significance for Nepal's economy. Using grey literature from reputable organizations such as the UN, World Bank, and IMF, the study highlights how remittances have been crucial in sustaining rural households, enabling investments in education, health, and land. The pandemic severely disrupted this economic lifeline, leading to job losses or salary reductions for millions of Nepalese migrant workers, particularly in Malaysia and the Gulf, where an estimated 10-30% of jobs were lost. This exacerbated the economic vulnerabilities of these workers.

The study calls for comprehensive policy interventions to protect the livelihoods of migrant workers and ensure the resilience of remittance-dependent economies like Nepal. Bhattarai and Subedi advocate for policies that not only address immediate challenges but also promote long-term economic stability by diversifying income sources beyond remittances. Ultimately, the study emphasizes the urgent need for policy measures to mitigate the pandemic's negative effects on both migrant workers and the national economy.

Shakya and Gonpu's (2021) cross-sectional study examines the long-term impact of remittances on economic growth by analyzing data from the World Bank, Nepal Democratic and Health Survey, and the Institute for Health Metrics and Evaluation, spanning from 1980 to 2019. The study employed independent variables such as

remittances, capital formation, money supply, education, exports, and democratic governance to explore the broader macroeconomic dynamics in developing countries.

One of the study's key findings is that remittances serve as a significant source of foreign exchange and financing for small business start-ups, business expansions, and consumption spending in recipient households. However, the study also reveals that while remittances contribute to household consumption and small business development, they do not have a positive impact on long-term economic growth. Using cointegration and regression analysis, the study demonstrates that remittances negatively affect economic growth over time.

The study emphasizes the need for nuanced policy approaches that consider the multifaceted impacts of remittances. While remittances can provide short-term financial relief and support local economies, their long-term contribution to growth may be limited without complementary policies that encourage investment in productive sectors and strengthen governance frameworks.

Chaudhary (2022) conducted a study to assess the contribution of remittances to GDP and private fixed capital formation in Nepal, using key economic variables such as current GDP, GDP deflator, gross and private fixed capital formation, gross domestic saving, and gross export data from CBS (2021), as well as remittance and gross bank deposits data from NRB (2021). The study employed the ARDL (Auto-Regressive Distributed Lag) model and co-integration testing to explore these relationships over time.

The study reveals that remittances have a positive impact on GDP but a negative effect on private gross fixed capital formation. This suggests that while remittances contribute to national economic output, they do not function as a catalyst for capital formation. Instead, remittances primarily serve as compensatory transfers that support household consumption and investment in productive sectors, such as self-employment and financial investments, rather than directly stimulating capital accumulation in the private sector. The study also highlights the complex nature of remittances in Nepal's economy. While remittances support household welfare and contribute to GDP growth, they do not act as a direct source of capital formation. This finding points to the need for targeted policies that can harness remittance flows to encourage more productive

investments, ensuring that remittances contribute to both short-term welfare and long-term economic development.

Salike et al. (2022) estimated the impact of international remittances on poverty and inequality in Nepal using cross-sectional data from the third edition of the Nepal Living Standard Survey (NLSS3) 2010/11. Employing the Heckman two-step estimation model with instrumental variables, the study assessed the effects of remittances on household welfare.

The study revealed that remittances significantly improved household living conditions, reducing the poverty headcount ratio by 5.3%, from 48% to 42.7% for remittance-receiving households. However, the study also indicated that remittances exacerbated inequality between remittance-receiving and non-receiving households, suggesting that while they reduce poverty, they widen the income gap.

The analysis identified that young adult males with higher education levels were more likely to migrate, leaving less-educated elderly members at home. Migrant households showed greater dependence on remittance income compared to non-migrant households. In summary, the study highlights the dual impact of remittances on poverty reduction and inequality, recommending that policymakers develop strategies to harness the poverty-reducing potential of remittances while addressing the growing inequality between receiving and non-receiving households.

Valenta (2022) conducted an in-depth study to identify the key drivers of Nepalese labor migration to the Arabian Gulf, drawing from interviews with migrants at various stages of their migration journey. The study highlights that the Gulf Cooperation Council (GCC) countries are the largest destination for Nepalese labor migrants, with more than half of all Nepalese migrants directed to this region. A notable finding of the study is that migration within the GCC is not a one-time occurrence; rather, many Nepalese migrants frequently move between these countries, contributing to a dynamic and recurring migration pattern.

The study further uncovers that Nepalese migration to the Gulf is characterized by circular, serial, and stepwise movements. Migrants often return to Nepal temporarily, only to migrate again, underscoring the crucial role labor migration plays as a primary source of livelihood. This repetitive migration behavior reflects the deep

economic dependence of many Nepalese households on employment opportunities in the Arabian Gulf.

The findings provide a nuanced understanding of the complex and circular nature of Nepalese migration to the Gulf. These insights are critical for policymakers, as they underscore the need for migration-related policies that address not only the economic factors driving migration but also the recurring patterns that define the migrant experience. This research offers a foundation for developing more comprehensive migration policies that support the welfare of Nepalese workers while addressing the long-term sustainability of labor migration.

Most migration-related research in Nepal from 1993 to 2024 has focused predominantly on macroeconomic dimensions, with relatively few studies exploring micro-level determinants of migration or the household-level impact of remittances. Although some qualitative studies exist, the majority of research has employed quantitative methodologies, incorporating key variables such as human capital, healthcare access, education, business investment, and poverty reduction. A range of statistical tools has been applied including Propensity Score Matching, logistic and probit models, Chi-square tests, Ordinary Least Squares (OLS), Dickey-Fuller and Unit Root tests, and Engel-Granger co-integration techniques to estimate the principal drivers of outmigration and the socio-economic outcomes of remittance inflows.

Findings consistently identify expected income, Janajati ethnicity, educational attainment, specific age cohorts, large family size, and land ownership as significant determinants of international migration. Remittances have been shown to positively impact recipient households by raising income levels and improving access to healthcare and education.

Nepal, one of the world's highest recipients of remittances relative to GDP, faces a paradox: while remittance inflows primarily from the Gulf and Asia-Pacific regions strengthen the national economy, they are often accompanied by negative structural and social consequences. Farmland abandoned by migrant workers remains uncultivated, and the outflow of skilled professionals to developed countries contributes to a permanent brain drain. Although remittances help reduce poverty and boost GDP, they also expose deeper systemic issues such as institutional fragility, corruption, labor migration hurdles, human trafficking, and the exploitation of female workers.

The social impact of remittances is also dual-edged. While remittances empower women by increasing their roles in household decision-making, they can also produce adverse consequences. These include school dropouts among children burdened with household responsibilities, rising substance abuse, increasing divorce rates, and neglect of elderly family members. Alarming, the death rate among Nepalese migrant workers has shown an upward trend in recent years.

Although foreign employment is often perceived as a short-term solution to domestic unemployment, it brings with it a host of complex socio-economic challenges. This reality underscores the urgent need for a holistic policy framework that addresses the long-term implications of migration. Such policies must strike a balance between leveraging the short-term economic benefits of remittances and mitigating their long-term social costs.

A comparative insight reveals that Indian immigrants in Nepal, despite having lower educational attainment and engaging in more labor-intensive work, tend to have a higher propensity to save. In contrast, Nepalese workers show a greater tendency toward consumption. These differences highlight the necessity for targeted and context-sensitive migration and remittance policies, as one-size-fits-all approaches are unlikely to be effective in addressing the nuanced realities of labor migration in Nepal.

## **2.5 Research Gaps**

Despite the critical role of remittances in Nepal's economy, contributing nearly one-third of the country's GDP, the existing body of literature on the determinants of international migration and the socio-economic impact of remittance inflows is limited and fragmented. Much of the previous research has focused on the macroeconomic impact of remittances, pacifying detailed micro-level assessments of household-specific outcomes. Furthermore, the social dimensions of remittances, such as their influence on women's empowerment, social capital, education, and healthcare remain underexplored, leaving significant gaps in understanding the full range of remittance impacts on household well-being.

A methodological gap also exists in prior studies, which have predominantly examined only migrant households, ignoring comparisons with non-migrant households. Moreover, the existing literatures were hardly found to extract data from both workers' home place and the country of destination. Furthermore, prior studies

were focused either in hilly region or in terai region in contrast to all three types of geographical regions of this study. By focusing exclusively on remittance-receiving households, these studies have failed to capture the relative impacts of migration and remittance inflows on broader household dynamics. This study addresses these gaps by surveying both migrant and non-migrant households, offering a comparative analysis that highlights differential economic and social outcomes.

Additionally, the limited use of rigorous econometric techniques: such as logit/probit models for migration determinants and statistical tests like t-tests and Chi-square tests for socio-economic impacts, highlights the need for more robust empirical analysis. This study fills these methodological and conceptual gaps by providing a comprehensive micro-level examination in the context of Nepal, particularly focusing on Gandaki Province.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter explains detail plan, the full information of households and strategies to accomplish the objectives of the study. It includes philosophical paradigm, research design, rational for selecting the field, population and sample size, data collection method, instrumentation, operational definition of the variables, tabulation and processing of data and data analysis along with validity and reliability of the instrumentation, conceptual framework, constrained faced in the process of data collection, ethical consideration, novelty and contribution of the study. In general, this chapter is devoted to the methodology applied in the study to achieve the research objectives.

#### **3.2 Philosophical Paradigm**

This study is grounded in a social constructionist ontology, recognizing that reality is shaped by social interactions and interpretations. It acknowledges the multifaceted nature of human existence and the complexity of socio-economic dynamics within Nepali society. A pragmatic philosophical paradigm is adopted in which emphasis is given to the practical application of knowledge and the use of multiple methods to gain a comprehensive understanding of a phenomenon. In the context of labor migration in Nepal, this translates to employing large scale questionnaire survey among migrants and non-migrant's households to explore the determinants of migrants and evaluate socio-economic impacts of remittances.

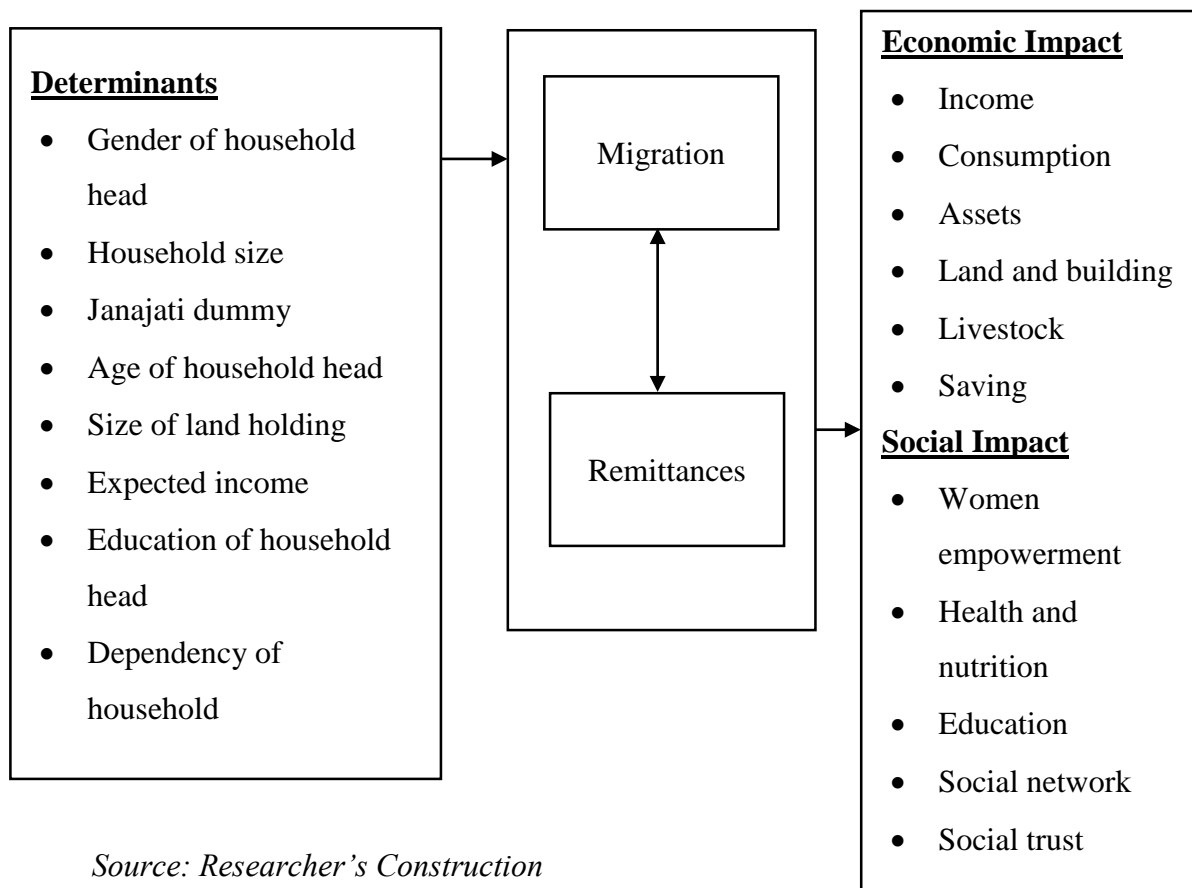
The epistemological approach employed in this study is primarily empirical, seeking to understand labor migration in Nepal through systematic observation, data collection, and analysis. While recognizing the importance of quantitative methods such as the logit-probit model for statistical inference, this research also acknowledges the value of qualitative insights and subjective interpretations in enriching understanding of the living standards of migrants and non-migrant. This quantitative analysis identifies key factors influencing migration decisions and measure the impact on economic well-being and social structures. Therefore, by aligning theoretical perspectives with empirical investigations, this study aims to contribute to a comprehensive understanding of labor migration in Nepal and its socio-economic implications.

### 3.3 Conceptual Framework

The conceptual framework of the study is designed in figure 3.1 for analyzing the determinants of migration and impacts of remittances in household context. This framework simply explains the details of methodological procedure applied in the course of completion of the study, strictly following the objectives. Left part of the framework divulges the major determinants of migration to capture the second objective of the study, which analyzes the major factors that influence the migration decision including; gender, household size, Janajati ethnicity, size of land holding, expected income and education of the household head. Upper-right part of the framework shows the economic impact variables of remittances which analyzes the impact on income, consumption, assets, land and building, livestock and saving addressing the third objective; while, bottom-right part of the framework depicts the social impacts of remittances on the migrant household which analyzes on women empowerment, health and nutrition, education, social network, and social trust for the fulfilment of fourth objective of the study.

**Figure 3.1**

*Conceptual Framework*



*Source: Researcher's Construction*

### *Definition of Variables*

**Migration/ Foreign Employment:** Migration is defined as cross border working status of each of the household members. Migration is an outcome variable, whose value is 1 for migrant households at least since last three years and 0 otherwise.

### *Household Characteristics*

The households level characteristics includes family size, gender of the household members, age of the respondents and other family members, education of respondents and other members of the family, and marital status.

**Age of Household Head:** In Nepal, the head of the household plays a significant decision-making role for every aspect of the family matters. Similarly, s/he has the important role in decision making about migration as s/he has the sole ownership on property. As the age of the household head is older, the children are in prime age from migration point of view. It is hypothesized that migration is positively correlated with age of the household head.

**Female Dummy:** If the household head is female, she can take care the other members of the family by sending the members of prime age for outmigration. Hence female headed households are expected to have positive relation with migration and so as for remittances.

**Gender of Household Head:** Nepal belongs to patriarchal society where the household is headed by male member. Male headed households are trustable in the community regarding financial and other matters. They can easily collect the migration cost for the foreign migration of the rest behind members of a household. Hence, male headed household is expected positively associated with foreign employment.

### *Quality of Education*

Educational quality in this study is defined based on school type and academic performance. Following the hypothesis that private schools offer superior education, the variable differentiates between private and public schools. Private schools are characterized by better resources, qualified faculty, and dedicated staff, whereas public schools, though more affordable, are often perceived as lacking these advantages.

Additionally, the study considers academic success as an indicator of quality, measured by students' performance across grades. This classification aligns with the

framework of educational rights outlined by Action Aid International (2014), Emphasizing Availability, Adaptability, Accessibility, and Acceptability as core dimensions of quality education.

**Education of the Household Head:** If the household head is educated, he/she has the knowledge of identifying various destinations of migration in cheaper costs and higher remittances in the comparison to less educated migrants. So, this variable is supposed to be positively associated with migration.

**Total Dependents:** This variable represents the combined number of young and elderly dependents in a household. Young dependents are children under the age of 15, while elderly dependents are individuals over the age of 60. As the number of dependents in a household increases, the pressure to secure a livelihood often grows, leading to a higher likelihood of migration. Therefore, this variable is expected to have a positive association with both migration and remittance.

**Young Dependent:** Young dependents are those members of a household, whose age is less than fifteen years. Households, having more young dependents are facing extra financial burden and are more likely of going to foreign employment to cope up the situation.

**Household Size:** The size of household in Nepal is 4.32 (Census, 2021). It has not included the absent member in a household who have already migrated. The family having single child are less interested for migration in the comparison to the family having more children. So, the large household size is hypothesized positively related with the foreign employment.

**Occupation of the Household Head:** The occupation of the household head is classified into six categories: agriculture and self-employment, trade and business, services, students, unemployed, and other. However, for data coding purposes, a maximum of five categories is considered for each household. Household heads who are unemployed, categorized as "other," or are students are expected to have a negative relationship with migration. In contrast, the remaining occupational categories are anticipated to have a positive association with migration and remittances.

**Ethnicity:** Ethnicity is categorized into five groups: Kshetri/Brahmin, Janajati, Adibashi-Tharu-Madhese, Dalit, and Others. Given Nepal's socio-historical context, ethnic backgrounds influence migration patterns and remittance inflows.

Following the Hindu social hierarchy, Kshetri/Brahmin groups, traditionally occupying administrative roles, and Dalits, who face systemic marginalization, are expected to have a negative association with migration and remittances due to differing economic constraints and social positioning. In contrast, Janajati communities have exhibited strong migration tendencies since the Anglo-Nepal War, a trend that persists today, suggesting a positive association with migration and remittance inflows.

### *Physical Capital*

**Size of Landholding:** The inactive source of factors of production is the land, but by the combined efforts of labor, it will generate income. In the context of Nepal, as much the piece of holding land increases, that much the high expectation of out migration will be intended, as the household can mortgage or sell for migration cost.

**Value of Land:** It is the market value of land. In remote and rural areas, if the size of land holding is large, the value of land may be low; in contrast, in the urban areas the size of land holding is low, but the value of land is high. Higher value of land is considered as higher probability of foreign employment for covering the migration cost.

**Value of House:** It is the market value of a house. In rural area, the houses are made by using cheap materials and the market value of house is low. On the other hand, in urban area houses are made of using cement, rod, concrete and bricks along with other permanent materials and the market value of house is high. Hence, it is considered that as the value of house increases, the probability of foreign migration increases.

**Asset:** The household assets variable is designed to measure the economic impact of foreign employment on household wealth by focusing exclusively on tangible assets with significant market value. Intangible assets were excluded due to estimation difficulties and ambiguity, ensuring a precise assessment of remittances' financial effects. This variable serves as an indicator of a household's overall economic strength and its capacity to finance migration. It includes fourteen durable goods: TV, camera, computer, mobile phone, electric fan, biogas and cooking gas, gold, silver, refrigerator, bicycle, motorcycle, and car. Gold and silver holdings were measured in "tolas," while other assets were quantified by counting in number.

An asset index was constructed by assigning a value of 1 for ownership and 0 otherwise, summing the presence of these assets to create a composite measure. A positive association between asset ownership and migration is expected, as higher

asset accumulation reflects greater financial capacity to afford migration-related expenses.

**Family's Previous International Migration Experience:** A family's prior international migration experience, including that of extended family members, is considered a key factor influencing migration decisions. Migration networks play a significant role by providing prospective migrants with valuable insights into the costs and benefits of migrating to different destinations (Gorlich & Trebesch, 2006; Nepal, 2012). If a household has relatives who have migrated internationally, this connection is likely to encourage further migration, as it is expected to have a positive association with the decision to migrate.

**Expected Income:** In this study, the financial contributions of each household member serve as a proxy for income, with particular focus on anticipated earnings from foreign employment. This variable reflects the total income expected from various sources, including wages, salaries, self-employment, agricultural and non-agricultural business activities, remittances, social transfers, and other income-generating avenues. It aims to capture the household's potential financial inflows from both domestic and foreign sources.

**Terai Dummy:** Three districts are taken into consideration in this study. Myagdi resembles the mountain area, Lamjung resembles the hilly area and Nawalpur resembles the Terai area. People residing in terai area can easily cover the migration cost as the value of land and building including all other asset values are high in this area. Hence, Terai Dummy is considered as positively associated with foreign employment.

**Urban Dummy:** People residing in urban area are economically sound in comparison to the people living in rural areas who can easily cover the cost of foreign migration. On the other hand, they can easily get loan from banks and financial institutions by mortgaging their land and building and local money lenders provide loans for their out migration. Hence, urban dummy is expected to be positively associated with foreign employment.

#### *Economic Impact Variables*

These variables include all the economic aspects of the households in both the foreign employment treatment and control group. In this study, questions related to income,

consumption, assets, land and building, livestock and saving are taken into consideration as economic impact variables. More specifically, expenditures/consumption in fourteen different headings, assets in fourteen different headings, income from five different sources, five types of livestock, saving capacity in three different situations, and loan related questions are accounted as economic impact variables in this section.

#### *Size and Value of Land and Building*

Size of land holding was measured in prevalence units of the respective areas in Bigha, Ropani, Paisa, Meter etc. in the initial stage of survey. Then it was transformed into Katthas among the land ownership status of husband, or wife or senior member of the households of both the foreign employment treatment and control groups. Similarly, the value of building was measured in terms of current market value prevailed in the study area.

**Expenditure/Consumption:** Expenditure or consumption is defined as the amount, in Nepalese Rupees, that a household spends across various categories. In this study, fourteen types of expenditures are considered as a proxy for overall household expenditure, including spending on food, beverages, transportation, electricity, gas and firewood, mobile phones, cosmetics, health, education, clothing, footwear, entertainment, and gifts.

**Livestock:** Five different types of animals were taken as a proxy of livestock in this study including cow, buffalo, goat, pig/boar, and hen and chickens.

**Saving Capacity:** Saving is the net income after deducing expenditure that can be maintained in the form of cash to cope up the contingencies in the household affairs.

**Social Impact Variables:** The social impact variables in this study are represented by proxies such as trust, beliefs, social gatherings, visits to friends and relatives, leadership capabilities, women's empowerment, decision-making power, social inclusion, collaboration, attitudes, and cultural connections: all observed during the field survey. These variables have been grouped into five main categories: women's empowerment, health and nutrition, education, social networks, and social trust.

**Household:** A household is a group of individuals who live together, put resources together, and share the kitchen together. Economic and human capital related information is collected at household level in this study.

**Employment:** Employment is regarded as working status of each of the household members. How they are engaged and whether they are employed or not has been measured with this variable.

**Control and Treatment Group:** A household, having at least a member in a foreign employment is considered under a treatment group and if neither of a member from a household has gone for foreign employment is considered under a control group.

**Rural and Urban Household:** In this study rural household is considered as a household, residing under the rural municipality and urban household is considered as the households, residing in municipalities of the study area. The households were taken as sample from both categories according to the population distribution of census 2021 for the validity and reliability of the data collection.

### *Women Empowerment*

Women empowerment is conceptualized as a process that enhances an individual's capacity to make strategic choices and transform them into desired actions and outcomes. Hashemi et al. (1996) define women empowerment through dimensions such as self-confidence, bargaining power within the household, and social status in the community. Similarly, Kabeer (1999) emphasizes empowerment as the freedom and right to make independent decisions, while Anjali (2015) highlights decision-making ability in personal, social, economic, political, and legal spheres. In this study, women empowerment is measured through indicators assessing a woman's ability to:

- Express her opinions within the family, in group discussions, mass meetings, and interactions with government officials.
- Make household decisions, including financial matters and planning for children's future.
- Engage in social interactions, examining whether decision-making power is transferred from male to female members within the household.

This approach captures the extent to which migration and remittances influence women's agency and autonomy within both the household and the broader community.

**Family Decision:** The decision-making dynamics between the migration treatment and control groups were analyzed based on the prevailing norms and individual values within the surveyed area. Family decision-making was assessed across nine key domains: children's education, purchasing and selling durable goods, savings and bank

balances, family matters, household expenditures, hiring people for household help, family health, personal property, and property of senior family members. These domains offer a comprehensive framework for understanding how migration influences family decision-making processes.

**Women Socializing:** Women socializing is estimated in terms of her association of social gathering, relative visiting, visiting to the urgency of the community members and attending to the marriage and funerals, and future of her offspring. All these areas were covered under women socializing. This variable is used for the estimation of women empowerment; on which, she would consult with her husband or friends or local leaders and relatives and the astrologers.

**Offspring:** Offspring is measured in terms of son and daughter of a couple with minor age and dependent in all the aspect towards their parents or senior member of a household. This variable is effective to measure the healthcare index of the households.

**Human Capital:** Human capital is defined as health education and level of nutrition of the household member especially with children. This variable is measured in terms of child vaccination, frequencies of hospital visit at the time of illness, place of delivery of neo-natal, nutritional index whether they have ability of enjoying nutritious food and three times food daily. Human capital is further measured in terms of education; which consists of whether the household head and spouse of the head can read, write, and can conduct simple household calculation, in which types of school do their children read and whether their child repeat the class.

**Healthcare/Health Care:** This word is constructed to measure the health status of the members of a household. Healthcare index was constructed by comprising the vaccination status of the children, action during illness, action during child birth and frequency of hospital visit. Action at sickness is further subcategorized into whether they go to traditional healers, or Ayurvedic hospital, or government hospitals and health-posts, or private hospitals and clinics assuming that private hospitals provide better health facilities. Action during child birth is measured in terms of whether the mother gives birth of her neonates at home alone, or at home by the help of health workers or at the hospitals, or private clinics assuming that clinic is the better place.

**Nutrition:** Nutrition is measured in terms of eating basic food, balance diet with nutritious food such as meat and fish or fruits and milk, taking sufficient food and taking

three times meal were taken as indicators of having nutrition. This variable is used to estimate the nutritional strength of a family.

**Quality of Education:** Education is measured in terms of increment of grade with fail and pass status and ability of school choice whether in public school or private school. Education enables people to find high wage employment and provides various opportunities due to their high cognitive skills and formal schooling is the primary source of education.

**Literacy of Respondents:** Literacy of respondents is the incidence of literacy among the household head and spouse and this variable was measured by ability to read, write and perform basic family calculations.

### *Social Impact*

Social impact is regarded as features of social organization, such as social trust, norms and values and the networks that can influence the efficiency of society by facilitating coordinated actions (Putnam, 1993; Rahman & Fee, 2012; Satyal, 2011). Social impact is considered as the effect of an individual in the society he/she lives in. Trust and networks are the major components of constructing the measurement of social capital in broad level in this study.

### *Social Capital*

Ievdokymov et al. (2020) define social capital as a collective resource, both real and potential: that arises from social interactions. It can be reproduced, accumulated at the community level, and converted into other forms of capital, underscoring its communal rather than individual nature. Key components like trust, associations, and social norms, along with factors such as creativity, entrepreneurship, and tolerance, serve as proxies for social capital, though these may vary depending on the country context (Westlund & Adam, 2010). This study adopts the concept of social capital in alignment with these considerations.

**Social Network:** According to Saukani and Ismail (2019) a social network is defined by the social interactions and engagement that occur within organizations and extends to the broader community. This concept includes interactions such as visiting friends, relatives, and community members, with an emphasis on fostering close connections and promoting inclusion in the larger social framework. The degree of inclusivity is assessed through respondents' interactions and the positive influence of their behavior

in earning the acceptance and respect of the community. In essence, a social network in this context is closely linked to interpersonal relationships and community involvement, highlighting the dynamic interaction between individuals and their social environment.

**Social Trust:** Trust plays a crucial role in social life, fostering shared responsibility in reducing stress and tension. Social trust can diminish interpersonal conflicts and promote collaboration, cohesiveness, and identification within communities (Gambetta, 2000). It also enhances interpersonal harmony and cooperation (Coleman, 2003). In this study, social trust is measured by evaluating whether respondents are members of any organizations or groups, the benefits they gain from such memberships, the number of trusted friends they have within their community, and their attitudes toward fellow community members on various issues.

**Urban Sector:** All the municipalities like, Beni Municipality of Myagdi district; Madhya Nepal, Sundarbazar, Beshishahar, and Rainash Municipalities of Lamjung district; and Gaindakot, Devchuli, Kawasoti, and Madhya Bindu Municipalities of Nawalparasi district were taken as urban sector.

**Rural Sector:** All the rural municipalities like, Raghuganga, Annapurna, Dhaulagiri, Mangala, and Malika rural municipalities of Myagdi district; Dudhpokhari, Khwlasothar, Marsyangdi, and Dordi rural municipalities of Lamjung district; and Hupsekot, Buling, Baudikali, and Binaya-Triveni rural municipalities of Nawalparasi district were taken as rural sector.

### **3.4 Labour Approval for Foreign Employment in the Study Area**

Labor approval refers to the state's issuance of a no-objection letter, allowing its citizens to work abroad. Data on labor approvals for foreign employment reveals a notable gender disparity, with a significantly higher proportion of male migrants receiving work permits compared to female migrants. However, there are noteworthy trends in female labor force participation in international migration, particularly in the districts of Myagdi, Lamjung, and Nawalparasi. In these districts, the share of female obtaining labor approval for foreign migration stands at 37% in Myagdi, 37.5% in Lamjung, and 45.1% in Nawalparasi.

**Table 3.1***Labour Approval in the Study Area*

<b>Districts</b>	<b>Male</b>	<b>Female</b>	<b>Share of Female</b>	<b>Total</b>
Myagdi	2920	1713	37.0	4633
Lamjung	4890	2939	37.5	7829
Nawalparasi	11519	9454	45.1	20973
Total	19329	14106	42.2	33435

*Source: Foreign Employment Board (2078-79). (N=514)*

### 3.5 Research Design

This study employs a cross-sectional research design, integrating both primary and secondary data sources. Primary data were collected through a field survey conducted in 2022, utilizing structured questionnaires administered to 514 households across Gandaki Province. Data collection was facilitated by trained enumerators and local assistants, who received prior methodological training to ensure accuracy and consistency. A mixed-methods approach was adopted, incorporating in-depth interviews, structured and semi-structured questionnaires, direct observations, and group discussions to obtain comprehensive insights.

To enhance data validity and reliability, responses were cross-verified using indirect questioning techniques. Supplementary information was gathered from local government authorities, community organizations, and consumer groups, including Aama Samuha. The researcher closely supervised the data collection process to ensure completeness and accuracy.

The primary data were systematically entered into SPSS for statistical analysis, employing both descriptive and inferential approaches. Exploratory and descriptive research designs were used to analyze quantitative and qualitative data. While primary data addressed objectives 2, 3, and 4, secondary data were utilized for objective 1.

Econometric modeling was applied to derive key insights. Logit and probit regression models were employed to identify the determinants of migration, while an independent sample t-test assessed mean differences in socio-economic outcomes between migrant and non-migrant households. Additionally, the chi-square test was used to examine the association between remittance inflows and their social impacts. The findings are rigorously analyzed to draw empirical conclusions.

### 3.6 Rational of the Study Area Selection

This study focuses on Gandaki Province, Nepal (Figure 3.2), selecting three districts: Myagdi (mountainous), Lamjung (hilly), and Nawalparasi (Bardaghat Susta East, Terai) to represent diverse geographical and socio-economic contexts. Myagdi comprises one municipality and five rural municipalities, Lamjung consists of four municipalities and four rural municipalities, while Nawalparasi, a relatively more developed Terai district, includes four municipalities and four rural municipalities.

The selection of these districts reflects variations in development levels, migration patterns, and cultural dynamics within the province. Myagdi predominantly represents a Mongolian-influenced lifestyle, Nawalparasi exhibits socio-cultural ties with neighboring India, and Lamjung demonstrates a mixed socio-economic composition. This regional diversity allows for a nuanced analysis of migration and remittance utilization across different topographical and demographic settings.

#### Figure 3.2

*Map of Nepal Showing Gandaki Province (Study Area)*



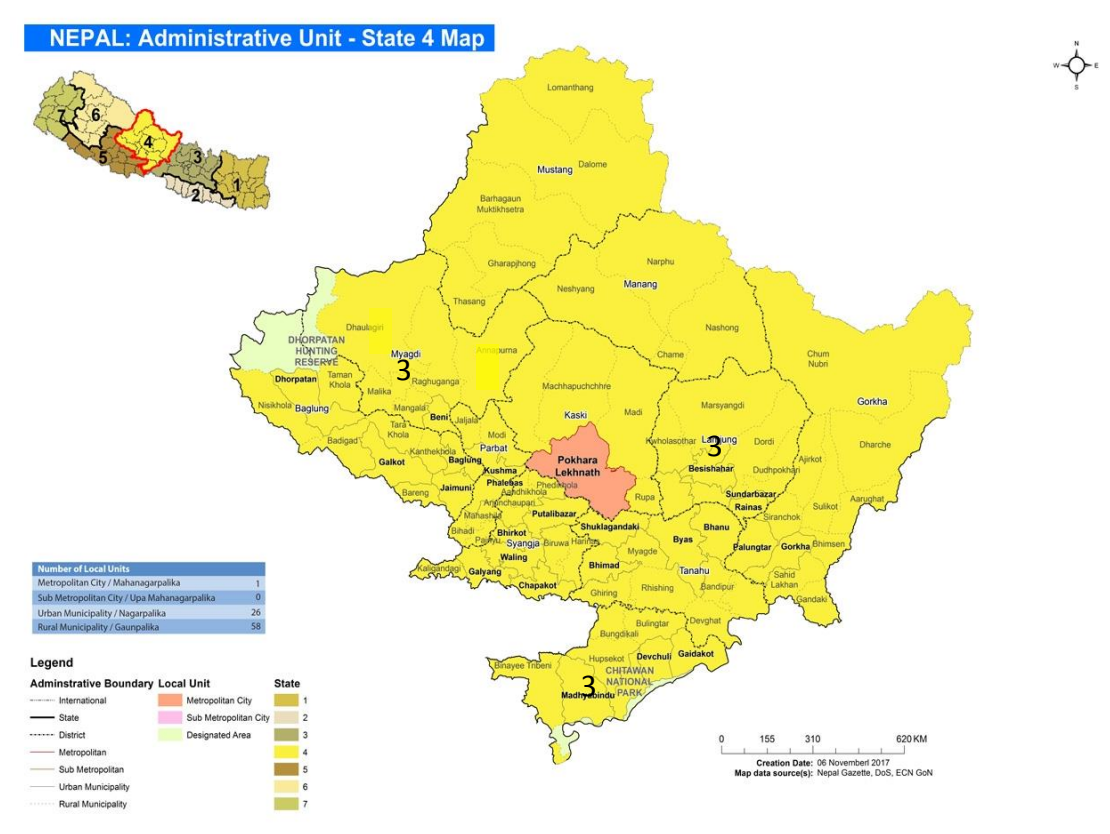
*Source: Department of Topography, 2023*

Additionally, the selection of Nawalparasi and Lamjung was influenced by the researcher's familiarity with these communities, facilitating deeper engagement with respondents. Myagdi was included to examine rural migration trends and remittance use in a mountainous district (Figure 3.3). All municipalities and rural municipalities

within each district were incorporated as sampling units to enable a comparative analysis of migration patterns between rural and urban areas, thereby minimizing selection bias.

**Figure 3.3**

*Map of Gandaki Province Showing Study Districts*



*Source: United Nations Nepal, 2020*

Out-migration from the study areas was categorized into five major destinations based on the field survey: (i) the Indian subcontinent, covering SAARC member countries (ii) the Gulf and Middle East, encompassing all Arabian nations (iii) the Asia-Pacific, including Malaysia, Japan, and South Korea (iv) Australia and (v) Europe and America, representing all European and American countries alongside other global destinations.

This strategic selection ensures a comprehensive understanding of migration dynamics and remittance inflows across Nepal's diverse socio-economic and geographic landscapes.

### 3.7 Nature and Sources of Data

When the questionnaire was designed based on the study's objectives, utilizing previous literature and feedback from supervisor and co-supervisor, this study primarily relies on first-hand data collected through a field survey conducted from mid-2022 to January 2023, addressing objectives 2, 3, and 4. The survey, facilitated by trained enumerators and local assistants, employed structured questionnaires comprising over 95% closed-ended questions. Data collection methods included in-depth interviews, structured and semi-structured questionnaires, schedules, observations, and group discussions to ensure comprehensive coverage of migration and remittance dynamics.

The researcher conducted personal interviews, verified responses through cross-checking and indirect questioning, and supplemented data by consulting neighbors and relatives of respondents. To enhance reliability, filled questionnaires were meticulously reviewed for completeness and accuracy.

The questionnaire consisted of four sections:

1. Personal Information: Ethnicity, religion, age, education, gender, employment status, income, and marital status.
2. Migration and Remittances: Migration destinations, number of family members involved, gender distribution on migration, employment type, duration abroad, migration costs, remittance patterns, and remittance utilization.
3. Economic Impacts: Household income sources, expenditures, assets, land use, livestock ownership, and savings behavior.
4. Social Impacts: Women's empowerment in decision-making, health awareness (vaccination and medical care), nutrition (meal frequency and diet composition), education (literacy and school type), and social trust (measured using a five-point Likert scale along with t-test and  $\chi^2$  test, covering community involvement, organizational membership, and social relationships).

To strengthen the analysis, 30 additional questionnaires were administered in host countries: 10 each in Dubai, Abu Dhabi, and Oman in September 2022 from among the migrants who reside in Lamjung, Myagdi and Nawalpur (the study area of Nepal), facilitating a comparative assessment with responses from left-behind family members. Findings from home and host countries demonstrated consistency, reinforcing the robustness of the study.

A pre-test was conducted with 10 households each in Lamjung and Nawalparasi, leading to refinements in the questionnaire, with a greater emphasis on closed-ended questions for clarity and reliability. The questionnaire was originally developed in English, translated into Nepali, and further adapted into Gurung, Magar, and Tharu languages for respondents unfamiliar with Nepali.

Additionally, secondary data were utilized to address the first research objective analyzing the status of migration and remittances in Nepal. These data were sourced from key institutions, including Nepal Rastra Bank, the Ministry of Finance, the Central Bureau of Statistics, the International Labour Organization, the Foreign Employment Board, and district-level offices, providing macro-level insights into migration trends, remittance flows, and economic conditions.

### **3.8 Sampling Procedure and Sample Size**

In alignment with the New Economics of Labor Migration (NELM) framework, this study considers households as the primary unit of analysis as like of (Nepal, 2013). According to the International Organization for Migration (IOM, 2013), migrant households are those where at least one member has migrated internationally in the past year, while non-migrant households have no members migrating beyond national borders.

However, for this study, migrant households are defined as those where at least one member has migrated at least three years prior to the current year. This extended timeframe was chosen to capture the long-term impact of remittances on households. An equal number of migrant and non-migrant households were selected to facilitate comparative analysis.

#### *Sampling Technique*

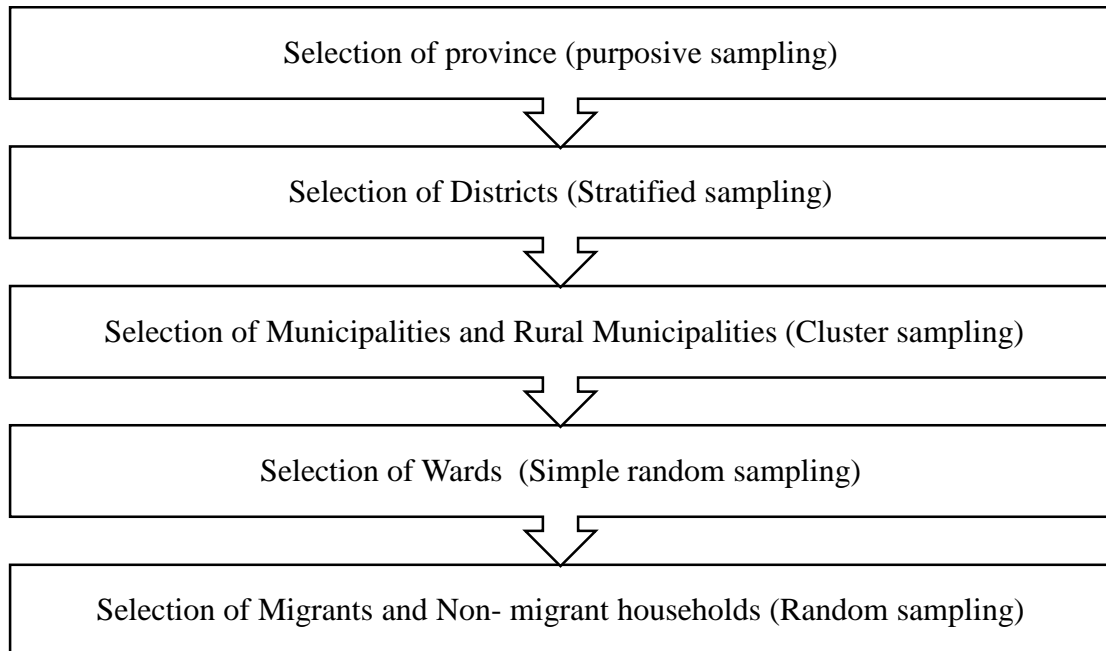
A multistage cluster sampling method was applied to ensure unbiased sample selection. Nepal's geographical regions: Mountain, Hill, and Terai (Figure 3.4) were used as the first-level clusters. The sampling process proceeded as follows:

1. Stratification by Administrative Units-Each region was stratified into municipalities and rural municipalities using cluster sampling.
2. Random Selection of Wards and Settlements: Within each municipality, wards, villages, and urban centers were selected using simple random sampling.

3. Final Household Selection: Households were selected proportionally based on the population distribution in rural and urban areas.

**Figure 3.4**

*Multistage Sampling*



*Source: Researcher's Construction*

In cases where the migrant population was scarce or difficult to identify, particularly in rural areas, a snowball sampling technique was used to reach respondents.

*Sample Size Determination*

The sample size was determined using Yamane's formula (Yamane, 1967; as cited in Khanal, 2023), which is widely used for quantitative research. The formula is:

$$n = \frac{N}{[1 + N(e)^2]}$$

where:

- n = required sample size
- N = total population
- e = margin of error (set at 4.44%, slightly below 5% significance level)

Applying Yamane's formula to different population parameters yielded the following results:

- Total population of the study area (639,707): Sample size  $\approx$  400

- Total number of households (166,690): Sample size  $\approx$  399
- Total migrant population (33,435 in FY 2078/79): Sample size  $\approx$  394

Since a sample size of 400 is statistically sufficient, this study increased the sample size to 514 to enhance the reliability of results and accommodate various econometric models.

Moreover, Cronbach Alfa was calculated as 0.76 for assessing the reliability of data obtained in Likert Scale under a construct of social trust, and it was higher than 0.70 conforming the reliability of data.

#### *Sample Distribution Across Districts*

The sample was distributed across three districts: Myagdi, Lamjung, and Nawalpur (Bardaghat Susta East), based on their population proportions. The allocation was as follows:

- Myagdi: 104 households (to ensure sufficient data for econometric models).
- Lamjung and Nawalpur: The remaining 410 households were proportionally distributed based on Census 2021 population shares.

Lamjung: 132 households (average population share 32.1% out of Hilly region 40.25% and among the three districts is 24%). Nawalpur: 278 households (remaining portion).

Further division of the sample was done between rural and urban areas based on each district's population distribution. Rural populations were drawn from rural municipalities, while urban populations were drawn from municipalities.

**Table 3.2***District Wise Sample for the Study Area*

Districts	Treatment	Control	Total
Nawalpur Rural	46(17.9)	38(14.8)	84(16.3)
Nawalpur Urban	82(31.9)	112(43.6)	194(37.7)
Total	128(49.8)	150(58.4)	278(54)
Lamjung Rural	43(16.7)	30(11.7)	73(14.2)
Lamjung Urban	31(12.1)	28(10.9)	59(11.5)
Total	74(28.8)	58(22.6)	132(25.7)
Myagdi Rural	30(11.7)	30(11.7)	60(11.7)
Myagdi Urban	25(9.7)	19(7.4)	44(8.6)
Total	55(21.4)	49(19.1)	104(20.3)
Grand Total	257(100)	257(100)	514(100)

*Source: Researcher's Construction Based on Field Survey, 2022. (N=514)*

*(Figure in parentheses shows in percentage).*

### **3.9 Household and Population Roster**

A household and population roster were developed from three districts: Myagdi, Lamjung, and Nawalpur to analyze the total number of households and population, including those involved in internal and cross-border migration (Table 3.3). The data shows that internally migrated households account for 21%, 28%, and 13% in Myagdi, Lamjung, and Nawalpur, respectively, while internationally migrated households make up 29%, 30%, and 36%. The internally absent population represents 14%, 20%, and 7% in these districts, whereas the population absent due to international migration is 10%, 11%, and 13%, respectively.

**Table 3.3***District Wise Roster of Migrant Population and Households*

Districts	Household and usually residing population				Absent HH and Popn. Living within Country			
	Household	Population			Household	Population		
		Total	Male	Female		Total	Male	Female
Myagdi	28830	107033	52153	54480	6140	14777	7305	7472
Lamjung	44170	155852	74077	81775	12500	31656	16792	14864
Nawalpur	93925	378079	177887	200192	11945	25436	14549	10887
Total	166925	640964	304117	336447	30585	71869	38646	33223

(Continue)

Districts	Absent HH and Popn. Living Abroad				Absent household and population			
	Household	Population			Households	Population		
		Total	Male	Female		Internal	Abroad	Internal
Myagdi	8320	10766	8961	1805	21.30	28.86	13.81	10.06
Lamjung	13044	16871	14762	2109	28.30	29.53	20.31	10.83
Nawalpur	33454	44771	38152	6619	12.72	35.62	6.73	11.84
Total	54818	72408	61875	10533	18.32	32.84	11.21	11.30

*Source: Compiled from Census, 2021**Local Unit Wise Sample Size for the Study Area*

The sample survey included all local units through cluster sampling, ensuring proportional representation based on population distribution in those local units. However, the sample size for Dhaulagiri and Annapurna rural municipalities in Myagdi district was kept negligible in number due to accessibility challenges caused by heavy rainfall and landslides during the field survey. Additionally, these two rural municipalities had lower population distributions compared to other local units (Table 3.4). Respondents were selected proportionally from each ward of the local units for both the treatment and control groups using the snowball technique. An exception was made for Dhaulagiri and Annapurna Rural Municipalities in Myagdi district, where samples were drawn from the district headquarters and other available local units using

an accidental sampling method, given the constraints posed by inaccessibility in those areas.

**Table 3.4**

*Local Unit Wise Sample Size for the Study Area*

<b>Districts and Local Units</b>	<b>Urban Units</b>		<b>Rural Units</b>		
	<b>Treatment</b>	<b>control</b>	<b>Local Units</b>	<b>Treatment</b>	<b>control</b>
<b>Nawalpur:</b>					
Gaindakot	36	50	Binaya-Trivei	12	10
Devchuli	18	26	Hupsekot	12	12
Kawasoti	18	20	Buling	12	9
Madhyabindu	10	16	Baudikali	10	7
<b>Total</b>	<b>82</b>	<b>112</b>		<b>46</b>	<b>38</b>
<b>Lamjung:</b>					
Beshishahar	10	9	Kwholasothar	6	4
Sundar Bazar	10	9	Dordi	12	7
Rainash	8	7	Dudh Pokhari	19	14
Madhya Nepal	3	3	Marsyangdi	6	5
<b>Total</b>	<b>31</b>	<b>28</b>		<b>43</b>	<b>30</b>
<b>Myagdi:</b>					
Beni	25	19	Raghuganga	10	11
			Malika	9	9
			Mangala	8	7
			Dhaulagiri	2	2
			Annapurna	1	1
<b>Total</b>	<b>25</b>	<b>19</b>		<b>30</b>	<b>30</b>
<b>Grand Total</b>	<b>138</b>	<b>158</b>		<b>119</b>	<b>98</b>

*Source: Researcher's Construction Based on Field Survey, 2022. (N=514)*

#### *Constraints Faced During the Field Survey*

Data collection through personal interviews in Nepal often involves extracting necessary information from respondents, who rely on memory due to the lack of systematic record-keeping practices. This method presents significant challenges, particularly when gathering accurate data on economic activities. In rural areas, it was

observed that nearly all respondents failed to maintain formal records of their family affairs. Many were hesitant to complete the questionnaire, especially when it transitioned from general information to financial matters. While respondents were generally willing to provide basic information, a notable resistance emerged once the financial section was introduced. Approximately 10% of the questionnaires were subsequently discarded due to non-cooperation.

In urban areas, respondents exhibited a different set of concerns, primarily fearing that disclosing full financial information would result in a higher tax burden. This wariness was compounded by suspicions that the enumerators were collecting financial data for purposes beyond research, such as identifying marriageable children or exposing their assets to potential theft. In some instances, respondents even provided exaggerated financial details to safeguard their interests. These challenges underscore the complexities of data collection in both rural and urban contexts, where trust and privacy concerns significantly affect the reliability of the information gathered.

### **3.10 Data Processing and Analysis Plan**

#### *Data Processing*

After the collection of the household survey, the filled-up questionnaires were checked for error, completeness and accuracy. Collected data from questionnaire were processed by editing, coding, classification and tabulation. After processing, data were entered into the statistical program SPSS. Then the data were transformed and analyzed by using frequency distribution of each variable in SPSS-24. Furthermore, the data were exported to Eviews-10 for extracting the results of determinants of migration.

Here are some strategies that were followed to ensure the quality of data:

- The researcher, along with field supervisors, reviewed the completed surveys at the end of each day during the fieldwork, specifically checking for inconsistencies in the responses. In cases where discrepancies or unclear answers were identified, the interviewers often revisited the respondents, contacted them by phone, or followed up via email to seek clarification and ensure the accuracy of the data collected.
- The researcher personally handled data entry and performed data cleaning by identifying errors and addressing missing values. Irrelevant data were detected and corrected using techniques such as outlier detection through the

"Explore" function in the SPSS software, along with other statistical methods to ensure the accuracy and reliability of the dataset.

- The sample households were then categorized into two groups: migrant and non-migrant households, with an equal number in each group. Descriptive statistics, including mean, frequency distribution, and percentage, were employed to compare the socio-economic conditions between migrant and non-migrant households. This approach facilitated a clear understanding of the differences and similarities between the two groups.
- To extract the combined value of the required entities, the aggregated values of new variables were computed as needed. Certain variables were recoded into the same categories, while others were recoded into different variables to produce the desired results. This recoding process was tailored to align with the specific requirements of the analysis, ensuring accurate estimation of outcomes.

#### *Data Analysis*

In this research, descriptive statistical methods including mean, frequency distribution, and percentage were employed to compare the socio-economic conditions of households. For analytical purposes, advanced multivariate analysis techniques such as binary logit, probit, independent sample t-test, and chi-square test were employed. The quantitative data were analyzed using SPSS version-24 and E-views version-10.

Additionally, this study employed parametric independent sample t-test to infer the economic impact of remittances at the household level and non-parametric Chi-square test to estimate the social impact of remittances on migrant households. Logit and probit models were applied to determine the major determinants of migration. The application of both binary logit and probit models aimed to ensure the robustness and reliability of the findings. The binary dependent variable, representing foreign employment, was categorized as 1 for households at least one family member migrated, and 0 for non-migrating households.

#### *Independent Sample t-test of Mean difference*

The t-test for difference in mean is the hypothesis testing, in a categorical variable having two groups that tests the null hypothesis of having equal mean in both the migrant and non-migrant households versus alternative hypothesis considering the

mean value of two groups are not equal (2-tail) or the mean for one group is larger than the mean for the other group (1-tail). In this study, the significance level is, 1% and 5% for the mean difference between the two groups has been considered. The value of t-test was calculated as:

$$t = \left( \frac{\bar{X} - \mu}{S} \right) \times \sqrt{n} \dots\dots\dots (1)$$

Source: (Sthapit et al., 2010)

Where,

$\bar{X}$  = the mean of the sample

$\mu$  = the actual or hypothetical mean of the population

$n$  = the sample size

$S$  = the standard deviation of the sample

This model is estimated by using SPSS 24.

#### *Chi Square Test of Association*

Chi-square test is a nonparametric test which is used when there are two categorical variables in a data set and determines whether there is an association between the categorical variables. The Chi Square Test of association method of hypothesis testing allows to test the relationship of one or more data points to another data point to determine possible influencing factors of foreign migration. This study tries to estimate the association of foreign migration with the socioeconomic status of the migrant household. In this study, the significance level is, 1% and 5% for the association between the two groups has been considered. Chi-square value can be computed as:

$$\chi^2 = \frac{(O-E)^2}{E} \dots\dots\dots (2)$$

Source: (Gupta, 1991)

Where,

$O$  = observed frequency

$E$  = expected frequency

#### *Binary Logistic Regression and Probit Regression*

The logistic regression can be applied when the dependent variable is dichotomous, mainly dummy and predictor variables are categorical or/and continuous. The simplest

way to estimate binary choice situation is the logit model, as probit model estimation is numerically complicated because it is based on normal distribution function whereas, logistic regression is based on cumulative distribution function. But nowadays many software packages are developed for easy calculation such as SPSS, E-views, etc. and the predicted probabilities derived from both the logit and probit model are of homogenous type, which lies between 0 and 1. Therefore, the study used both the logit and probit model for the consistency of results derived from both the models. The logistic regression model is specified as:

$$\ln [p/(1-p)] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_{18} X_{18} + u_i \dots \dots \dots (3)$$

Where, p is the probability of foreign migration,

$\beta_k$  = Parameters; K= 1, 2, .....18

$X_i$  = Explanatory variables. They are defined as follows.

$u_i$  = Idiosyncratic Error Term

$X_1$  = Age of Household Head

$X_2$  = Asset Size

$X_3$  = Brahman Dummy

$X_4$  = Education of Household Head

$X_5$  = Female Employment Dummy

$X_6$  = Gender of Household Head

$X_7$  = Household Size

$X_8$  = Value of House

$X_9$  = Expected Income of Household

$X_{10}$  = Janajati Dummy

$X_{11}$  = Land Size

$X_{12}$  = Value of Land

$X_{13}$  = Migration Experience

$X_{14}$  = Occupation of Household Head

$X_{15}$  = Total Dependency

$X_{16}$  = Terai Dummy

$X_{17}$  = Young Dependency

$X_{18}$  = Urban Dummy

*Probit Model*

The probability of getting the results from both the logit and probit model is similar. The study wants to examine the model whether the results derived from both the models are similar. Hence, to check the consistency in the results derived from the estimation of logit and probit model, it is worthy to apply both the models. The probit model can be estimated as:

Let the probability of foreign migration (M) be

$$P (M= 1/ X1, X2, \dots X18) = \phi (\beta_0 + \beta_1X_1 + \beta_2X_2+\dots + \beta_{18}X_{18}) \dots\dots\dots(4)$$

Where  $\phi$  is a cumulative normal distribution function.

- P= Probability of foreign migration
- Xi=Explanatory variables as described in logit model
- X= 1, 2, ..., 18
- $\beta_K$ = Parameters
- K= 0, 1, 2, ....18, which are same as in the logistic model.

This model is estimated by using Eviews 10.

In conclusion, the analysis plan has been presented in Table 3.5.

**Table 3.5**

*Data Analysis Plan*

<b>Broad Dimension</b>	<b>Indicators</b>	<b>Analysis Tools</b>
1. Status of migration and remittances	Migrants and remittance inflow in number	Reviews of secondary data
2. Determinants of migration	Socio-economic and demographics	Logit and probit model
3. Economic impact of remittances	Land and building, income, assets, consumption, saving, livestock	Chi-square test and t-test
4. Social impact of remittances	women empowerment, Health and nutrition, education, social network, social trust	Chi-square test and t-test

*Source: Researcher's Construction*

Table 3.6 provides the description of the variables used in the regression model with expected sign while they are regressed with dependent variable foreign migration.

**Table 3.6**

*Description of Variables for Determinants of Migration with Prediction*

Variables	Description	Question No.	Expected Sign
<b>Dependent Variable</b>			
Migration	1 if HH has at least one migrant, 0 otherwise		
<b>Independent Variables</b>			
Age (X1)	Age of the HH heads in years	1.3	+
Asset Size (X2)	Size of Assets of a Household	7.1	+
Bhraman Dummy (X3)	1, if Bhraman/Chhetry, 0 otherwise	Q. 11a	-
Education of Household			
Head (X4)	Schooling of head in years	Q14C	+
Female Employment			
Dummy (X5)	1 if HH head is female, 0 otherwise	1.2	+
Gender of Household			
Head(X6)	1 if HH head is Male, 1 otherwise	1.2	+
Household Size (X7)	Number of Persons in a Household	1.1.F	+
Value of House (X8)	Total Market Value of House		+
Expected Income of Household (X9)			
	Income of Household	5.1	+
Janajati Dummy (X10)	1, If Household is Janajati, 0 Otherwise		+
Size of Land holding			
(X11)	Land holding in money value		+
Value of Land (X12)	Total Market Value of Land		+
Family's Previous migration (X13)			
	Family member/s already migrated		+
Occupation of HH head (X14)			
	1 if HH involves in agriculture and self-employed, 0 otherwise	1.5	+
Total Dependency (X15)			
	Total Number of Unemployed Members in a Household	11J	+
Terai Dummy (X16)	1, If the Household is in Terai, 0 Otherwise		+
Young dependents (X17)			
	Number of dependents aged 0-14	1.3	+
Urban Dependent (X18)	1, If Household is in Terai, 0 Otherwise	1.1	+

*Source: Researcher's construction based on field survey*

### **3.11 Reliability and Validity**

The reliability of the research instruments and procedures employed in this study is crucial for ensuring the consistency and accuracy of the findings. Several measures were taken to enhance the reliability of the questionnaire survey administered to migrant and non-migrant households in Nepal. The questionnaire was meticulously designed based on existing literature and pre-tested with a pilot group to ensure clarity, comprehensiveness, and ease of understanding for both migrant and non-migrant households. Feedback from the pre-test was used to refine and improve the questionnaire, ensuring clarity and comprehensibility for the target population. Similarly, trained interviewers were employed to administer the survey, ensuring consistency in data collection procedures and minimizing interviewer bias. Additionally, steps were taken to minimize non-response bias by employing multiple strategies, such as follow-up visits and reminders to encourage participation among sampled households. The use of trained enumerators fluent in local languages also helped to establish rapport and facilitate communication with respondents.

In enhancing validity, a number of measures were used in data collection and the analytical techniques employed in this study. The questionnaire content was rigorously reviewed by experts in the field of migration studies and economics to ensure it effectively captured the intended constructs related to migration determinants and socio-economic impacts of remittance. Construct validity was assessed by examining the consistency and coherence of the survey responses with established theoretical frameworks and empirical evidence on migrations and remittance flows. In addition to conducting field surveys in selected areas, a series of interviews were also undertaken with migrant workers at their respective work stations abroad. Finally, the external validity of the research findings was enhanced through careful sampling procedures aimed at ensuring the representativeness and generalizability of the study findings to the broader population of migrant and non-migrant households in Nepal.

### **3.12 Ethical Consideration, Novelty and Contribution of the Study**

The study has strictly followed the ethical consideration since its conceptualization to the completion of the whole work. Regarding the ethical consideration, all the literatures and views of writers are properly cited and duly acknowledged. Data collection protocol is strictly implemented for originality, newness and freshness of the

data. Proper consent is duly taken with the respondents ensuring them the confidentiality of the information which are only used for this research purpose while collecting data. Enumerators were properly trained at the time of data collection to remove the sampling biased and take right information. Data were analyzed in original form without any manipulation. Social norms and values of the local people were strictly acknowledged. Moreover, Following the guidelines set forth by the university ensures that the research meets academic standards and ethical requirements specific to the institution. University guidelines are strictly followed during the whole work of this dissertation. Overall, the study appears to have been conducted with integrity and thoroughness, addressing key ethical considerations at every stage of the research process. That is why, this study is original in finding the major determinants of foreign migration and impact of international remittances in the context of household level in Gandaki province of Nepal.

## CHAPTER IV

### MIGRATION AND REMITTANCES INFLOWS IN NEPAL

#### 4.1 Background of Migration in Nepal

The trajectory of Nepalese migration has evolved significantly over time, reflecting shifts in geopolitical, economic, and social contexts. The earliest records of labor migration in Nepal can be traced back approximately 300 years, as noted by Piya and Joshi (2016). However, the formal inception of foreign employment is generally marked by the period following the Anglo-Nepal War, around 200 years ago (Lokshin et al., 2007). The institutionalization of labor migration policies and administration began around 80 years ago, formalizing a process that had long been in practice (Gurung, 2004).

The evolution of Nepalese migration has seen significant shifts in destination and labor market engagement. The early stages of systematic migration were characterized by Nepalese men joining the British-Indian Army, a trend that later transitioned towards the Indian labor market, particularly in security services. Over time, this pattern has shifted dramatically, with the Gulf countries, the Middle East, and Malaysia emerging as the primary destinations for Nepalese labor migrants. These regions have become central to Nepal's labor export strategy, driven by the demand for unskilled and semi-skilled workers.

Interestingly, a more recent trend has emerged among migrants from middle-income households, who are increasingly seeking employment opportunities in Japan and South Korea. These countries offer relatively higher wages and better working conditions, attracting a more skilled segment of the Nepalese labor force. Simultaneously, a significant portion of Nepalese students is gravitating towards educational opportunities in Australia, the United States, and European countries, reflecting a diversification of migration patterns linked to education and skilled labor markets.

These evolving trends underscore the complex dynamics of Nepalese labor migration, shaped by historical legacies, economic opportunities, and shifting global labor demands. The diverse destinations and motivations behind contemporary Nepalese migration highlight the intricate interplay between economic necessity and the pursuit of better opportunities abroad.

#### **4.1.1 Nepal's External Sector: The Role of Remittance in Addressing Trade Imbalances**

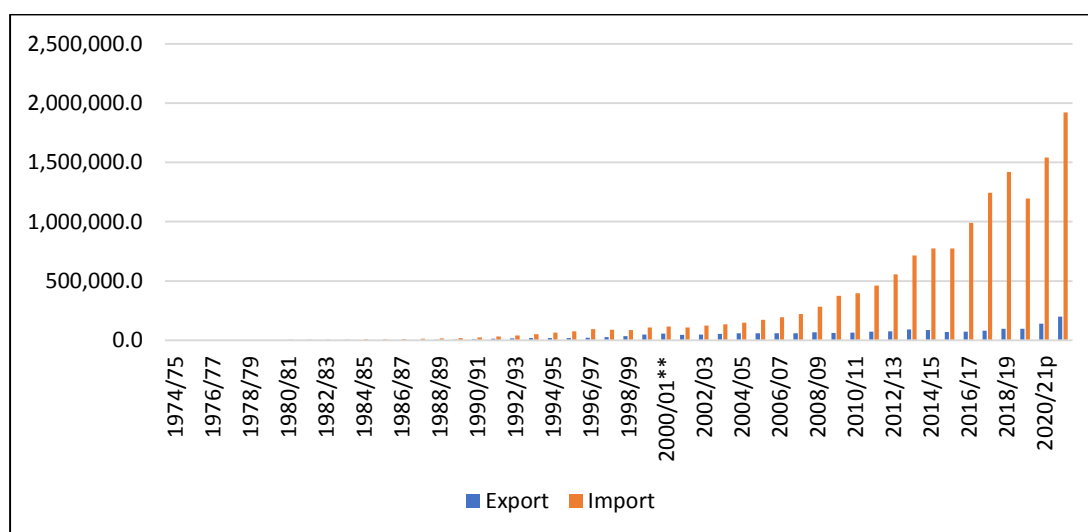
Nepal, as one of the least developed countries in the world, faces significant challenges in its external sector. The country's macroeconomic indicators reveal a precarious expansion of economic activities, with critical issues evident in the balance of trade. Despite the notable increase in the volume of imports and exports since the early 2000s, the structural imbalance in foreign trade remains a significant concern.

The period up to 1990/91 presented negligible contributions from foreign trade to the national economy. However, the new millennium brought about substantial changes, with both imports and exports rising dramatically. Yet, this increase in trade volume did not translate into a balanced trade scenario. By mid-March 2020, the total share of exports reached approximately 8%, amounting to Rs. 80.78 billion, a slight increase from 7.5% (Rs. 74.91 billion) in the same month of the previous year. Meanwhile, merchandise imports soared to Rs. 943.99 billion in the fiscal year 2020/21, up from Rs. 924.24 billion.

As depicted in Figure 4.1, the share of imports far exceeds that of exports, highlighting a persistent and widening trade deficit. This imbalance places considerable pressure on Nepal's economy, exacerbating the vulnerability of its external sector. The growing trade deficit is a clear indicator of the country's dependence on imports, which significantly outweighs its export capacity.

This chronic trade imbalance has profound implications for Nepal's economy, particularly in maintaining its balance of payments. To offset the negative impacts of this deficit, Nepal has increasingly relied on remittances from its substantial labor force employed abroad. The outflow of labor serves as a critical mechanism to generate foreign exchange and stabilize the external sector. Remittances have thus become a vital component in addressing the trade deficit, compensating for the shortfall in export earnings, and sustaining the country's economic stability.

Figure 4.1 illustrates the stark disparity between the share of imports and exports in total trade, underscoring the critical role that remittances play in mitigating the adverse effects of Nepal's trade deficit. Without these inflows, the balance of payments situation would likely deteriorate further, amplifying the economic challenges faced by the country.

**Figure 4.1***Share of Import and Export in Total Trade (in Billion Rupees)**Source: Various Issues of Economic Survey,***4.1.2 Nepal's Escalating Trade Deficit: A Critical Analysis and Policy Implications**

Nepal's trade dynamics over the past several decades have been marked by a persistent and escalating trade deficit, reflecting structural vulnerabilities within its economy. Since 1974/75, both import and export volumes have risen consistently, yet the trade deficit has expanded at an alarming rate. This 49-year trajectory reveals a critical imbalance in Nepal's trade practices and underscores the urgent need for comprehensive policy interventions to address these challenges.

Historically, Nepal's trade activities were relatively modest, with imports amounting to Rs. 1,814.6 million and exports at Rs. 889.6 million in 1974/75, resulting in a trade deficit of Rs. 925 million. Over time, this gap has widened dramatically. By 2021/22, exports had increased to Rs. 200,031.0 million, while imports surged to Rs. 1,920,448.4 million, culminating in a staggering trade deficit of Rs. 1,720,417.4 million. This represents an almost 1,860-fold increase in the trade deficit compared to 1974/75, highlighting a critical and worsening issue within Nepal's external sector.

The data presented in appendix 2 not only underscores Nepal's growing engagement in global trade but also reveals a disconcerting trend where imports consistently outpace exports. This persistent trade deficit has far-reaching implications for Nepal's economic stability. The widening gap strains foreign exchange reserves, posing significant challenges in financing essential imports. The increasing reliance on

external debt to cover this deficit further exacerbates the country's economic vulnerabilities, creating a cycle of dependency that is difficult to break.

The structural constraints contributing to this trade imbalance are multifaceted. Nepal's export base remains narrow and concentrated in low-value-added goods, which limits its capacity to compete in the global market. In contrast, the country's import portfolio is broad, encompassing essential goods, fuel, machinery, and consumer products, which are critical to sustaining economic activities. The disproportionate growth in imports relative to exports has led to a scenario where the trade deficit has become a structural feature of the economy, rather than a temporary imbalance.

Addressing this issue requires a multi-pronged approach. Targeted policy interventions are needed to promote export diversification and value addition, which would enhance Nepal's competitiveness in international markets. Simultaneously, managing imports through strategic import substitution policies could help mitigate the trade deficit. However, these measures alone are insufficient if the underlying structural issues are not addressed. A comprehensive strategy that integrates macroeconomic stabilization with structural reforms is essential to improving Nepal's trade balance and fostering sustainable economic growth.

Furthermore, the reliance on foreign employment as a means to offset the trade deficit, while effective in the short term, is not a sustainable long-term solution. The remittances sent home by Nepalese workers abroad have indeed been a crucial lifeline for the economy, helping to maintain the balance of payments. However, this dependence on remittances also exposes the economy to external shocks, such as fluctuations in global labor demand or geopolitical instability in host countries.

In conclusion, Nepal's escalating trade deficit is a critical issue that demands urgent attention. The data from the past several decades clearly indicates that without significant policy reforms and structural adjustments, the country will continue to face mounting economic challenges. To ensure long-term economic stability and growth, Nepal must adopt a holistic approach that addresses both the macroeconomic and structural factors contributing to its persistent trade deficit.

#### **4.1.3 Status and Dynamics of Nepalese Foreign Migration**

The phenomenon of foreign migration in Nepal has been driven primarily by a scarcity of employment opportunities, both historically and in recent years. This ongoing trend

has seen a significant and continuous rise in the number of Nepalese seeking employment abroad. While the migration of Nepalese workers to India has a long history, the open border and visa exemption between Nepal and India have led to a substantial but unrecorded flow of labor between the two countries. The lack of official and authentic records concerning the number of migrants to India complicates any comprehensive understanding of Nepal's migration patterns. Moreover, the presence of Indian labor in Nepal adds another layer of complexity to the country's labor dynamics.

In the fiscal year 1994/95, official records indicated that a mere 2,159 Nepalese workers had sought employment abroad. By 2001/02, this number had skyrocketed to 104,739, reflecting the growing pressure on Nepal's labor market and the increasing allure of opportunities overseas. As illustrated in Figure 4.2, the total number of Nepalese workers migrating abroad has shown a continuous upward trend since 1994/95, with a particularly sharp increase following 2000/01.

This dramatic rise in foreign migration can be attributed to a combination of push and pull factors. On the one hand, pull factors such as the high demand for labor, attractive remuneration packages, advanced technical and vocational training, and the stable socio-political environment in industrialized and developed nations have made destinations like East Asia, the Middle East, and high-income countries particularly appealing. These countries not only offer better wages but also provide an environment conducive to professional growth and personal safety, making them prime targets for Nepalese job seekers.

On the other hand, push factors within Nepal itself have also played a critical role in driving this trend. The lack of employment opportunities at home, coupled with low wages, poor agricultural development, and inadequate basic services in rural areas, have left many Nepalese with little choice but to seek opportunities abroad. The distorted peace and security situation, particularly during times of political instability, further exacerbates the situation, compelling more individuals to migrate. Additionally, the government's liberal policies regarding foreign employment and the demonstration effect; whereby individuals are influenced by the success stories of others, have fueled the migration trend.

As a result of these combined factors, the number of Nepalese migrant workers has increased exponentially. From 2,159 migrants in 1994/95, to 219,965 by 2008/09

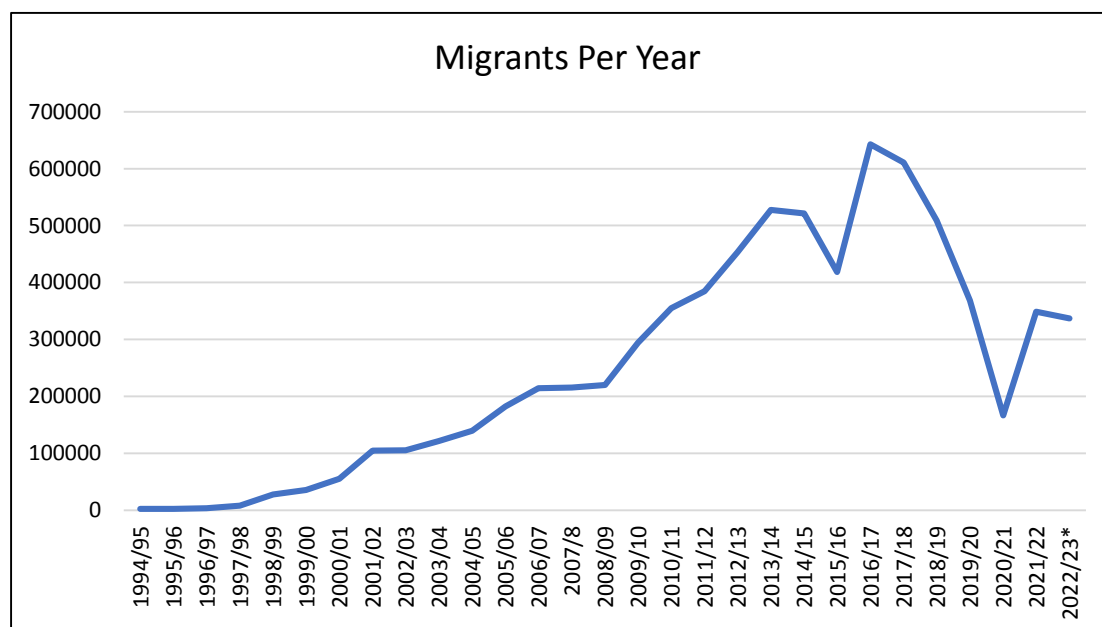
(figure 4.2). This continuous growth underscores the profound socio-economic forces at play and highlights the critical role that foreign employment now plays in the livelihoods of many Nepalese households.

However, this reliance on foreign migration is not without its drawbacks. The departure of a large portion of the labor force can lead to labor shortages in key sectors within Nepal, potentially hindering domestic economic development. Moreover, while remittances from migrant workers contribute significantly to the national economy, this dependence on external income makes Nepal vulnerable to global economic fluctuations and changes in foreign labor markets.

In conclusion, the status of Nepalese foreign migration reflects a complex interplay of domestic challenges and international opportunities. While migration offers immediate relief to economic pressures at home, it also presents long-term challenges that require careful management and strategic planning. Addressing the root causes of migration; such as improving domestic employment opportunities, enhancing agricultural productivity, and ensuring political stability, could help mitigate the need for large-scale labor migration and foster sustainable economic growth within Nepal.

**Figure 4.2**

*Total Number of Migrants (Per Year)*



*Source: Various Issues of Economic Surveys,*

*\*By mid-March*

#### **4.1.4 Gender Dynamics in Nepal's Migrant Work Force**

The dynamics of Nepal's labor migration have shown a notable evolution over the past decade, reflecting both economic necessity and the broader socio-political landscape. The increasing trend in the number of Nepalese migrant workers, even during the global pandemic, underscores the critical role of foreign employment in the country's economic framework. This reliance on foreign employment is not merely a choice but a necessity, driven by limited domestic opportunities and exacerbated by the adverse economic conditions brought on by the COVID-19 pandemic.

In the fiscal year 2019/20, the total number of labor migrants surged to 368,433, highlighting the dependence of many Nepalese on foreign employment as their primary source of livelihood. However, the pandemic-induced global restrictions on travel and movement led to a significant decline in migration, with only 166,698 workers going abroad in 2020/21. Despite this temporary setback, the trend quickly rebounded, with the number of migrants reaching 412,787 by mid-March 2022, and a cumulative total of 5,665,226 by the same period in 2022 (Economic Survey, 2021/22). These figures illustrate the resilience of Nepalese labor migration in the face of global challenges and the ongoing demand for Nepalese workers abroad.

While the overall number of labor migrants has grown, the gender composition of this workforce reveals significant disparities. The share of female migrants, though increasing slightly over time, remains disproportionately low compared to male migrants. In the fiscal year 2009/10, females constituted just 3.4% of the total migrant workforce, a figure that fluctuated slightly in the following years. By 2010/11, the share had decreased to 2.9%, but it saw a modest increase to around 6% in 2012/13 and 2013/14. The peak of female migration was observed in 2019/20, where women accounted for 7.72% of all Nepalese labor migrants.

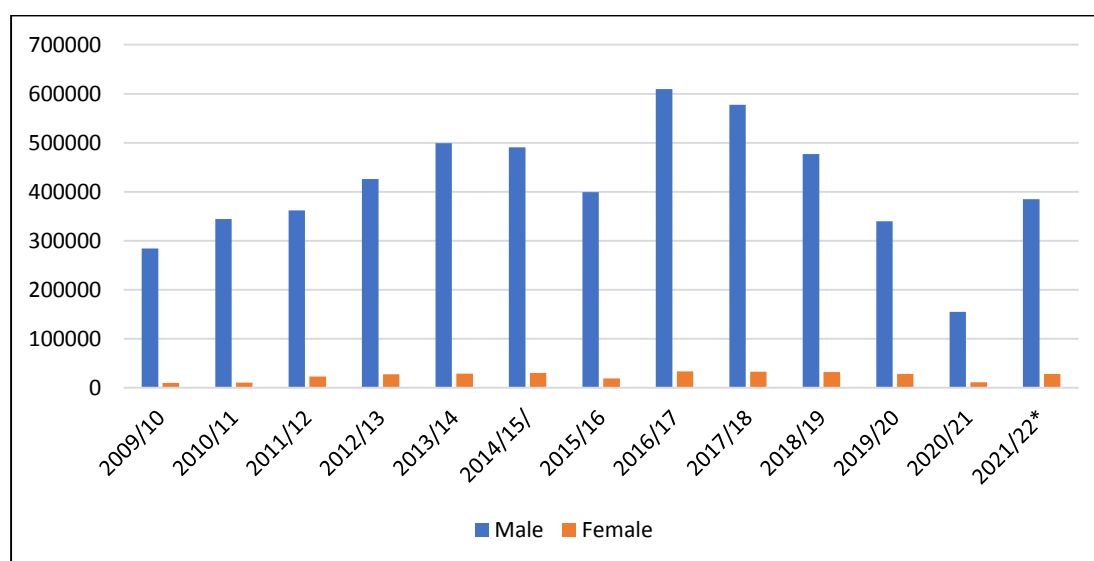
Despite this increase, the participation of female migrants remains significantly lower than the global average. According to the International Organization for Migration (IOM, 2022), women comprise 48% of the world's migrant population. In contrast, Nepalese female migrants represent a small fraction of the country's overall migrant workforce. This stark difference highlights the persistent gender inequalities in Nepal's labor migration sector. The low participation of women in labor migration from Nepal can be attributed to several factors, including socio-cultural norms, restrictive

policies, and the nature of available employment opportunities abroad. In many cases, women in Nepal face barriers such as limited access to information about foreign employment, lack of support systems, and concerns about safety and exploitation, which deter them from seeking work abroad. Moreover, restrictive policies, including bans or limitations on female migration to certain countries, have further constrained women's participation in the global labor market.

The gender disparity in Nepal's labor migration underscores the need for more inclusive policies and targeted interventions to empower women to participate in the global labor market. Addressing the socio-cultural barriers and ensuring the safety and well-being of female migrants are crucial steps toward achieving greater gender equity in this sector. Moreover, increasing awareness about the opportunities and challenges of foreign employment for women, coupled with policy reforms that support safe and fair migration, could help close the gender gap and contribute to more balanced economic development in Nepal.

**Figure 4.3**

*Gender wise Share of Nepalese Foreign Migrants*



Source: *Economic Surveys, (2009/10-2021/22)*

*\*By mid-March*

#### **4.1.5 Destination of Labour Force in Foreign Employment with Work Permit**

The analysis of Nepal's labor force in foreign employment reveals significant trends and implications for both the domestic and international labor markets. The agreements between the Foreign Employment Board and 116 countries reflect a strategic effort to ensure that Nepalese workers abroad are engaged in safe, dignified, and productive

employment. These agreements have facilitated a diversification of Nepalese labor across various international markets. However, the data suggests that the majority of Nepalese migrant workers are concentrated in the Arabian Gulf and Malaysia, where labor demand for low- and semi-skilled workers is high.

The top ten destinations: Malaysia, Qatar, Saudi Arabia, UAE, Kuwait, Bahrain, Oman, South Korea, and Japan, collectively absorb the bulk of Nepalese migrants seeking foreign employment. This trend underscores the need for Nepal to explore further diversification in destination countries, which could mitigate risks associated with over-reliance on a limited number of labor markets.

As of mid-March 2022, the total number of workers (new and re-approval) seeking work permits for foreign employment reached 5,665,226, with male workers comprising 5,348,814 and female workers 316,412. This figure represents an increase of 412,787 migrants compared to the previous year. The gender disparity in these numbers is stark; only about 6% of these migrants are female, which contrasts sharply with global patterns of female labor migration, where women often constitute nearly half of the migrant workforce.

Table 4.1 illustrates gender imbalance and raises concerns about the long-term implications for Nepal's domestic labor market. If the share of Nepalese female workers in foreign employment were to increase to the global average of around 50%, Nepal could face significant labor shortages. The current low participation of women in foreign employment may be due to societal, cultural, or policy barriers, but any shift towards a higher female participation rate would require careful consideration of its impact on the domestic economy.

#### *Percentage Changes in Migration*

Male migration increased by 7.75% overall, with significant growth in Saudi Arabia (10.65%), UAE (4.94%), and Qatar (4.61%). The "Others" category saw the highest rise at 26.86%, indicating diversification into non-traditional markets. Female migration grew faster at 9.70%, with notable increases in Qatar (13.75%), UAE (13.35%), and Bahrain (7.18%), suggesting growing demand for female workers in specific sectors. Total migration increased by 7.86%, driven by growth in "Others" (25.46%), Saudi Arabia (10.57%), and Qatar (4.76%).

*Destination-Specific Trends*

Female migration grew by 13.75%, compared to 4.61% for males, reflecting demand in healthcare and domestic work in Qatar. Stagnant growth (0.01% male, 0.03% female) suggests market saturation in Malaysia. Male migration rose by 10.65%, while female migration grew by only 1.53%, highlighting demand in construction in Saudi Arabia. Female migration increased by 13.35%, compared to 4.94% for males, driven by hospitality and domestic roles in UAE. The highest growth in both male (26.86%) and female (15.25%) migration indicates diversification into emerging markets in rest of the world.

In conclusion, while male workers dominate Nepalese foreign employment, female migration is growing faster in certain destinations. Addressing gender disparities and diversifying labor markets are critical for creating a more equitable and sustainable migration framework. Policymakers must prioritize gender-sensitive strategies and domestic employment investments to maximize the benefits of foreign employment for Nepal.

**Table 4.1***Distribution of Nepalese Workers Abroad by Gender and Destination*

Country	Till mid-July 2021			Till mid-March 2022			Male % change	Female % change	Total % Change
	Male	Female	Total	Male	Female	Total			
Qatar	1201003	18979	1219982	1256419	21588	1278007	4.61	13.75	4.76
Malaysia	1231273	27454	1258727	1231427	27461	1258888	0.01	0.03	0.01
Saudi Arabia	940955	7719	948674	1041150	7837	1048987	10.65	1.53	10.57
UAE	575698	63003	638701	604160	71413	675573	4.94	13.35	5.77
Kuwait	106778	42403	149181	113568	43624	157192	6.36	2.88	5.37
Bahrain	53372	4747	58119	58093	5088	63181	8.85	7.18	8.71
Oman	32565	5821	38386	34723	6219	40942	6.63	6.84	6.66
South Korea (other)	36744	2032	38776	36822	2033	38855	0.21	0.00	0.20
South Korea (EPS)	55740	3417	59157	56078	3481	59559	0.61	1.87	0.68
Lebanon	1218	11541	12759	1220	11542	12762	0.16	0.00	0.02
Israel	2292	4422	6714	2394	4619	7013	4.45	4.45	4.45
Afghanistan	14353	56	14409	14478	56	14534	0.87	0.00	0.87
Japan	18910	1181	20091	18990	1196	20186	0.42	1.27	0.47
Others(Rest of the world)	693097	95666	788763	879292	110255	989547	26.86	15.25	25.46
Grand Total	4963998	288441	5252439	5348814	316412	5665226	7.75	9.70	7.86

Source: MoF (2022)

#### 4.1.6 Services Recipients Related to Foreign Employment

Table 4.2 provides a concise overview of the utilization of foreign employment services in Nepal from fiscal year 2015/16 to 2022/23 (up to mid-March). These services, which include legal assistance, counseling, skill development, psychological counseling, and financial literacy, are vital for supporting migrant workers before and after migration. The data reveals fluctuations in service recipients over the years, with a steady decline from 2015/16 (134,772) to 2018/19 (94,455) before a recovery in 2019/20 (102,064). A significant increase in 2020/21 (265,397) is likely due to heightened awareness and government efforts, followed by a slight decline in 2022/23 (248,230). These trends suggest varying accessibility and outreach for these services.

Legal assistance and counseling saw stability with a slight increase, peaking in 2021/22 (6,643). Skill development uptake dropped after 2016/17 but surged in 2021/22. Psychological counseling spiked during the COVID-19 pandemic but declined afterward. Financial literacy services showed a sharp rise in 2020/21, reflecting increased awareness. The erratic trends in service utilization underscore inconsistent efforts to meet migrant workers' needs, possibly due to inadequate information dissemination or shifting policies. Policymakers should prioritize consistent, accessible support, especially in skill development and mental health services, to ensure migrant workers' well-being and enhance their contribution to the national economy.

**Table 4.2**

*Details of Services Recipients Related to Foreign Employment*

Details	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23*
Number of service recipient	126605	118181	113766	87377	78936	108803	237946	229554
Legal assistance and counselling	1943	2091	2905	3015	3152	5393	6643	3728
Skill development	2353	3061	1263	1229	1120	950	1747	685
Psychological counselling service	2783	2805	3304	2117	15676	23745	4741	2057
Financial literacy	1088	1571	1780	717	3180	13949	14320	12206
Total	134772	127709	123018	94455	102064	105332	265397	248230

\* Till mid-March

*Source: Ministry of Labour Employment and Social Security (2021)*

#### 4.1.7 Dark Side of Foreign Employment

Foreign employment not only brings benefits and improvements to households and communities, but it also carries significant negative consequences. Issues such as homesickness, family breakdown, negative impacts on children's education, dependency, moral hazards, sexual harassment, violence, and illness exacerbated by climate change are common problems arising from foreign employment (Satyal, 2011; Eresso, 2019; Mutambara & Maheshvari, 2019). Additionally, numerous labor-related cases are filed in courts concerning exploitation, assaults, unemployment in destination countries, hazardous jobs, underpayment, and non-payment by employers (Economic Surveys 2006/7 and subsequent years).

Every year, thousands of coffins containing the remains of Nepalese youth—often the hope and financial support of their families; are flown back to Tribhuvan International Airport, a tragic and heartbreaking reality for the affected families, communities, and the nation at large. Between fiscal year 2013/14 and mid-March of fiscal year 2021/22, a total of 8,104 Nepalese migrant workers lost their lives in pursuit of foreign employment, including 7,911 male and 193 female workers. By mid-March of fiscal year 2021/22 alone, 1,138 male and 33 female migrant workers had died. This ongoing situation presents a serious challenge to policymakers, emphasizing the urgent need to make foreign employment more secure and dignified (Table 4.3).

**Table 4.3**

*Number of Deaths and Financial Support in Foreign Employment*

Fiscal year	Male	Female	Total	Financial Support Amount (Rs.in 10 million )
2013/14	853	24	877	12.06
2014/15	1000	6	1006	2.74
2015/16	792	24	816	22.16
2016/17	738	18	756	22.63
2017/18	801	20	821	45.65
2018/19	731	23	754	50.02
2019/20	645	16	661	41.54
2020/21	1213	29	1242	73.77
2021/22 *	1138	33	1171	57.96
<b>Total</b>	<b>7911</b>	<b>193</b>	<b>8104</b>	<b>347.53</b>

Source: Economic Survey, 2022

\*Till mid-March

### *Financial Burden to Migrant Workers' Compensation*

The financial commitments of the Government towards migrant worker welfare underscore the socio-economic costs associated with labor migration. The Foreign Employment Board (FEB) has allocated significant resources to address critical issues such as compensation for deceased workers' families, medical expenses, repatriation, and rescue operations. These expenditures highlight the financial burden on the state and reinforce the need for comprehensive policies to enhance migrant safety and well-being.

Among the various welfare expenditures, financial assistance to the heirs of deceased migrant workers constitutes the largest allocation. In the fiscal year 2080/81, a total of 1,346 beneficiaries (41 females and 1,305 males) received Rs. 69.99 crores. The predominance of male beneficiaries underscores the occupational risks that disproportionately affect male migrant workers. This trend aligns with broader labor migration patterns, where men are more likely to engage in high-risk employment sectors abroad. Regarding migrant workers, a total of 653 beneficiaries (36 females, 617 males) received Rs.19.46 crores in medical compensation, indicating the substantial health risks associated with foreign employment. Similarly, a comparatively smaller allocation was directed towards the families of migrant workers, with 265 beneficiaries (10 females, 255 males) receiving Rs.1.22 crores in assistance.

The gender disparity in health-related compensation further reinforces the notion that male migrants are more exposed to hazardous working conditions, necessitating higher levels of state intervention.

### *Additional Welfare Expenditures*

Beyond direct compensation, the government has also allocated funds for repatriation and humanitarian assistance. In 2080/81, Rs.3.41 crore was allocated for the transportation of deceased workers' bodies, while Rs.3.73 crore was spent on the burial or cremation of unclaimed bodies. Additionally, Rs.3.2 lakh was allocated for the rescue of stranded workers, underscoring the persistent vulnerabilities faced by Nepalese migrants abroad. Table 4.4 provides a comprehensive overview of these financial commitments across multiple fiscal years, illustrating the evolving nature of state support for migrant workers and their families.

The trends observed in Table 4.4 highlight the increasing financial burdens required to address the welfare needs of Nepalese migrants. Notably, the overall expenditure in 2080/81 surpassed previous years, reflecting both the rising number of beneficiaries and the growing financial burden on the state. These findings emphasize the need for policy interventions aimed at reducing occupational hazards, strengthening pre-departure training programs, and enhancing insurance mechanisms to mitigate the risks associated with foreign employment.

**Table 4.4**

*Financial Burden to Migrant Worker Welfare Programs*

S.N.	Welfare Programs	Female	Male	Total	Total Amount (Rs.)
1.	Financial assistance to the dead's heir	41	1,305	1,346	69,99,05,000
2.	Health expenses to injured workers	36	617	653	19,46,85,000
3.	Health expenses to the worker's family member	10	255	265	1,22,65,000
4.	Dead body transportation service	26	749	775	3,41,58,000
5.	Emancipation of unclaimed dead bodies			308	3,73,12,000
6.	Rescue of uncared and unclaimed worker			186	3,20,000
7.	PDOT compensation (female)	1,558		1,558	10,90,600
Grand Total for 2080/81		1,671	2,926	5,091	97,97,35,600
Grand Total for 2079/80		2,042	4,427	6,469	84,80,10,700
Grand Total for 78/79		4,79	4,445	5,017	87,42,49,486

*Source: Foreign Employment Board, 2024*

## 4.2 Remittance Inflows in Nepal

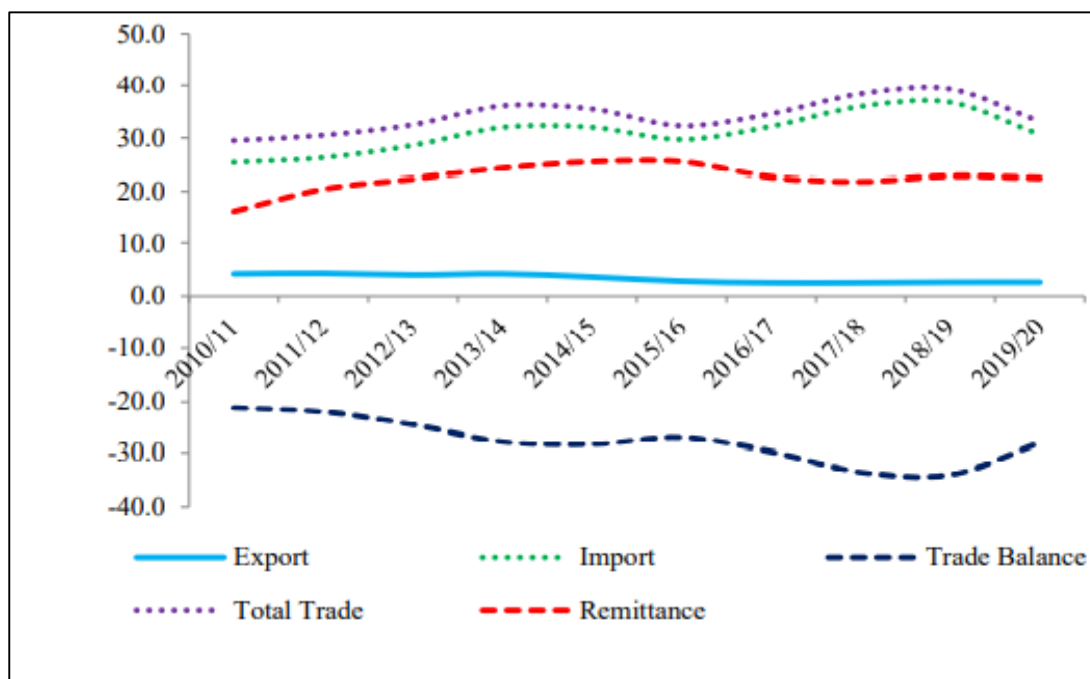
### 4.2.1 Critical Analysis of Macroeconomic Status and Remittance

The external sector of Nepal's economy presents a mixed picture, with some indicators highlighting vulnerabilities while others demonstrate resilience. The most concerning aspect is the critically low share of exports in the national economy. As of the latest data, exports account for approximately 2% of GDP, a figure that underscores Nepal's narrow export base. In stark contrast, imports constitute a staggering 30% of GDP. This

substantial share indicates that approximately one-third of the national economic output is effectively transferred abroad to pay for goods and services that Nepal cannot produce domestically. This heavy reliance on imports highlights the structural weaknesses in Nepal's production capabilities and the failure to develop competitive domestic industries.

The imbalance between exports and imports has led to a significant trade deficit, with the share of the trade deficit fluctuating between -20% and -30% of GDP. This persistent deficit represents a continuous outflow of national wealth, exacerbating Nepal's economic vulnerabilities and its dependence on external financing. However, despite the precarious situation in trade, remittances have emerged as a stabilizing force within the economy. Over the period from 2010/11 to 2019/20, remittances consistently contributed between 20% and 27% of GDP. This stable inflow of funds from Nepali workers abroad has provided a crucial counterbalance to the trade deficit. Unlike the volatile export and import sectors, remittances have shown relative stability, even during periods of global economic uncertainty, such as the Covid-19 pandemic. This stability underscores the importance of remittances as a reliable source of foreign exchange and a lifeline for many households in Nepal.

The data further suggest that remittances are not merely a supplementary income stream but a fundamental pillar of Nepal's macroeconomic stability. They have played a vital role in offsetting the negative impact of the trade deficit and supporting domestic consumption and investment. As a less fluctuating source of income compared to trade-related revenues, remittances have become indispensable in maintaining the livelihood of Nepali families and supporting the broader economy. Figure 4.4 clearly illustrates this dynamic, showing that while other sectors such as export, import, and total trade have experienced fluctuations, particularly during the Covid-19 pandemic, remittances have remained a steady source of income at the macro level. This consistency highlights the imperative for Nepal to continue promoting foreign employment opportunities as a strategy for economic stability. Given the limited scope for export diversification and the ongoing reliance on imports, remittances will likely remain a crucial component of Nepal's economic strategy in the foreseeable future.

**Figure 4.4***Macroeconomic Status and Remittances**Source: MoF 2021/22*

#### 4.2.2 Evolution and Economic Impact of Remittance in Nepal: A Historical and Analytical Perspective

The analysis of remittance trends in Nepal, as illustrated by the data in Table 4.5, offers significant insights into the evolving role of remittances in the country's economy. Nepal, classified as one of the least developed countries, faces substantial challenges in leveraging its human and economic resources due to inadequate investment in research and infrastructure. The absence of large-scale, employment-oriented industries and limited foreign direct investment (FDI) has made it difficult to generate domestic employment opportunities, resulting in a growing reliance on foreign employment as a solution to the expanding labor force.

Foreign employment has become a crucial component of Nepal's economy, with over 400,000 Nepalese migrating abroad each year. The International Labour Organization (ILO) reports that one in three Nepali households now relies on remittances, highlighting the widespread dependence on foreign income. Data from the World Bank reveals a dramatic increase in remittances as a percentage of GDP, which soared from 2.09% in 2000 to around 30% by 2015. Although this figure slightly decreased to 28% by 2018/19, the total amount of remittances reached US\$ 8.79 billion.

This growth positioned Nepal as the fifth-largest recipient of remittances globally in terms of GDP share by 2019. The data presented in Table 4.5 further underscores the importance of remittances in Nepalese households. The percentage of households receiving remittances surged from 23% in 2008 to 55.8% in 2020. Alongside this, the average remittance received by households increased significantly, from NRs. 80,462 in 2008 to NRs. 142,152 in 2020. This rise not only reflects the increasing number of Nepal's working abroad but also the rising income levels of these migrant workers.

Per capita remittance, a key indicator of the impact of remittances on individual well-being, has seen an exponential increase from NRs. 4,042 in 2008 to NRs. 29,975 in 2020. This growth highlights the crucial role of remittances in supporting household consumption and economic stability in Nepal. The distribution of remittances by source country has also evolved over time. Contributions from the USA (20%) and other countries (31%) have become more prominent by 2020, while traditional sources such as India, Malaysia, Qatar, and the UAE have experienced fluctuations. Notably, remittances from Malaysia and Qatar have declined, suggesting shifting migration patterns and a diversification of labor markets for Nepali workers. Another important aspect is the significant portion of remittances that flow through informal channels. Estimates indicate that up to 80% of remittances in Nepal are sent informally, with 78% being brought directly by migrants and 2% through informal systems like Hundi. This reliance on informal channels implies that official remittance figures may significantly understate actual inflows.

In conclusion, the data presented in Table 4.5 emphasizes the critical role that remittances play in sustaining Nepal's economy. With the domestic economy struggling to create sufficient employment opportunities due to underutilized resources and limited investment, foreign employment remains a vital lifeline for many Nepal's. The resulting remittance inflows are essential for providing foreign exchange, supporting household incomes, and contributing significantly to GDP. However, the heavy reliance on remittances also highlights the need for economic diversification and the development of domestic industries. Reducing dependence on external sources and enhancing economic resilience through domestic industry growth are crucial for ensuring long-term economic stability and reducing vulnerability to external economic shocks.

**Table 4.5***Comparison of Remittance Status in Nepal*

Description	Value	
	2008	2020
Percentage of household receiving remittance	23	55.8
Average remittance received by households receiving remittance (NRs)	80,462	142152
Average remittance received by overall households in Nepal (NRs)	16,355	
Per capita remittance amount for overall Nepal (Nominal NRs)	4,042	29975
Share of amount of remittance by households from outside Nepal (In percent)		
From India	13.4	
From Malaysia	19.2	12
From Saudi Arabia	14.9	14
From Qatar	21.3	12
From United Kingdom	2.2	
From UAE		11
From USA		20
From Other countries	29.0	31*
Total	100	

*\*Includes remittances received from India and United Kingdom.*

*Source: Nepal Labor Force Survey, 2000 and 2020, CBS, NPC*

#### **4.2.3 Analytical Review of Remittance Inflows in Nepal (2016/17 - 2022)**

The data from Table 4.6 offers a detailed overview of remittance inflows in Nepal over a five-year period, specifically from FY 2018/19 to FY 2022/23. It highlights several key indicators, such as remittance inflows in Nepalese rupees, percentage changes, the share of remittances in GDP, and their ratio to the current account and current transfer income. This period is characterized by notable fluctuations, particularly due to the Covid-19 pandemic, emphasizing the critical role remittances play in Nepal's economic stability.

In FY 2018/19, remittance inflows reached Rs. 879.37 billion, marking a significant 16.5% increase from the previous fiscal year. This growth underscores the growing reliance on remittances as a primary source of foreign exchange. However, in FY 2019/20, inflows decreased slightly by 0.5% to Rs. 875.03 billion, a direct consequence of the Covid-19 pandemic's disruption of global labor markets. A notable recovery followed in FY 2020/21, with remittances rising by 9.8% to Rs. 961.05 billion, indicating the resilience of these inflows despite global challenges. The recovery trend continued in FY 2021/22, where remittances grew by 4.8% to Rs. 1007.31 billion. By mid-March FY 2022/23, inflows surged to Rs. 794.32 billion, reflecting an impressive 25.3% growth, likely signaling a post-pandemic economic rebound.

The percentage changes in remittance inflows over this period reveal both the volatility and resilience of this vital economic indicator. The sharp decline in FY 2019/20 (-0.5%) underscores the vulnerability of Nepal's reliance on global labor markets, while the recovery in FY 2020/21 (9.8%) and FY 2021/22 (4.8%) reflects the robustness of remittance flows despite global disruptions. The 25.3% increase in FY 2022/23 may represent deferred remittances or increased pressure on migrant workers to support their families amidst recovering global economies.

Remittances consistently represent a significant share of Nepal's GDP, although there are some fluctuations. In FY 2018/19, remittances accounted for 22.8% of GDP. This share slightly decreased in FY 2019/20 (22.5%) and continued to decline to 22.1% in FY 2020/21 and 20.4% in FY 2021/22.

The ratio of remittance inflows to the current account follows an upward trend, further demonstrating Nepal's increasing reliance on remittances to finance its current account. In FY 2018/19, remittances covered 63.68% of the current account, and this ratio increased to 66.27% in FY 2019/20. The ratio peaked at 70.61% in FY 2020/21, reflecting the increased role of remittances during the pandemic. A slight decrease to 66.42% occurred in FY 2021/22, likely due to a recovery in other current account components, such as imports. By mid-March FY 2022/23, the ratio stood at 67.49%, suggesting sustained dependence on remittances.

The ratio of remittances to current transfer income remained consistently high, emphasizing remittances' role as the dominant component of Nepal's current transfers. From FY 2018/19 to FY 2021/22, this ratio rose from 87.44% to 89.49%, and by mid-

March FY 2022/23, it reached 90.19%, indicating even greater dependency on remittances as a source of income.

In conclusion, the data in Table 4.6 underscores the central role of remittances in maintaining Nepal's macroeconomic stability. Despite global fluctuations, remittances continue to provide a vital source of foreign exchange and support the country's current account. As Nepal emerges from the Covid-19 pandemic, remittances will remain crucial to its economic strategy. However, the data also highlight the risks associated with over-reliance on remittances, underscoring the need for policy interventions that encourage economic diversification and reduce vulnerability to external shocks.

**Table 4.6**

*Trend of Remittances Inflows in Nepal*

Details	2018/19	2019/20	2020/21	2021/22	2022/23*
Remittance inflow (Rs. In Billion)	879.37	875.03	961.05	1007.31	794.32
Percentage Change	16.5	-0.5	9.8	4.8	25.3
Remittance as percent of GDP	22.8	22.5	22.1	20.4	-
Ratio of Remittance Inflow to Current Account (In percent)	63.68	66.27	70.61	66.42	67.49
Ratio of Remittance to Current Transfer Income	87.44	88.59	89.20	89.49	90.19

Source: *Economic Survey (2022/23)*

*\*Till mid-March*

#### 4.2.4 Growth and Impact of Remittances in Nepal

The estimation of remittances in Nepal presents inherent challenges, particularly due to the significant proportion of funds transferred through informal channels, which are not captured in official statistics. Despite these limitations, official data indicates a remarkable increase in remittance inflows over the past few decades. In 1990/91, the recorded remittance inflows amounted to NRs. 2,128.3 million. However, a substantial shift is observed in the post-2000 period, with remittance inflows rising dramatically to Rs. 879.3 billion by 2018/19.

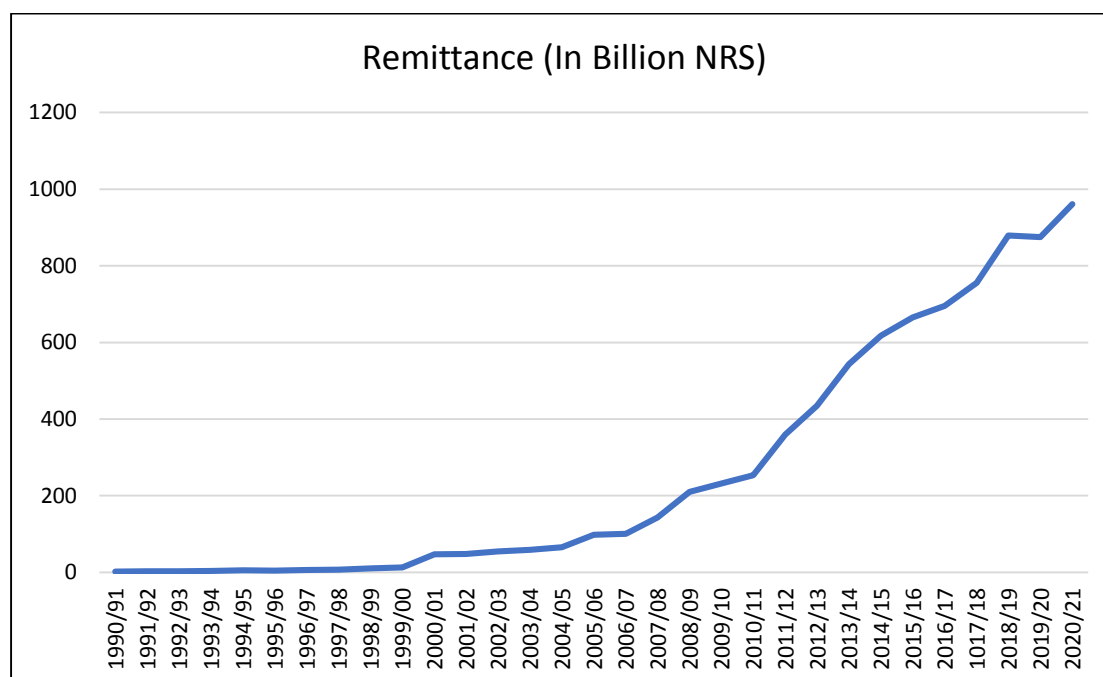
Figures 4.5 and 4.6 provide a visual representation of this growth, illustrating both the absolute volume of remittances and their contribution to Nepal's Gross Domestic Product (GDP). In 1990/91, remittances constituted a mere 1.77% of the GDP. This share increased consistently, particularly after 2000/01, when both the volume of remittances and their GDP share experienced significant growth. Specifically, the remittance volume escalated from Rs. 12.66 billion in 1999/2000 to

Rs. 47.22 billion in 2000/01. This period marked the beginning of a trend where remittances became a substantial component of Nepal's economic landscape.

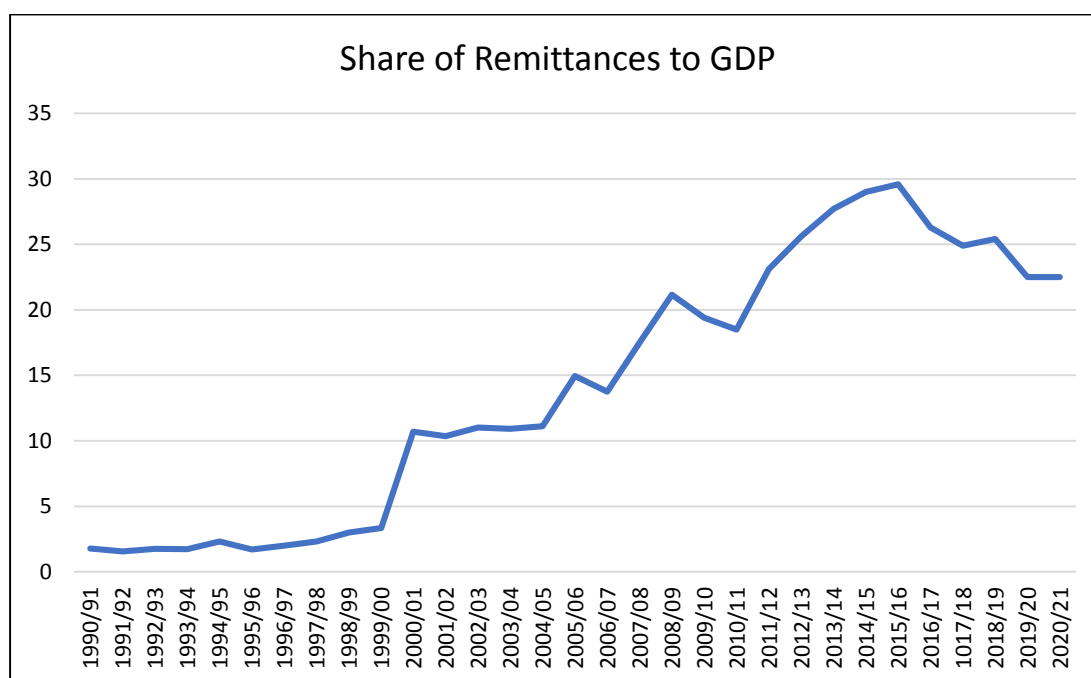
The peak of this trend was observed in 2015/16, when the share of remittances to GDP reached 29.6%, reflecting the profound impact of remittance inflows on the national economy. However, this upward trend did not persist indefinitely. Subsequent years witnessed a gradual decline in the remittance-to-GDP ratio, decreasing to 25.4% in 2018/19 and further to 22.4% in 2019/20. Despite this relative decline, the absolute volume of remittances peaked in 2018/19, reaching Rs. 879.3 billion, as shown in figure 4.5. This analysis underscores the critical role that remittances have played in Nepal's economic development, particularly in the early 21st century. The fluctuations in both the volume and GDP share of remittances highlight the dynamic nature of this economic variable, influenced by a range of factors including global economic conditions, migration patterns, and domestic economic policies. The high dependency on remittances also raises important questions about the sustainability of this economic model and the potential vulnerabilities it may create for Nepal's economy.

**Figure 4.5**

*Growth of Remittance Inflows in Nepal*



*Source: Economic Surveys of Various Years*

**Figure 4.6***Share of Remittance in GDP**Source: Economic Surveys of Various Years*

#### 4.2.5 Balance of Payment Indicator and Remittance

Appendix 3 is the crucial indicator of external sector performance and merits a thorough analysis using various economic frameworks. The net export of goods and services in Nepal has been in a critical condition, showing a continuous negative increment since the year 2000/001. The trade deficit, which stood at Rs.47147.2 million in the year 2000/001, has dramatically risen to Rs. 1061938 million up to the year 2019/20 and has been projected to reach Rs.1483008 million for the year 2022/23. Likewise, the balance of payment and the current account situation in Nepal have experienced fluctuations. Workers' remittances witnessed a gradual increase until the year 2006/007, starting from Rs.47216.1 million in 2000/001 and reaching Rs.100144.8 million in 2006/007. Subsequently, there was a substantial growth starting from 2007/008, beginning at Rs.14282.7 million, reached to Rs. 875027 in the year 2019/20 and projected to reach Rs.1220559.5 million in 2022/23.

Analyzing the percentage of net export to GDP, there was a 10.7 percent deficit in 2000/001, which significantly expanded to 35.9 percent in 2021/22 and is projected to be 27.6 percent in 2022/23. The share of the current account was 4.6 percent in 2000/2001 and turned negative to 12.6 percent in 2021/22. Regarding the current

account balance, encompassing net trade and other income flows, also reflects a deficit throughout the period. This shows that Nepal's overall external payments exceed its receipts, further pressuring its foreign exchange reserves.

In contrast, the share of workers' remittances was 10.7 percent in 2001/002, increasing to 25.5 percent in 2014/15 and 2015/16, and is expected to reach 22.7 percent in 2022/23. Upon reviewing the figures, it can be inferred that foreign migration plays a crucial role as a concurrent phenomenon. It serves as a means for individual households to sustain their livelihoods, while also contributing significantly to the country's efforts to maintain a favorable balance of payment situation.

Workers' remittances contribute positively to the Balance of Payments (BoP) by increasing current account receipts. This helps offset the trade deficit caused by excess imports over exports. Remittances are directly recorded in the Current Account of the BoP, along with net trade and other income flows. A significant rise in remittances can therefore improve the overall CA balance. While remittances don't directly impact Gross Domestic Flow of Private Capital (GDFP), they can indirectly contribute to it by increasing household savings and potentially leading to investments in the productive sector. Increased remittance inflows lead to greater foreign exchange reserves for Nepal, ensuring stability and facilitating international trade.

Moreover, Nepal's net export has consistently faced a deficit, growing substantially over the years. This puts pressure on the BoP and foreign exchange reserves. Workers' remittances have shown a steady increase, surpassing the trade deficit. This has played a crucial role in mitigating the impact of the trade imbalance. The share of remittances in GDP and CA has significantly increased, highlighting their critical role in bolstering Nepal's external sector. Foreign migration serves as a means for individual households to support themselves and contributes to the national economy through remittances.

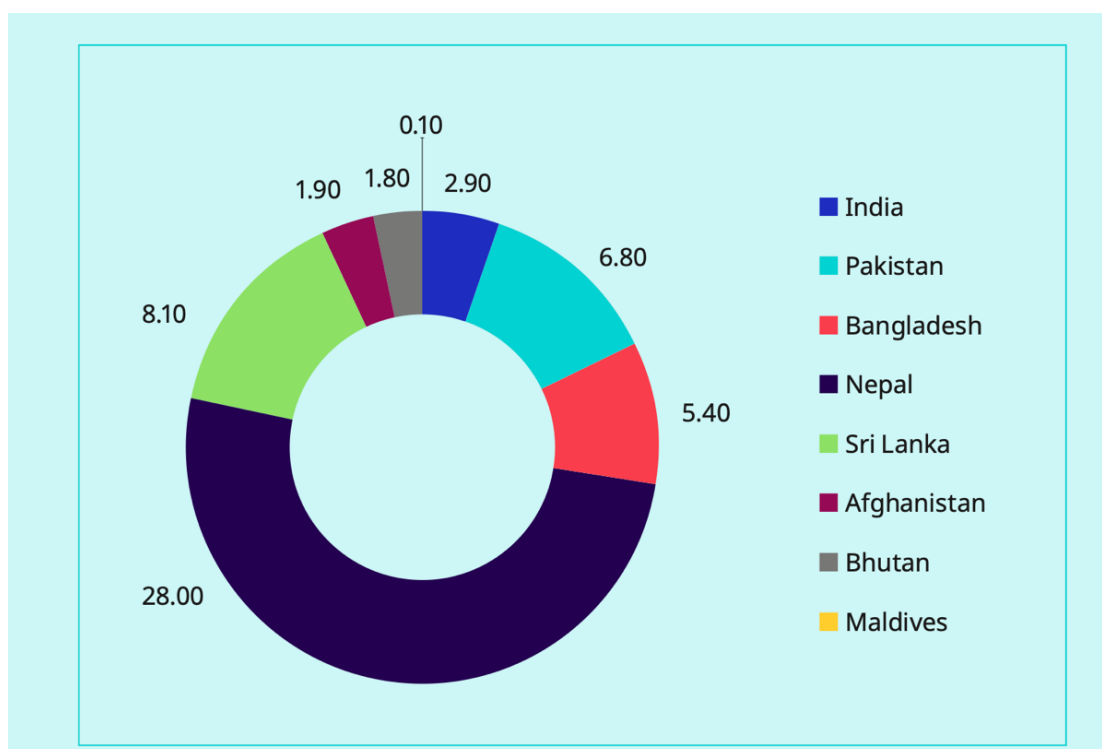
Finally, to reduce the trade deficit and reliance on remittances; policy implications can be recommended promoting export with diversifying export competitiveness, import substitution with producing the essential goods domestically to reduce import dependence and trade deficit, remittance management with investing the remittance amount to productive sector like agriculture and infrastructure to create sustainable economic growth and diversifying financing sources.

#### 4.2.6 Share of Remittances Inflows to GDP in SAARC Countries: A Comparative Analysis

Among the SAARC countries; Nepal has the highest share of remittances relative to its GDP, accounting for approximately 28%. While India is the largest recipient of remittances in absolute dollar terms, not only within the SAARC region but also globally, the contribution of remittances to its national GDP remains relatively low, at less than 3%. Pakistan and Bangladesh rank as the fourth and sixth largest recipients of remittances worldwide, positioning them as the second and third largest within the SAARC region. However, the share of remittances in their respective GDPs stands at 6.8% and 5.4% respectively. In contrast, Sri Lanka's remittance inflows constitute 8.1% of its national GDP. The remaining SAARC nations exhibit significantly lower remittance-to-GDP ratios, with Afghanistan at 1.9%, Bhutan at 1.8%, and the Maldives at merely 0.1%. These figures underscore Nepal's exceptional reliance on remittances as a proportion of GDP, surpassing all other SAARC nations by a substantial margin (Figure 4.7).

**Figure 4.7**

*Share of Remittances Inflows to GDP in SAARC Countries*



*Source: ILO (2021)*

Nepal's macroeconomic landscape is characterized by structural imbalances, most notably a persistent and widening trade deficit. Despite some growth in exports, import volumes continue to significantly outpace export earnings, with imports accounting for approximately 30% of GDP compared to exports at a mere 2%. This chronic trade imbalance has placed considerable strain on the balance of payments, necessitating alternative mechanisms to sustain economic stability. In this context, labor migration has emerged as a critical economic strategy. Since 1994/95, and especially after 2000/01, the number of Nepalese citizens seeking employment abroad has risen markedly. This trend is driven by both domestic push factors such as limited employment opportunities, low wages, underdeveloped rural economies, and weak public services and pull factors including higher wages, better working conditions, and stronger legal protections in destination countries, primarily within the Gulf Cooperation Council (GCC) nations and Malaysia.

Remittances have become the most significant macroeconomic stabilizer for Nepal, consistently contributing between 25% and 29% of GDP over the past decade. These inflows not only cushion the trade deficit, which hovers between -20% and -30% of GDP, but also support the current account, with remittance contributions rising from 60.6% in 2016/17 to 70.6% in 2021. The growth in remittance income from 12.66 billion NPR in 1990/91 to a peak of 961.1 billion NPR in 2020/21 illustrates their critical role in sustaining household consumption and national foreign exchange reserves. Comparatively, Nepal exhibits the highest remittance-to-GDP ratio (28%) among SAARC nations, reflecting a level of dependence that surpasses that of larger economies like India, where the ratio remains under 3%.

However, the socio-economic costs of foreign employment are substantial. These include psychological and social strain on families, educational disruption, increasing dependency on external income, and significant health and safety risks for migrant workers. Notably, 8,104 documented migrant worker deaths between 2013/14 and 2021/22 point to the human toll of migration. Moreover, government resources have been increasingly allocated to resolving labor disputes and repatriating stranded or deceased workers. In sum, while remittances have become a cornerstone of Nepal's macroeconomic stability, they underscore the need for structural reforms and industrial development to reduce economic dependency on foreign employment in the long term.

## CHAPTER V

### DETERMINANTS OF MIGRATION IN THE STUDY AREA

#### 5.1 Demographic Characteristics of Study Area

This study represents the three different geographical areas of Nepal indicating Myagdi, Lamjung, and Nawalpur. The three districts differ significantly in demographic characteristics based on the preliminary results of the 2021 population census. Although Nawalpur is the 77th district of Nepal, having separated from Nawalparasi, it has a larger population than the combined total of Myagdi and Lamjung districts. Nawalpur also exhibits a positive annual population growth rate, while both Myagdi and Lamjung report negative growth.

In terms of population density, Myagdi has the lowest density, while Nawalpur has the highest. The average household size in all three districts is notably smaller than the national average of 4.32. Lamjung has the smallest household size at 3.52, Myagdi has the largest at 3.67, and Nawalpur falls in between with 3.61 persons per household. Furthermore, Nawalpur records the highest number of international migrants, whereas Myagdi has the lowest (Table 5.1).

**Table 5.1**

*Population Scenario of Study Area*

<b>General status</b>	<b>Myagdi</b>	<b>Lamjung</b>	<b>Nawalpur</b>
Population	107372	153480	381105
Male	52554	73209	179446
Female	54818	80271	201659
Annual Population growth rate	-0.54	-0.85	1.93
Population Density	47	212	219
Average Households Size	3.67	3.52	3.61
International Migration Stock	10731	16499	44879
Percent	0.49	0.76	2.07
Gender ratio	95.44	87.53	86.26

*Source: National census preliminary result, 2022*

#### 5.2 Household Characteristics

This section presents the findings from the analysis of household-level characteristics, with a focus on family size, gender composition, age, and educational attainment of

household members. A descriptive comparison between the migration treatment group and the control group is summarized in Table 5.2.

The mean age of household heads in the control group was marginally higher (47.42 years) compared to those in the migration treatment group (46.77 years). In contrast, the mean age of other family members was significantly higher in the migration treatment group than in the control group.

With respect to educational attainment, household heads in non-migrant households were found to have higher levels of education than those in migrant households. Similarly, the second member of non-migrant households, typically the spouse of the migrant, also demonstrated higher educational attainment compared to their counterparts in migrant households. However, children in migrant households exhibited superior educational outcomes relative to those in non-migrant households.

In terms of gender distribution, both male and female members were more numerous in the migration treatment group than in the control group. The average number of males in treatment households was 2.56, compared to 2.33 in control households. Likewise, the average number of females in treatment households was 2.67, whereas it was 2.22 in control households.

**Table 5.2**

*Household Characteristics*

Characteristics	Treatment		Control	
	Mean	SD	Mean	SD
Family Size	5.23	1.419	4.53	1.272
Gender:				
Female	2.67	0.93	2.22	0.973
Male	2.56	1.014	2.33	0.975
Age in years:				
Respondent	46.77	12.953	47.42	10.28
Second Member	46.33	11.509	42.41	12.099
Third Member	31.1	19.956	29.09	22.499
Fourth Member	22.79	16.288	16.74	14.864
Education in years:				
Respondent	7.61	4.088	8.58	4.518
Second Member	7.3	4.292	7.37	4.641
Third Member	8.73	5.156	8.4	5.466
Fourth Member	8.3	5.281	7.13	5.43

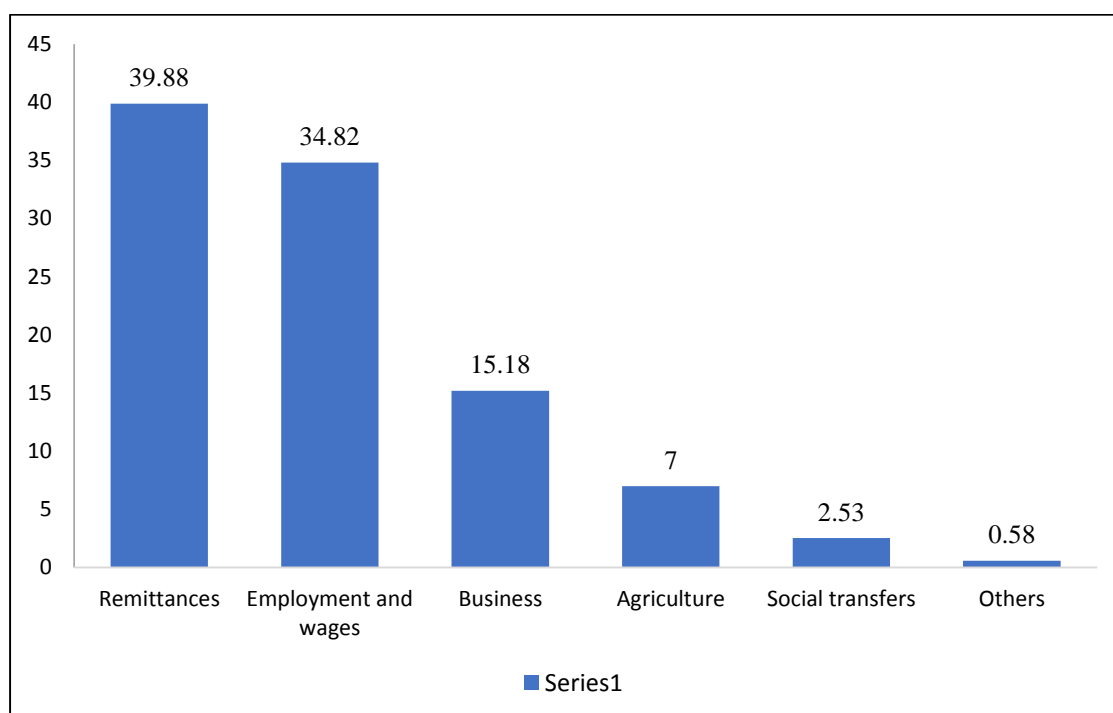
*Source: Results from data analysis. (N=514)*

### 5.3 Source of Income of the Household

Foreign migration has become a significant source of income generation at the household level. As shown in the figure, nearly 40% of households rely on remittances as their primary means of livelihood, followed by employment and wage earnings, which support 34.82% of households. Although Nepal is traditionally an agricultural country, only 7% of households in the study area rely on agriculture for their livelihood. Business activities account for 15% of household income sources, while another 7% depend on social transfers. Additionally, a small number of households derive income from other sources, such as urban house rentals, though this contribution remains minimal.

**Figure 5.1**

*Major Source of Income of Respondents*



*Source: Source: Results from data analysis. (N=514)*

### 5.4 Foreign Employment and Ethnicity

The impact of foreign employment was particularly significant among the Janajati community, as evidenced by their high engagement in international migration. In the study area of Gandaki Province, more than 58% of Janajati households had at least one member involved in foreign employment, followed by other caste groups (50%), Chhetri/Brahmin (47%), Dalit (46%), and Adibashi/Tharu/Madheshi (37.1%). These

findings align with Nepal (2013), which highlighted the higher propensity for foreign migration among rural Janajati populations compared to other caste groups. However, in the case of the Dalit community, the results present a contrasting pattern, suggesting potential variations in migration determinants across different social groups.

**Table 5.3**

*Foreign Employment and Ethnicity*

<b>Caste</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>
Chhetri/Bhraman	131(53)	116(47)	247(100)
Janajati	71(41.8)	99(58.2)	170(100)
Adibashi, Tharu Madhesi	22(62.9)	13(37.1)	35(100)
Dalit	29(53.7)	25(46.3)	54(100)
Others	4(50)	4(50)	8(100)
Total	257(50)	257(50)	514(100)

*Source: Results from data analysis.*

*Note: Numbers in parenthesis represent the percentage. (N=514)*

### **5.5 Utilization of Land and Building**

The study aimed to explore the relationship between foreign migration and land use among respondents. The results showed that 61.5% of respondents from the control group and 59.9% from the treatment group used their land for crop production, while the remaining respondents did not engage in crop cultivation.

In terms of livestock rearing, 65.6% of respondents overall reported not using their land for this purpose, while 34.2% did. Only 4.3% of respondents utilized their land for non-agricultural purposes, such as forestry, while the majority denied using their land for such purposes. Regarding land and building rental, 90.1% of respondents indicated that they did not rent out their property, and similar figures were found for leaving land barren. Specifically, 16% of respondents from the treatment group reported leaving their land unused, compared to just 3.9% in the control group. Overall, 89.3% of respondents reported using their land for residential purposes.

**Table 5.4***Utilization of Land and Building*

Uses of Land	Status	Control group	Treatment group	Total
For crops cultivation	No	99 (38.50)	103 (40.10)	202 (39.30)
	Yes	158(61.50)	154 (59.90)	312 (60.70)
For animal rearing	No	171(66.50)	166(64.60)	337(65.60)
	Yes	86(33.50)	90(35.00)	176 (34.20)
Non-agriculture (Forest)	No	245(95.30)	247(96.10)	492(95.70)
	Yes	12(4.70)	10(3.90)	22(4.30)
For rent	No	232(90.30)	231(89.90)	463(90.10)
	Yes	24(9.30)	26(10.10)	50(9.70)
Bare land	No	247(96.10)	216(84.00)	463(90.10)
	Yes	10(3.90)	41(16.00)	51(9.90)
Dwelling	No	28(10.90)	27(10.50)	55(10.70)
	Yes	229(89.10)	230(89.50)	459(89.30)

*Source: Results from data analysis. (N=514)*

*(Figure in parentheses show percentage).*

### **5.6 Gender of Migrants with Nature of Work in the Country of Destination**

The study explores the nature of work and gender involvement in migration, classifying employment into five distinct categories. Business ventures are common among households where both males and females have migrated, accounting for 55.2%. In labor and worker roles, 87% of migrants are male, while females make up only 8%, with 5% represented by both genders. In the security sector, 94% are male, with the remaining evenly divided between females and both genders. Education is a key motivator for migration, with 65% of migrants being male, 23.5% female, and the remainder involving both genders within households. This analysis sheds light on the gender-based distribution of work in Nepalese migration.

**Table 5.5***Gender of Migrants with Nature of Work in Foreign Employment*

Gender	Nature of Work				Total
	Business	Labour and Worker	Official job	Security	
Male	10(34)	88(87)	34(77)	62(93)	205(79)
Female	3(10.3)	8(7.9)	3(6.8)	2(3)	20(7.8)
Both	16(55.2)	5(5)	7(15.9)	2(3)	32(12.5)
Total	29(100)	101(100)	44(100)	66(100)	257(100)

*Source: Results from data analysis.**(Figure in parentheses shows percentage).*

### **5.7 Regions of Foreign Employment and Nature of Work**

A significant portion of foreign workers is engaged in low-paying jobs, particularly in the regions of Asia Pacific and the Gulf and Middle East. In the Asia Pacific, labor and worker roles are predominant, while in the Gulf and Middle East, low-paying jobs such as labor and workers are also prevalent. In the Indian Sub-Continent, the primary work is in the security sector, followed by labor and worker roles. Conversely, migrants to Europe and America are more likely to be engaged in high-paying official jobs, with business roles also being common.

For migrants to Australia, the main goals are often study and employment, followed by official jobs. In the Asia Pacific region, labor and worker roles are prominent, with a significant number of migrants flowing to Japan for hotel business and Malaysia for low-paying jobs like labor and workers. Overall, nearly 66% of Nepalese migrants find themselves compelled to engage in low-paying jobs, such as labor and security positions. This underscores the prevalent nature of low-wage employment among Nepalese migrants across various destination regions.

**Table 5.6***Regions of Foreign Employment and Nature of Work*

Nature of work	Regions of Foreign Employment					Total
	Asia Pacific	Australia	Europe and America	Gulf and Middle East	Indian Subcontinent	
Business	17	1	5	6	0	29
Labour and worker	32	4	3	55	7	101
Official job	6	8	12	17	1	44
Security	6	4	0	38	18	66
Study and job	1	10	5	0	1	17
Total	62	27	25	116	27	257

*Source: Results from data analysis***5.8 Gender of Main Foreign Employee with Regions of Foreign Employment**

Among the five categories of regions of foreign migration, the main destination is seemed to Gulf and Middle East to the Nepalese migrants followed by Asia Pacific, equal share to the Indian Subcontinent and Australia and the least is Europe and America including to the rest of the world. Male migrants share 64.5% in the regions of Asia Pacific, followed by 27 per cent female and the rest is by both of the gender. Similarly, 55.6% of the share of Australian destination is covered by male migrants and remaining share is equally shared by female and both groups. Similarly, 60% of the share in Europe and America, 93% share of Gulf and Middle East and 100% share of Indian Sub-Continent is occupied by male migrants (Table 5.7).

**Table 5.7***Gender of Main Foreign Employee with Regions of Foreign Employment*

Gender	Regions of Foreign Employment					Total
	Asia Pacific	Australia	Europe and America	Gulf and Middle East	Indian Subcontinent	
Male	40(64.50)	15(55.60)	15(60.00)	108(93.10)	27(100.00)	205(79.80)
Female	5(8.10)	6(22.20)	4(16.00)	5(4.30)	0(0)	20(7.80)
Both	17(27.40)	6(22.20)	6(24.00)	3(2.60)	0(0)	32(12.50)
Total	62(100)	27(100)	25(100)	116(100)	27(100)	257(100)

*Source: Results from data analysis**(Figure in parentheses shows percentage).*

## 5.9 Reasons for Foreign Employment

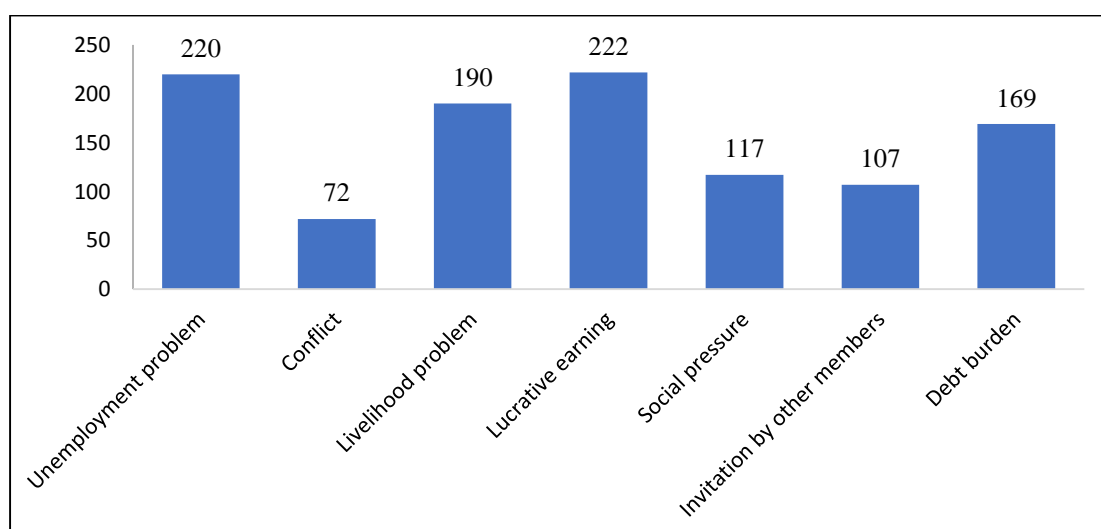
Foreign employment has become an essential means of livelihood for people in underdeveloped countries, particularly for migrant workers. During the field survey, various push and pull factors for migration were identified, with seven distinct reasons emerging as the most significant drivers of foreign employment. These insights were gathered through multiple responses from the participants, who were asked individually about the primary reasons for their decision to migrate.

The most frequently reported reason for international migration was the opportunity for lucrative earnings in the destination country, with 86.4% of respondents citing this as their primary motivation. This was closely followed by the issue of unemployment in their home region, as reported by 85.6% of respondents. The third most common reason, indicated by 74% of respondents, was the struggle to maintain a livelihood.

Additionally, 66% of respondents expressed that they were trapped in a cycle of debt, with no viable options for repayment within their home country. Peer pressure, including influence from friends, family, and relatives, was reported as a driving factor by 45.5% of respondents. Furthermore, 42% of participants mentioned that invitations from family members who had previously migrated influenced their decision. Lastly, 28% of respondents identified family conflict as the main reason for their migration

**Figure 5.2**

*Reasons of Foreign Employment*



*Source: Results from data analysis*

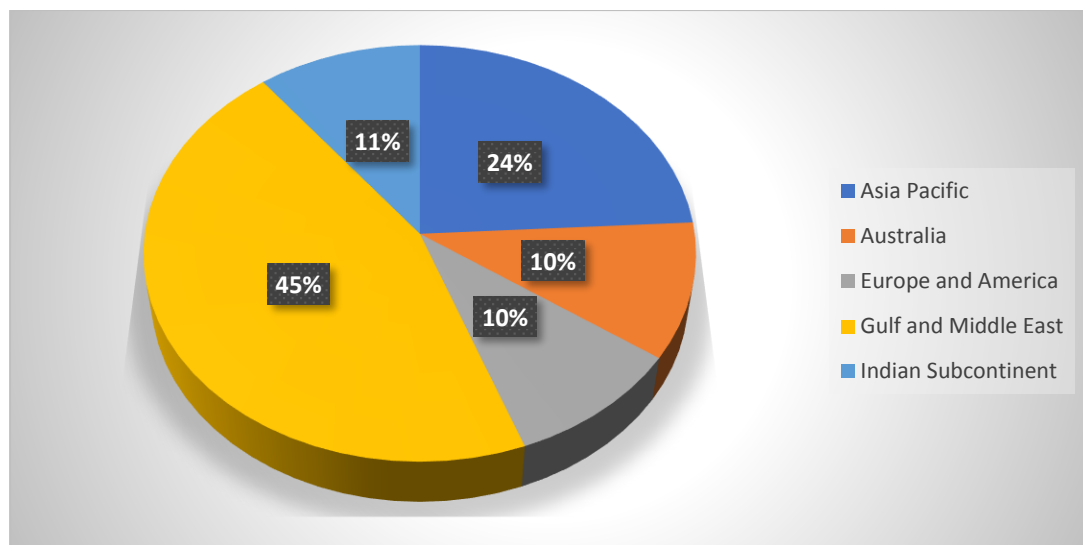
### 5.10 Destination of Foreign Migration

The Gulf and Middle Eastern countries, including the UAE, Qatar, Saudi Arabia, Kuwait, and Oman, remain the primary destination for Nepalese migrant workers. Approximately 45% of respondents reported working in these regions to support their livelihoods. The Asia-Pacific region, particularly Malaysia, Japan, and South Korea, accounts for 24% of Nepalese migrants. India and Australia each comprise 10.5% of the migrant population, while Europe, America, and the rest of the world collectively account for the remaining 10% of migrants in the study area.

Historically, India was the predominant destination for Nepalese migrants due to its proximity and ease of access. However, the trend has shifted in recent years, with more migrants opting for Gulf, Middle Eastern, and Asia-Pacific countries. This change was observed in the study area as well (Figure 5.3).

**Figure 5.3**

*Regions of Foreign Migration*



*Source: Results from data analysis*

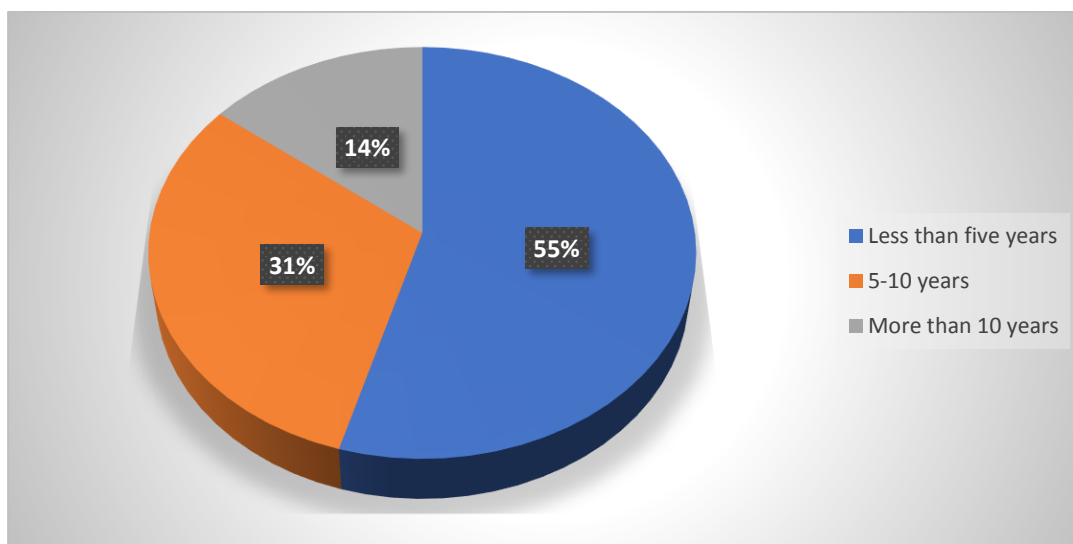
### 5.11 General Status of Migrants

Several factors, including the length of stay in the destination country, the number of children brought to the host country, the gender of the migrant worker, and the number of family members involved in foreign employment, can significantly impact the remittance situation of households. Based on data from the field survey, 54% of respondents from the treatment group reported having stayed in their destination

country for less than five years. An additional 31% had been working abroad for five to ten years, while the remaining 14% reported a stay exceeding ten years (Figure 5.4).

**Figure 5.4**

*Length of Stay of Foreign Employees*



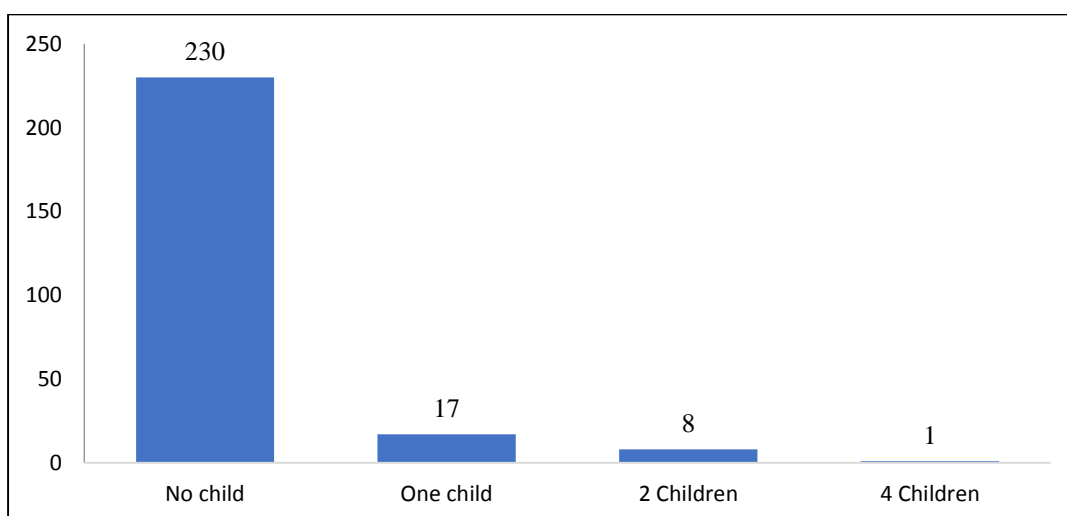
*Source: Results from data analysis*

*Migrants with Number of Children*

In terms of respondents bringing their children to the host country, 90% of migrants reported not taking any children with them to their workplace abroad. A small proportion, 7%, had taken one child, while 3% had brought two children. Only 0.4% of respondents had taken four children to the country of destination.

**Figure 5.5**

*Migrants with Number of Children*



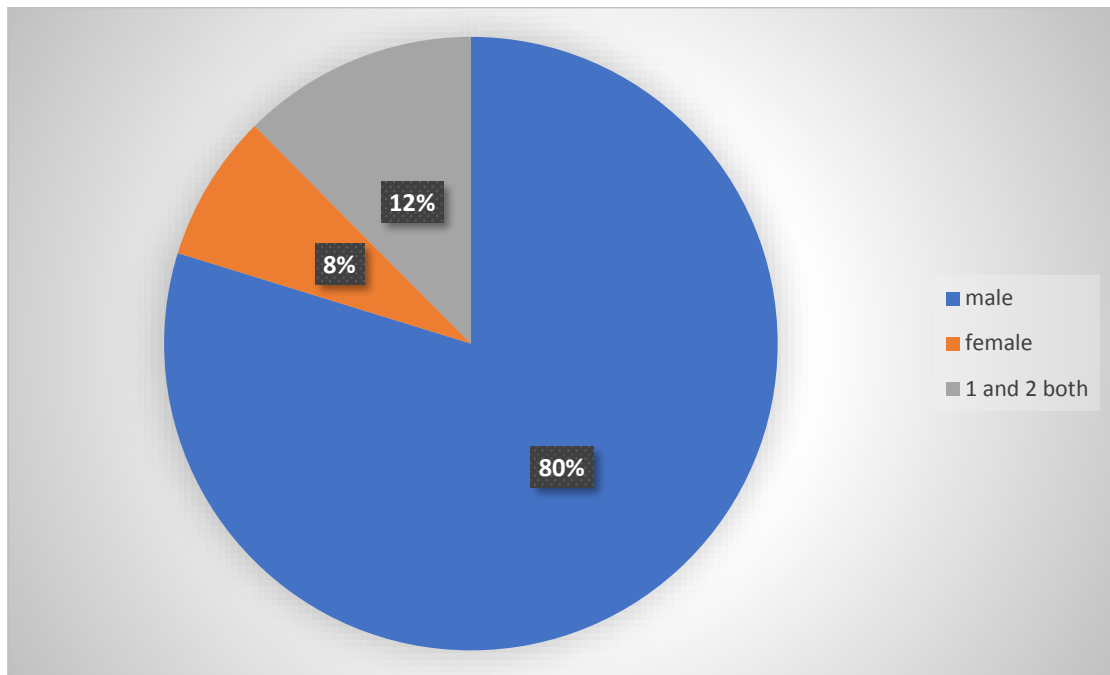
*Source: Results from data analysis*

### Gender of Foreign Employment

With respect to the gender composition of foreign migrants, the data reveal that approximately 80 percent of migrants were male, while 8 percent were female. Additionally, 12 percent of respondents reported that both male and female members from the same household had engaged in employment in the destination country.

**Figure 5.6**

*Gender of Foreign Employees*



*Source: Results from data analysis*

Regarding number of persons from a family, nearly 80 percent respondents reported that only single person had attended the foreign job, 16 percent respondents reported that they had sent two of their family members to the foreign countries, 2 percent of the respondents reported three of their household members had gone for foreign job and 3 percent reported that they had sent four members in the foreign job (Table 5.8).

**Table 5.8***General Status of Migrants*

<b>Duration of Foreign Employment:</b>			
	<b>Frequency</b>	<b>Percent</b>	<b>Total</b>
Less than five years	140	54.5	54.5
5-10 years	80	31.1	85.6
More than 10 years	37	14.4	100
<b>Number of Children in foreign employment:</b>			
	<b>Frequency</b>	<b>Percent</b>	<b>Total</b>
0	230	89.8	89.8
1	17	6.6	96.5
2	8	3.1	99.6
4	1	0.4	100
<b>Gender in foreign employment:</b>			
	<b>Frequency</b>	<b>Percent</b>	<b>Total</b>
Male	205	79.8	79.8
Female	20	7.8	87.5
1 and 2 both	32	12.5	100
<b>Households with number of persons in foreign employment:</b>			
	<b>Frequency</b>	<b>Percent</b>	<b>Total</b>
1	205	79.8	79.8
2	40	15.6	95.3
3	5	1.9	97.3
4	7	2.7	100

*Source: Results from data analysis*

### **5.12 Household Head Status of the Respondents**

Maharjan et al. (2011) observed that the absence of male family members due to foreign migration significantly elevates the role of women, particularly in household leadership positions. Similarly, this study found that foreign employment plays a pivotal role in empowering women as household heads. In the migration control group, only 23% of households were led by women, compared to 87% led by men. In contrast, in the migration treatment group, 63% of households were headed by women, while the remaining 37% were headed by men. This association is statistically significant at the 1% level, highlighting a robust link between female household leadership and foreign employment (Table 5.9).

**Table 5.9***Household Head Status of Migrants*

<b>Gender</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>	<b>Chi-Square</b>	<b>P-value</b>
Male	223(86.80)	101(39.30)	324(63.00)		
Female	34(13.20)	156(60.70)	190(37.0)	124.275	0***
Total	257(100)	257(100)	514(100)		

*Source: Results from data analysis*

*Note: Number in parenthesis represent the percentage. (n=514)*

**5.13 Foreign Employment with Family Size**

This study identifies a positive correlation between family size and the propensity for international migration in Nepal. As family size increases from 2 to 9 members in the study area, the proportion of international migration rises concurrently. The shares of international migration for families with 2, 3, 4, 5, 6, 7, 8, and 9 members are 21%, 34%, 43%, 50%, 58%, 71%, 85%, and 75%, respectively. For example, only 21% of families with two members have at least one individual migrating abroad, whereas this percentage rises to 85% for families with eight members. These findings demonstrate a direct association between family size and international migration, supporting the findings of Nepal (2013), who also noted that households with migrants tend to be larger than those without.

**Table 5.10***Foreign Employment with Family Size*

<b>family Size</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>
2	11(78.60)	3(21.40)	14(100)
3	33(66.00)	17(34.00)	50(100)
4	102(57.30)	76(42.70)	178(100)
5	53(50)	53(50)	106(100)
6	39(41.50)	55(58.50)	94(100)
7	16(29.10)	39(70.90)	55(100)
8	2(15.40)	11(84.60)	13(100)
9	1(25.00)	3(75.00)	4(100)
Total	257(50.00)	257(50.00)	514(100)

*Source: Results from data analysis*

*Note: Number in parenthesis represent the percentage. (N=514)*

### 5.14 Determinants of Foreign Migration

This section examines the major determinants of migration in Nepal. Both binary logistic regression and Probit regression models are estimated to identify the determinants and consistency of the estimated coefficients. Foreign employment is considered as binary dependent variable and search for numbers of explanatory variables has been done. The lists of explanatory variables are gender of household head (GENDERHH); size of household (HHSIZE), Janajati dummy (JANDUM), age of household head (AGEHH), size of land holding (LANDSIZE), expected income of the household (INCOME), education of household's head (EDUHH), total dependent members in a family (TDEPEN), Terai dummy (TDUM), Rural urban dummy (RURAL) etc. Altogether eight models were tested for estimating the major determinants of foreign migration in various models. Four binary logit and four probit models were finalized. First four models were developed by using binary logit model: model one to model four are estimated by employing and dropping the necessary variables. And the remaining four models: model five to model eight were estimated by using probit model for the consistency of the result.

**Model 1:** Model 1 is estimated as:

$$\text{MGR} = a + b_1\text{GENDERHH} + b_2\text{HHSIZE} + b_3\text{JANDUM} + b_4\text{AGEHH}^2 + b_5\text{LANDSIZE} + b_6\text{INCOME}$$

Where, MGR represents foreign migration which is dependent variable, and, among six independent variables, GENDERHH represents gender of household head, HHSIZE represents size of household, JANDUM represents Janajati dummy, AGEHH<sup>2</sup> represents age square of household head, LANDSIZE represents size of land holding by the household, and INCOME represents expected income. For the construction of model 1, The empirically testable hypothesis can be set as;

Hypothesis H1a: Migration is significantly determined by gender of household head, household size, Janajati ethnicity, age square of household head, land size, and expected income.

The model 1 states that gender of household head matters for foreign employment. The estimated coefficient of gender of household head is positive as expected and statistically significant at less than one percent level. Member of the families under male household head is more likely to go foreign employment than the

member under the female household head. The estimated coefficient is 3.21. Another variable affecting the foreign migration/employment is the size of household. Estimated coefficient of household size is positive as expected and its value is equal to 0.514. It means that as household size increases foreign migration also increases. Larger family size is associated with larger financial burden to the household. So, to reduce the burden, people go to foreign employment or step in foreign migration. This coefficient is statistically significant at less than one percent level. Another factor affecting the foreign migration is Janajati (JANAJATI). The coefficient of this variable is positive as expected and it is statistically significant at nine percent level. This finding verifies that, historically, foreign employment was dominated by *Janajati* group (Magar, Rai, Gurung, etc.). They have had been in British army, Hongkong army etc. Age of household head variable is tested as factor of foreign migration but found statistically insignificant. So, to get the better fitted model, age square variables is introduced. This variable has positive but very small coefficient and it is statistically significant at five percent level. Another variable is expected land size (LANDSIZE) which has positive coefficient as expected and is significant at seven percent level. In general, people going for foreign employment do have higher expectation of land holding than the people residing in home land. Final variable is expected income. Expected income has positive sign as expected but have very small coefficient. Expected income is measured in rupees (It is in Rs. Unit), by construction of Logit model, the coefficient is small. It is statistically significant at near to zero percent level. Hence, the driving factor for foreign employment is expected level of income from foreign employment. Thus, from the Model I, it is inferred that male household head, family size, Janajati group, age square, expected land holding and expected income are major determinants of foreign employment in Nepal. The results derived by running the binary logit model is presented in Table 5.11.

**Table 5.11***Results of Binary Logistics Regression Model 1*

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>z-Statistic</b>	<b>Prob.</b>
GENDERHH	3.210471	0.301561	10.64617	0.000***
HHSIZE	0.514553	0.100722	5.108629	0.000***
JANDUM	0.427358	0.255773	1.670851	0.0948*
AGEHH^2	0.000228	0.000117	1.9442	0.0519*
LANDSIZE	0.542619	0.300612	1.805047	0.0711*
INCOME	5.38E-06	9.30E-07	5.790922	0.000***
C	-5.875765	0.668269	-8.792509	0.000***
McFadden R-squared	0.376168	Obs. With Dep=0		257
LR statistic	268.0406	Obs. With Dep=1		257
Prob (LR statistic)	0	Total observation		514
Log likelihood	-222.2574	S.E. of regression		0.364847

*Source: Results from data analysis**\*\* indicates 5% level of significance, and \* indicates 10% level of significance*

A new model, reported as model 2, was derived by incorporating the education level, and age of the household head, and total dependency, excluding the age square of the household head.

**Model 2:** Model 2 is estimated as:

$$\text{MGR} = a + b_1\text{GENDERHH} + b_2\text{HHSIZE} + b_3\text{JANDUM} + b_4\text{EDUHH} + b_5\text{AGEHH} + b_6\text{LANDSIZE} + b_7\text{INCOME} + b_8\text{TDEPEN}$$

Where, MGR represents foreign migration which is dependent variable, and, among eight independent variables, GENDERHH (Gender of HH head), HHSIZE (Household size), JANDUM (Janajati Dummy (1), EDUHH (Educational level of HH Head), AGEHH (Age of HH head), LANDSIZE (Size of land holding), INCOME (Expected Income), TDEPEN (Total dependent member of family). In this case, empirically testable alternative hypothesis can be set as:

Hypothesis H1b: Gender of household head, household size, Janajati ethnicity, Education level of household head, age of household head, land size, income and total dependency are the major determinants of foreign migration.

By removing the age square variable and introducing education level, and age of the household head, and total dependency of a household, model 2 was re-estimated.

Despite various attempts with different model specifications, only model 2 demonstrated relatively better performance in terms of statistical significance. The variables from previous model, remained significant in model 2, while the newly added variables did not show significance. The newly introduced variables in model 2, namely education of the household head and total dependency, were found to be insignificant, exhibiting a negative relationship with foreign employment. Conversely, the coefficient value for the age of the household head was positive, though it was insignificant. This aligns with the findings of Mora and Taylor (2006), who proposed that a household head's education may increase labor productivity in the original location by elevating the opportunity cost of migration. Similarly, Gentili (2011) argued for negative link between education and wealth in both the propensity to migrate and the number of migrants.

However, the result contrasts with the findings of Olowa and Awoyemi (2012), who discovered a positive association between households with more educated members at the university level and receiving more remittances through migration. This discrepancy highlights the complexity and context-specific nature of the relationship between education levels and migration outcomes.

Age of household head was incorporated in model 2 assuming that this variable is statistically significant with foreign employment during their productive age in terms of their responsibility of bearing accountability of the entire household chores. This variable in model 2 didn't show any level of significance.

Total dependency variable was incorporated in model 2 assuming that this variable leads the household member to be involved in foreign employment in terms of fulfilment of wants and problems of dependent members of a household. Total dependency was indexed by taking the sum of young dependency of household members below the age 15 and the old dependency above the age sixty assuming that the range in between these two extreme ages is the working age. But this variable didn't show any level of significant in model 2 and the expected sign was negative beyond our hypothesis showing the negative probability of foreign employment with the dependency of the household members. The result derived from model 2 are presented in table 5.12.

**Table 5.12***Results of Binary Logistics Regression Model 2**(Dependent Variable: FEMPLOY)*

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>z-Statistic</b>	<b>Prob.</b>
GENDERHH	3.104286	0.311319	9.971391	0.000***
HHSIZE	0.519621	0.102338	5.077498	0.000***
JANDUM	0.391047	0.257563	1.518261	0.1289
AGEHH	0.013151	0.012801	1.027343	0.3043
LANDSIZE	0.612567	0.306292	1.999942	0.0455**
INCOME	5.64E-06	9.71E-07	5.812107	0.000***
EDUHH	-0.03866	0.031802	-1.215648	0.2241
TDEPEN	-0.03774	0.13	-0.290307	0.7716
C	-5.687868	0.904998	-6.28495	0
McFadden R-squared	0.376168	Obs. With Dep=0		257
LR statistic	268.0408	Obs. With Dep=1		257
Prob (LR statistic)	0	Total obs.		514
Log Likelihood	-222.2574	S.E. of Regression		0.364304

*Source: Results from data analysis. (N=514)**\*\*\* indicates 1% level of significance, and \*\* indicates 5% level of significance*

Model 3 is estimated by dropping the education variable and incorporating the education square of first and second member of the households for the better fitted model.

**Model 3 :** Model 3 is estimated by replacing education with the education square of the first and second household members, while keeping other variables constant from model 3.

$$\text{MGR} = a + b_1\text{GENDERHH} + b_2\text{HHSIZE} + b_3\text{JANDUM} + b_4\text{AGEHH} + b_5\text{LANDSIZE} + b_6\text{INCOME} + b_7\text{EDUHH}^2 (1/2) + b_8\text{TDEPEN}$$

Where, MGR represents foreign migration which is dependent variable, and, among eight independent variables, GENDERHH (Gender of HH head), HHSIZE (Household size), JANDUM (Janajati Dummy (1), EDUHH<sup>2</sup> (1/2) (Educational square of of HH Head and second member), AGEHH (Age of HH head), LANDSIZE (Expected size of land holding), INCOME (Expected Income), TDEPEN (Total dependent member of family). Hence the empirically testable alternative hypotheses can be set as:

H1 c: Education square of first and second members, gender of household head, household size, Janajati, age square of household head and spouse, land size, expected income, and total dependency are the major determinant of foreign migration.

Statistically significant variables from previous models remained significant in model 3, with improved results for all variables. However, the newly introduced variables: education square of the household head and the spouse of the household head; remained insignificant, rejecting the alternative hypothesis, stating that education square of first and second member of a household is not the major determinant of out-migration. The p-value of this variable is weak in the model. While, other variables which were significant in the previous models, are statistically significant in this model. The result derived by running the binary logit regression in model 3 are presented in table 5.13.

**Table 5.13**

*Result from Binary Logistic Regression Model 3*

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>z-Statistic</b>	<b>Prob.</b>
GENDERHH	3.142543	0.309648	10.14876	0.000***
HHSIZE	0.524922	0.102342	5.129096	0.000***
JANDUM	0.412801	0.256601	1.60873	0.1077
AGEHH	0.014928	0.012845	1.162236	0.2451
LANDSIZE	0.580874	0.304787	1.905837	0.0567*
INCOME	5.54E-06	9.65E-07	5.735544	0.0000***
EDUHH^ (1/2)	-0.104728	0.136085	-0.769577	0.4416
TDEPEN	-0.036998	0.129984	-0.284633	0.7759
C	-5.804386	0.962096	-6.033066	0.0000
McFadden R-squared	0.374915	Obs. With Dep=0		257
LR statistic	267.1478	Obs. With Dep=1		257
Prob (LR statistic)	0.00000	Total observation		514
Log Likelihood	222.7037	S.E. of Regression		0.36509

*Source: Results from data analysis. (N=514)*

*\*\*\* indicates 1% level of significance, and \* indicates 10% level of significance*

**Model 4.** Model 4 is developed by dropping the education square of first and second members of the household in model 3 and merging Janajati dummy and education of the household head.

$$\text{MGR} = a + b_1\text{GENDERHH} + b_2\text{HHSIZE} + b_3\text{JANDUM*EDUHH} + b_4\text{AGEHH}^2 + b_5\text{LANDSIZE} + b_6\text{INCOME} + b_7\text{TDEPEN}$$

Where, MGR represents foreign migration which is dependent variable, and, among eight independent variables, GENDERHH (Gender of HH head), HHSIZE (Household size), JANDUM\*EDUHH (Janajati Dummy merged with education), AGEHH<sup>2</sup> (Age square of HH head), LANDSIZE (Expected size of land holding), INCOME (Expected Income), TDEPEN (Total dependent member of family). Hence the empirically testable alternative hypotheses can be set as:

H1 d: Education merging with Janajati, gender of household head, household size, age square of household head, land size and expected income, and total dependency are the major determinant of foreign migration.

In model 4, almost all the variables are statistically significant: the variable, education of the household head which was insignificant in all the previous models from model 1 to 3, now is significant in this model after merging with the Janajati variable which states that the Janajati ethnicities who were educated are likely to migrate in the foreign land, accepting the alternative hypothesis. Gender, household size and income of the households are statistically significant at 1 percent level of significance in this model with positive coefficient stating that these variables were the major determinants of foreign employment.

Size of land holding was significant at 8 percent level of significance in this model. Age square of household head is statistically significant at 3 percent level of significant in logit model with very small positive coefficient. Besides, Janajati dummy and education of the household head were also statistically significant at around 9 percent level of significance. In a nutshell, all the variables which are incorporated in the models except dependent members of the households are statistically significant in model 4; hence the model 4 is the best fit in comparison to other models. The results derived from model 4 are shown in Table 5.14.

**Table 5.14***Result from Binary Logit Regression Model 4*

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>z-Statistic</b>	<b>Prob.</b>
GENDERHH	3.268754	0.302977	10.78878	0.000***
HHSIZE	0.52479	0.102293	5.130281	0.000***
JANDUM*EDUHH	0.049275	0.029537	1.66824	0.0953*
AGEHH <sup>2</sup>	0.000257	0.00012	2.147967	0.0317**
LANDSIZE	0.518866	0.300374	1.727401	0.0841*
INCOME	5.20E-06	9.34E-07	5.564522	0.000***
TDEPEN	-0.06196	0.131608	-0.470791	0.6378
C	-5.879186	0.673169	-8.733596	0
McFadden R-squared	0.376317	Obs. With Dep=0		257
LR statistic	268.1464	Obs. With Dep=1		257
Prob (LR statistic)	0	Total obs.		514
Log Likelihood	-222.2044	S.E. of Regression		0.365402

*Source: Results from data analysis. (N=514)*

\*\*\* indicates 1% level of significance, \*\* indicates 5% level of and \* indicates 10% level of significance

*Probit Model*

For the consistency of the results, other four models by using binary probit regression were estimated and the result derived are as follows:

**Model 5:** The model (5) is estimated by using binary probit model to observe the consistency of results derived from model 1. This model states that gender of household head matters for foreign employment. The estimated coefficient of household head is positive as expected and statistically significant at less than 1 percent level of significance. Members of the families under male household head are more likely to go to foreign employment than the member of the female household head. The estimated positive coefficient 1.81 shows that a unit change in male headed household leads to 1.81 times increment in the foreign employment. Another variable which matters foreign employment is size of household. Positive value of estimated coefficient is 0.29, which represents that a unit change in the member of a household leads to increase the probability of foreign migration for employment by 29 percent. Larger household size

is associated with the heavy financial burden to the households in terms of daily consumption goods, health care and education of children. So, to reduce the burden, people go for foreign employment. This coefficient is statistically significant at less than 1 percent level of significance.

Another variable affecting the foreign employment is Janajati group (JANDUM). The coefficient of this variable is positive as expected and it is statistically significant at 8 percent level of significance. This finding verifies that historically foreign employment was dominated by JANAJATI groups in the context of Nepal like Gurung, Magar, Rai, Limbu etc. They had joined in British-Indian Armed Force in the form of army and police and if they were not selected for armies and police in British Force, then they tried for India, Malaysia, Singapore, Hong Kong, Brunei army etc.; if they even didn't get selected for these occupations; then they used to choose other types of foreign employment as a manual worker rather than staying in the home country. The next variable is the age of household head, this variable is tested as a determinant factor of foreign employment, but found insignificant. So, to get the better fitted model, age square variable is introduced. This variable has positive but very small coefficient and it is statistically significant at 9 percent level of significance. The next variable to be tested is land size (LANDSIZE). Which has positive coefficient as expected and this variable is significant at four percent level of significance. In general, the probability of people going for foreign employment to have higher land holding is higher than the people residing in home land. It is expected that the people who have generous piece of land can easily cover the migration cost either selling the piece of land or mortgaging it in banks and financial institution for credit facilities. Moreover, land rich people are easily trusted by the local money lender to cover their migration cost.

Final variable of model five is expected income of a household. Expected income has positive sign as expected but has a very small coefficient. Expected income is measured in Rs. (it is in Rs. Unit). By construction of probit model, the coefficient is small and it is statistically significant at near to zero percent level of significance. Thus, the driving factor for foreign employment is expected level of income from foreign employment. Hence, from model 5, it is inferred that male household head, family size, Janajati group, age square, expected land holding and expected income are major determinants of foreign employment in Nepal as like in the model 1. The results derived from both the binary logit and probit model are consistent; hence the model is robust

accepting the alternative hypothesis regarding these variables. The result derived from probit regression estimates by using the variables which were used in model 1 are presented in Table 5.15.

**Table 5.15**

*Result from Binary Probit Regression Model 5*

Variable	Coefficient	Std. Error	z-Statistic	Prob.
GENDERHH	1.808588	0.158041	11.44381	0.000***
HHSIZE	0.288396	0.054462	5.29534	0.000***
JANDUM	0.252683	0.143232	1.764159	0.0777*
AGEHH^2	0.000112	6.55E-05	1.710049	0.0873*
LANDSIZE	0.355375	0.171051	2.077597	0.0377**
INCOME	2.53E-06	4.06E-07	6.246278	0.000***
C	-3.250507	0.34114	-9.528356	0
Obs. With Dep=0		257		
Obs. With Dep=1		257		

*Source: Results from data analysis. (N=514)*

*\*\*\* indicates 1% level of significance, \*\* indicates 5% and \* indicates 10% level of significance*

R<sup>2</sup> value of estimated model 5.1, as similar to 5.5 is not so desirable from traditional point of view; as all the explanatory variables incorporated in model 5.1 explained 38 percent of the probability of foreign employment. But in binary regression model goodness of fit of R<sup>2</sup> is not particularly meaningful. Gujrati et al. (2012) state that in a binary regression model, goodness of fit is of secondary importance; what matters is the expected sign of the regression coefficient and their statistical and or practical significance. So, in ML- Binary logit and probit model, majority of the variables are statistically significant with expected sign either in less than 5 percent level of significance or less than 1 percent level of significance. Janajati and age square of household head were statistically significant at 8 percent and 9 percent level of significant respectively in a binary probit model.

**Model 6:** As like model 2; model 6 is developed by employing age and education of household head and total dependency, and dropping the age square of household head in model 5. The result derived in this model are similar as like model 2 in a binary logit model, showing the statistical significance of variables used in model 5. But neither the variables which were employed in model 6 are statistically significant. The coefficient

value of the new variables, education and total dependency is negative, while the coefficient of age of household is positive as like in the binary logit model 2. The results derived from probit estimates using the same variables which were used in model 2 are presented in Table 5.16.

**Table 5.16**

*Result from Binary Probit Model 6*

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>z-Statistic</b>	<b>Prob.</b>
GENDERHH	1.750366	0.165097	10.60206	0.000***
HHSIZE	0.293794	0.055542	5.289567	0.000***
JANDUM	0.237401	0.144615	1.641608	0.1007
AGEHH	0.00618	0.007177	0.861182	0.3891
LANDSIZE	0.382062	0.175263	2.17994	0.0293**
INCOME	2.61E-06	4.16E-07	6.272743	0.000***
EDUHH	-0.013873	0.018028	-0.769516	0.4416
TDEPEN	-0.013587	0.073269	-0.185433	0.8529
C	-3.188796	0.487562	-6.540284	0
McFadden R-squared	0.363964	Obs. With Dep=0		257
Log Likelihood	-226.6055	Obs. With Dep=1		257

*Source: Results from data analysis. (N=514)*

*\*\*\* indicates 1% level of significance, and \*\* indicates 5% level of significance*

Researcher decided to develop another new model called model 7 by dropping the education variable and incorporating the education square of first and second member, while keeping other variables constant in the model 6.

**Model 7:** Statistically significant variables from previous models remained significant in model 7, with improved results for all variables. However, the newly introduced variables, education square of the household head and the spouse of the household head; remained insignificant.

**Table 5.17***Result from Probit Regression Model 7*

<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>z-Statistic</b>	<b>Prob.</b>
GENDERHH	1.772527	0.163613	10.83364	0.000***
HHSIZE	0.296604	0.055537	5.340626	0.000***
JANDUM	0.247516	0.144108	1.717571	0.0859*
AGEHH	0.007244	0.007211	1.004524	0.3151
LANDSIZE	0.364381	0.174547	2.087584	0.0368**
INCOME	2.57E-06	4.15E-07	6.198086	0.000***
EDUHH^ (1/2)	-0.026038	0.077947	-0.334043	0.7383
TDEPEN	-0.013663	0.07331	-0.186374	0.8522
C	-3.283586	0.524051	-6.265774	0.0000
McFadden R-squared	0.363289	Obs. With Dep=0		257
LR statistic	258.8633	Obs. With Dep=1		257
Prob. (LR statistic)	0.000000	Total obs.		514
Log Likelihood	-226.846	S.E. of Regression		0.369741

*Source: Results from data analysis. (N=514)*

\*\*\* indicates 1% level of significance, \*\* indicates 5% and \* indicates 10% level of significance

**Model 8:** Model 8 was developed by dropping the education square of first and second members of the household in model 7 and merging Janajati dummy and education of the household head. In this model, almost all the variables are statistically significant as like in model 7, the variable education of the household head which was insignificant in all the previous models, now is significant in this model after merging with the Janajati variable consisting with the model 4. Gender, household size and income of the households are statistically significant at 1 percent level of significance in both the logit and probit models with positive coefficient stating that these variables were the major determinants of foreign employment.

Size of land holding was significant at 8 percent level of significance in binary logit model; whereas, this variable was statistically significant at 5 percent level of significance in binary probit model. Age square of household head is statistically significant at 3 percent level of significance in logit model with very small positive coefficient whereas; this variable is statistically significant at 5 percent level of significance in a probit model including with all the variables which were statistically

significant in the logistic model. Besides, Janajati dummy and education of the household head were also statistically significant at 5 percent level of significance. In a nutshell, all the variables which are incorporated in the models except dependent members of the households are statistically significant in model 8; hence the model 4 and 8 are the best fit in comparison to other models. The result derived from the probit estimates by using the variables of model 4 are presented in table 5.18.

#### MODEL 8

**Table 5.18**

*Result from Binary probit regression Model 8*

Variable	Coefficient	Std. Error	z-Statistic	Prob.
GENDERHH	1.844148	0.158386	11.64338	0.000***
HHSIZE	0.291361	0.055028	5.294791	0.000***
JANDUM*EDUHH	0.031708	0.016658	1.903509	0.057**
AGEHH^2	0.000133	6.70E-05	1.981138	0.0476**
LANDSIZE	0.332276	0.171275	1.940015	0.0524*
INCOME	2.48E-06	4.08E-07	6.074705	0.000***
TDEPEN	-0.028487	0.074126	-0.384313	0.7007
C	-3.260394	0.344236	-9.471398	0
McFadden R-squared	0.365954	Obs. With Dep=0		257
LR statistic	260.7625	Obs. With Dep=1		257
Prob (LR statistic)	0	Total obs.		514
Log Likelihood	-225.8964	S.E. of Regression		0.36942

*Source: Results from data analysis. (N=514)*

*\*\*\* indicates 1% level of significance, \*\* indicates 5% and \* indicates 10% level of significance*

Since standard error of all the variables in both the logit and probit models was less than 2, states that there is no problem of multicollinearity, and the value of Z-statistic in all the models having more than 1.645 shows that the models are significant at around five percent level of significance along with the better value with better fit the models. Hence the models are robust.

This study analyzes the key determinants of foreign labor migration in Nepal using data from Gandaki Province. Migration is shaped by a combination of

demographic, economic, and social factors. Descriptive analysis reveals that migrant households are generally larger and more often female-headed, while non-migrant households have older and more educated heads. Remittances are the primary income source for 40% of households, followed by wage labor (34.82%), with agriculture supporting only 7%. Business and social transfers each contribute 15% and 7%, respectively, while only 3% rely on other sources like urban house rent.

Ethnic disparities are evident: Janajati households have the highest migration rates (58%), followed by other castes and Chhetri/Brahman. Land use patterns show 89% of households use land for housing, and 61% for agriculture, though land ownership alone does not deter migration.

Push factors include high earnings abroad (86.4%), domestic unemployment (85.6%), livelihood challenges (74%), and debt (66%). Social pressures, prior migration within the family, and conflict also influence decisions. The Gulf and Middle East are the primary destinations (45%), followed by Asia-Pacific (24%), with fewer migrants going to India, Australia, or the West. Most migrants stay abroad for less than 10 years, and 90% do not take children with them, highlighting migration's social toll.

Econometric results affirm these trends. Larger family size and male-headed households significantly increase the probability of migration at the 1% level. Ethnicity and education of the household head are significant at 9% in the logit and 5% in the probit models. Age squared shows a small but significant nonlinear effect. Landholding also matters each additional Kattha increases migration probability by 33% (5% significance level). Household income, significant at 1% in both models, further increases the likelihood, indicating both capacity and expected returns as motivating factors. In conclusion, foreign migration in Nepal is driven by household size, gender, caste, education, landholding, and income. These insights are crucial for designing targeted policies to reduce forced migration, enhance remittance use, and support socio-economic development.

## CHAPTER VI

### ECONOMIC IMPACT OF REMITTANCE

#### 6.1 Introduction

This chapter primarily dedicates to analyze the impact of international remittances, with a specific focus on the economic effects of workers' remittances on the households left behind. The analysis begins with a descriptive study, followed by an inferential examination using both parametric (independent sample t-test) and non-parametric (Chi-square) statistical methods to estimate the economic impact of foreign employment on these households. Additionally, a Likert scale was employed to capture respondents' perspectives on women's empowerment and social trust.

#### 6.2 Destination of Foreign Employment and Remittance Interval

The primary motivation for bearing the costs of foreign migration is the expectation of remittances sent back to support families left behind. The study grouped remittance-sending and migration regions into six categories, revealing distinct regional patterns. Most migrants from the Asia Pacific, Indian Subcontinent, and Gulf and Middle East regions remit money monthly, while a smaller percentage send it quarterly. In contrast, migrants from Australia, Europe, and America predominantly send remittances on a half-yearly basis. These findings highlight the regional differences in remittance-sending behavior among migrants (Table 6.1).

**Table 6.1**

*Regions of Foreign Employment and Remittance Interval*

Remittance Interval	Regions of foreign employment					Total
	Asia Pacific	Australia	Europe and America	Gulf and Middle East	Indian Subcontinent	
No remittances	0	0	1	2	0	3
Monthly	29	2	4	67	9	111
Quarterly	23	5	3	39	12	82
Half yearly	7	13	11	6	3	40
Yearly	3	7	6	1	1	18
Later than above	0	0	0	1	2	3
Total	62	27	25	116	27	257

*Source: Results from data analysis*

### 6.3 Cash Remittance

Remittance companies play a pivotal role in facilitating the transfer of funds to left-behind households, accounting for 56.4% of remittance flows, followed by banks at 47.1%. Notably, 7.8% of migrants did not send any remittances to their households. Concerning informal remittance channels, 47.1% of respondents expressed a reluctance to utilize such methods. However, 30.4% reported personally carrying remittance funds upon returning home. Despite the Government of Nepal's declaration of Hundi as an illegal remittance channel, 18.7% of respondents admitted to using this method. They explained that Hundi operators disburse funds to left-behind families upfront, with migrants subsequently settling the amount. Some respondents cited the cost-effectiveness of Hundi as a primary reason for its use, particularly in comparison to the fees charged by formal banking channels. Additionally, 4% of respondents indicated that they sent remittances through friends and relatives. These findings underscore the diversity of remittance channels, encompassing both formal and informal mechanisms, and shed light on the multifaceted factors influencing migrants' preferences for specific remittance methods.

**Table 6.2**

*Cash Remittances of the Migrants*

	Cash Formal		Cash Informal		
	No	Remit Co. Banks	No	Friends and Relatives	Hundi Self
N	20(7.8)	145(56.4)	92(35.8)	121(47.1)	10(3.9) 48(18.7) 78(30.4)

*Source: Results from data analysis*

### 6.4 Kind Remittance

The study identified two types of remittances in the study area: Cash and in-kind remittances. Migrant workers frequently send in-kind remittances to their families, contributing various goods that support household needs. The most common in-kind remittance is mobile phones, which play a significant role in maintaining family connections (73.2%). Other in-kind remittances include clothing, suitcases, and bags, which were received by 56% of respondent families, followed by gold and ornaments (26.8%) and laptops and computers (26.1%). Only 12.8% of treatment group respondents reported receiving TVs, representing the smallest share among in-kind remittances. These findings underscore the diversity of support provided by migrant

workers beyond cash, emphasizing the critical role of non-monetary contributions in sustaining households.

**Table 6.3**

*Kind Remittances of Migration Treatment Groups*

<b>Kind</b>	<b>TV</b>	<b>Gold</b>	<b>Laptops</b>	<b>Mobile Phone</b>	<b>Others</b>
<b>Remittances</b>	<b>and Ornaments and Computer</b>				
No	224(87.2)	188(73.2)	190(73.9)	69(26.8)	113(44)
Yes	33(12.8)	69(26.8)	67(26.1)	188(73.2)	144(56)
Total	257(100)	257(100)	257(100)	257(100)	257(100)

*Source: Results from data analysis*

*First Remittance of Migrants*

The majority of migrants send their first remittances within the first two months of migration, accounting for 36.7% of respondents. This is followed by 23% who remit within three months and 16.8% within the first month. This trend is consistent across the Asia-Pacific and Gulf and Middle East regions. However, notable variations exist in other regions:

Australia: Most migrants send their first remittance within six months, followed by twelve months.

Europe and America: The trend reverses, with the majority remitting within twelve months, followed by six months.

Indian migrants exhibit a distinct pattern, with most sending their first remittance in the third month, followed by the second and first months. These regional differences highlight the diverse timelines and behaviors in the initiation of remittance flows based on destination.

**Table 6.4***First Remittances and Regions of Migration*

<b>First Remittance in months</b>	<b>Asia Pacific</b>	<b>Australia</b>	<b>Europe and America</b>	<b>Gulf and Middle East</b>	<b>Indian Subcontinent</b>	<b>Total</b>
1 Month	15(24.2)	4(14.8)	3(12.5)	18(15.5)	3(11.1)	43(16.8)
2 Months	24(38.7)	3(11.1)	2(8.3)	58(50)	7(25.9)	94(36.7)
3 Months	17(27.4)	0(0)	3(12.5)	26(22.4)	13(48.1)	59(23)
4 Months	1(1.6)	1(3.7)	1(4.2)	3(2.6)	0(0)	6(2.3)
6 Months	3(4.8)	11(40.7)	7(29.2)	8(6.9)	3(11.1)	32(12.5)
12 Months	2(3.2)	8(29.6)	8(33.3)	3(2.6)	1(3.7)	22(8.6)

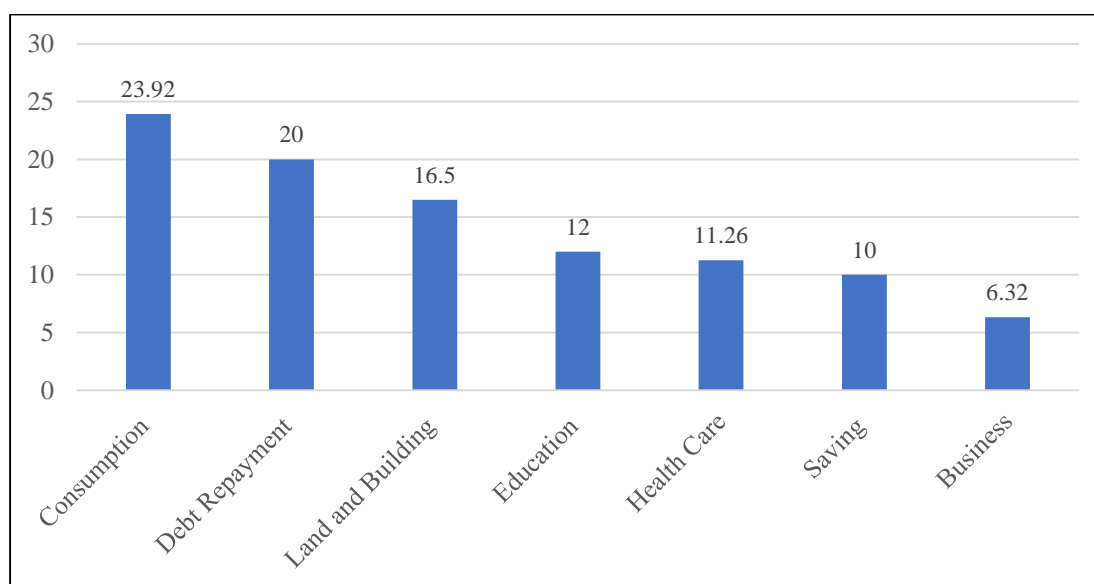
*Source: Results from data analysis*

### 6.5 Utilization of Remittance

Nepalese migrant workers face limited livelihood options and often struggle to cover both migration costs and household expenses along with debt payment. Rahman (2000) observed that local moneylenders tend to disproportionately benefit from remittances, with returning migrants spending up to 53.41% of their savings to repay loans taken for migration expenses. In this study it has been obvious that 23.92% of remittances had been used for daily consumption followed by debt repayment for the local money lenders and financial institutions 20%.

The third most substantial use of remittances, accounting for 16.5%, involves the purchase of land and the renovation, reconstruction, or construction of buildings. The fourth primary use is education, specifically for the schooling of migrants' children, which represents 11.26% of remittance spending. Additionally, a significant share is allocated to healthcare, covering medical treatments and health checkups for family members remaining in Nepal.

Savings, often reserved for future emergencies, make up a smaller share of remittance utilization, while only a small portion, around 6.32%, is directed toward productive investments such as business and industrial ventures. Devkota (2015) similarly highlighted that the largest portion of remittances is used for land and building purchases, followed by daily consumption and loan repayment. Devkota also noted that only 4.4% of remittances were invested in business ventures, which is slightly lower than the share observed in this study.

**Figure 6.1***Utilization of Remittances*

*Source: Results from data analysis*

## 6.6 Physical Capital Formation

This chapter examines the economic impact of remittances across six dimensions: land and building ownership, asset accumulation, household income, expenditure or consumption, livestock holdings, and savings. By comparing households with migrant members (treatment group) to those without (control group), the study aims to provide insights into the economic transformations associated with foreign employment.

### 6.6.1 Impact on Land and Building

Independent sample t-test was run to estimate the result whether there was a significant difference in the size of land holding between the migration treatment and control group regarding ownership status. In this case, alternative hypothesis was set as:

Hypothesis H2 a: Foreign employment increases the size and value of land and building in the household level.

The study employed an independent sample t-test to examine differences in land and building ownership between migration treatment and control groups. The findings revealed no significant difference in landholding size between husbands and wives, as the null hypothesis of equal variance was not rejected. However, a statistically significant difference at the 5% level was observed in the land size owned by senior household members across the two groups.

Regarding land ownership values, significant differences were found at the 0.01% level for both husbands' and wives' land, indicating the substantial impact of foreign employment on land valuation. Conversely, no significant difference was detected in the value of land owned by senior members.

In terms of housing, the value of husbands' houses was significant at the 5% level, while wives' house values were significant at the 1% level. However, no significant difference was noted in the house values of senior members. These results suggest that international migration influences internal migration patterns, with households engaged in foreign employment relocating to urban areas and investing in higher-value properties, while rural land remains under the ownership of senior family members.

Overall, the independent sample t-test confirmed the statistical significance of land size owned by senior members and the values of land and buildings for both husbands and wives. The average land and house values were significant at the 1% level, as presented in Table 6.5.

**Table 6.5**

*Ownership of Land and Building of the Household Members*

Land and Building	Treatment		Control		t-value	P-value
	Mean	SD	Mean	SD		
Size of husband land	9.51	15.142	10.52	17.990	0.688	0.492
Value of husband land	14188871.60	28956455.03	6724046.69	14134848.39	-3.714	0.000***
Value of husband house	2992879.38	3963185.503	2208867.27	3601930.396	-2.347	0.019**
Size of wife's land	1.41	3.412	1.00	3.828	-1.291	0.197
Value of wife's land	2410428.02	3614586.904	952996.11	2343967.151	-5.423	0.000***
Value of wife's house	798443.58	2069325.239	357976.65	1513385.779	-2.754	0.006***
Size of senior Member's land	2.09	6.961	3.90	12.483	2.023	0.044**
Value of senior Member land	864941.63	2485505.029	1087626.46	3182769.807	0.884	0.377
Value of senior Member's house	393579.77	1568403.730	438054.47	1669032.545	0.311	0.756
Average size of land	1.02	0.394	0.90	0.399	-3.486	0.001***
Average value of land	5821413.75	9955445.277	2921556.42	5245083.346	-4.131	0.000***
Average value of house	1394967.58	1500711.611	1001632.80	1344862.464	-3.129	0.002***

*Source: Results from data analysis N=514)*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance*

### 6.6.2 Impact on Assets

Fourteen different types of assets, which can be quantified and have significant market value were taken as durable goods in this study including; television, computer and laptops, cooking gas, oxen and carts, tractor/bus/car/truck, camera, refrigerator, motorcycle and scooter, gold, silver, mobile phone, fan, bio-gas and cycle. In this case, empirically testable alternative hypothesis was set as:

H2 b: Foreign employment increases the assets values of the respondents in the household level.

Koczan et al. (2021) deduced that international migration is an important channel of material improvement for individuals and their offspring as reward of remittances. Similarly, in this study majority of the asset values have been influenced positively by the impact of foreign employment. Regarding assets values of foreign migration treatment and control group, the mean value of majority of assets, in the form of durable goods was seen catalysts specifically on television, computer and laptops, gold, silver, mobile phones and fans whereas; the assets like cooking gas, Tractor/car/ bus/truck, oxen and carts, bio-gas and cycle were seen insignificant. Camera, TV, gold, silver, mobile phones and fans were statistically significant at 1% level; whereas motorcycle, computer and cycles were significant at 5% level. In general, it is inferred that high value assets like gold and ornaments and gadgets and daily used assets were statistically significant whereas; transportation and low value assets seems insignificant. In general, average value of assets seems to be statistically significant at 1 per cent level.

**Table 6.6**  
*Ownership of Durable Goods*

Assets	Treatment Group		Control group		t-value	P-value
	Mean	SD	Mean	SD		
Television	1.00	0.562	0.82	0.637	-3.304	0.001***
Computer, laptop	0.77	0.979	0.58	0.890	-2.357	0.019**
Cooking gas	1.28	0.816	1.18	0.782	-1.436	0.152
Tractor, bus, car, truck	0.15	0.583	0.10	0.535	-1.024	0.306
Oxen and cart	0.11	0.455	0.16	0.478	1.229	0.22
Camera	0.39	0.577	0.24	0.488	-3.218	0.001***
Refrigerator	0.89	0.724	0.79	0.848	-1.455	0.146
Motorcycle, scooter	0.70	0.642	0.58	0.645	-2.193	0.029**
Gold	5.55	4.620	3.95	3.931	-4.223	0.000***
Silver	3.95	4.206	2.80	4.449	-3.016	0.003***
Mobile phone	3.68	1.815	3.14	1.536	-3.699	0.000***
Fan	4.11	3.528	3.12	3.748	-3.066	0.002***
Bio- gas	0.09	0.317	0.07	0.262	-0.758	0.449
Cycle	0.59	0.691	0.49	0.697	-1.653	0.099
Average value of assets	1.66	0.977	1.29	0.926	-4.467	0.000***

*Source: Results from data analysis (N=514)*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance*

### 6.6.3 Impact on Income

Maharjan et al. (2013) identified three major sources of income for livelihood including agriculture, labour and migration in mid-western Nepal. Similarly, Thapa (2021) identified five sources of livelihood in far western Nepal including labour and employment, business including agriculture, remittances, social transfer and others. In line with these studies, present study identified various source of income in the study area. But major six sources of income have been taken into consideration on the basis of the earning of the family members such as; foreign employment, salaries and wage earning of the family members along with self-employment, agriculture related business, non-agriculture business, social transfers and others. Among six sources found in the study area, only five sources were taken into consideration for inferring the results, because majority of the households didn't have all six types of income generating sources. In this case, empirically testable alternative hypothesis was set as:

H2 c: Foreign employment increases the overall income of the respondents.

On the basis of field report, mean income from all the five sources of migration treatment group was found higher over the control group, which indicates that foreign employment has positive multiplier effects on generating the income from other source as well. Almost all the income sources were statistically significant at 1% level except the income generated from source five which was significant at five percent level. The association between the migration treatment group with annual income was supported by value of Chi-square as well. On the basis of these results, we can claim that null hypothesis of equality of mean income of migration treatment and control group cannot be accepted. So, it can be concluded that foreign migration highly influences the income status of the left behind family in micro level. In overall, total annual income is statistically significant at one per cent level. Vernezza (2012) also deduced that migration leads to substantial rise to absolute income of the individual as similar to this finding.

**Table 6.7**

*Income Source of the Household*

Income Sources	Treatment Group		Control group		t-value	P-value
	Mean	SD	Mean	SD		
Income from source 1	1053773.88	1597094.368	479867.70	582203.571	-5.412	0.000***
Income from source 2	273007.39	471623.941	165217.59	386415.464	-2.834	0.005***
Income from source 3	86064.59	165754.073	37931.47	71854.223	-4.271	0.000***
Income from source 4	19772.37	62004.009	3881.71	17236.472	-3.958	0.000***
Income from source 5	1659.92	10472.031	186.77	2994.158	-2.168	0.031**
Total annual income	1434278.16	1756968.535	687085.25	732512.223	-6.293	0.000***

*Source: Results from data analysis (N=514)*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance*

#### *Association Between Income*

Chi-square test was also run for the further consistencies of the result of income categories. Total annual households' income was categorized into five groups. Group 1 represented the income of households less than five lakhs; on which foreign migration treatment households were 30, while from the control group were 138, similarly; in second income quintile, the annual income group Rs.500000-1000000; the households

from migration treatment groups were 108, while this share of households from control group were 71, and in the third income quintile; the households from foreign migration treatment group were 45, while from control group were 24. The share of households in fourth quintile, which represents the annual household income Rs. 1500000 to Rs. 2000000 the share of households from migration treatment group were 32 while that share from control group were only thirteen and the top most income quintile was more than annual income Rs. 2000000, on which the households from migration treatment group were 42 while the households from control group were 11. The result was statistically significant at 1% level showing the strong association between the migration treatment and income of the households.

**Table 6.8**

*Migration and Income*

<b>Income-Category</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>	<b>Chi-square value</b>	<b>P-value</b>
Less than 500000	138	30	168		
500000-1000000	71	108	179		
1000000-1500000	24	45	69	109.622	0.000***
1500000-2000000	13	32	45		
More than 2000000	11	42	53		
Total	257	257	514		

*Source: Results from data analysis*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance. (N=514)*

*Remittances, Income and Regions of Foreign Employment*

Total annual income was taken into consideration to observe the impact of foreign employment in the households of migration control group and treatment group with various regions of foreign employment of the Nepalese labour. Among the foreign employment treatment group, majority of the households were into the lowest quintile from Indian Sub-Continent and Gulf and Middle East while majority of the households were into the second quintile from Asia Pacific, Australia and Europe and America. This variable was statistically significant at less than one percent level of significance showing strong association between the income pattern and foreign employment treatment group with various region.

**Table 6.9***Regions of Foreign Employment*

Annual Income	Control Group	Treatment Group							Chi Square Value	P-Value
		Regions of Foreign Employment								
		Asia Pacific	Australia	Europe and America	Gulf and Middle-East	Indian Sub-Continent	Total			
Less than 500000	209	12	8	8	88	22	347			
500000-100000	37	23	14	14	22	4	114			
1000000-1500000	6	18	3	0	2	0	29	179.896	0***	
1500000-2000000	3	6	0	1	2	1	13			
More than 2000000	2	3	2	2	2	0	11			
Total	257	62	27	25	116	27	514			

*Source: Results from data analysis,**\*\* 5% level of significance and \*\*\* indicates 1% level of significance. (N=514)*

#### 6.6.4 Impact on Consumption

Generally migrant households are expected to spend more than non-migrant households as their income increases due to remittances. In this regard, level of standard was measured on the basis of expenditure categories between the migration treatment and control groups stating that higher the capacity to spending, greater the standard of living. Mehedintu et al. (2020) also claimed that remittances per capita had a permanent increase in the standard of living in Romania. In this case, empirically testable alternative hypothesis was set as:

H2 d: Foreign employment increases the expenditure of households.

The study analyzed fourteen consumption categories across treatment and control groups, finding significant differences in eleven categories. Of these, six categories: food, alcohol, mobile phones, cosmetics, health and medicine, and entertainment were significantly higher among the remittances receiving households that is at the 1% level. Expenditures on water and electricity, education, clothing, and social obligations were significant at the 5% level. However, transportation, shoes and slippers, firewood, and miscellaneous consumption showed no statistically significant difference between groups.

Annual consumption on food was found Rs. 129,093 in the treatment group compared to Rs. 107,568 in the control group, with a statistically significant difference at the 1% level. This positive association between remittance and annual household consumption aligns with the Chi-square test results (Table 6.10) but contrasts with Castaldo and Reilly's (2007) findings, which reported a negative impact of international remittances on food consumption.

On average, all consumption categories were higher among the treatment group, even in non-significant categories like transportation, fuel, shoes, and miscellaneous expenses. Overall, total average consumption was significant at the 1% level. Consistent with this study's findings, Adams et al. (2008) highlighted the positive influence of remittances on food, education, and housing, while Adams and Cuecuecha (2010) found a 10% increase in consumption goods due to remittances.

**Table 6.10***Consumption of the Household Members*

Consumption	Treatment group		Control group		t-value	P-value
	Mean	SD	Mean	SD		
Food	129093.39	47863.484	107568.09	45500.475	-5.225	0.000***
Alcohol Tobacco and Cigarette	19894.94	23815.876	13120.62	18591.131	-3.594	0.000***
Transportation	26613.23	31074.527	22833.85	22941.861	-1.569	0.117
Water and electricity	13382.10	14366.747	11114.55	11377.170	-1.984	0.048**
Fuel and firewood	18019.07	15820.677	16083.27	13207.221	-1.506	0.133
Mobile phone and internet	22380.54	9212.462	13747.08	9792.408	-10.294	0.000***
Cosmetic	15161.09	13925.986	9171.98	7933.374	-5.991	0.000***
Health and medicine	22847.68	21246.455	17465.76	18216.450	-3.083	0.002***
Education	82373.54	82764.447	68410.89	76530.498	-1.986	0.048**
Clothing	30159.53	20854.824	26308.95	21024.888	-2.084	0.038**
Shoes and slippers	12950.93	10175.902	11173.15	12021.797	-1.809	0.071
Entertainment	10156.81	9272.622	6352.53	5439.497	-5.673	0.000***
Social courtesy	17949.42	20865.112	13124.51	15846.618	-2.952	0.003***
Miscellaneous	6216.34	19847.085	3498.05	11747.714	-1.889	0.059
Average expenditure	30514.19	12427.071	24283.81	10648.557	-6.103	0.000***

*Source: Results from data analysis (N=514)*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance*

*Chi-Square test for Annual Expenditure*

A Chi-square test was run to assess the robustness of the association between foreign migration (treatment) and expenditure quintiles. The first quintile, representing annual expenditures of less than Rs. 200,000, included 50 households, with 9 from the migration treatment group and 41 from the control group. In the second quintile (Rs. 200,000–400,000 annual expenditure), there were 124 households in the treatment group and 133 in the control group. The third quintile, representing annual expenditures of Rs. 400,000–600,000, included 101 treatment group households and 68 control group households. In the fourth quintile (Rs. 600,000–800,000 annual expenditure), 16 households were from the treatment group and 12 from the control group.

The results were statistically significant at less than 1% level, demonstrating a strong association between foreign migration and higher expenditure capacity across quintiles between the treatment and control groups.

**Table 6.11**

*Remittances and Expenditure*

<b>Expenditure-Category</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>	<b>Chi-square value</b>	<b>P-value</b>
Less than 200000	41	9	50		
200000-400000	133	124	257		
400000-600000	68	101	169	29.41	0.000***
600000-800000	12	16	28		
More than 800000	3	7	10		
Total	257	257	514		

*Source: Results from data analysis (N=514)*

*\*\*\* indicates 1% level of significance*

*Remittances, Expenditure, and Regions of Foreign Employment*

Total annual expenditure was considered to observe the impact of foreign employment in the households of migration control group and treatment group with various regions of foreign employment of the Nepalese labour force. Data shows that large number of households (41 households) were struggling with less than Rs.2 lakhs annual expenditure for their livelihood from migration control group while the number of households were only 9 in the treatment group. Around 83 percent households fall under the annual expenditure categories of Rs.200000-800000 while majority of households fall under the expenditure category of two lakhs to four lakhs from foreign migration control group, whereas; majority of the households fall under the expenditure categories of Rs.4 lakhs to Rs.6 lakhs from migration treatment group. Among the foreign employment treatment group, majority of the households were into the lower quintile from Asia Pacific, Indian Sub-Continent and Gulf and Middle East while majority of the households were into the upper quintile from Australia and Europe and America. This variable was statistically significant in less than one percent level of significance showing strong association between the expenditure pattern and foreign employment treatment group.

**Table 6.12***Remittances, Expenditure, and Regions of Foreign Employment*

Annual Expenditure	Control Group	Treatment group					Total	x2-Value	P-Value
		Regions of foreign employment							
		Asia Pacific	Australia and America	Europe and Middle East	Gulf and India	Indian Subcontinent			
Less than 200000	41	0	1	2	3	3	50		
200000-400000	133	32	9	9	62	12	257		
400000-600000	68	20	14	9	47	11	169	57.648 0***	
600000-800000	12	8	1	4	3	0	28		
Above 800000	3	2	2	1	1	1	10		
Total	257	62	27	25	116	27	514		

*Source: Results from data analysis N=514)**\*\*\* indicates 1% level of significance*

### 6.6.5 Impact on Livestock

This section reveals the impact of migration on livestock farming of migration treatment and control groups. The impact is evaluated on the basis of number of livestock and estimated market value of livestock. During the field survey, various livestock were observed and they were categorized into five major headings, cows, buffaloes, goats, boar/pigs, and hen/chickens. Hen/chickens includes poultry and other birds with minor types of fisheries. It is considered that the active member of the households leaves the family for foreign job which curtails the manpower required for rearing the livestock in the treatment households. In this case, empirically testable alternative hypothesis was set as:

H2 e: Foreign employment increases the value of livestock.

The t-value results indicate that, with the exception of boar and pigs, none of the livestock categories exhibit statistical significance at any level of significance. This implies that there are no discernible differences in the means of the various livestock categories between the treatment and control groups, except for the mentioned boar and pigs' category. Consequently, it can be asserted that there is no statistically significant distinction, either in terms of quantity or value, for individual livestock categories between the migration treatment and control groups.

A noteworthy observation emerges from the descriptive analysis that the control group demonstrates a higher mean of livestock compared to the treatment group. The elevated mean value for boar/pigs is attributed to the field survey findings, indicating the involvement of some households with international migrants in professional boar husbandry. This unique insight sheds light on specific practices within the households and underscores the complexity of the relationship between international migration and livestock dynamics.

**Table 6.13**

*Livestock of the Household Members*

Livestock	Treatment		Control		t-value	P-value
	Mean	SD	Mean	SD		
Number of cows	0.24	0.817	0.36	1.828	0.935	0.35
Estimated value of cow	12175.10	48181.182	19182.88	134523.587	0.786	0.432
Number of buffaloes	0.50	1.574	0.52	1.159	0.191	0.848
Estimated value of buffalo	32307.39	119798.182	49544.75	152494.283	1.425	0.155
Number of goats	1.59	3.224	2.31	8.325	1.286	0.199
Estimated value of goat	22315.18	55712.062	31595.33	114313.678	1.17	0.243
Number of boar/pigs	0.53	2.607	0.18	1.448	-1.903	0.058**
Estimated value of pig/boar	8054.47	40344.088	2739.30	21698.172	-1.86	0.063
Number of hens/chickens	21.32	105.142	30.50	258.805	0.527	0.599
Estimated value of hens	16046.69	69650.507	14289.88	81612.644	-0.262	0.793
Average No. of livestock	4.8358	21.01481	6.772	51.74042	0.556	0.579
Average value of livestock	18179.7665	33612.43113	23470.4289	52779.35959	1.355	0.176

*Source: Results from data analysis (N=514)*

*\*\* 5% level of significance*

### 6.6.6 Impact on Saving

Saving is the major part of households. Impact on saving have been observed on the two categories. First, the situation whether the household can cope the situation of urgent need of monetary expenditure and the next is the situation how the household can cope the situation of long-term impact of debt management. It is considered that migration treatment households are comparatively well off in comparison to control households as their income is less volatile and free from internal shocks of the home country of developing world in line of Fransen, 2015. In this case, alternative hypothesis was set as:

H2 f: Foreign employment increases saving to cope up the situation.

*Short Term Economic Strength of the Household*

The economic impacts were assessed on the basis of households' saving capacity during monetary emergencies, specifically their ability to navigate situations requiring financial intervention. This evaluation focused on determining whether families could address emergencies with a monetary value of up to NRs. 10,000. The Chi-square results revealed that 5 percent of households in the treatment group and 14 percent in the control group faced challenges in coping with such situations. This proportion increased to 12 percent in the treatment group and 40 percent in the control group when considering situations with a saving threshold of NRs. 10,000 to NRs. 30,000.

Further analysis of saving capacity in coping with urgent financial needs ranging from NRs. 30,000 to NRs. 50,000 indicated that 26 percent of households in the treatment group and 58 percent in the control group expressed an inability to manage such situations. Importantly, all three saving categories to address expenditure situations exhibited statistical significance at the 1% level. This signifies a meaningful difference in mean values between the treatment and control groups, thereby leading to the rejection of the null hypothesis. In essence, the findings underscore the disparities in saving capacities between the two groups and affirm the rejection of the null hypothesis.

**Table 6.14**

*Remittance and Saving of Emergencies*

<b>Emergency</b>						
<b>Expenditure</b>	<b>Strength</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>	<b>X2</b>	<b>P-Value</b>
Below 10000	No	37(14.40)	14(5.40)	51(9.90)		
	Yes	220(85.60)	243(94.60)	463(90.10)	11.515	0.000***
	Total	257 (100)	257 (100)	514 (100)		
10000-30000	No	102(39.70)	31(12.10)	133(25.90)	51.133	0.000***
	Yes	155(60.30)	226(87.90)	381(74.10)		
30000-50000	No	150(58.40)	67(26.10)	217(42.20)	54.942	0.000***
	Yes	107(41.60)	190(73.90)	297(57.80)		

*Source: Results from data analysis \*\*\* indicates 1% level of significance. (N=514)*

### *Long Term Economic Strength of the Household*

The impact on saving capacity is evident when examining the household's ability to manage long-term debt, gauging whether they can address situations relying solely on their own savings or if external support is necessary. Results indicate that out of the 514 households in the migration treatment group, 206 managed such situations with their own savings, whereas 124 households from the control group exhibited similar self-reliance.

The distribution of coping mechanisms reveals that 75 households from the control group managed situations through support from relatives, while 32 households from the treatment group adopted the same situation. Additionally, 37 households from the control group and 9 households from the treatment group addressed situations by borrowing from local money lenders. In contrast, a minimal number of households, 8 from the control group and 1 from the migration treatment group, addressed situations by taking loans from banks and financial institutions. This limited usage of institutional loans suggests that these entities were not readily providing financial assistance during the survey period, potentially influenced by the stringent monetary policies of the central bank.

A non-parametric Chi-Square test was applied to assess the association in saving strength between the two groups. The resulting Chi-Square value indicated a significant level of association between the migration treatment group and the control group. The rejection of the null hypothesis and acceptance of the alternative hypothesis at the 1% significance level aligns with Connell and Conway's (2000) assertion that remittances play a crucial role in influencing saving and investment behaviors.

**Table 6.15**

#### *Remittance and Long-term Debt Management*

<b>Saving</b>	<b>Status</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>	<b>X2</b>	<b>P-Value</b>
Long-term expenditure	from own saving	124	206	330	60.871	0.000***
	from relatives	75	32	107		
	from friends	13	9	22		
	from moneylenders	37	9	46		
	from bank	8	1	9		
	<b>Total</b>	<b>257</b>	<b>257</b>	<b>514</b>		

*Source: Results from data analysis (N=514)*

*\*\*\* indicates 1% level of significance*

This chapter provides a robust examination of the economic implications of remittances on Nepalese households, using both descriptive statistics and inferential tools such as independent sample t-tests and Chi-square tests. The findings reveal significant income disparities between migrant and non-migrant households, with the former exhibiting higher income levels. Approximately 40% of households depend on remittances as their main income source, followed by wage labor (35%), business (15%), agriculture (7%), and other transfers (3%).

Remittance-sending patterns differ by region: migrants in the Gulf, Asia-Pacific, and Indian subcontinent remit more frequently monthly or quarterly whereas those in developed countries send funds on a semi-annual or less regular basis. Male migrants dominate labor migration (87%), largely in low-paying jobs. Migration for educational purposes is also notable, with 65% of such migrants being male and 23.5% female.

Remittances are primarily utilized for household consumption (24%), debt repayment (20%), and property investments (16.5%). Rahman (2000) underscores the financial burden of migration, noting that returnees may spend over half (53.41%) of their savings repaying migration-related loans. Additionally, 11.26% of remittances are allocated toward education.

Asset accumulation is a key benefit of migration. Landholding size and the value of real estate owned by household heads and spouses show statistically significant differences between migrant and non-migrant groups. Durable assets such as televisions, gold, mobile phones, and laptops are more prevalent in migrant households. However, vehicle ownership (e.g., cars, buses, tractors) does not significantly differ, indicating a prioritization of household utility and value-retaining assets over transportation.

Financial resilience is another area of divergence. When assessing the ability to handle emergency expenditures, 95% of migrant households reported being able to meet a NRs. 10,000 emergency, compared to 86% of non-migrant households a statistically significant difference at the 1% level. Larger financial shocks (ranging from NRs. 30,000 to 50,000) yielded similar results. Migrant households also rely more on savings than on borrowing, enhancing long-term economic stability.

In terms of income composition, all sources except one were statistically significant at the 1% level, with the remaining source significant at 5%. Consumption

behavior also differs notably; migrant households spend more on food, healthcare, communication, cosmetics, alcohol, and entertainment. Livestock ownership, by contrast, is largely unaffected by migration, with only the ownership of pigs and boars showing statistical significance.

Finally, the chapter confirms, through Chi-square tests, that savings behaviors vary significantly between migrant and non-migrant households, reinforcing the positive correlation between foreign migration and financial preparedness.

## **CHAPTER VII**

### **SOCIAL IMPACT OF REMITTANCE ON MIGRANT HOUSEHOLD**

This chapter consists of analysis and findings related to the social impact of remittances among the migrant household. The key important variables used for analysis are: Women empowerment, health and nutrition, education, social networking, and social trust. The analysis is presented in subsequent sub-heading.

#### **7.1 Women Empowerment**

This study has delineated the domain of women's empowerment into four primary categories based on field observations. These categories encompass the following aspects: Expressing her views, and showing competency with various factors, decision making in family level, inclusion in social gathering and the level of thinking with the future of family offspring.

##### **7.1.1 Expression of Views and Opinion**

One of the tools for measuring the women empowerment in this study was the collection of views and opinion of the female head of the households. It was considered that due to out-migration of majority of the male member, left behind women has to perform the responsibility of household chores and has to attend the meeting and express her views in the community which enables them to increase their leadership. Women empowerment was measured in terms of expressing her views with friends, relatives and family members, in a group meeting, in a mass meeting, and in a government office. In this case, alternative hypothesis was set as:

H3 a: Participants in foreign employment enhances the women empowerment.

The results inferred by using 5-point rated Likert scale present that there was a significant association on expressing the views with family and relatives, group discussion and with government employees between the foreign employment treatment and control groups.

**Table 7.1***Attitude for Social Expression*

Statements	Foreign Employment	Very Good Manner	Good Manner	Normally	Hesitate to Talk	Can not Talk
I can share my thoughts with Family members and relatives	Treatment	247 (96.2)	8 (3)	1 (0.4)	0	1 (0.4)
	Control	228 (89)	15 (6)	9 (4)	5 (1)	0
I can express my thoughts in Group discussion	Treatment	124 (48)	85 (33)	32 (13)	12 (5)	4 (1)
	Control	97 (38)	86 (33)	37 (14)	25 (10)	12 (5)
I can express my views in mass meeting	Treatment	21 (8)	34 (13)	32 (13)	61 (24)	109 (42)
	Control	17 (7)	26 (9)	32 (13)	70 (27)	112 (44)
I can express my views with government officials	Treatment	41 (16)	71 (28)	44 (17)	61 (23)	40 (16)
	Control	31 (12)	55 (21)	42 (16)	70 (28)	59 (23)

*Very good manner (5)      Good manner (4)      Normally (3)*  
*Hesitate to talk (2)      Cannot talk (1).*

*Note: Number in parenthesis represent the percentage. (n=514) Source: Results from data analysis*

Each item was rated on a five-point Likert scale, where higher scores indicated a stronger ability to communicate with society. This ability to communicate reflects the respondent's attitude toward societal interaction. Total scores were calculated by summing the item scores for each respondent. Based on the mean attitude score of 13.97, respondents were divided into two categories: those with scores at or above the mean (54.9%) and those with scores below the mean (45.1%).

**Table 7.2***Level of Attitude Regarding Social Expression Among Respondents*

Level of Attitude	Number	Percentage (%)
≥13.97(Mean score and above)	282	54.9%
<13.97(Below mean score)	232	45.1%

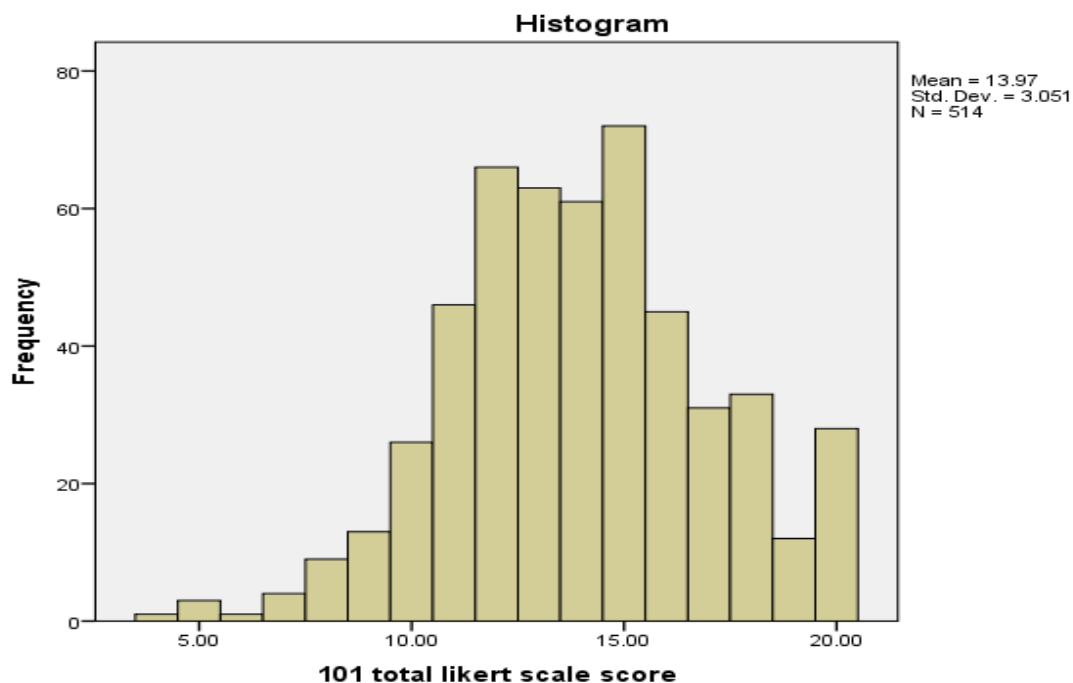
*Mean Score (SD):40.00 (±3.05) Minimum- 4 Maximum- 20 Possible Score: 1 to 20*

*Source: Results from data analysis*

The computed Likert scale is shown in the following graph.

**Figure 7.1**

*Likert Scale Showing Expression of Views Among Respondents*



*Source: Results from data analysis*

### *Bivariate Analysis*

In this subsection of the findings, the association between foreign employment and attitudes toward social expression was analyzed using a Chi-square test at a 95% confidence interval. The results indicated a statistically significant relationship, with a p-value of 0.013, corresponding to a 1.3% level of significance.

**Table 7.3**

*Association Between Foreign Employment and Social Expression*

Mean Score	Foreign Employment		Total	$\chi^2$
	No	Yes		
Mean and above	127	155	282	6.159
Below mean	130	102	232	(0.013) **
Total	257	257	514	

*Source: Results from data analysis \*\* 5% level of significance*

$\chi^2$  test reported in above table shows that there is close association between foreign employment and social expression. Household with foreign employment have better ability to speak with people.

**Table 7.4**

*t-Test of Difference Between Means*

	<b>Foreign Employment</b>	<b>Mean</b>	<b>T-value</b>	<b>P-value</b>
Likert scale score for social expression	Control	13.5253		
	Treatment	14.4202	3.358	0.001***

*Null Hypothesis:  $\mu_1 = \mu_2$  (Means of two groups are equal), Alternative Hypothesis:*

*$\mu_1 \neq \mu_2$  (Means of two groups are not equal),*

*Source: Results from data analysis\*\*\* indicates 1% level of significance*

The computed t-statistic in table 7.4 is statistically significant at less than 1 percent level. Hence, we reject the null hypothesis and accept the alternative hypothesis. Again, from the above table, it is inferred that mean score of foreign going people is higher than those who are not going in foreign employment. Hence, foreign going people could express themselves in society in a better way as compared to those who are not going in foreign employment. It means that, foreign employment increases the ability of speaking with society.

### **7.1.2 Family Decision**

The next tool applied for the measurement of women empowerment was her decision-making status in the family level. The association of decision making between the migration treatment and control groups had been tested on the basis of prevailing norms and traditions in the individual level of the surveyed area. In this case, alternative hypothesis was set as:

H3 b: Participants in foreign employment increase decision power in household level.

Total nine areas of household affairs were tested and almost all of them were statistically significant. Regarding child education, 31.5% female head from treatment group decided the matter by themselves whereas this share was 27% from the control group and it was significant at 5 percent level of significance. Regarding the buying and selling of durable goods, it was significant at 1 percent level of significance. But the saving in bank was not statistically significant and there was no association between the migration treatment group with that of control group. In this case, both the spouses

in both migration treatment and control groups decided simultaneously. Family related issue was highly associated between the migration treatment and control groups. It was significant at 1 percent level of significance. Family expenditure issue was statistically significant at 1 percent level of significance between the two groups in which, nearly 38% female head decided themselves about this variable from the domain of migration treatment group, whereas 24% female head decided in this issue from the control group and this result is consistent to the result of (Maharjan et al. 2011). The variable, hiring someone to the households' affairs was tested and it was significant at 5% level of significance. Family health issue was significant at 1% level of significance in which; 24.5% female head decided themselves by the migration treatment group whereas 14% female head decided themselves from the control group on this issue. The variable regarding their personal property was statistically significant at 1% level of significance addressing that there was a strong association between the migration treatment group with that of control group. Senior member's property of the households was not significant at all, showing that this variable was not associated between the two groups.

**Table 7.5***Remittance and Family Decision*

<b>Decision</b>	<b>Key role</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>	<b><math>\chi^2</math></b>	<b>P-Value</b>
Children's education	Female	70 (27.20)	81(31.50)	151(29.40)	8.851	0.031**
	Husband	55 (21.40)	38(14.80)	93(18.10)		
	Both	125(48.60)	120(46.70)	245(47.70)		
	Other	7 (2.70)	18(7.00)	25(4.90)		
Buying and selling of durable goods	Female	35(13.60)	61(23.70)	96(18.70)	23.328	0***
	Husband	56(21.80)	33(12.80)	89(17.30)		
	Both	160(62.30)	141(54.90)	301(58.60)		
	Other	6(2.30)	22(8.60)	28(5.40)		
Saving and bank balance	Female	43(16.70)	51(19.80)	94(18.30)	6.725	0.081
	Husband	53(20.60)	37(14.40)	90(17.50)		
	Both	155(60.30)	155(60.30)	310(60.30)		
	Other	6(2.30)	14(5.40)	20(3.90)		
Family related issue	Female	30(11.70)	44(17.10)	74(14.40)	15.257	0.002***
	Husband	47(18.30)	30(11.70)	77(15.00)		
	Both	171(66.50)	157(61.10)	328(63.80)		
	Other	9(3.50)	26(10.10)	35(6.80)		
Household exp.	Female	61(23.70)	97(37.70)	158(30.70)	22.139	0.000***
	Husband	33(12.80)	15(5.80)	48(9.30)		
	Both	154(59.90)	125(48.60)	279(54.30)		
	Other	9(3.50)	20(7.80)	29(5.60)		
Employing someone	Female	26(10.10)	47(18.30)	73(14.20)	10.774	0.013**
	Husband	46(17.90)	31(12.10)	77(15.00)		
	Both	175(68.10)	163(63.40)	338(65.80)		
	Other	10(3.90)	16(6.20)	26(5.10)		
Family health	Female	37(14.40)	63(24.50)	100(19.50)	16.963	0.001***
	Husband	29(11.30)	17(6.60)	46(8.90)		
	Both	185(72.00)	160(62.30)	345(67.10)		
	Other	6(2.30)	17(6.60)	23(4.50)		
Own property	Female	91(35.40)	119(46.30)	210(40.90)	14.727	0.002***
	Husband	24(9.30)	11(4.30)	35(6.80)		
	Both	133(51.80)	108(42.00)	241(46.90)		
	Other	9(3.50)	19(7.40)	28(5.40)		
Seniors' property	Female	22(8.60)	23(8.90)	45(8.80)	2.121	0.548
	Husband	30(11.70)	22(8.60)	52(10.10)		
	Both	89(34.60)	101(39.30)	190(37.00)		
	Other	116(45.10)	111(43.20)	227(44.20)		

*Note: Figure in parentheses shows in percentage. (N=514)*

*Source: Results from data analysis*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance*

### 7.1.3 Women Socializing

The next area of women empowerment was measured in terms of her association of social gathering, relative visiting, visiting to the urgency of the community members and attending to the marriage and funerals. Specifically, going out from home is very restrictive for women. Their visit to out of home is only their mother's home. Other family members also visit friends and relatives each other only in festivals like Dashain, Tihar, Teej and some other religious rituals and Jatras for celebration (Thapa, 2021). All these areas were covered under socialization and the questionnaires were filled accordingly. In this case, empirically testable alternative hypothesis was set as:

H3 c: Participants in foreign employment enhance women socialization.

The result clearly revealed that the first two positive questions were positively answered in more frequencies by the migration treatment groups; whereas, the frequencies of successive three questions were higher among the control group, showing the perfect association between the two groups indicating that this variable is perfectly associated with foreign employment. And this variable is significant at 1% level of significance. Hence, we can accept the alternative hypothesis stating that migration treated female heads were generous on socializing in the comparison to control group.

**Table 7.6**

#### *Remittance and Women Socializing*

Decision	Status	Control	Treatment	Total	$\chi^2$	P-Value
Social gathering	Always	115(44.70)	131(51.00)	246(47.90)	12.054	0.017**
	Sometimes	102(39.70)	109(42.40)	211(41.10)		
	Family does not allow	12(4.70)	7(2.70)	19(3.70)		
	Time and money constraint	24(9.30)	7(2.70)	31(6.00)		
	No interest	4(1.60)	3(1.20)	7(1.40)		

(Figure in parentheses shows in percentage). (N=514)

Source: Results from data analysis \*\* 5% level of significance

### 7.1.4 Future of Offspring

Under the women empowerment, their psychology regarding the future of family offspring was tested on the basis of their knowledge and attitude to be recommended whether they would be convinced by their husband, or by other family members, or they would consult the local leaders or they depend upon their horoscope by consulting

the astrologers. It is assumed that women respondents from the foreign employment treatment groups are more concerned to consult with her spouse than non-migrant respondents. In this case, empirically testable alternative hypothesis was set as:

H3 d: Foreign employment enhances level of knowledge in women concerning their offspring.

This variable was statistically significant at 1% level of significance and was proved that there was a strong association between the level of knowledge and foreign employment. The result showed that 78% of the female heads consulted with their husband regarding the future profession and employment status of their offspring in the migration treatment group whereas this share was 72% in the control group. Likewise, around 3% respondents reported that they would consult in this matter with the astrologers among the control group, whereas this share of opinion was nil among the treatment group.

**Table 7.7**

*Remittance and Future of Offspring*

Suggestion	Status	Control	Treatment	Total	$\chi^2$	P-Value
Taking suggestion on Family issues	Husband	185(72.00)	200(77.80)	385(74.90)	12.054	0.017**
	Friends	23(8.90)	14(5.40)	37(7.20)		
	Local leaders	2(0.80)	1(0.40)	3(0.60)		
	Relatives and other members	40(15.60)	42(16.30)	82(16.00)		
	Astrologer	7(2.70)	0(0)	7(1.40%)		

(Figure in parentheses shows in percentage). (N=514)

Source: Results from data analysis\*\* 5% level of significance

## 7.2 Health and Nutrition

Two separate but related indexes: Healthcare index and nutrition index were constructed to measure the health and nutrition status of respondents from both the treatment and control groups.

### 7.2.1 Healthcare Index: Vaccination

Healthcare index was constructed by comprising the vaccination status of the children, action during illness, action during child birth and frequency of hospital visit. The first outcome indicator was whether children were properly vaccinated or not. Well

vaccination of the children shows the high-level human capital of the respondents and it is considered that foreign employed households are more concerned about the vaccination of their children. In this case, empirically testable hypothesis was set as:

H3 e: Foreign employment enhances the respondents on child vaccination.

The result of Chi-square value showed that about 98 percent of the children were vaccinated in the treatment group whereas, it was only 94 percent among the control group. Similarly, the share of no vaccine was nil among the treatment group and it was 2.3 percent in the control group. The share of free of cost vaccine was 3.5 percent in control group and 2.3 percent in the treatment group. Due to better economic condition and health awareness, migration treatment respondents were able to provide all vaccines in the comparison to control respondents. The result is statistically significant at 5 percent level of significance showing a mild association between the health care status and migration treatment group in the ground of child vaccination.

**Table 7.8**

*Remittance and Child Vaccination*

Vaccine	Status	Control	Treatment	Total	$\chi^2$	P-Value
Children's vaccination	No	6(2.30)	0(0.00)	6(1.20)	6.764	0.034**
	Free of cost vaccine	9(3.50)	6(2.30)	15(2.90)		
	All vaccine	242(94.20)	251(97.70)	493(95.90)		

(Figure in parentheses shows in percentage). (N=514)

Source: Results from data analysis

\*\* 5% level of significance

### 7.2.2 Action at Sickness

In the case of illness of own or family members, migration treatment groups are considered to have well-off in economic resources and go to private hospitals and clinics without any compromise when they get sick, but the household members from non-migrant groups wait till resource management or go to the traditional healers. In general, private hospitals and clinics are perceived better than health posts and hospitals in terms of quick services, varieties of medicines and qualified health workers. Visiting private hospitals and clinics is also an indicator of economic status of persons. Mostly,

people with higher income and better economic status visit private hospitals and clinics as they are more expensive. In this case, empirically testable hypothesis was set as:

H3 f: Participation in foreign employment enhances hospital visit at sickness.

Migration treatment households were found to visit private hospitals and clinics more often while non-migrant households visited astrologers, Aayurvedic hospitals, and government hospitals and health posts. People going to traditional healers was 1 percent among the treatment group while it was 7 percent among the control group and people going to private hospitals and clinics was 35 percent in the treatment group while it was 24 percent among the control group. In a nutshell, this variable is statistically significant at 1 percent level of significance and shows the strong association between the migration treatment group with that of control group (Table 7.9).

**Table 7.9**

*Remittance and Action at Sickness*

Suggestion	Status	Control	Treatment	Total	$\chi^2$	P-Value
Initial action at health issue	Traditional Healers	18(7.00)	3(1.20)	21(4.10)	17.742	0.000***
	Ayurvedic Hospitals	13(5.10)	9(3.50)	22(4.30)		
	Health post and hospitals	165(64.20)	154(59.90)	319(62.10%)		
	Private hospital and clinic	61(23.70)	91(35.40)	152(29.60)		

*(Figure in parentheses shows in percentage). (N=514)*

*Source: Results from data analysis \*\*\* indicates 1% level of significance*

### 7.2.3 Delivery Place of Neonate

Another indicator of health care is place of delivery. It is imagined that the persons with rich in resources go to hospitals for the delivery of their offspring and the resource poor households give birth to their neonates at home. So, the empirically testable alternative hypothesis can be set as:

H3 g: Foreign employment enhances women to born neonate in hospital.

The study revealed notable differences in childbirth location between the control and migration treatment groups, particularly for first births. Among respondents in the control group, 50% reported delivering their first child at home without medical assistance, compared to 37% in the migration treatment group. Conversely, 53% of the migration treatment group delivered their first child in a hospital setting, whereas only 41% of the control group did so. A Chi-square test of association indicates that this

difference is statistically significant at the 5% level ( $p < 0.05$ ), supporting the alternative hypothesis that an association exists between migration status and the place of first childbirth.

However, when examining the place of delivery for the second, third, and fourth children, the data show a less pronounced pattern. In the control group, 44%, 54%, and 60% of respondents respectively reported delivering their second, third, and fourth children at home. In comparison, 41%, 46%, and 45% of respondents in the migration treatment group reported home deliveries for the same order of births. Hospital deliveries for the second, third, and fourth children were more frequent among the migration treatment group: 55%, 50%, and 62% respectively, compared to 47%, 41%, and 36% in the control group.

Although these figures suggest a trend toward increased hospital deliveries among the migration treatment group, Chi-square tests for these variables did not yield statistically significant results. Therefore, we fail to reject the null hypothesis and conclude that no significant association exists between migration status and the place of delivery for second, third, and fourth births.

**Table 7.10**

*Remittance and Delivery Place of Neonate*

Children's Delivery Places		Control	Treatment	Total	$\chi^2$	P-Value
First child	Home alone	127(50.00)	95(37.00)	222(43.40)	9.018	0.011**
	Home: Sudeni	22(8.70)	25(9.70)	47(9.20)		
	Hospital	105(41.30)	137(53.30)	242(47.40)		
	Total	254(100)	257(100)	511(100)		
Second child	Home alone	95(44.20)	81(35.50)	176(39.70)	3.589	0.166
	Home: Sudeni	19(8.80)	21(9.20)	40(9.00)		
	Hospital	101(47.00)	126( <b>55.30</b> )	227(51.20)		
	Total	215(100)	228(100)	443(100)		
Third child	Home alone	45(54.20)	45(39.80)	90(45.90)	4.901	0.086
	Home: Sudeni	4(4.80)	12(10.60)	16(8.20)		
	Hospital	34(41.00)	56(49.60)	90(45.90)		
	Total	83(100)	113(100)	196(100)		
Fourth child	Home alone	15(60.00)	14(35.00)	29(44.60)	4.333	0.115
	Home: Sudeni	1(4.00)	1(2.50)	2(3.10)		
	Hospital	9(36.00)	25(62.50)	34(52.30)		
	Total	25(100)	40(100)	65(100)		

*Source: Results from data analysis\*\*\* indicates 1% level of significance. (N=514)*

### 7.2.4 Hospital Visit

The next indicator of health care is number of times one visits hospitals or health centers. It is obvious that rural people visit hospital if they get sick, or fall in accident, or at the time of delivery of their neonate. In this situation empirically testable alternative hypothesis can be developed as:

H3 h: Participants in foreign employment respondents visit hospital more frequently.

Result from independent sample t-test showed that the mean value of migration treatment households who visited hospital was 4.05 times in the right six months while the mean value from control households visited hospital was 3.21. This variable was statistically significant at 1 percent level of significance and it can be inferred that there was a significant difference between the migration treatment group and control group with hospital visit.

**Table 7.11**

*Remittance and Hospital Visit*

Health Consciousness	Treatment		Control		t-value	P-value
	Mean	SD	Mean	SD		
Hospital visits right six months	4.05	2.842	3.21	2.095	-3.817	0.000***

*Source: Results from data analysis (N=514)*

*\*\*\* indicates 1% level of significance*

### 7.2.5 The Impact of Remittance on Nutritional Index

Malnutrition remains a critical issue affecting impoverished households in underdeveloped and developing nations. According to the World Health Organization (WHO, 2021), global malnutrition prevalence reached 9.9% in 2020, with an estimated 786 million people suffering from undernourishment. A closer examination reveals stark regional disparities: more than half (418 million) of the undernourished population resides in Asia, while over one-third (282 million) live in Africa. These alarming figures suggest that the Sustainable Development Goal (SDG) of eradicating hunger by 2030 may not be achievable at the current pace. The situation is particularly dire among infants and young children, with 22% of children under five experiencing stunting,

6.7% suffering from wasting, and 5.7% facing obesity, highlighting the dual burden of malnutrition in vulnerable populations.

To assess nutritional adequacy, key indicators were examined, including the consumption of a balanced diet (encompassing meat & fish, or fruits & milk), sufficient food intake, and regular access to three meals per day. Given that remittances from migrant workers are expected to improve household economic capacity, it was hypothesized that migration enhances families' ability to afford nutritious food. Specifically, the study tested Hypothesis H3i: Foreign employment enhances households' ability to access more nutritious food.

Empirical analysis revealed significant differences between migrant and non-migrant households. First, regarding meal frequency, 90% of households with migrant members reported consuming three meals daily, compared to only 80.5% of non-migrant households. Strikingly, while 6% of non-migrant households faced irregular meal access, none in the migrant group experienced such deprivation. A chi-square test confirmed this association as statistically significant at the 1% level ( $p < 0.01$ ), underscoring the role of foreign employment in ensuring consistent food availability.

Beyond meal frequency, migrant households demonstrated superior access to diverse food categories. For instance, 90% had regular access to staple foods such as rice, pulses, and curry, compared to 78% of non-migrant households: a difference that was also statistically significant ( $p < 0.01$ ). Similarly, migrant households exhibited greater consumption of micronutrient-rich foods, with 80% regularly providing fruits and milk to their families, versus 68% in non-migrant households. Notably, 1.2% of non-migrant households reported no access to fruits and milk, a problem absent among migrant families. Protein intake followed the same trend: 91% of migrant households consumed meat, fish, or eggs weekly, compared to 79% of non-migrant households, with statistical significance again confirmed at the 1% level.

These findings robustly support Hypothesis H3i, demonstrating that foreign employment significantly improves household nutrition across multiple dimensions. The financial stability afforded by remittances enables families to secure balanced diets, regular meals, and nutrient-dense foods, thereby mitigating food insecurity. Given these results, policymakers in labor-exporting countries should consider migration not only as an economic strategy but also as a potential tool for combating malnutrition. Future

research could explore the long-term health outcomes of such dietary improvements, particularly among children in migrant-sending households.

**Table 7.12**

*Remittance and Household Nutrition*

Nutrition	Strength	Control	Treatment	Total	$\chi^2$	P-Value
Enjoy: Three times meal	regularly	207(80.50)	235(91.40)	442(86.00)	18.054	0.001***
	Once a day	10(3.90)	9(3.50)	19(3.70)		
	1/2 times a week	20(7.80)	10(3.90)	30(5.80)		
	Sometimes a month	16(6.20)	3(1.20)	19(3.70)		
	Never/Seldom	4(1.60)	0(0.0)	4(0.80)		
Enjoy rice/pulse curry	regularly	201(78.20)	231(89.90)	432(84.00)	15.594	0.004***
	Once a day	24(9.30)	15(5.80)	39(7.60)		
	1/2 times a week	11(4.30)	4(1.60)	15(2.90)		
	Sometimes a month	19(7.40)	5(1.90)	24(4.70)		
	Never/Seldom	2(0.80)	2(0.80)	4(0.80)		
Enjoy: fruits and milk	regularly	174(67.70)	207(80.50)	381(74.10)	17.769	0.001***
	Once a day	15(5.80)	8(3.10)	23(4.50)		
	1/2 times a week	45(17.50)	37(14.40)	82(16.00)		
	Sometimes a month	20(7.80)	5(1.90)	25(4.90)		
	Never/Seldom	3(1.20)	0(0.00)	3(0.60)		
Enjoy fish/meat/eggs	regularly	6(2.30)	6(2.30)	12(2.30)	19.822	0.001***
	Once a day	2(0.80)	4(1.60)	6(1.20)		
	1/2 times a week	203(79.00)	233(90.70)	436(84.80)		
	Sometimes a month	42(16.30)	13(5.10)	55(10.70)		
	Never/Seldom	4(1.60)	10.40()	5(1.00)		

(Figure in parentheses shows in percentage). (N=514)

Source: Results from data analysis \*\*\* indicates 1% level of significance

### 7.3 Education Status

Education is another component of human capital along with the health index. Until and unless educational development, the overall development of human being cannot be expected. Hanushek and Woessman (2012) stated that it enables people to find high wage employment and provides various opportunities due to their high cognitive skills and formal schooling is the primary source of education. Similarly, Ridker (1997) stated about the determinant factor of child education that socio-economic factors are more important than school characteristics in determining student achievement.

### 7.3.1 Quality of Education: School Choice

The study posits that privatization in education contributes to an enhancement in the quality of education compared to public education. The alternative hypothesis, therefore, asserts that there is a significant difference in the quality of education between private and public schools, favoring private institutions.

H3 j: Foreign employment enhances households to choose private schools for the education of their children.

Table 7.13 indicates a strong impact of foreign employment on the school choice of respondents. In the control group, 4 respondents reported their first child not going to school, while this figure was nil in the treatment group. Moreover, 12 respondents from the control group and 10 from the treatment group noted that their first child initially attended a boarding school for basic education and later transitioned to a government school, emphasizing the influence of foreign employment on school preferences.

The Chi-square test revealed statistical significance at the 5 percent level, leading to the rejection of the null hypothesis and the acceptance of the alternative hypothesis. This supports the claim that there is an association between foreign employment and the choice of school.

Concerning the second child, 102 respondents from the migration control group enrolled their child in a public school, whereas the treatment group had 82 respondents making the same choice. Notably, 95 respondents from the control group opted for boarding schools, while this number increased to 134 in the treatment group. The decision to enroll the second child in a boarding school for basic education, followed by a transition to a government school for secondary education, was also more prevalent in the control group. This variable was statistically significant at 5 percent level, affirming the association between foreign employment and the decision to enroll the second child in a boarding school.

For the third and fourth children, the ratio of enrollment in government schools was higher in the control group, while the treatment group had a higher share of enrolling them in boarding schools. The Chi-square test indicated statistical significance at 5 percent level for both variables, reinforcing the association between foreign employment and the pursuit of quality education for the third and fourth children. Thapa (2015) supports this perspective, asserting that private schools in Nepal

demonstrate higher pass rates and average scores compared to public schools. According to Thapa, the average score for students in private schools is 60.97, whereas it is 44.34 for students in public schools. The overall pass rate for students is 51.13 percent, with a substantial difference observed between private and public-school students, at 87.2 percent and 45.12 percent, respectively.

**Table 7.13***Remittance and School Choice*

Child	School Status	Control	Treatment	total	$\chi^2$	P-value
First child	government school	111	92	203	9.957	0.041**
	boarding school	125	154	279		
	basic boarding, secondary	12	10	22		
	government	4	0	4		
	doesn't go to school	1	0	1		
	Not enrolled	1	0	1		
	Total	253	256	509		
Second child	government school	102	82	184	8.688	0.034**
	boarding school	95	134	229		
	basic boarding, secondary	9	7	16		
	government	3	2	5		
	doesn't go to school	3	2	5		
	Total	209	225	434		
Third child	government school	39	40	79	10.019	0.04**
	boarding school	30	68	98		
	basic boarding, secondary	3	2	5		
	government	3	1	4		
	doesn't go to school	0	1	1		
	Not enrolled	0	1	1		
Total	75	112	187			
Fourth child	government school	11	10	21	8.905	0.031**
	boarding school	10	34	44		
	basic boarding, secondary	2	1	3		
	government	1	0	1		
	doesn't go to school	1	0	1		
	Total	24	45	69		

Source: Results from data analysis N=514)

\*\* 5% level of significance

### 7.3.2 Class Repetition

Another index for examining the index of human capital is the status of class repetition. It is considered from the parent's perspective that the class repetition in the public school is higher than private school. Kyereko et al. (2022) revealed that the students with irregular attendance, from poorer families, over age students, working domestically in homes, frequently repeat the classes in school level. In the context of Nepal, the respondents who are not involved in foreign employment are, either extremely rich with nuclear family or extremely poor family who cannot manage the migration cost; are in migration control group. This study conceives that majorly, the children from migration control family repeat the class frequently due to unfavorable situation in school education. So, empirically testable hypothesis was set as:

H3 k: Foreign employment reduces the status of class repetition among the children.

Table 7.14 illustrates the class repetition status of children, revealing noteworthy associations with foreign employment. In the control group, the failure status of the first child amounted to 52, while the migration treatment group showed a lower count of 35. Conversely, the not-failed status of the first child in the control group was 201, compared to 221 in the migration treatment group. This variable demonstrated statistical significance at 5 percent level, allowing for the rejection of the null hypothesis and the acceptance of the alternative hypothesis. This supports the claim that there is an association between class repetition and foreign employment.

Similarly, the Chi-square test results indicated that the class repetition status of the second child was statistically significant at the 5 percent level of significance. Furthermore, the class repetition status of the third and fourth child reached statistical significance at the 1 percent level. These results collectively substantiate a strong association between class repetition and foreign employment.

**Table 7.14***Remittance and Class Repetition*

<b>Child</b>	<b>Fail Status</b>	<b>Control</b>	<b>Treatment</b>	<b>Total</b>	<b><math>\chi^2</math></b>	<b>P-value</b>
First	Not Failed	201	221	422	4.252	0.039**
	Failed	52	35	87		
	Total	253	256	509		
Second	Not Failed	181	204	385	3.869	0.049**
	Failed	32	20	52		
	Total	213	224	437		
Third	Not Failed	64	98	162	7.415	0.006***
	Failed	16	7	23		
	Total	80	105	185		
Fourth	Not Failed	21	43	64	8.081	0.004***
	Failed	8	2	10		
	Total	29	45	74		

*Source: Results from data analysis (N=514)*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance*

### **7.3.3 Literacy of Respondents**

The incidence of literacy among the household head and spouse was measured by ability to read, write and perform basic family calculations assuming that the level of literacy was higher among the treatment group than the control group as they have seen and involved in various events, works and activities to show their literacy performance. In this case, the empirically testable hypothesis was set as;

H3 I: Foreign employment enhances the status of literacy in the households.

Table (7.15) presents the status of literacy of respondents and their husbands in treatment and control groups. More than 91 percent of the husband of respondents could read while 89 percent could write and 90 percent could perform basic calculation from the control category. Similarly, 94 percent could read, 90 percent could write and 94 percent could perform basic oral family calculations from the treatment category. The statistical result of chi-square test shows that neither of these variables are significant at any level which shows that there was no significant difference between the literacy of treatment and control groups.

Regarding the literacy of wife; 83 percent, 81 percent, and 83 percent could read, write and perform basic calculation respectively from the control group while this share of literacy among the treatment group was 91 percent, 85 percent, and 87 percent respectively. This higher level of literacy in the head and spouse of the family also supports Nepal government to make literate Nepal. Reading category of wife was statistically significant at 5 percent level and showed the association of foreign migration and reading capacity of wife. It can be considered that higher reading ability among the wives of treatment group may support that they were eager to read the message and mail sent by their husbands who were working in the far distance from their family. Other two variables from the literacy of wife were not significant and did not show the significant association between the literacy and foreign migration.

**Table 7.15**

*Remittance and Literacy of Family Head*

Literacy	Control Group		Treatment Group		$\chi^2$	P-value
	Yes Frequency	No Frequency	Yes Frequency	No Frequency		
Husband:						
Reading	221(91.30)	21(8.70)	236(94.00)	15(6.00)	1.328	0.249
Writing	210(88.60)	27(11.40)	222(90.20)	24(9.80)	0.342	0.559
Basic calculation	221(90.20)	24(9.80)	238(93.70)	15(5.90)	3.545	0.17
Self:						
Reading	206(83.40)	40(16.20)	221(90.60)	40(16.20)	6.096	0.047**
Writing	196(81.30)	45(18.70)	207(84.80)	37(15.20)	1.062	0.303
Basic calculation	204(82.60%)	43(17.40%)	218(87.20)	32(12.80)	2.06	0.151

*(Figure in parentheses shows in percentage).*

*Source: Results from data analysis (N=514)*

*\*\* 5% level of significance*

#### 7.4 Social Association

This study conceives that migration treatment groups are comparatively more generous in terms of social networking such as visiting friends and relatives, attending in fest and festivals and community members in their happiness and sorrows. Therefore, the empirically testable hypothesis was set as;

H3 m: Foreign employment increases the status of association in social organization.

The table shows that 23.3 percent households from control group and 14 percent from treatment group did not involve in any of the organization, whereas the involvement of social organization was 77 percent households from the control group and 86 percent households from migration treatment group. This variable was statistically significant at 1 percent level of significance rejecting that there is not any association between the foreign employment and social network.

**Table 7.16**

*Remittance and Social Association*

Association (N=514)	Strength	Control	Treatment	Total	$\chi^2$	P-Value
Association with organization	No	60(23.30)	36(14.00)	96(18.70)	7.378	0.007***
	Yes	197(76.70)	221(86.00)	418(81.30)		

*(Figure in parentheses shows in percentage).*

*Source: Results from data analysis (N=514)*

*\*\*\* indicates 1% level of significance*

#### 7.4.1 Attitudes Towards the Society

The next indicator of evaluating the social network was the feeling of the people living to the community. It was observed by drawing their attention and comprehensive attitude regarding the wellbeing and trust towards the society. This analysis focuses on five key variables: improvement in economic condition, increase social access, assistance in contingencies, enhancement of soul social, moral and cultural conditions, increased entertainment, and whether society is benefit from migration. In this situation, empirically testable hypothesis was created as:

H3 n: Foreign employment enhances the positive attitude towards the community.

The findings in Table 7.17 illustrate the significant impact of foreign employment on community attitudes, particularly when comparing control and treatment groups. Notably, 60.3% of the treatment group reported improvements in economic conditions, compared to 48.6% in the control group, with this difference being statistically significant at the 1% level. Similarly, social access improved for 58% of the treatment group versus 49% in the control group, significant at the 5% level.

However, when assessing the ability to receive help during emergencies, 63% of the treatment group reported positive experiences compared to 56% in the control group, but this difference was not statistically significant.

In terms of moral and cultural benefits, 74% of the treatment group felt positively affected compared to 64% of the control group, significant at the 5% level. The data showed that 63% of the treatment group reported improvements in entertainment and recreation compared to 54% from the control group, again significant at the 5% level.

Conversely, only 46% of the treatment group believed society would benefit from foreign employment, compared to 38% of the control group, with no significant difference. This indicates a gap in recognizing the broader societal impacts of foreign employment.

In conclusion, while foreign employment positively influences economic conditions, social access, and cultural aspects, the effects are not uniform across all dimensions of community well-being. Further research is needed to explore these nuances and fully understand the implications of foreign employment on societal development.

**Table 7.17**

*Remittance and Benefit from/to the Society*

Association (N=514)	Status	Control	Treatment	Total	$\chi^2$	P-Value
Improved economic condition	No	132(51.40)	102(39.70)	234(45.50)	7.06	0.008***
	Yes	125(48.60)	155(60.30)	280(54.50)		
Increased social access	No	130(50.60)	107(41.60)	237(46.10)	4.142	0.042**
	Yes	127(49.40)	150(58.40)	277(53.90)		
Helpful in contingencies	No	113(44.00)	94(36.60)	207(40.30)	2.92	0.087
	Yes	144(56.00)	163(63.40)	307(59.70)		
Improved in soul, Moral, and cultural condition	No	92(35.80)	67(26.10)	159(30.90)	5.691	0.017**
	Yes	165(64.20)	190(73.90)	355(69.10)		
Increased in entertainment	No	118(45.90)	96(37.40)	214(41.60)	5.691	0.017**
	Yes	139(54.10)	161(62.60)	300(58.40)		
Society will get benefit	No	159(61.90)	138(53.70)	297(57.80)	3.517	0.061
	Yes	98(38.10)	119(46.30)	217(42.20)		

*(Figure in parentheses shows in percentage).*

*Source: Results from data analysis (N=514)*

*\*\* 5% level of significance and \*\*\* indicates 1% level of significance*

### 7.4.2 Networking

Another index of measurement of social network is the inclusion of the respondents in the society and winning their hearts by own behavior. Sharing the ideas and helping them in need and taking help from them in need. In general, making them close. In this regard, the empirically testable hypothesis was set as:

H3 o: Foreign employment increases the social network.

The result from independent sample t-test revealed that the average mean value of close friends and relatives of the treatment group was 4.7 whereas, the mean value of control group was 3.7. There was difference in mean of the two groups and the result of t-test revealed that this variable was statistically significant at less than 1 percent level of significance.

**Table 7.18**

*Remittance Treatment Group and Control Group with Respect to Network*

Inclusion	Treatment		Control		t-value	P-value
	Mean	SD	Mean	SD		
Close friends	4.7315	3.29801	3.751	2.9115	-3.573	0.000***

*(Figure in parentheses shows in percentage). (N=514)*

*Source: Results from data analysis. \*\*\* indicates 1% level of significance*

### 7.5 Social Trust

The next index for gauging social trust is derived from the respondents' perspectives towards members of society. This involves assessing the respondents' beliefs, attitudes, and behaviors towards their fellow community members. The focus is on determining whether the respondents perceive the members of their community as trustworthy and helpful or as selfish and untrustworthy. A five-point Likert scale was employed to capture the varying degrees of respondents' perceptions.

The hypothesis formulated for this index aims to investigate the correlation between respondents' perceptions and their overall level of trust in society. This hypothesis serves as the basis for exploring the intricate dynamics of social trust within the community.

H3 p: Foreign employment enhances the positive perspectives towards the members of the community.

**Table 7.19***Attitude for Social Trust (n=514)*

<b>Statements</b>	<b>Foreign Employment</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
The people of my community are trust worthy	Treatment	110(43)	52(20)	36(14)	51(20)	8(3)
	Control	95(37)	61(24)	36(14)	50(19)	15(6)
The people are selfish and want to take only from me. *	Treatment	58(23)	79(31)	49(19)	65(25)	6(2)
	Control	77(30)	85(33)	44(17)	48(19)	3(1)
The people of my area are helpful.	Treatment	83(32)	110(43)	42(16)	20(8)	2(1)
	Control	82(32)	95(37)	44(17)	29(11)	7(3)
People don't trust one another to grant financial help at the time of need. *	Treatment	24(9)	38(15)	45(18)	96(37)	54(21)
	Control	42(16)	49(19)	41(16)	75(29)	50(20)
<i>(-) Negative Statements</i>		<i>SA-strongly agree (5)</i>		<i>A-agree (4)</i>		
		<i>N-Neutral (3)</i>		<i>D-disagree (2)</i>		
		<i>SD-Strongly disagree (1)</i>				

*Source: Results from data analysis Note: Number in parenthesis represent the percentage.*

Each item in the survey was rated on a five-point Likert scale, where higher scores indicated a greater level of social trust in society. In the case of negative statements, scores were reversed to ensure consistency. The total scores for each respondent were computed by summing up the scores for all items.

The mean attitude score, calculated to be 13.92, served as a benchmark for categorizing attitudes. Respondents were then divided into two groups based on their attitude scores. More than half of the respondents (59.3%) fell into the category with attitude scores at or above the mean, indicating a relatively high level of social trust. On the other hand, less than half of the respondents (40.7%) exhibited attitude scores below the mean, reflecting a comparatively lower level of social trust. This categorization provides insights into the distribution of social trust attitudes within the surveyed population.

**Table 7.20**

*Level of Attitude Regarding Social Trust Among Respondents (N=514)*

<b>Level of Attitude</b>	<b>Number</b>	<b>Percentage (%)</b>
≥13.92(Mean score and above)	305	59.3%
<13.92(Below mean score)	209	40.7%

*Mean Score (SD):13.92 (±2.19) Minimum- 7 Maximum- 19*

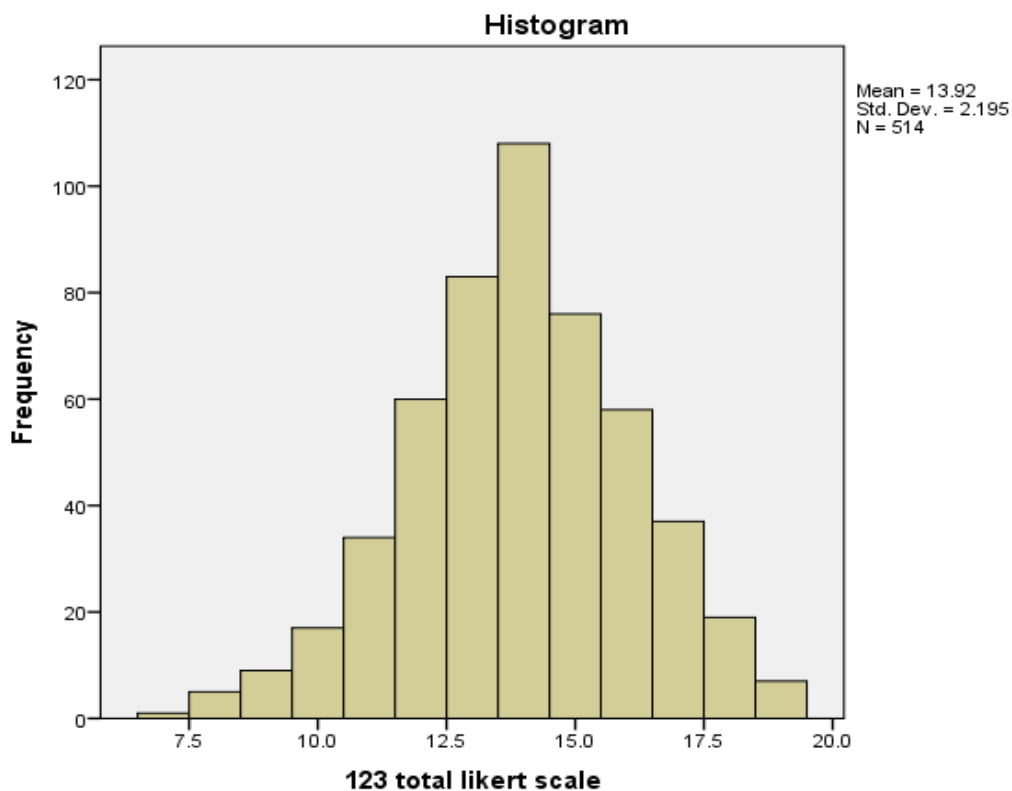
*Possible Score: 1 to 20*

*Source: Results from data analysis*

The computed Likert scale is shown in the following graph.

**Figure 7.2**

*Level of Attitude Regarding Social Trust Among Respondents*



*Source: Results from data analysis, (N=514)*

### *Bivariate Analysis*

In this sub-section of the findings, association between foreign employment and attitude for social trust were analyzed using chi-square test at 95% confidence interval. It was

found that the relation between foreign employment and social trust were statistically insignificant.

**Table 7.21**

*Association between Foreign Employment and Social Trust*

Mean Score	Foreign Employment		Total	$\chi^2$
	No	Yes		
Mean and above	101	108	209	10.276
Below mean	156	149	305	-0.592
Total	257	257	514	

*Source: Results from data analysis*

The  $X^2$  test reported in table 7.21 shows that there is no association between foreign employment and social trust.

**Table 7.22**

*t-Test for Test of Difference Between Means*

Likert Scale Score for Social Trust	Foreign Employment:	Mean	T- Value	P- Value
	Control	14.06	1.469	0.143
	Treatment	13.78		

*Null Hypothesis:  $\mu_1 = \mu_2$  (Means of two groups are equal) (N=514)*

*Alternative Hypothesis:  $\mu_1 \neq \mu_2$  (Means of two groups are not equal)*

*Source: Results from data analysis*

The computed t-statistic in table 7.22 is statistically insignificant. Hence, we reject the alternative hypothesis and accept the null hypothesis. Again, from the table, it is inferred that mean score of foreign going people is less than those who are not going in foreign employment. Hence, people not going to foreign employment could trust people in society more than those who are going for foreign employment. It means that, foreign employment doesn't increase the social trust in society.

This section presents a rigorous analysis of the social impacts of remittances on households, with a particular focus on women's empowerment, healthcare, nutrition, education, and social networks. Using t-tests, Chi-square tests, Likert scale analysis, and descriptive statistics, the study confirms that remittances contribute significantly to micro-level social transformation within migrant-sending households.

Women's empowerment emerges as a central outcome of foreign employment. The five-point Likert scale indicates a notable enhancement in women's self-expression in social and familial settings. These findings are statistically validated by the t-test and Chi-square test at the 1% and 5% significance levels, respectively. Decision-making autonomy was further explored across nine domains. Statistically significant differences between migrant and non-migrant households were found in decisions concerning child education (5% level), and in areas such as durable goods purchase, household expenditure, family health, and broader family issues (1% level). While decision-making on savings and senior family members' property was not significantly different, the overall trend points to increased leadership among women in migrant households.

Social participation, another dimension of empowerment, was significantly higher among women in migrant households. The relationship between remittances and increased social involvement was found to be statistically significant at the 1% level. On matters such as future job prospects for children, 78% of female household heads in migrant families reported joint consultation with their spouses, compared to 72% in non-migrant families, with this variable significant at the 5% level.

Health and nutrition indicators showed clear improvements associated with remittance inflows. Vaccination rates were higher among treatment households (98% vs. 94%), and the reliance on traditional healers was lower (1% vs. 7%). More respondents in the treatment group opted for private healthcare and hospital births, with significance observed particularly for the first child. Hospital visitation frequency was also higher in migrant households, with a mean of 4.05 compared to 3.21 in the control group a difference significant at the 1% level.

Nutritional access was another area where migrant households outperformed non-migrant counterparts. About 90% of treatment households reported regular access to three meals per day compared to 80.5% in control households. The ability to afford a variety of nutritious foods, including rice, pulses, curry, fruits, milk, and meat, was significantly associated with remittance income ( $p < 0.01$ ).

Education outcomes revealed similar trends. Migrant households were more likely to enroll their children in private schools, with a significant association observed at the 5% level. Class repetition was lower among migrant children, with first and second child repetition rates significantly different at the 5% and 1% levels, respectively. Literacy analysis showed that wives in migrant households were more

likely to be literate (significant at 5%), though writing and basic numeracy skills did not show significant variation.

Social networks also benefited from migration. Migrant households reported greater improvements in social connectivity and access. Chi-square results show significance at the 1% and 5% levels, respectively, for different dimensions of social inclusion. Engagement in entertainment, cultural activities, and close friend networking was also statistically significant, with the latter showing the strongest association ( $p < 0.01$ ). However, generalized trust in the community remained unaffected, with no significant difference between the groups.

## CHAPTER VIII

### SUMMARY, FINDINGS AND CONCLUSION

#### 8.1 Summary

This study examines the migration and remittance situation in Nepal, focusing on the major determinants of international migration and the economic and social impacts of remittances at the household level. The analysis is based on empirical data collected from a sample survey of 514 households with equal share of foreign migration and non-migration households in three districts of Gandaki Province: Myagdi, Lamjung, and Nawalparasi Bardaghat-Susta East. Secondary data from various sources were utilized to provide a comprehensive overview of migration and remittances.

To identify the key determinants of migration, binary logit and probit models were employed using E-Views software. The findings indicate that the primary destinations for Nepali migrants are the Arabian Gulf and Malaysia, with remittances consistently increasing their share of Nepal's GDP. The study identified several significant determinants of migration, including household size, male household head, Janajati ethnicity combined with education, age square of the household head, landholding size, and expected income in the destination country.

Regarding the economic impacts of remittances, the analysis revealed positive effects on migrant households, such as increased in: income, assets, consumption patterns, land and building ownership, and savings. The statistical significance of these economic variables was confirmed using independent sample t-tests and the results were estimated by using chi-square tests for more consistency. The result derived by using both the estimator were found that nearly all variables were statistically significant at the 1% level of significance.

In terms of social impacts, the study utilized chi-square tests, independent sample t-tests, and Likert scale assessments. Results indicated that women in migrant households demonstrated improved communication skills, leadership abilities in household decision-making, and greater social involvement. Migrant households reported better family nutrition, increased hospital visits, and enhanced educational opportunities for their children. However, they exhibited a weaker tendency to trust local community members compared to non-migrant households. Overall, this research

highlights the multifaceted effects of migration and remittances on both economic and social dimensions in Nepalese households.

## 8.2 Major Findings

The objective-wise major findings of the study are presented as follows:

### *Status of Migration and Remittances*

- Top destination of Nepalese migrants are the countries of GCC and Malaysia. Among which, Qatar is the first destination of Nepalese migrant workers hosting 1278007 migrants from Nepal up to mid-march 2022. Malaysia is the second destination, hosting 1258888 Nepalese migrants, followed by Saudi Arabia in the third position, which was the home of 1048987 Nepalese migrant workers. United Arab Emirates and Kuwait are the fourth and fifth migrants receiving countries from Nepal hosting 675573 and 157192 Nepalese migrant workers respectively in the year 2022. Till mid-march 2022, the total number of new and re-approval workers for taking the work permit for foreign employment reached to 5665226, on which the share of male and female was 5348814 and 316412 respectively.
- Numerous labour related cases are filed in the courts regarding fault, assault, unemployment, risky jobs, low payment and no payment, and arriving of thousands of dead bodies of Nepalese youths are the dark side of a country created by foreign employment. Total of 8104 Nepalese sacrificed their life in the name of foreign employment till mid-March 2022, on which, the number of male migrants is 7911 and that of female migrants is 193. Moreover, huge amount of state's fund is expended in to the injured and dead's family regarding rescue of uncared workers, dead body transportation, and health expenses to the injured workers and their family.
- The share of remittances to Nepal's GDP has increased significantly, rising from 1.77% in 1990/91 to a peak of 29.6% in 2015/16. This share decreased to 22.5% in both 2019/20 and 2020/21. The highest volume of remittances was recorded in 2018/19 at 879.3 billion rupees, followed by 961.1 billion rupees in 2020/21.
- Nepal was ranked as a fifth remittance receiving countries in the world in terms of GDP in the year 2019. Moreover, the official record of remittance inflows shows that share of remittances receiving household in Nepal was 23 percent

in 2008, but it has been increasing tremendously and reached to 55.8 percent in 2020.

#### *Findings from Descriptive Analysis*

- In terms of population density, Nawalpur has the highest and Myagdi the lowest. The average household size in all three districts is below the national average of 4.32, with Lamjung having the smallest (3.52), Myagdi the largest (3.67), and Nawalpur falling in between (3.61). Nawalpur also has the highest stock of international migrants, while Myagdi has the lowest.
- The study reveals notable demographic differences between migrant and non-migrant households. Household heads in non-migrant (control) groups were marginally older, averaging 47.42 years compared to 46.77 years in migrant (treatment) households. Interestingly, while non-migrant household heads and their spouses possessed higher education levels, children in migrant families showed better educational attainment. Gender distribution also varied significantly, with migrant households having larger family sizes - averaging 2.56 males and 2.67 females, versus 2.33 males and 2.22 females in non-migrant households.
- Foreign migration plays a significant role in income generation at the household level. Nearly 40% of households rely on remittances for their livelihood, followed by 34.82% depending on employment and wage earnings. Despite Nepal being an agricultural country, only 7% of households in the study area engage in agriculture for their livelihood. Additionally, 15% of households are involved in business activities, while another 7% depend on social transfers.
- The study reveals significant caste-based variations in migration patterns. Janajati communities showed the highest participation in foreign migration (58%), followed by other castes (50%), Chhetri/Brahmin (47%), Dalit (46%), and Adibashi/Tharu/Madheshi groups (37.1%). These disparities highlight how ethnic identity influences migration decisions in Gandaki Province.
- Regarding the utilization of remittances, 23.92% of the remittances were utilized for daily consumption, indicating a significant contribution to meeting the immediate needs of households. Additionally, 20% of remittances were allocated to debt repayment for local money lenders and financial institutions.

- The primary motivation for foreign migration was the prospect of lucrative earnings in the destination country, with 86.4% of respondents citing this as a major reason. This was closely followed by the issue of unemployment in their place of origin, with 85.6% considering it a significant factor. The third major reason for foreign migration was reported as addressing livelihood problems, with 74% of respondents identifying this as a key driver.
- In terms of the main destination for Nepalese migrant workers, 45% of households reported the Gulf and the Middle East as the primary region, followed by the Asia Pacific, covering a 24% share of Nepalese migrants in the study area.
- Regarding the length of stay in the country of destination, the majority of respondents (54.5%) reported a stay of less than five years, while 31% indicated a working duration of five to ten years.
- Eighty percent of respondents reported that only one member of their household had sought foreign employment. Furthermore, a significant 90% of migrants did not bring their children with them to the destination country.
- The findings showed that 13% of household heads were female and 87% were male in the migration control group. In contrast, the migration treatment group had a significantly higher proportion of female household heads at 61%, with 39% being male. Furthermore, foreign employment was found to be a catalyst for larger family sizes.
- The results revealed that 61.5% of respondents in the control group and 59.9% in the treatment group used their land for crop production, while the remaining respondents did not cultivate crops. In livestock rearing, 65.6% reported not using their land for this purpose, and only 4.3% utilized it for non-agricultural activities like forestry. Regarding land rental, 90.1% did not rent out their property, with 16% of the treatment group leaving their land unused compared to 3.9% in the control group. Overall, 89.3% of respondents used their land for residential purposes.
- It was observed that the majority of foreign migrants from the Asia Pacific, Indian Sub-Continent, and the Gulf and Middle East regions send remittances on a monthly basis, followed by a quarterly basis. In contrast, the majority of

migrants from Australia, and Europe and America send back their remittances on a half-yearly basis or later.

- Remittance companies provide 56.4% of remittances to left-behind households, followed by banks at 47.1%. Notably, 7.8% of migrants do not send remittances. About 47.1% of respondents are reluctant to use informal channels, while 30.4% bring remittance money home themselves. Despite the Nepalese government's illegalization of Hundi, 18.7% of respondents still use it due to its cost-effectiveness.
- Migrant workers predominantly send kind remittances, with mobile phones accounting for 73.2% of these, followed by clothes, suitcases, and bags (26.8%), and laptops and computers (26.1%). Only 12.8% of respondents reported sending TVs, the smallest share among kind remittances.

#### *Determinants of Migration*

- The size of landholding emerged as a significant determinant of foreign employment, with a coefficient of 0.332 that is statistically significant at the 5% level. This positive coefficient indicates that an increase of one Kattha in landholding raises the probability of foreign employment by 33%. Household income was also a critical factor; this variable showed statistical significance at less than the 1% level, suggesting that higher household income, driven by foreign employment, correlates with an increased likelihood of migration.
- Additionally, household size was identified as a key determinant of foreign migration, with its coefficient being statistically significant at the 1% level. Male-headed households were also significant, with a coefficient that reached statistical significance at less than 1% level. The Janajati ethnicity and the education level of the household head were found to be collectively significant at the 5% level.
- Moreover, the square of the household head's age was statistically significant at the 3% level. Other variables included in the model; such as the Terai and urban dummies, the household head's occupation, migration experience, young age dependency, and the average value of land and buildings: were not statistically significant.

### *Economic Impact of Remittance*

- The study assessed six economic impact variables, among which the size of the senior member's land was statistically significant at the 5% level. The migrant group had a mean landholding of 3.90 Katthas, compared to 2.09 Katthas in the non-migrant group. Additionally, the value of the husband's land and the value of the wife's land were both statistically significant at the 1% level. Furthermore, the value of the husband's house was significant at the 5% level, while the value of the wife's house was significant at the 1% level.
- The study examined fourteen different types of assets, with independent sample t-tests revealing that eight assets were statistically significant. Six assets: television, camera, gold, silver, mobile phone, and fans were significant at the 1% level, while motorcycle and computer were significant at the 5% level. The average value of assets also showed statistical significance at the 1% level.
- The study further analyzed five principal sources of household income: (1) wages, salaries, and self-employment; (2) agricultural activities and related enterprises; (3) non-agricultural businesses; (4) foreign employment; and (5) social transfers and other miscellaneous sources. Results from an independent samples t-test demonstrated that income from each of these sources differed significantly between the migration treatment and control groups, with all differences being statistically significant at the 1% level ( $p < 0.01$ ). These findings highlight marked disparities in income composition, particularly affirming the pivotal role of foreign employment as a distinct and influential determinant of household income. The results underscore the structural dependence of migrant households on remittance flows and suggest broader implications for income inequality and economic stratification within the study area.
- The economic impact of remittances on consumption was assessed across fourteen different categories, with eleven showing statistically significant differences between the migration treatment and control groups. Seven expenditure categories, including mean expenditure on food, alcohol, mobile phones, cosmetics, health and medicine, social courtesy, and entertainment, were significant at the 1% level. Consumption on water and electricity, clothing, and education were significant at the 5% level. The overall aggregate value of

the fourteen expenditures of consumption was also statistically significant at the 1% level.

- In terms of livestock farming, the study examined categories such as cows, buffaloes, goats, pigs/boars, and hens/chickens. However, no significant differences were found between the two groups regarding livestock numbers or estimated market value except boar and pig.
- Additionally, the study assessed households' capacity to save, with a specific focus on their ability to manage emergency expenditures. Savings capacities were categorized based on the ability to cope with financial emergencies of varying magnitudes: up to NRs. 10,000, up to NRs. 30,000, and amounts exceeding NRs. 30,000 to NRs. 50,000. A further category was included to evaluate long-term economic resilience, particularly in terms of debt settlement capabilities. The independent sample t-test revealed that all savings capacity variables were statistically significant at the 1% level, demonstrating pronounced differences in savings capabilities between households with members engaged in foreign employment (treatment group) and those without (control group). These findings underscore the significant role of foreign employment in enhancing households' financial resilience and long-term economic stability.

#### *Social Impact of Remittance*

- Foreign employment has significantly enhanced women's ability to articulate their views in various contexts, including interactions with friends, family, group discussions, mass meetings, and government officials. Both the Chi-square test and independent sample t-test yielded statistically significant results, confirming this empowerment.
- The study evaluated women's empowerment in family decision-making across nine key domains: child education, purchasing and selling goods and services, savings and bank balances, household expenditures, and family health, among others. The analysis revealed statistically significant results in several critical areas, including decisions related to child education, the acquisition and sale of durable goods, family-related matters, household expenditures, hiring domestic help, family health, and the management of personal property. Overall, women's empowerment in family decision-making was found to be statistically

significant at the 1% level, providing robust support for the alternative hypothesis. These findings highlight the transformative role of empowerment in enhancing women's agency and influence within household decision-making processes.

- There was a perfect association between the foreign migration and women's participation in social gatherings, this variable is statistically significant at the 1% level, highlighting the impact of foreign employment on women's engagement in social activities.
- Additionally, women's perspectives on the future jobs and professions of their children were analyzed. The results indicated statistical significance at the 5% level, suggesting that foreign employment influences women's views on the career paths of their family members.
- In terms of healthcare, the study examined vaccination rates for children between the migration treatment and control groups using a Chi-square estimator. This variable was statistically significant at the 5% level, indicating a mild association between the migration treatment group and child vaccination rates.
- The healthcare index also included actions taken during sickness, which was statistically significant at the 1% level, as well as awareness regarding the place of delivery for neonates, which was significant at the 5% level.
- The frequency of hospital visits was another healthcare variable, showing that migration treatment households visited hospitals an average of 4.05 times in the last six months, compared to 3.21 visits from the control group, which was statistically significant at the 1% level, indicating a strong variance between the two groups.
- The nutritional index, reflecting access to balanced meals, showed that 90% of treatment group respondents accessed three meals daily, compared to 80.5% in the control group, a statistically significant difference at the 1% level. Access to basic food was also significant at the 1% level, as were other nutritional variables related to fruits, milk, and protein sources, highlighting a strong association between remittances and family nutrition.
- Regarding education, the choice of school for respondents' first child was statistically significant at the 5% level. Class repetition rates indicated a higher

incidence in non-migrant families, with the status of first and second children showing significance at the 5% level and third and fourth children at the 1% level. Literacy levels among household heads and spouses were assessed; while no significant association was found for writing and basic family calculations, the reading status of wives was statistically significant at the 5% level, demonstrating an association between foreign employment and women's reading skills.

- The analysis of social networks revealed significant differences between migrant and non-migrant households. Treatment group members reported greater social access ( $p < 0.05$ ) and more positive experiences in social, moral, and cultural domains (74% vs 64% in controls,  $p < 0.05$ ). Recreational opportunities also showed significant association with migration status ( $p < 0.05$ ). However, no significant differences emerged in contingency support ( $p > 0.05$ ) or perceived societal benefit ( $p > 0.05$ ). Notably, two-thirds of examined social network variables demonstrated statistically significant associations with migration status, suggesting meaningful impacts on social connectivity.

The study examined migration's impact on community perceptions through four key dimensions: (1) perceived trustworthiness of neighbors, (2) views on community selfishness (negative indicator), (3) perceived helpfulness of locals, and (4) confidence in financial support from community members (negative indicator). Statistical analysis using both Chi-square and independent samples t-tests revealed no significant associations ( $p > 0.05$ ) between migration status and any of these attitudinal measures. These null findings suggest that foreign employment, while transformative at the household level, does not significantly alter fundamental perceptions of community dynamics in Gandaki Province.

### **8.3 Conclusion**

The study on "Migration and Remittance Inflows in Nepal with Special Reference to Gandaki Province" provides a comprehensive analysis of the trends, determinants, and socio-economic impacts of migration and remittances in Nepal. The findings highlight the critical role of foreign employment in shaping household economies, social structures, and gender dynamics, particularly in Gandaki Province. On the basis of major findings, the study concludes as below:

Nepal's labor migration is heavily concentrated in Gulf Cooperation Council (GCC) countries and Malaysia, with Qatar, Malaysia, and Saudi Arabia being the top destinations. However, this migration comes at a significant human cost, as evidenced by the alarming number of migrant deaths (8,104 by mid-March 2022) and labor exploitation cases. Despite these risks, remittances have become a cornerstone of Nepal's economy, contributing up to 29.6% of GDP in 2015/16 and sustaining 55.8% of households in 2020. The study reveals that remittances are primarily used for daily consumption (23.92%) and debt repayment (20%), indicating their role in immediate financial stability rather than long-term investments.

The study identifies several key factors influencing migration decisions. Landholding size, household income, household size, male-headed households, and Janajati ethnicity significantly increase the likelihood of migration. Interestingly, while larger landholdings (an additional 1 Kattha) increase migration probability by 33%, higher household income, often a result of remittances, further encourages migration, suggesting a self-reinforcing cycle of labor outflow. Additionally, the education level of household heads plays a role, though its impact is secondary to economic factors. These findings align with the push-pull migration theory, where economic deprivation and lack of local opportunities drive migration, while higher remittance returns sustain it.

Remittances have a profound effect on household economies, particularly in asset accumulation, income diversification, and consumption patterns. Migrant households possess significantly higher land values, housing assets, and durable goods (TVs, gold, motorcycles, etc.) compared to non-migrant households. Income sources also differ markedly, with foreign employment contributing substantially to household earnings, reducing reliance on agriculture.

However, remittances are primarily directed toward consumption rather than productive investments, raising concerns about long-term economic sustainability. While migrant households exhibit greater financial resilience (higher savings and emergency funds), the lack of investment in agriculture or entrepreneurship suggests a missed opportunity for structural economic transformation.

The study highlights the transformative social effects of remittances, particularly on gender dynamics and women's empowerment. Women in migrant households demonstrate greater decision-making authority in family matters, including child

education, property management, and healthcare. Their participation in social gatherings and community engagements also increases, reflecting improved social mobility. Additionally, remittance-receiving households show better healthcare access, nutrition, and education outcomes. Children in these households are less likely to repeat classes, and families have higher hospital visitation rates and better dietary diversity. However, the study also notes no significant change in community trust or social cohesion, suggesting that while remittances improve individual household welfare, they do not necessarily strengthen broader social capital.

The findings substantiate Lewis's (1954) theory of unlimited labor supply, demonstrating how Nepal's labor market exemplifies the classic transition from traditional agricultural sectors to modern industrial sectors abroad. Additionally, the research provides robust empirical support for Todaro's (1969) migration model, with 86.4% of migrants citing expected income gains as their primary motivation. Furthermore, the findings strongly align with migration network theory (Massey et al., 1993), demonstrating how established migrant networks (45% concentrated in Gulf countries) reduce information asymmetries and migration costs. Additionally, the study provides quantitative evidence of network effects, showing how chain migration patterns perpetuate flows independently of initial economic drivers. The world system theory aligns in the study with the core peripheral framework as Nepal a peripheral country sends its migrants to the core economies of Gulf and Malaysia along with other developed economies.

#### **8.4 Policy Implications**

##### *Strengthening Safe and Regulated Migration*

Given the heavy reliance on Gulf countries and Malaysia for foreign employment, Nepal must prioritize migrant safety and fair labor practices. The government should enforce stricter bilateral agreements to ensure decent wages, workplace safety, and legal protections. Pre-departure training programs should be expanded to cover financial literacy, legal rights, and occupational hazards, reducing exploitation by recruitment agencies. Additionally, a dedicated welfare fund and improved consular services are needed to support injured or deceased migrants' families, as the alarming number of deaths (8,104 by 2022) shows systemic vulnerabilities. Diversifying labor markets

beyond the Gulf, such as to East Asia and Europe could also reduce dependency on high-risk destinations.

#### *Promoting Productive Use of Remittances*

Remittances, which contribute nearly 30% of Nepal's GDP, are primarily spent on daily consumption (23.92%) and debt repayment (20%), limiting long-term economic growth. Policies should encourage productive investments by offering tax incentives for remittance-funded enterprises in agriculture, tourism, and small-scale industries. Financial literacy campaigns can guide households toward savings and investment rather than excessive consumption. Since migrant households own more land, initiatives like cooperative farming or leasing schemes could prevent underutilization. Furthermore, expanding formal banking access in rural areas will reduce reliance on informal channels like Hundi (still used by 18.7% of households).

#### *Empowering Women and Enhancing Human Capital*

With 61% of migrant households being female-headed, remittances have significantly improved women's decision-making power in education, healthcare, and property management. However, targeted programs are needed to further enhance their financial literacy and entrepreneurial skills. The positive impact of remittances on children's education (lower class repetition rates) and healthcare (higher hospital visits) suggests that incentivizing remittance allocations toward education funds and health insurance could amplify these benefits. Vocational training for women and youth could also reduce dependency on migration by creating local employment opportunities.

#### *Addressing Social and Economic Inequalities*

While remittances boost household incomes, they also exacerbate disparities between migrant and non-migrant families. Policies should focus on inclusive growth by supporting non-migrant households through skill development and microfinance programs. The decline in community trust among migrant households indicates a need for social cohesion initiatives, such as community-based remittance investment projects. Additionally, local governments in high-migration areas like Gandaki Province should implement programs that channel remittances into infrastructure, schools, and healthcare facilities to ensure broader societal benefits.

### *Institutional Reforms for Sustainable Migration Governance*

A comprehensive national migration policy is needed to integrate safe migration, remittance management, and returnee reintegration. Real-time data tracking on migration trends, remittance flows, and labor violations will enable evidence-based policymaking. Decentralized governance can help local authorities tailor programs, such as agricultural subsidies or SME support, to leverage remittances for regional development. Finally, collaboration with diaspora networks can facilitate knowledge transfer and investment opportunities, ensuring that migration contributes to Nepal's long-term economic transformation rather than just short-term survival.

#### **8.5 Suggestions for Future Researchers**

This study explores the determinants of migration and the socio-economic implications of remittances, utilizing an intensive sampling framework to gather comprehensive data from both remitters residing in destination countries and migrant households in Nepal. While the research spans a three-year period, the adoption of longitudinal data collection over an extended timeframe, such as a decade, would significantly enhance the robustness, reliability, and generalizability of the findings in future investigations.

The empirical results demonstrate that remittances exert a substantial influence on various dimensions of household welfare, including income levels, asset accumulation, consumption behaviors, and investments in land and property. Additionally, remittances are found to positively correlate with savings patterns. To further advance this line of inquiry, subsequent research could incorporate a broader array of variables, with particular attention to sector-specific variations and their nuanced impacts.

The study identifies 18 key variables as determinants of out-migration, with a focus on household-level factors such as the age, educational attainment, gender, income level, and landholding size of the household head. Social determinants, including caste identity (e.g., Janajati), also emerge as significant predictors of migration behavior. Future studies could expand this analytical framework by incorporating additional variables, such as housing quality and access to sanitation facilities, to provide a more comprehensive understanding of migration determinants.

As a cross-sectional study, this research is primarily concerned with identifying the principal determinants of migration. However, future investigations should adopt longitudinal methodologies to not only validate these determinants but also to examine

the temporal dynamics of remittance utilization and their evolving impact on household well-being. In conclusion, this study highlights the multifaceted role of remittances in shaping household socio-economic outcomes while underscoring the need for further research to unravel the complex interplay between migration determinants and remittance flows.

## APPENDICES

### APPENDIX-1: QUESTIONNAIRE SURVEY FORM

Questionnaire Survey

Dear respondents,

I am in the process of preparing PhD dissertation on "Migration and Remittance Inflows in Nepal with Special Reference to Gandaki Province".

Given the importance of your opinions, I would be grateful if you could kindly indicate your point of view with regard to each of the statements in this questionnaire. Any information or data obtained from you during this research will be treated confidentially. The following questions are supposed to be answered by the head of the household who has broad knowledge about various aspect of home, family and migrant characteristics. It may take around half an hour to complete answer. Thank you in anticipation for your cooperation and the time you spend in becoming a part of this research.

Thank you for your time and consideration:

Laxmi Prasad Dawadi

PhD Candidate

Tribhuvan University

Warm up Section:

Name of the respondent (Optional) \_\_\_\_\_ Index No. \_\_\_\_\_

Caste \_\_\_\_\_ Language \_\_\_\_\_

Migrant (Treatment) \_\_\_\_\_ Non-Migrant (Control) \_\_\_\_\_

INTERVIEWER: List the head of household first then other members of the household in the order from oldest to youngest.

**SECTION A: GENERAL INFORMATION**

S.N.	Q 1.01	Q 1.02	Q 1.03	Q 1.04	Q 1.05	Q 1.06
	Family Members (Relationship)	Mention gender: 1 Male 2 Female	Age (In years)	Education (Grade-completed/ currently studying)	Working Status 1 Self-employed (farming/business) 2 Employee 3 Foreign employments 4 Student 5 Unemployed 6 Housewife	Marital Status 1. married 2. Unmarried 3. Widow 4. Divorced
1						
2						
3						
4						
5						
6						
7						

**SECTION B: MIGRATION AND REMITTANCES (Fill this section if you are migrants)**

2. Please indicate the migration status of your family

	Situation	Status
2.1	Country of Migration	
2.2	Number of Migrants	
2.3	Gender of Migrants	
2.4	Nature of Work	
2.5	Number of Minors	
2.6	Duration	
2.7	Cost of First Migration	

3. State the major reason of migration of your family member. (INTERVIEWER: Multiple answers possible. Please Tick (√) the major five reasons)

3.1 Difficult to get job in my place

- 3.2 Conflict in my family and country
- 3.3 Difficult in maintaining livelihood
- 3.4 Lucrative earning
- 3.5 Peer pressure (friends and family)
- 3.6 Family's past migration history
- 3.7 Debt burden in my family
- 3.8 Others (please specify) .....
4. Remittances (Fill this section if your family receive remittances)
- 4.1 When did you get your first remittances money after migration (in months)?
- 
- 4.2 How often do you receive remittances (Total number of times in a year)
- a. Monthly      b. Quarterly      c. Half-yearly      d. Annually
- 4.3 State the forms of remittances that your family receives.

<b>Cash</b>	<b>Kind</b>
a. Formal i. Remit (IME etc.) ii. Bank b. Informal i. Friends and relatives ii. Hundi iii. Self	a. T.V. b. Gold, ornaments and other jewelries c. Laptop/ Computer d. Mobile e. Others (Please specify) ----- -----

- 4.4 Provide the utilization status of the money your family receives from remittances.

<b>Uses of Remittances</b>	<b>Yes (1)/No (2)</b>	<b>Per cent (Estimation)</b>
a. Purchase of land and house		
b. Investment in business		
c. Household consumption		
d. Loan repayment		
e. Health treatment		
f. Saving in bank		
g. Others (please specify)		

**SECTION C: ECONOMIC ACTIVITIES (Both the migrants and non-migrant households fill this section)**

5.1 What are the main sources of household income? Please rank, top five sources. (1 as the most important and 5 the least).

S.N.	Sources of Income in Priority Basis	Income Rs. (Yearly)
1		
2		
3		
4		
5		

- Labour, wage and, employment income of the household members. (Per month Rs.....)
- Income from the family agriculture and agriculture-based business. (Per month Rs.....)
- Income from the family business –non-agricultural based. (Per month Rs.....)
- Remittances from foreign employment (per month Rs.....)
- Social transfer; family or friends' financial support (per month Rs.....)
- Other. Please, specify \_\_\_\_\_ (per month Rs.....)

6. Expenditures /Consumption for (Both Groups)

Now I would like to ask you about your household's consumption.

6.1 In a typical month, how much do you spend on

Consumption	Amount in NPR
Food	
Alcohol and cigarettes, tobacco	
Other weekly expenditures. Please, specify _____	
Transportation (motorbike, bus)	
Electricity	
Kerosene/gas/firewood	
Mobile phone	

## 6.2 In a typical year, how much do you spend on

<b>Expenditure</b>	<b>Amount in NPR</b>
Education (fees, books, stationary items, uniform)	
Clothing	
Shoes/sandals	
Recreational and sports activities (toys, movies, etc.)	
Gifts (marriage and others, to relatives and friends, etc.)	
Other yearly expenditures. Please, specify _____	

## 7. Assets

Next, I would like to ask you some questions about the property you are currently living in.

## 7.1 Do you or anyone in your household possess (or use) the following items? (If you have, specify the number, if you don't have leave them blank)

<b>Assets</b>	<b>Quantity</b>	<b>Assets</b>	<b>Quantity</b>	<b>Assets</b>	<b>Quantity</b>
Television		Camera		Mobile Phone	
Computer		Refrigerator		Electric fan	
Cooking gas		Motorcycle		Bio-gas	
Car/bus/truck/tractor		Gold		Bicycle	
Cart/bull		Silver			

## 7.2 Do you or anyone in your household own any land and house?

	<b>Yes</b>	<b>Bigha/Ropani/Kattha</b>	<b>Units</b>	<b>Value</b>
Husband				
Wife				
Another adult member of the household. Please, specify _____				
Total Land Area				

## 7.3 What is the primary use of the land?

- Crops production (Yes/No)
- Livestock production (Yes/No)
- Non-farm business (forestry) (Yes/No)
- Rented (Yes/No)
- Dwelling (Yes/No)

- Barren (Yes/No)
- Other. Please, specify \_\_\_\_\_

## 8. Livestock

Interviewer: This section is filled in if the respondent or any other household member owns any livestock.

Now I would like to ask you some questions about your agricultural activities.

### 8.1 What Kind of Livestock do you Raise?

Livestock	Local/Hybrid	Units of Livestock	Mainly for Home Consumption	Mainly for Sell	Market Value of Livestock
Cow (milk)					
Buffalo Milk					
Goat (including kid) Meat					
Pigs (meat)					
Poultry meat eggs					
Other. Please, specify _____					

## 9. Savings

### 9.1 Could your household meet with own resources unexpected expenditure up to?

	Yes	No
NPR 10,000 (for example, small repairs or maintenance works in the house)		
NPR 30,000 (for example, roof renewal)		
NPR 50,000 (for example, major health shocks)		

9.2 If you need some amount of money (e.g., enough for long-term debt payment), how would you mainly cope with the situation? INTERVIEWER: One answer only

- Own savings / cash
- Relatives
- Friends
- Informal money lender
- Banks and Financial institution

#### SECTION D- SOCIAL IMPACT

I am now going to ask you some questions on opinions and attitudes towards a number of social topics.

#### 10 Women Empowerment

10.1 Would you feel comfortable to speak and express your view? (Please specify the number)

Situations	1. Very Good Manner 2. Good Manner 3. Normally 4. Hesitate to talk 5. Cannot talk
a. With a close family members and friend?	
b. In a group discussion?	
c. In front of a large audience / Mass meeting?	
d. In government offices?	

10.2 Within the household, who is responsible for the decisions regarding:

	Own Decision	My husband	Together with My Husband	Other Members of Family
a. Education of children				
b. Buying and selling durable assets				
c. Savings				
d. Family business related issues				
e. Personal / household expenses				
f. Employing someone				

g. Health				
h. Goods and assets that I own				
i. Goods and assets that I inherited				

10.3 Have you ever participated in any social gathering or activity outside the household on your own? INTERVIEWER: One answer only

- Yes, regularly
- Yes, seldom
- No, time constrained
- No, budget constrained
- No, lack of family support
- No, not interested

10.4 Who do you feel at ease to discuss your problems (i.e. personal worries, concerns related to the children, business etc.)?

- Husband
- Other family members
- Friends
- Astrologer (Jyotishi)
- Village leader

## 11. Human Capital (Health)

11.1 Is your child/Are your children vaccinated?

- Yes. Basic free vaccination
- Yes. Basic + additional (Covid-19) vaccination at the household expenses
- No

11.2 In case of illness of a family member, who do you visit first?

- Traditional healers (Jhakri/Dhami)
- Ayurveda practitioner (Vaidhya)
- Closest health post
- Private clinic

11.3: Where did you give birth to your children?

<b>Children</b>	<b>Alone in the House</b>	<b>In the House Assisted by a Midwife</b>	<b>Health Post/Hospital</b>
First child			
Second child			
Third child			
Fourth child			
Fifth child			

11.4 How many times did your family visit a health post in the right 6 months?

No. \_\_\_\_\_

11.5 How often do you have a three-item meal?

Interviewer: Typical three-item meal: Rice or roti + dal + (one) vegetable

- Once per day
- Once in a week
- Few times in a month
- Never
- Refuse

11.6 How often do you have three-times meal?

- Daily
- Once in a week
- Few times in a month
- Never
- Refuse

11.7 How often do you eat milk and fruits?

- Once per day
- Once in a week
- Few times in a month
- Never
- Refuse

11.8 How often do you eat meat/chicken/fish/?

- Once per day
- Once in a week
- Few times in a month
- Never
- Refuse

### **HUMAN CAPITAL (EDUCATION)**

11.9 Please provide the information by ticking (✓) about literacy in your household.

	<b>Reading</b>	<b>Writing</b>	<b>Basic Calculations</b>
Husband			
Respondent			

11.10 Which kind of school does your child/children read?

Interviewer: Start from the OLDER to the younger child

<b>Children</b>	<b>Government</b>	<b>Private</b>	<b>Not Attending</b>	<b>Not Enrolled</b>
Child 1 (gender: _____)				
Child 2 (gender: _____)				
Child 3 (gender: _____)				
Child 4 (gender: _____)				

Child 5 (gender: _____)				
-------------------------	--	--	--	--

11.11 Has any of your children ever repeated a class?

Children	Yes	No
Child 1 (gender: _____)		
Child 2 (gender: _____)		
Child 3 (gender: _____)		
Child 4 (gender: _____)		
Child 5 (gender: _____)		

12. Social Trust

12.1 Are you a member of any organization/group?

- Yes. Please, specify \_\_\_\_\_
- No \_\_\_\_\_

12.2 With reference to the most important group you are a member of, what is the main benefit from joining this group? (INTERVIEWER: Multiple Choice)

- Improves my household current livelihood / access to services
- Important in times of emergency
- Benefits to the community
- Enjoyment / recreation
- Spiritual, social status / self-esteem
- Other. Please, specify \_\_\_\_\_

12.3 About how many close friends do you have? These are people you feel at ease with, can talk to about private matters, or call on for help.

\_\_\_\_\_

12.4 In general, do you agree or disagree with the following statements.

	1 Agree strongly 2 Agree 3 Neutral 4 Disagree 5 Disagree strongly
Most people who live in this village can be trusted.	
In this village, one has to be alert or someone is likely to take advantage of you.	
Most people in this village are ready to help, if you need it.	
In this village, people generally do not trust each other in matters of lending and borrowing money.	

**APPENDIX-2: SHARE OF EXPORT, IMPORT AND TRADE BALANCE (IN  
MILLION RUPEES)**

<b>Fiscal Year</b>	<b>Export</b>	<b>Import</b>	<b>Trade balance</b>	<b>Fiscal Year</b>	<b>Export</b>	<b>Import</b>	<b>Trade Balance</b>
1974/75	889.6	1,814.6	-925.0	1998/99	35,676.3	87,525.3	-51,849.0
1975/76	1,185.8	1,981.7	-795.9	1999/00	49,822.7	108,504.9	-58,682.2
1976/77	1,164.7	2,008.0	-843.3	2000/01**	55,654.1	115,687.2	-60,033.1
1977/78	1,046.2	2,469.6	-1,423.4	2001/02	46,944.8	107,389.0	-60,444.2
1978/79	1,296.8	2,884.7	-1,587.9	2002/03	49,930.6	124,352.1	-74,421.5
1979/80	1,150.5	3,480.1	-2,329.6	2003/04	53,910.7	136,277.1	-82,366.4
1980/81	1,608.7	4,428.2	-2,819.5	2004/05	58,705.7	149,473.6	-90,767.9
1981/82	1,491.5	4,930.3	-3,438.8	2005/06	60,234.1	173,780.3	-113,546.2
1982/83	1,132.0	6,314.0	-5,182.0	2006/07	59,383.1	194,694.6	-135,311.5
1983/84	1,703.9	6,514.3	-4,810.4	2007/08	59,266.5	221,937.7	-162,671.2
1984/85	2,740.6	7,742.1	-5,001.5	2008/09	67,697.5	284,469.6	-216,772.1
1985/86	3,078.0	9,341.2	-6,263.2	2009/10	60,824.0	374,335.2	-313,511.2
1986/87	2,991.4	10,905.2	-7,913.8	2010/11	64,338.5	396,175.5	-331,837.0
1987/88	4,114.5	13,869.6	-9,755.1	2011/12	74,261.0	461,667.7	-387,406.7
1988/89	4,195.3	16,263.7	-12,068.4	2012/13	76,917.1	556,740.3	-479,822.8
1989/90	5,156.2	18,324.9	-13,168.7	2013/14	91,991.4	714,365.8	-622,374.3
1990/91	7,387.5	23,226.5	-15,839.0	2014/15	85,319.1	774,684.2	-689,365.0
1991/92	13,706.5	31,940.0	-18,233.5	2015/16	70,117.2	773,599.1	-703,481.9
1992/93	17,266.5	39,205.6	-21,939.1	2016/17	73,049.1	990,113.2	-917,064.1
1993/94	19,293.4	51,570.8	-32,277.4	2017/18	81,359.8	1,245,103.2	-1,163,743.4
1994/95	17,639.2	63,679.5	-46,040.3	2018/19	97,109.5	1,418,535.3	-1,321,425.8
1995/96	19,881.1	74,454.5	-54,573.4	2019/20 <sup>R</sup>	97,709.1	1,196,799.1	-1,099,090.0
1996/97	22,636.5	93,553.4	-70,916.9	2020/21 <sup>P</sup>	141,124.1	1,539,837.1	-1,398,713.0
1997/98	27,513.5	89,002.0	-61,488.5	2021/22 <sup>R</sup>	200,031.0	1,920,448.4	-1,720,417.4

*Source: Nepal Rastra Bank, 2023.*

**APPENDIX-3: BALANCE OF PAYMENT INDICATORS WITH  
REMITTANCE (ANNUAL SERIES)**

Fiscal Year	Rs. in million				As percentage of GDP			
	Net exports of Goods and Services	Current Account	Balance of Payments*	Workers' Remittances	Net exports of Goods and Services	Current Account	Balance of Payments	Workers' Remittances
2000/01	-47147.2	20148.5	5221.4	47216.1	-10.7	4.6	1.2	10.7
2001/02	-49420.1	18161.1	-3342.9	47536.3	-10.8	4.0	-0.7	10.3
2002/03	-63242.6	11614.7	4363.5	54203.3	-12.8	2.4	0.9	11.0
2003/04	-68606.7	14598.0	16005.2	58587.6	-12.8	2.7	3.0	10.9
2004/05	-87796.3	11544.6	5742.1	65541.2	-14.9	2.0	1.0	11.1
2005/06	-116876.7	14224.5	25597.8	97688.5	-17.9	2.2	3.9	14.9
2006/07	-137326.0	-902.2	5904.3	100144.8	-18.9	-0.1	0.8	13.8
2007/08	-167083.7	23679.6	29674.7	142682.7	-20.5	2.9	3.6	17.5
2008/09	-219799.0	41437.3	44758.4	209698.5	-22.2	4.2	4.5	21.2
2009/10	-319900.3	-28135.2	-3325.7	231725.3	-26.8	-2.4	-0.3	19.4
2010/11**	-328344.5	-12936.4	4089.7	253551.6	-21.0	-0.8	0.3	16.2
2011/12	-359084.3	75979.2	131626.6	359554.4	-20.4	4.3	7.5	20.4
2012/13	-453718.7	57060.7	68939.6	434581.7	-23.3	2.9	3.5	22.3
2013/14	-574530.5	89721.5	127127.1	543294.1	-25.7	4.0	5.7	24.3
2014/15	-635879.2	108319.8	145036.0	617278.8	-26.2	4.5	6.0	25.5
2015/16	-671772.4	140418.6	188912.3	665064.3	-25.8	5.4	7.2	25.5
2016/17	-892926.9	-10130.6	82106.1	695452.4	-29.0	-0.3	2.7	22.6
2017/18	-1134107.9	-246822.2	960.2	755058.6	-32.8	-7.1	0.0	21.8
2018/19	-1299546.5	-266970.4	-67400.5	879367.1	-33.7	-6.9	-1.7	22.8
2019/20	-1061938.0	-33763.1	282409.5	875027.0	-27.3	-0.9	7.3	22.5
2020/21 <sup>R</sup>	-1428309.5	-333671.9	1226.7	961054.6	-32.8	-7.7	0.0	22.1
2021/22 <sup>R</sup>	-1770092.9	-623325.2	-255259.1	1007306.9	-35.9	-12.6	-5.2	20.4
2022/23 <sup>P</sup>	-1483008.0	-72158.4	290515.4	1220559.5	-27.6	-1.3	5.4	22.7

Source: Nepal Rastra Bank, 2023.

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