

**IMPACT OF REMITTANCE ON HOUSEHOLD INCOME AND  
LIVING STANDARD IN DHADING**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfillment of the requirements for the Master's Degree

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## CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Impact of Remittance on Household Income and Living Standard in Dhading**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of this dissertation.

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## REPORT OF RESEARCH COMMITTEE

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## ABBREVIATIONS

%	:	Percentage
&	:	And
e.g.	:	Example
EDU	:	Education
CP	:	Consumption Pattern
HS	:	Household Size
IL	:	Income Level
REMIT	:	Remittance
MF	:	Market Factors
NLSS	:	Nepal Living Standard Survey
No.	:	Number
PF	:	Prospect Factors
Res	:	Respondents
SEM	:	Structural Equation Modeling
SPSS	:	Statistical Package for Social Sciences
T.U.	:	Tribhuvan University

## ABSTRACT

The primary objective of this study was to examine the effect of consumption patterns, household size, remittances, and education on household income and living standards in Dhading, Nepal. It aimed to understand how these factors influence financial stability and overall quality of life among the 385 remittance-receiving households surveyed. The study employed a combination of descriptive and causal research designs. This research utilized descriptive statistics, correlation analysis, and regression analysis to analyze the data using SPSS version 26. The findings indicate that consumption patterns, household size, remittances, and education have a significant positive impact on household income and living standards. Descriptive statistics reveal that remittances account for a substantial portion of household income, with most recipients reporting improved financial security and enhanced access to essential services. Correlation analysis shows significant positive associations between the independent variables and indicators of living standards, including housing quality and asset ownership. Furthermore, regression analysis confirms that consumption patterns, household size, remittances, and education significantly affect both household income and living standards. However, the study also highlights potential drawbacks, as many households reported increased social anxiety due to the absence of family members working abroad. In conclusion, this study provides evidence that these factors play crucial roles in enhancing household income and living standards in rural Nepal, while suggesting that policymakers should consider strategies to promote local economic development and reduce reliance on remittances.

*Keywords: Consumption patterns, household size, remittances, education, household income, living standards*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Remittances, defined as funds transferred by migrants to their families or communities in their home countries (Ratha, 2010), had emerged as a significant economic phenomenon in recent decades. These financial flows have been instrumental in supporting economic growth, living standard, and social development in many developing countries, including Nepal. Similarly, as Temory, (2024) studied on Impact of Remittances on Household Income and Poverty in Afghanistan provided a comprehensive analysis of the impact of remittances on household income and poverty in Afghanistan.

Remittances have surpassed traditional development aid as a source of external financing for numerous developing nations (World Bank, 2021). They provided a crucial income stream for millions of households, enabling them to meet basic needs, invest in education and healthcare, and improve their overall living standards (Ratha, 2010). Some studies suggest that a significant portion of remittance is spent for conspicuous consumptions, household durables, and the rest is invested in trade and business (Acosta, 2006). Moreover, remittances contribute to foreign exchange reserves, bolstering macroeconomic stability and supporting trade (World Bank, 2018). However, the impact of remittances is complex and varies across countries and households. While they can be a powerful tool for living standard, they can also create dependencies and vulnerabilities. Gurung (2018) examined how household characteristics influence the utilization of remittances and their impact on poverty. Some studies suggest that a significant portion of remittance is spent for conspicuous consumptions, household durables, and the rest is invested in trade and business (Edwards & Ureta, 2003).

Remittances, the money sent by migrant workers to their home countries, have emerged as a critical economic lifeline for Nepal. As a labor-exporting nation, Nepal has witnessed a significant surge in remittance inflows over the past few decades. Acharya and Leon-Gonzalez (2013) provide a comprehensive analysis of the impact of remittances on poverty in Nepal. Chaudhuri and Ravallion (2000) found that remittances have a significant positive impact on living standard in India. Their study analyzed household-

level data and found that remittances increased household income, leading to a decline in poverty rates. Remittances have contributed to living standard, but their effect on inequality is mixed. While remittances have lifted households out of poverty, they have also contributed to increased income inequality among households (Shrestha, 2022).

Remittances have been a crucial source of foreign exchange for Nepal, contributing substantially to the country's balance of payments. Bam (2023) revealed that remittances have a significant positive impact on household welfare. Remittances have contributed to an increase in household per capita income, leading to higher levels of consumption.

However, the impact of remittances on the Nepalese economy is complex and multifaceted. While remittances have undoubtedly contributed to living standard, their effect on income inequality, consumption patterns, and long-term economic development requires further investigation. Additionally, the sustainability of remittance inflows and their potential impact on the country's economic structure are important considerations. This study aims to delve deeper into the relationship between remittances, household income, and living standard in Nepal. By examining the various channels through which remittances influence household welfare, this research seeks to contribute to a more nuanced understanding of the role of remittances in the Nepalese economy.

## **1.2 Problem statement**

Remittances, defined as funds transferred by migrant workers to their home countries, World Bank (2021), have emerged as a significant economic phenomenon in Nepal. These financial inflows have played a crucial role in supporting household incomes, reducing poverty, and stimulating economic growth Acharya and Gonzalez, (2013). However, the complex relationship between remittances, household income, and living standard necessitates a comprehensive understanding of the underlying factors and mechanisms. Bam (2023) study found that remittances have played a crucial role in reducing poverty, decreasing the proportion of the poor population and narrowing the poverty gap. These findings highlight the importance of remittances in supporting the livelihoods of Nepalese households and contributing to economic development.

This study aims to investigate the multifaceted impact of remittances on household income and living standard in Nepal. By examining various dimensions of remittances,

including their magnitude, frequency, and utilization patterns, this research seeks to shed light on the pathways through which remittances influence household welfare. Additionally, the study explores how factors such as household characteristics, regional disparities, and economic conditions moderate the relationship between remittances and household outcomes.

Ultimately, this research contributes to the growing body of knowledge on the role of remittances in development and provides valuable insights for policymakers, development practitioners, and researchers working to improve the lives of remittance-dependent households in Nepal.

- i. What are the factors that influence income and living standard in Nepal?
- ii. Are remittance, education, consumption pattern, household size, income level and living standard related?
- iii. Does remittance, education, consumption pattern, household size influence income level and living standard?

### **1.3 Objectives of the study**

The major purpose of studying Impact of Remittance on household Income and Living standard in Dhading is to identify the relationship between the independent variables and the dependent variables. The specific purpose of the study are as follows:

- i. To assess the role of household characteristics (size, composition, education, occupation) in moderating the relationship between remittances and household income and living standard.
- ii. To analyze the relationship between household characteristics (size, composition, education, occupation) and income and living standard.
- iii. To examine the impact of remittance on income and living standard.

### **1.4. Research hypothesis**

A research hypothesis is a precise, understandable, and testable proposition or forecast of the likely results of a scientific research study based on a specific characteristic of a population, such as presumptive differences between groups on a specific variable or relationships between variables the following hypothesis is looked into in this inquiry. It's a tentative statement about the relationship between variables. In this study, we're interested in how Remittance impact on household Income and Living standard. The

hypothesis would propose a specific connection between these two. The research design determined how we measure and analyze these variables to test the validity of the hypothesis.

### **Remittance Inflows and Household Income**

This hypothesis posits a direct relationship between the amount of money remitted to households and their overall financial well-being. It suggests that as remittance inflows increase, there is a corresponding rise in household income levels. This relationship implies that remittances serve as a supplementary income source, contributing to the improvement of living standards. By examining the correlation between remittance amounts and household income, this hypothesis aims to quantify the extent to which remittances contribute to financial upliftment within Nepalese households.

*H1: There is a positive correlation between remittance inflows and household income levels*

### **Remittances and Living standard**

This hypothesis explores the relationship between remittances and living standard in Nepal. It is expected that households receiving remittances are less likely to fall below the poverty line compared to those without such inflows. This suggests that remittances can act as a safety net, providing a financial cushion that helps households cope with economic shocks and improve their overall well-being.

*H2: Remittances have a significant impact on reducing poverty incidence among Nepalese households.*

### **Household Characteristics and Remittance Impact**

Household characteristics play a pivotal role in shaping the impact of remittances on income and poverty. Factors such as education, occupation, family size, and dependency ratio can influence how remittances are utilized and their ultimate contribution to household welfare. For instance, households with higher educational attainment may be better equipped to leverage remittances for productive investments, leading to greater income generation and poverty reduction. Conversely, households with a larger number of dependents may face higher consumption needs, potentially diluting the impact of remittances on living standards. Understanding these nuances is crucial for designing

targeted interventions to maximize the benefits of remittances for different household segments.

*H3: Household characteristics, such as education, occupation, and family size, moderate the relationship between remittances and household income and poverty levels.*

### **Remittance Utilization and Household Welfare**

This hypothesis posits that the allocation of remittance funds significantly influences household welfare outcomes. It is expected that households that prioritize productive investments, such as education, healthcare, or small business ventures, would experience greater improvements in income and living standards compared to those with higher consumption expenditures. This suggests that the effective utilization of remittances, rather than simply the amount received, is crucial for maximizing the positive impact on household well-being

*H4: There are regional disparities in the impact of remittances on household income and poverty across different parts of Nepal.*

## **1.5 Rationale of the study**

Remittances have emerged as a critical financial lifeline for many developing countries, including Nepal. These inflows have the potential to significantly impact household income and living standards. However, the relationship between remittances and these outcomes is complex and influenced by various factors. This study aims to contribute to the existing body of knowledge by investigating the factors that determine the impact of remittances on household income and living standards in Nepal.

By examining the relationship between remittance inflows, household characteristics, and economic outcomes, this research seeks to provide insights into the mechanisms through which remittances influence household welfare. Understanding these dynamics is crucial for designing effective policies and interventions to maximize the benefits of remittances for the Nepalese population.

The findings of this study are expected to inform policymakers, development practitioners, and other stakeholders about the potential of remittances as a tool for poverty reduction and economic development. By identifying the key determinants of remittance impact, the research can contribute to the development of targeted

interventions to support remittance-receiving households and optimize the utilization of remittance funds.

### **1.6 Limitations of the study**

The limitations of the study are as follows:

- Only four independent variables are taken into account. The outcomes could change if there are more variables.
- For the study, primary data sources were investigated. As a result, the validity of the study depended heavily on the correctness of the respondents' information.
- The degree to which the conclusions can be generalized may be constrained by the study's particular context, sample size, or participant characteristics.
- The independent and dependent variables may be impacted by problems with data availability and reliability.
- Difficult interactions may arise between the independent variables themselves.
- Accurately measuring remittances, household income, and poverty can be challenging due to data inconsistencies and underreporting
- The study may not account for all relevant factors influencing household income and living standard, potentially leading to omitted variable bias.

## **CHAPTER II**

### **LITERATURE REVIEW**

Remittances have emerged as a significant economic phenomenon in developing countries, including Nepal. Numerous studies have explored the relationship between remittances, household income, and living standards. Existing research highlights the multifaceted nature of remittance impacts, emphasizing the importance of considering factors such as household characteristics, remittance utilization patterns, and macroeconomic conditions.

Studies by authors such as Adams and Lopez (2008) have demonstrated a positive correlation between remittance inflows and household income levels. Studies have demonstrated a strong correlation between remittance inflows and increased household income levels World Bank, (2021). However, the extent to which remittances contribute to poverty reduction varies across different contexts. Research has also highlighted the role of household characteristics, such as education and occupation, in moderating the impact of remittances on household welfare Adhikari (2016). Additionally, studies have emphasized the importance of remittance utilization patterns, with productive investments leading to more substantial long-term benefits.

While previous research has provided valuable insights into the remittance-income-poverty nexus, there is still a need for further investigation to understand the specific dynamics within the Nepalese context. This study aims to build upon existing knowledge by incorporating a comprehensive analysis of remittance inflows, household characteristics, and living standards in Dhading.

This chapter provides a foundation for the current study by identifying key research gaps and outlining the theoretical framework. By building upon existing knowledge, this research aims to contribute to a deeper understanding of the complex relationship between remittances, household income, and poverty in Dhading.

## **2.1 Theoretical Review**

Theoretical literature evaluations serve as the foundation for building a strong research project. This process involves a meticulous search for relevant sources, encompassing academic journals, books, and conference proceedings Creswell, (2014). Once this comprehensive search is complete, a critical assessment of the gathered literature is undertaken. This assessment involves identifying and summarizing the key issues, theories, and concepts that underpin the research topic. By systematically dissecting the existing body of knowledge, we gain a deeper understanding of the current state of research and establish a solid platform for further investigation. The hypotheses of a research project act as guiding principles, providing a framework for exploration and analysis. These hypotheses are formulated based on the theoretical underpinnings established through the literature review process. They represent tentative and testable propositions that aim to explain the relationships between variables under investigation. By clearly articulating the hypotheses, we establish the specific direction of the research and lay the groundwork for the development of a robust research methodology.

### **Human Capital Theory**

The Human Capital Theory was primarily developed by Gary Becker in the 1960s. Human capital theory emphasizes the role of education, skills, and health in determining individual productivity and earnings. Remittances can be viewed as an investment in human capital by enabling households to afford education, healthcare, and other development-enhancing expenditures. By investing in human capital, remittance-receiving households can increase their earning potential and improve their long-term welfare. Human capital theory posits that investments in education, health, and skills enhance an individual's productivity and earning potential. In the context of remittances, this theory suggests that these financial inflows can be utilized to invest in human capital formation. By providing additional resources for education, healthcare, and skill development, remittances can contribute to long-term human capital accumulation, leading to increased earnings and improved livelihoods.

### **Dependency Theory**

Dependency theory introduced and explored by Prebisch and Singer in mid-20<sup>th</sup> century. While often criticized, offers a perspective on the potential drawbacks of overreliance on remittances. It posits that developing economies, including Dhading, can become

dependent on external financial flows, potentially hindering their ability to achieve sustainable development. In the context of remittances, prolonged dependence on these inflows may discourage domestic production, investment, and job creation. Additionally, the Dutch disease phenomenon, where an influx of foreign exchange leads to currency appreciation and declining competitiveness of export sectors, is a potential concern.

However, it is essential to note that the relationship between remittances and development is complex. While acknowledging the potential risks associated with overdependence, this study focuses on the positive impacts of remittances on household welfare and income, while also considering the need for diversification and domestic economic growth strategies to mitigate these risks.

### **Life-Cycle theory**

The life-cycle hypothesis (LCH) introduced by Modigliani and Brumberg (1950) posits that individuals plan their consumption and savings over their lifetime to maintain a stable standard of living. When income is low, such as during youth or retirement, individuals may borrow or dissave to sustain consumption. Conversely, during peak earning years, individuals tend to save for future consumption needs. Remittances can be considered as an additional income stream that influences household consumption and savings behavior within the life-cycle framework.

By providing a supplementary income, remittances can allow households to adjust their consumption patterns, potentially smoothing consumption over time. For instance, during periods of low or no income, remittances can help households maintain their consumption levels. Additionally, remittances can contribute to savings and asset accumulation, providing a financial cushion for future consumption needs, such as education, healthcare, or retirement. Understanding how remittances fit within the life-cycle framework is crucial for analyzing their impact on household welfare and consumption patterns.

### **Permanent Income theory**

The Permanent Income Hypothesis introduced by Friedman (1957) posits that individuals base their consumption decisions on their expected long-term income rather than current income. This implies that temporary income shocks, such as windfalls or job losses, have a limited impact on consumption patterns. In the context of remittances, the PIH suggests

that households may not necessarily increase their consumption proportionally with a sudden increase in remittance inflows if they perceive these inflows as temporary.

However, if households perceive remittances as a permanent or long-term income source, they may adjust their consumption patterns accordingly. This could lead to increased spending on durable goods, education, or healthcare. Therefore, the impact of remittances on consumption depends on how households perceive their sustainability and incorporate them into their long-term income expectations.

## 2.2 Conceptual Review

A conceptual review delves into the theoretical underpinnings of a research topic. Unlike a systematic review, which primarily focuses on empirical findings, a conceptual review explores existing concepts, assumptions, and theories related to the subject matter. It provides a comprehensive overview of the intellectual framework that informs the research, laying the groundwork for understanding the relationships between different variables and developing research questions.

**Remittances:** As a primary independent variable, remittances represent financial flows from migrant workers to their families. They are expected to influence household income and living standard by providing additional financial resources.

**Education:** Human capital theory posits that education is a key determinant of individual earnings and household income. This variable measures the educational attainment of household members and its impact on labor market outcomes and living standard.

**Household Size:** This variable reflects the number of individuals within a household, influencing income distribution, consumption patterns, and overall economic well-being. Economies of scale or diseconomies associated with household size can impact the relationship between remittances and household income.

**Consumption Patterns:** This variable examines how household income is allocated across different expenditure categories, such as food, education, healthcare, and savings. It provides insights into household priorities and the potential impact of remittances on consumption behavior and asset accumulation.

**Household Income:** This variable represents the total monetary earnings of a household within a specific period, serving as a primary indicator of economic well-being. It aligns

with economic theories of consumption and income distribution, which emphasize the relationship between income levels and living standards.

**Living standards:** refer to the quality of life enjoyed by individuals or a population. They encompass various aspects of material well-being, such as income, access to goods and services, housing, education, healthcare, and overall economic opportunities. A high standard of living typically indicates a better quality of life, while a low standard of living may reflect economic hardship and limited access to essential resources.

### **2.3 Empirical Review**

A study by Prabal and Ratha, (2012) found a strong correlation between remittance income and overall household income, indicating that remittances significantly contribute to household finances. Remittances were particularly beneficial for low-income households. While remittances positively impacted children's health and education, their effect on overall human capital accumulation was less pronounced. The study found a minimal impact of remittances on asset accumulation.

A study by Dorante and Pozo (2010) examined the impact of remittances on children's school attendance in the Dominican Republic. To isolate the effect of remittances from the effect of sometimes concurrent household out-migration, focus on children in households without members currently residing in the United States. While girls' school attendance rises with the receipt of remittances, secondary school-age children and younger siblings are the ones who most decidedly gain from remittances. Additionally, they found that migration negatively impacts the school attendance of children as it eliminates the positive effect of remittances when we expand the sample to include children in households with members residing abroad. Adams and Checuecha (2013) which states that remittance receiving households in Ghana spend more at the margin on housing.

A study published by Haas and Ratha (2007) analyzed a comprehensive overview of the development impacts of remittances in the South Asian region. By examining various dimensions of remittances, including their role in poverty reduction, investment, and human development, the authors contribute significantly to the understanding of remittance-development linkages. The research highlights the potential of remittances to

be a catalyst for economic growth and poverty alleviation in the region. Key findings from this study include the identification of factors influencing remittance flows, the distribution of remittance benefits within households, and the impact of remittances on different socioeconomic groups. By providing a comparative analysis of South Asian countries, the authors offer valuable insights into the regional variations in remittance utilization and outcomes.

According to a study by Dahal and Aryal (2011) provided a valuable contribution to the understanding of the relationship between remittances and poverty in the Nepalese context. By employing a micro-level approach, the authors delve into the nuances of how remittance inflows influence household-level poverty dynamics. Key findings from this research are likely to shed light on the factors mediating the impact of remittances, such as household size, education, and occupation. Understanding the specific mechanisms through which remittances contribute to poverty reduction in Nepal is crucial for designing targeted interventions and policies.

Acharya and Gonzalez (2013) provided a comprehensive analysis of the impact of remittances on poverty in Nepal. Their study reveals that while remittances significantly contribute to poverty reduction, the effects are heterogeneous across different population groups. Households receiving remittances are more likely to escape poverty compared to those without, but the magnitude of the impact varies based on factors like location, education, and occupation. Additionally, the research highlights the potential for remittances to influence income inequality.

Bansak and Chezum (2009) stated that young girls were benefited relatively less from remittances in Nepal. Based on these past studies, this study assumes that remittance income brings significant contribution to the social welfare of the children in Nepal. To test the difference in the investment in child welfare on Nepalese households caused by the receipt of remittances.

Koska (2013) analyzed the impact of migration and remittance on the human capital formation of Egyptian children using different OLS models and instrumental variable techniques. They concluded that there is a significant association between remittances and the human capital formation in children. A higher probability of receiving remittances

increases the likelihood of a child being enrolled in a school and less likelihood of him/her being involved in child labor.

Research by Lucas (2007) worked on life cycle consumption theory provides a theoretical framework for analyzing household consumption patterns over time. While not specifically focused on remittances, the theory offers valuable insights into how individuals and households allocate income and savings. By applying the life cycle perspective to remittance-receiving households, researchers can better understand how these inflows influence consumption, saving, and investment decisions.

Temory (2024) provided a comprehensive analysis of the impact of remittances on household income and poverty in Afghanistan. By employing a combination of qualitative and quantitative methods, the research delves into the socio-economic conditions of Afghan households and the role of remittances in their livelihoods.

The findings from Edwards and Ureta (2003) were used the Cox proportional hazard model to examine the effect of remittance on child schooling in El Salvador. The study found that remittance income had a large, significant and positive impact on school retention rates of the children. Remittances caused a larger reduction in the hazard of leaving school than any other type of income.

The empirical study by Bohra (2014) on the households of Chitwan district of Nepal suggested that main drivers of migrant's remitting behavior are semi-altruistic and self-interested motives rather than purely altruistic. In a study by Fokkema (2013) on second generation migrants who sent money to their home country were motivated by altruism or self-interest motives, although these motives were not exclusive. The findings of these past studies make it clear that motives of sending remittances are a complex phenomenon, it guided by many factors.

Lokshin (2007) examined the impact of remittance in Nepal on poverty using two rounds of household survey data NLSS-I (1994/95) and NLSS-II (2003/04). They showed that both national and international migration played a major role in poverty reduction. Finally, their study concluded that remittance received from work-related migration was

largely responsible for the 20% reduction of the poverty in Nepal between 1995 and 2004.

Bam (2023) revealed that remittances have a significant positive impact on household welfare. Remittances have contributed to an increase in household per capita income, leading to higher levels of consumption. Additionally, the study found that remittances have played a crucial role in reducing poverty, decreasing the proportion of the poor population and narrowing the poverty gap. These findings highlight the importance of remittances in supporting the livelihoods of Nepalese households and contributing to economic development. Chaudhuri and Ravallion (2000) found that remittances have a significant positive impact on poverty reduction in India. Their study analyzed household-level data and found that remittances increased household income, leading to a decline in poverty rates. They also found that the impact of remittances on poverty was more pronounced in rural areas compared to urban areas.

The study of Milligan and Bohara (2007) concluded that income from international remittance has a positive contribution in child welfare in Nepal. The research of Gobel (2013) on the impact of remittances on spending decision of Ecuador concluded that households with remittances spend more on housing, education and health but less on food. Also, in her study Nepal (2013) concluded remittances has a positive influence on food, land, health and housing in Nepal while no effect on education and business investment. Similarly, the study of Terrelonge (2014) concluded that the remittances had reduced the child and infant mortality in developing countries through improved living standards. In an empirical study, Headey and Hoddinott (2015) studied about the causes of the rapid decline of malnutrition in the Nepalese children analyzing the data of 2001, 2006, and 2011 rounds of Nepal's Demographic Health Surveys. The study found that migration based remittances is one the factor in the reduction of undernutrition of the children.

**Table 1***Summary of Empirical Reviews*

<b>S.N.</b>	<b>Authors</b>	<b>Methodology</b>	<b>Variables</b>	<b>Major Findings</b>
1	Edwards and Ureta (2003)	Annual household survey (1997) Cox Proportional Hazard Model	influences investment on children is permanent household income	<ul style="list-style-type: none"> <li>i. Remittances were found to have a significant positive impact on household income,</li> <li>ii. Households receiving higher remittances were more likely to invest in education and healthcare.</li> </ul>
2	De Haas and Ratha, (2007)	Instrumental variable model	Migration, Remittances and Development	<ul style="list-style-type: none"> <li>i. Remittances contribute to poverty reduction and development in South Asia</li> <li>ii. Remittances causes brain drain</li> </ul>
3	Milligan and Bohora, (2007)	Heckman's twostep analysis.	Fitted values of remittance and no remittance income	<ul style="list-style-type: none"> <li>i. Remittance has a positive contribution to child welfare in Nepal.</li> <li>ii. The positive effects of remittances on child welfare are more pronounced in households facing credit constraints.</li> </ul>

4	Bansak and Chezum (2009)	Nepal Living Standard Survey Instrumental variable model	Past literacy rate and political unrest by district	<ul style="list-style-type: none"> <li data-bbox="1070 192 1433 376">i. Positive net remittance increases probability of young children being in school</li> <li data-bbox="1070 398 1433 629">ii. Remittances might positively influence school enrollment rates, especially for girls.</li> </ul>
5	Wagle, (2009)	Generalized least square (GLS) method and simultaneous equations	impact of remittance on human capital development and long-term economic growth	<ul style="list-style-type: none"> <li data-bbox="1070 696 1433 887">i. remittance income has helped to reduce both poverty and inequality in Nepal</li> <li data-bbox="1070 909 1433 1133">ii. Remittances have helped reduce income inequality, especially in regions with lower per capita incomes.</li> </ul>
6	Dorante and Poza (2010)	Latin American Migration Project Survey Two-stage linear probability model	Unemployment rate and average real earning in the US	<ul style="list-style-type: none"> <li data-bbox="1070 1200 1433 1335">i. Migration negatively impacts school attendance of children</li> <li data-bbox="1070 1357 1433 1738">ii. households receiving remittances are more likely to invest in their children's education, leading to higher school attendance rates and improved educational outcomes.</li> </ul>

7	Alcaraz, Chiquiar and Salcedo (2010)	Mexican national occupation and employment Survey (2008/ 09) differences- indifferences estimation approach	Remittance	<p>i. The negative shock on remittance causes a significant increase in child labor and a significant reduction of school attendance.</p> <p>ii. hat remittances significantly increase the likelihood of school attendance among children in recipient households.</p>
8	Adams and Checuecha (2010)	Guatemala ENCOVI 2000 Survey TwoStage Multinomial Model	Distance to railroad, Rainfall shock 1990 and employment creation rate with age of HH	<p>i. Household receiving international remittance spend less at the margin on food</p> <p>iii. remittances from the U.S. positively affect school attendance among children in recipient households, indicating that families receiving remittances are more likely to invest in their children's education.</p>
9	Lokshin(2010 )	Nepal Living Standard Survey (1995/96) and (2003/04) Full Information Maximum Likelihood (FIML)	the proportion of domestic and international migrants in ward in 2001	<p>i. One-fifth of the poverty reduction in Nepal occurring between 1995 and 2004 is due to remittance of the migrated workers</p>

10	Prabal and Ratha (2012)	Sri Lanka Integrated Survey (1999–2000). Ordinary least squares and Probit model	No IV but uses bias-adjusted matching estimators	<p>i. The study found a strong correlation between remittance income and overall household income.</p> <p>ii. While remittances positively impacted children's health and education, their effect on overall human capital accumulation was less pronounced.</p>
11	Koska, (2013)	Egypt Labour Market Panel Survey modified OLS with regional fixed effects	average oil supply (2002–06) in Arab countries with Egyptian migrants	<p>i. Significant association between remittances and human capital formation</p> <p>ii. Households receiving remittances tend to invest more in their children's education, leading to higher enrollment rates and improved educational outcomes.</p>
12	Salas, (2014)	National Survey of Households (2007 to 2010) Random-Effects Probit model	Historical migration rate	<p>i. After controlling for absenteeism of parents, international remittances had a positive effect on the education of children.</p> <p>ii. The level of education had increased</p>

13	Acharya, and Gonzalez, (2014)	Nepal Living Standard Survey Multinomial Logit (MNL) models	Migration networks	<ul style="list-style-type: none"> <li>i. The study found that remittances have a significant impact on reducing poverty incidence, depth, and severity in Nepal.</li> <li>ii. The impact of remittances varies across different regions and household characteristics.</li> </ul>
14	McKenzie and Rapoport (2011)	Encuesta Nacional de la Dinamica Demográfica (ENADID) 1997	historical rates of migration	<ul style="list-style-type: none"> <li>i. Significant negative effect of migration on schooling attendance and attainments</li> <li>ii. Households receiving remittances tend to allocate more towards durable goods rather than investing in education</li> </ul>
15	Gonzalez, (2014)	Nepal Living Standard Survey NLSS-I (1995– 1996) and II (2003/04) Multinomial Logit (MNL) models	Migration networks	<ul style="list-style-type: none"> <li>i. The children of more educated parents suffer from parental absence, while the children of less educated parents gain from migration.</li> <li>ii. remittances replace lost income without significantly altering labor supply prices</li> </ul>

16	Bohra, (2014)	Chitwan Valley Family Study Heckman Probit model	social network	<ul style="list-style-type: none"> <li>i. Decision to remit is motivated by semi altruism and pure self-interest</li> <li>ii. higher remittances led to a reduction in labor supply to non-farm self-employment, suggesting that remittances may disincentives people.</li> </ul>
17	Nepal (2016)	NLSS-III (2010/11) OLS and IV methods	Percentage of exchange rate between Nepal and host country	<ul style="list-style-type: none"> <li>i. Child educational expenses have increased with the receipt of international remittances although educational outcomes are not improving.</li> </ul>
18	Temory, (2024)	Regression models	Impact of remittance on poverty and income in Pakistan	<ul style="list-style-type: none"> <li>i. Education, household size, remittances, age, and employment positively affects household income,</li> </ul>

## 2.4 Research Gap

A research gap exists in understanding the comprehensive impact of remittances on household income and living standard in Nepal. While previous studies have explored various aspects of this relationship, there is a need for further investigation into the specific mechanisms through which remittances influence these outcomes (Adhikari, 2016).

Existing research often focuses on average impacts without delving into the heterogeneity of remittance effects across different household groups. Additionally, there is a limited

understanding of the long-term consequences of remittance dependence, particularly in terms of vulnerability to economic shocks and the potential for creating dependency traps. Furthermore, the role of remittance utilization patterns, including savings, investment, and consumption, in shaping household welfare requires further exploration. While studies have touched on these aspects, a more in-depth analysis of how remittance allocation decisions impact living standard is needed.

Finally, the interplay between remittances and other development factors, such as education, health, and access to financial services, remains understudied. Understanding these interconnections is crucial for designing effective policies to maximize the benefits of remittances (Neuman, 2014). By addressing these research gaps, this study aims to contribute to a more nuanced understanding of the remittance-income-poverty nexus in Nepal.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the methodological challenges associated with studying the impact of migration and remittances on various socioeconomic outcomes, including income, expenditure, poverty, human capital, and economic development. It discusses the empirical econometric models that employed in this research to analyze the effects of remittances on spending behavior and human capital investment.

This research design outlines the methodological approach and analytical framework for investigating the impact of remittances on household income and living standard in Nepal. Section 3.2 discusses the conceptual and empirical challenges associated with this research. Section 3.3 presents the population sample and sampling design. Section 3.4 describes the nature and sources of data used in the study. Section 3.5 outlines the data collection instrument. Section 3.6 addresses the reliability of the data collection method. Section 3.7 discusses the quantitative methods employed for data analysis. Section 3.8 provides a detailed description of the research framework and variables.

#### **3.2 Research design**

A descriptive and casual comparative research design employed to investigate the relationship between remittances, household income, and living standard in Nepal. This design allows for the examination of the association between variables without experimental manipulation.

Primary data are collected through a structured questionnaire administered to a representative sample of Nepal households. The questionnaire gathers information on remittance inflows, household income, expenditure, poverty status, demographic characteristics, and other relevant variables. Data analysis involved descriptive statistics to summarize the data, correlational analysis to examine relationships between variables, and regression analysis to assess the impact of remittances on household income and living standard while controlling for other factors. By employing this research design, the

study aims to contribute to the understanding of the complex relationship between remittances, household income, and living standard in Nepal.

### 3.3 Population sample and sampling design

The population for this study comprises households of Dhading and people of Dhading that have received remittances. This includes households from both rural and urban areas across the country. To ensure representativeness, a convenience sampling technique employed to select a sample of households. This method involved dividing the population into strata based on geographic location, income level, and remittance amount, followed by random selection of households within each stratum.

The data collection was done with 500 people out of which we acquired data of 385 people, A size of 385 households determined using Cochran's formula to ensure adequate statistical power. By employing this sampling method, the study aims to capture the diverse characteristics of remittance-receiving households in Dhading and enhance the generalizability of the findings. Cochren's solution for large population asserts. The selection of formula is as follows:

$$n = z^2 p \cdot q \frac{N}{e^2(N-1) + z^2 p \cdot q}$$

Where,

N= the required sample size

P= proportion of population with the required characteristics of the study

Q= proportion of population without the required characteristics (1-P)

N= total population

E= accuracy level required. Standard error=5%

Z= z value at the level of confidence of 95%=1.96

This calculation suggests that a sample size of 385 participants would be ideal for the study to achieve the desired level of precision and confidence.

To ensure a representative sample of the Nepalese population for this study on remittances, household income, and living standard, a convenience sampling technique employed. This method involves dividing the population into convenience sampling used to select households. By combining convenience sampling with purposive sampling, the study aims to capture the heterogeneity of the Nepalese population and ensure that the sample is representative of the target population.

### **3.4 Nature and Source of Data**

A data source is the origin or location where data is stored and retrieved. It can be any physical or digital location where information is kept in a format that can be accessed and processed by computers or humans. The research is mainly based on primary data as its sources of information. Primary data refers to information gathered firsthand for a specific research purpose. It is considered "raw" or original data as it is collected by the researcher themselves, tailored specifically to address their research questions. Primary data refers to information that is collected directly from investors and other relevant market participants. Primary data addresses the specific research question and objectives collected through various direct methods Questionnaires or polls administered to a target audience to gather their opinions, preferences, or experiences. In this way, data gathered, totaled, and judgments are made based on percentage outcomes.

### **3.5 Instrument of data collection**

This investigation involved a comprehensive approach, drawing on a variety of statistical and scientific techniques. To ensure a rigorous and reliable study, data collection, organization, analysis, and interpretation all followed the established model provided by the Faculty of Management at Tribhuvan University. The research employed causal analysis where appropriate, and numerical analysis when it was the most suitable method. To facilitate efficient data processing and analysis, the study utilized SPSS, a powerful statistical software program.

### **3.6 Reliability**

Reliability in a thesis refers to the consistency and trustworthiness of research Neuman, (2014). Reliability analysis is a critical tool used in various disciplines to assess the consistency and dependability of a system, product, or measurement. Through statistical methods and failure analysis, reliability analysis identifies weakness and areas for improvement. This approach ensures safety, cost-effectiveness, and optimal performance. Within the realm of research, reliability reigns supreme as the cornerstone of trust. It refers to the consistency and trustworthiness of the research methods employed. Reliability analysis acts as a critical tool across various disciplines, allowing researchers to meticulously assess the consistency and dependability of a system, product, or measurement. This meticulous approach is crucial for establishing the credibility of research findings. Through the application of statistical methods and failure analysis,

reliability analysis helps identify potential weaknesses and areas for improvement within the research design. By systematically addressing these weaknesses, researchers can ensure the robustness of their methods, ultimately leading to the generation of more reliable and trustworthy research findings.

### 3.7 Method of analysis

A crucial aspect of this research is ensuring the robustness of the data collection and analysis methods. This section delves into the two key phases: data collection and analysis, along with the considerations made at each stage. First, the data collection process involved a well-structured questionnaire. This questionnaire was divided into two sections. The initial section gathered demographic information through 6 questions. The following section focused on respondent perceptions on different variables using a 5-point Likert scale. It's important to note that while the overall survey offered three types of closed-ended questions (ranking, Likert scale, and multiple choice/single responses), the ID section specifically relied on the 5-point Likert scale format. Each statement within this section ranged from "strongly disagree" (1) to "strongly agree" (5), allowing respondents to express their level of agreement or disagreement regarding M&A and its impact on management efficiency.

Following data collection, the information was entered into SPSS, a statistical software program. SPSS then facilitated the necessary analyses and calculations to explore the relationships between the factors affecting management efficiency (independent variable) and investment decision (dependent variable).

#### Mean

The mean, also known as the arithmetic mean, is a statistical measure that represents the average of a set of numbers. It's essentially the sum of all the values in the set divided by the total number of values. The arithmetic mean is the most common used technique for identifying central tendency. The population value is averaged and divided by the entire number of observations to determine the value.

Formula,

$$\text{Mean } (\bar{X}) = \frac{\text{Sum of total numbers } (\sum X)}{\text{Number of samples } (n)}$$

Where X = value of responses of each dependent and independent variable

N = Number of statements

### Standard Deviation

The standard deviation is a statistical measure that tells you how spread out the data points are in a set of numbers relative to their mean (average). Standard deviation acts like a ruler, measuring how spread out the data points are in a set, relative to their average (mean). It tells you not just how far individual points deviate from the average, but also how often these deviations occur. Think of it like a compass – it shows both the direction and the distance from the mean. Another term for standard deviation is "root mean square deviation," which reflects the mathematical formula used to calculate it.

Formula,

$$SD = \sqrt{\frac{\sum(x-\bar{x})^2}{n-1}}$$

Where,

SD = Standard deviation

N= No of observation

$\bar{x}$  = Mean

### Correlation

The strength and direction of the connection between variables can be measured using a correlation coefficient. In this study, a correlation matrix was employed to analyze the Likert scale data, and the correlation coefficient helped us examine the relationship between the independent and dependent variables. It's important to remember that correlation doesn't imply causation – it simply tells us how much the variables tend to change together. This relationship can be positive or negative, ranging from -1 to +1. A strong positive correlation (closer to 1) indicates that changes in one variable are likely accompanied by significant changes in the other. Conversely, a value near zero suggests little to no association between the variables.

$$r = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2}}$$

Where:

r: represents the correlation coefficient (values range from -1 to +1)

$\Sigma$ : represents the summation symbol (sum of all the terms)

$x_i$ : represents the value of the independent variable for the i-th observation

$\bar{x}$ : represents the mean of the independent variable

$y_i$ : represents the value of the dependent variable for the i-th observation

$\bar{y}$  : represents the mean of the dependent variable

### Regression

Regression analysis is a powerful statistical toolbox that helps us understand the relationships between variables. It goes beyond simply identifying a connection; it allows us to estimate how much the dependent variable (the unknown value we're trying to predict) changes as the independent variables (the known factors we can measure) change. Imagine you're studying the factors affecting housing prices (dependent variable). Regression analysis can help you estimate how much the price might change based on factors like square footage (independent variable) and neighborhood (another independent variable). It can even be used to make predictions about future relationships between variables. This technique doesn't tell us if one variable causes the other, but rather how strongly they're linked.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \dots \dots \dots (i)$$

$\beta_0$  = intercept of the regression or, Y-intercept and  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$ , are the coefficient of regression.

$e$  = error term capturing another explanatory variable not explicitly included in the model.

The equation for living standards (LS) can be represented as:

$$LS = \beta_0 + \beta_1 R + \beta_2 H + \beta_3 CP + \beta_4 E + e$$

Where:

LS = Living Standards

$\beta_0$  = Intercept (base level of living standards)

$\beta_1$  = Coefficient for R (impact of remittances on living standards)

$\beta_2$  = Coefficient for H (impact of household size on living standards)

$\beta_3$  = Coefficient for CP (impact of consumption patterns on living standards)

$\beta_4$  = Coefficient for E (impact of education on living standards)

$e$  = Error term (captures unobserved factors affecting living standards)

The equation for household income (Y) can be represented as:

$$Y = \beta_0 + \beta_1 R + \beta_2 H + \beta_3 CP + \beta_4 E + e$$

Where:

Y = Household Income

$\beta_0$  = Intercept (base level of income)

$\beta_1$  = Coefficient for R (impact of remittances on income)

$\beta_2$  = Coefficient for H (impact of household size on income)

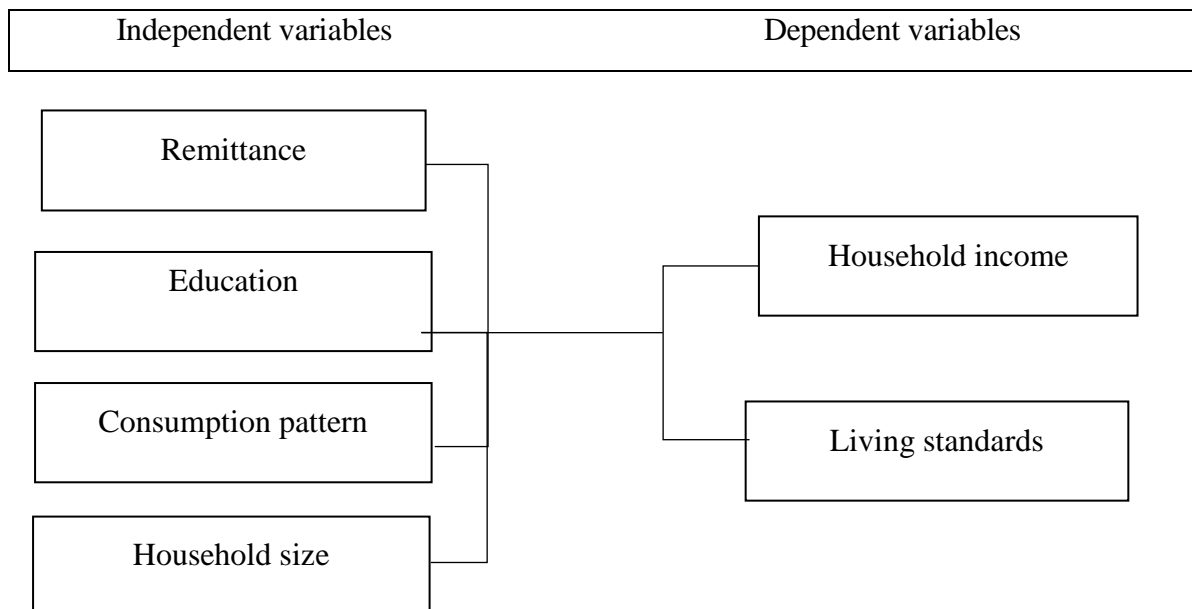
$\beta_3$  = Coefficient for CP (impact of consumption patterns on income)

$\beta_4$  = Coefficient for E (impact of education on income)

e = Error term (captures unobserved factors affecting income)

### 3.8 Research framework and definition of variables

A research framework is a supportive structure that guides and organizes your research process. A research framework refers to the overall structure, approach, and theoretical underpinning that guides a research study Flick, (2014). It serves as a structure for organizing the research question, data collection methods, data analysis procedures, and interpretation of findings Creswell (2014). Remittances, defined as funds transferred by migrants to their families or communities in their home countries, have emerged as a significant economic phenomenon in recent decades. These financial flows have been instrumental in supporting economic growth, living standard, and social development in many developing countries, including Nepal. The conceptual framework's diagrammatic depiction demonstrates how the variables were connected. Remittance and its impact are studied in the process. It would study how remittance, consumption pattern, education, and household size impact the income level and living standard of any household and country. Income level, the dependent variable, captured through surveys gauging perceptions of remittance and different independent variables.



**Figure1:**

*Diagrammatical representation of conceptual framework*

## **Definition of the Terms**

### **Remittances**

Remittances are defined as funds transferred by migrant workers to their families or communities in their home countries. They have emerged as a significant source of income for millions of households in developing countries, including Nepal. These financial inflows play a crucial role in supporting household livelihoods, reducing poverty, and stimulating economic growth (World Bank, 2006). Remittances can be received through various channels, including formal financial institutions, informal networks, and mobile money transfers. The amount and frequency of remittances vary across households, depending on factors such as the number of family members working abroad, their occupation, and the economic conditions of the host country (Pasa & Kharel, 2024). Understanding the determinants of remittance flows, their impact on household welfare, and the factors influencing remittance utilization is essential for developing effective policies to maximize the benefits of remittances for recipient communities (ADB, 2021).

### **Consumption Patterns**

Consumption patterns refer to the allocation of household income on various goods and services. These patterns are influenced by factors such as income levels, family size, cultural norms, and access to goods and services (Sarma, 2022). Understanding consumption patterns is crucial for analyzing the impact of remittances on household welfare. Key aspects of consumption patterns include food consumption, non-food consumption, durable goods, and savings and investment. Food consumption encompasses the proportion of income spent on staples, proteins, and processed foods. Non-food consumption includes expenditures on education, healthcare, housing, transportation, and other essential goods and services. Durable goods refer to long-lasting items like electronics, furniture, and appliances. Savings and investment encompass the allocation of income towards future consumption or income generation. By examining consumption patterns, researchers can gain insights into how households prioritize their spending and how remittances influence these choices (Pasa & Kharel, 2024).

### **Household Size**

Household size reflects the number of individuals within a household, influencing income distribution, consumption patterns, and overall economic well-being. Economies of scale

or diseconomies associated with household size can impact the relationship between remittances and household income (Javed et al., 2017). Larger households may have different consumption needs and priorities compared to smaller ones, affecting how remittances are utilized. Understanding household size is essential for analyzing the dynamics of remittance flows and their effects on household welfare.

### **Education**

Education is a critical determinant of individual and household well-being. It encompasses formal schooling, vocational training, and other forms of skill development. The level of educational attainment among household members significantly influences their earning potential, employment opportunities, and overall socioeconomic status (Amare & Hohfeld, 2016). By examining the educational levels of household members, researchers can gain insights into the human capital development within families and its relationship with household income and living standards.

### **Income Level**

Income level represents the total monetary value of all earnings and transfers received by a household over a specific period. It serves as a crucial indicator of economic well-being and is essential for understanding living standards, consumption patterns, and access to resources (Pasa & Kharel, 2024). Income level can be measured using various metrics, such as total household income, per capita income, or income quintiles. By analyzing income levels, researchers can identify disparities between households and assess the impact of factors like remittances, education, and occupation on economic outcomes.

### **Living Standards**

Living standards refer to the quality of life enjoyed by individuals or a population. They encompass various aspects of material well-being, such as income, access to goods and services, housing, education, healthcare, and overall economic opportunities (Sarma et al., 2022). A high standard of living typically indicates a better quality of life, while a low standard of living may reflect economic hardship and limited access to essential resources. Key factors influencing living standards include income, employment, education, healthcare, housing, and infrastructure. Common metrics used to assess living standards include GDP per capita, HDI, Gini coefficient, and poverty rates (ADB, 2021)

## **CHAPTER IV**

### **RESULTS AND ANALYSIS**

#### **4.1 Introduction**

Building upon the established research methodology, this chapter took a deep dive into the analysis and interpretation of secondary data collected on various factors influencing the impact of remittance on household income and living standards in Nepal. The tools and techniques previously outlined, such as statistical software and spreadsheet applications, are instrumental in dissecting and presenting this data in a way that sheds light on the research questions and objectives set forth in the initial chapter.

Data analysis and presentation were the cornerstones of any research endeavor, and this chapter served as the platform for meticulously examining the information gathered from diverse sources. This secondary data encompassed a wide range of factors that potentially influenced household income and living standards in Nepal, offering a comprehensive picture of the socio-economic landscape. Using analytical methods, we will have investigated the differences in income levels, expenditure patterns, and other relevant indicators between households receiving remittances and those that did not, and finally showed how these factors collectively impacted the overall living standards in Nepal. This chapter delved into specific details of the data analysis process. Descriptive statistics are employed to summarize key characteristics of the data, providing a foundational understanding of the information at hand. Furthermore, advanced techniques like regression analysis were utilized to uncover potential correlations and causal relationships between investment companies' credit policies, loan overdue rates, and other relevant factors. By meticulously examining these relationships and controlling for other relevant factors, we aimed to isolate the precise influence of remittance on the economic well-being and quality of life of households in Nepal.

The information gained from secondary data analysis helped in understanding the economic dynamics in Nepal. By uncovering the impact of remittances on household income and living standards, we were able to better understand how remittances contributed to economic stability and adult development. This understanding ultimately

helped policymakers and stakeholders develop strategies that maximized returns while ensuring cohesion in many regions of Nepal.

#### **4.2 Presentation and Analysis**

This chapter delved into the heart of the study – the analysis and interpretation of data gathered through a comprehensive survey of households in Nepal. The survey instrument was meticulously crafted to capture the impact of remittances on household income, living standards, and other relevant socio-economics factors. By including a diverse sample of households, the survey sought to gain a well-rounded perspective on the remittance landscape in Nepal.

Following data collection, a multifaceted approach was employed to analyze the survey responses. Statistical software like SPSS was utilized alongside spreadsheet tools like MS Excel to unlock insights hidden within the data. Descriptive statistics, including measures of central tendency (mean, median) and frequency analysis, painted a foundational picture of the investor landscape. This initial analysis provided crucial information on the characteristics of the respondents and their typical sources of income, as well as the prevalence and distribution of remittance inflows among households.

However, the journey didn't end there. Further analysis delved deeper, exploring the intricate relationships between remittance inflows, household income, living standards, and other socio-economic factors that might have influenced overall well-being. Advanced techniques like regression analysis were employed to uncover the strength and direction of these connections. Regression analysis allowed us to isolate the impact of remittances on household income and living standards while controlling for other factors that might have influenced the investment landscape.

By analyzing research data from these lenses, we aimed to understand how remittances, income levels, and other factors affected the living standards of households in Dhading. This section provided insights into the socio-economic landscape and ultimately highlight how remittances contributed to enhancing household welfare and reducing poverty, thereby helping policymakers develop more effective strategies to support economic development in Dhading.

### **4.3 Demographic information**

This section shed light on the demographic profile of the households that participated in the study. Understanding the characteristics of the survey respondents is crucial for interpreting the impact of remittances on household income, living standards, and other relevant socio-economic factors. A comprehensive table was presented, summarizing key demographic details such as household size, years of receiving remittances, primary source of income, geographic location, and the educational background of the household head. Analyzing these characteristics helped us identify any potential trends or variations in how different types of households benefit from remittances and managed their finances. For example, larger households might have allocated remittances differently than smaller households and invested more in education or healthcare, while households that received remittances may have led to financial stability and a better quality of life. Similarly, families headed by a well-educated head might have been better able to use the money for long-term investments and savings, while families in remote or rural areas might have been more likely to spend it for basic needs or repayments. Understanding the situation of Dhading households and how different demographic characteristics affected the use of remittances was important to identify best practices, potential challenges, and opportunities to improve overall economic security and quality of life. This information was needed to identify strategies that could increase the positive impact of remittances on household's incomes and livelihoods, thereby supporting Dhading's economic development.

#### **Gender**

A particularly important aspect of a household's profile to examine was the gender of the household head. Previous research suggested that gender could play a role in financial decision-making, resource allocation, and overall economic stability in households. By analyzing the gender distribution of the research participants (shown in the list), we checked if there were significant differences between men and women headed households in terms of managing remittances and improving living standards. This information helped in better understanding the factors affecting the utilization of remittances and the economic well-being of households in Dhading.

**Table 2***Distribution of Respondents based on Gender*

Gender	Frequency	Percent
Male	257	66.8
Female	128	33.2
Total	385	100.0

*Note:* Field Survey, 2024 (N=385)

Based on the result from analysis of gender in table, shows the highest percentage was found in males with a result of 66.8 percent as the major respondents in this research i.e. 257 males and 128 respondent's females having 33.2 percent respondents.

**Age**

Age had a significant impact on the management of household finances in Dhading due to factors such as risk tolerance, financial goals, and life stage of the household members. Age was one of the most important characteristics in understanding different perspectives on financial management and the utilization of remittances. The classification of the respondents by age, in terms of percentage, is shown in Table 3.

**Table 3***Distribution of Respondents Based on age group*

Age	Frequency	Percent
18-30 years	305	79.2
31-45 years	78	20.3
46-60 years	2	0.5
Above 60 years	-	0.0
Total	385	100.0

*Note:* Field Survey, 2024 (N=385)

Based on the result from Table 3, investigating the age level, where the highest percentage was found in the age of 18-30 years old at 79.2 percent or 305 respondents. Lowest number of respondents are from age group 46-60 years which is noticed as 0.5 percentage i.e. 2 respondents out of 385 in total.

## Education

Higher education levels among household heads could help improve financial management and decision-making. This included a deeper understanding of budgeting, savings, investment opportunities, and efficient use of remittances. Families headed by more educated people were better able to manage money, distribute returns more efficiently, and make informed decisions to improve their livelihoods. The level of education of the survey respondents played an important role in shaping the research findings. The level of education and percentage of the survey respondents are given below.

**Table 4**

*Distribution of Respondents Based on education*

Education Level	Frequency	Percent
Intermediate and Below	75	19.5
Bachelor Degree	193	50.1
Master Degree/ M.Phil	117	30.4
Total	385	100.000

*Note:* Field Survey, 2024 (N=385)

Majority of the respondents were from bachelors level indicating 50.1 percentage i.e. 193 respondents and second highest respondents were from master degree/ M. Phil level i.e. 30.4 percentage with 117 respondents whereas the lowest respondents were from intermediate level indicating 19.5 percentage with 75 respondents.

## Work Experience

The Work experience of the respondents helped researchers to understand and interpret the analysis more clearly. Individuals with work experience in specific fields had a deeper understanding of household financial management and the effective use of remittances. Below table depicted the data regarding work experience frequency of the respondents.

**Table 5***Distribution of Respondents Based on work experience*

Work Experience	Frequency	Percent
2 years or less	155	40.3
2-5 years	108	28.1
5-10 years	90	23.4
10 years or above	32	8.3
Total	385	100.0

*Note: Field Survey, 2024 (N=385)*

Work experience table highlighted that majority of the respondents had work experience of more than 2 years i.e. 155 respondents and 40.3 percentage. Also 32 respondent's i.e. 8.3 percentage of respondents had less work experience which was 10 years or above.

### **Working Department**

The foreign participants worked in different fields such as service, agriculture, business or student and their work may have affected how they used repatriated money. Their understanding of financial strategies and risk management was informed by their experiences and led to a better understanding of the use of remittances for income diversification, savings and increased family security. Analysis of the experiences of the study participants provided insight into how financial knowledge and skills were acquired in various areas related to cash flow management and labeling total family income in Dhading. Information on the occupations and percentages of the respondents is listed below.

**Table 6***Distribution of Respondents Based on working department*

Department	Frequency	Percent
Services	125	32.5
Agriculture	6	1.6
Business	79	20.5
Student	144	37.4
Others	31	8.1
Total	385	100.00

*Note: Field Survey, 2024 (N=385)*

The above table depicted the information regarding respondent's working in different sectors. It was seen that higher number of respondents were working as Student with 37.4 percentage i.e. 144 respondents while fewer respondent's i.e. 6 respondents were from agriculture with 1.6 percentage.

#### **4.4 Descriptive Statistics**

This section delved into the descriptive statistics of the survey data, providing a foundational understanding of households in Dhading. Descriptive statistics summarized the key characteristics of the collected data. In this case, we focused on central tendency measures like the mean (average) to understand how households, on average, perceive the impact of remittances on their income and living standards.

The survey employed a 5-point Likert scale (ranging from "strongly disagree" to "strongly agree") to measure investor perceptions. By analyzing the mean scores for each variable, we gauged the overall level of agreement or disagreement with statements related to the effects of remittances on household income and living standards. Additionally, measures of dispersion, like variance, were explored to understand the spread of responses around the mean. This descriptive analysis served as a springboard for further investigation into the relationships between various factors, such as working sectors (services, agriculture, business, student, others), and the economic well-being of households in Dhading.

##### **4.4.1 Descriptive Statistics of remittance**

Overall, five statements and a descriptive study of the questionnaire for the independent variable, remittance, and their responses are discussed below.

**Table 6***Descriptive Statistics of remittance*

<b>Descriptive Statistics</b>						
Statement	N	Minimum	Maximum	Mean	Std. Deviation	Std.
REMIT1						
Remittances have significantly improved my family's financial situation.	385	1.00	5.00	3.36	1.350	
REMIT2						
Remittances have enabled us to invest in education and healthcare.	385	1.00	5.00	3.40	1.257	
REMIT3						
I am satisfied with the amount of remittances my family receives.	385	1.00	5.00	3.11	1.286	
REMIT4						
Remittances have led to increased consumption of non-essential goods.	385	1.00	5.00	3.14	1.222	
REMIT5						
Remittances have caused social tensions within families due to unequal distribution.	385	1.00	5.00	2.86	1.277	

*Note: Statistics of remittance*

The table summarized investor responses on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree) regarding the impact of remittances on household income and living standards in Dhading. The average scores (means) indicated varying degrees of impact across different factors, with an average score (mean) ranging from [2.86] to [3.40]. The report with the highest mean score of [3.40] was reported for "Remittances have enabled us to invest in education and healthcare." This suggested that remittances were seen as an important factor in improving access to basic services. The second highest statement with an average score of [3.36] was "Remittances have significantly improved my family's financial situation." This showed the positive impact of remittances on overall financial stability. The report with the lowest score of [2.86] was "Remittances have caused social tensions within families due to unequal distribution." This situation showed the concern that repatriation might cause problems in family relations. The standard deviation ranged from [1.222 and 1.350] illustrating the variation in responses and showing that different

families were affected by remittances depending on factors such as education, dietary habits and family size.

This analysis provided valuable insights into how remittances affected household income and livelihoods in Dhading. It highlighted the positive impact of remittances on financial security, enabling families to invest in essential services such as healthcare and education. Additionally, the influx of remittances was shown to enhance overall living standards, allowing households to improve their quality of life significantly. However, the analysis also raised concerns about social anxiety and the potential dependency on remittances, which could lead to challenges in local economic development.

Further research could explore how variables such as education and employment practices moderate these effects and influence overall family health and well-being. Investigating the interplay between remittances and educational attainment could provide deeper insights into how financial support translates into long-term benefits for children in recipient households.

#### **4.4.2 Descriptive Statistics of Consumption Pattern**

Overall, five statements and a descriptive study of the questionnaire for the independent variable Consumption Pattern, and their responses were discussed below.

**Table 7***Descriptive Statistics of Consumption Pattern*

<b>Descriptive Statistics</b>							
Statement	N	Minimum	Maximum	Mean	Std. Deviation		
CP1	Remittances have led to an increase in our household's overall consumption.	385	1.00	5.00	3.11	1.266	
CP2	Borrowing for consumption purposes negatively impacts long-term financial stability.	385	1.00	5.00	3.31	1.175	
CP3	High consumption of processed food is linked to poor health and increased medical expenses.	385	1.00	5.00	3.60	1.294	
CP4	Remittances have led to a decline in agricultural productivity due to reduced labor participation.	385	1.00	5.00	3.53	1.181	
CP5	Reducing non-essential spending can lead to increased savings and investment opportunities.	385	1.00	5.00	3.72	1.104	

*Note: Statistics of Consumption Pattern*

The table summarizes that remittances impact household consumption patterns in diverse ways, with a focus on different aspects. This highest score [3.72] was given to the question “Reducing non-essential spending can lead to increased savings and investment opportunities” indicating a better understanding of savings strategies.

In comparison, the statement “Remittance have led to an increase in our household's overall consumption” had the lowest score [3.11] indicating that people have a low opinion of remittances regarding consumption. The mean deviation indicates some difference in family's feelings about the impact of remittances, providing a better understanding of the nutritional and financial security of Dhading families.

#### 4.4.3 Descriptive Statistics of Education

Overall, five statements and a descriptive study of the questionnaire for the independent variable, Education, and their responses are discussed below.

**Table 8**

*Descriptive Statistics of Education*

		<b>Descriptive Statistics</b>				
Statement	N	Minimum	Maximum	Mean	Std. Deviation	
EDU1	Access to quality education is essential for reducing income inequality.	385	1.00	5.00	3.66	1.134
EDU2	Education can help break the cycle of poverty.	385	1.00	5.00	3.92	1.147
EDU3	Government should provide vocational training along with academic education.	385	1.00	5.00	3.87	1.144
EDU4	Increased income automatically leads to a higher standard of living.	385	1.00	5.00	3.85	1.104
EDU5	Poverty is primarily caused by lack of education.	385	1.00	5.00	3.70	1.239

Note: *Statistics of education*

This table presented the descriptive statistics for perceptions on the impact of education in Dhading.

When the average score was examined, the highest score was [3.92] which was for “Education helps break the cycle of poverty” indicating a strong belief that education could eliminate poverty. The report with the second highest average score was [3.87] which was for “Government should provide vocational training along with academic education”, indicating support for comprehensive education, including vocational training.

The report with the lowest score of [3.66] was “Access to quality education is essential for reducing income inequality”, indicating that it was slightly more important than everything else.

The standard deviation ranged from [1.104 to 1.239], indicating moderate variability in responses. This disparity suggested that, although there was general agreement on the importance of education, respondents differed in their views on its impact and implementation. Understanding these perspectives provided insight into how education impacted income and livelihoods in Dhading.

#### 4.4.4 Descriptive Statistics of Household size

Overall, five statements and a descriptive study of the questionnaire for the independent variable, Household Size, and their responses are discussed below.

**Table 9**

*Descriptive Statistics of household size*

<b>Descriptive Statistics</b>						
						Std.
	Statement	N	Minimum	Maximum	Mean	Deviation
HS1	Family planning is crucial for poverty reduction and increase living standard.	385	1.00	5.00	3.51	1.190
HS2	Larger households have higher income due to multiple earners.	385	1.00	5.00	3.09	1.142
HS3	Family size affects the consumption, Education which effect the income and growth of any family..	385	1.00	5.00	3.67	1.106
HS4	Large families are more likely to affect the living standard.	385	1.00	5.00	3.57	0.998
HS5	Increased family size leads to higher living expenses.	385	1.00	5.00	3.69	1.183

*Note: Statistics of household size*

The table data showed the descriptive statistics for perceptions on household size and its impact in Dhading. The highest average score for the report “Increased family size leads

to higher living expenses” is [3.69], indicating that people strongly believed that larger families were more expensive. The second highest average score on this scale was [3.67] for “Family size affects the consumption, Education which affects the income and growth of any family”, indicating the important role that family size played in the disruption of many businesses. The lowest score was [3.09] for “Larger households have higher income due to multiple earners”, reflecting the average income from having more household members. The standard deviation of these measures ranges from [0.998 to 1.190], indicating some variation in the responses. This variation reflected differences in family size due to economic factors such as income and standard of living. This information provided a better understanding of the relationship between family size and economic outcomes in Dhading.

#### 4.4.5 Descriptive Statistics of Household Income/Income level

Overall, five statements and a descriptive study of the questionnaire for the dependent variable, Household Income/Income level, and their responses are discussed below.

**Table 10**

*Descriptive Statistics of household income/income level*

<b>Descriptive Statistics</b>						
	Statement	N	Minimum	Maximum	Mean	Std. Deviation
IL1	Remittances have significantly increased our household income which reduces the poverty level.	385	1.00	5.00	3.43	1.173
IL2	Larger families have lower capita income that increase the poverty level.	385	1.00	5.00	3.08	1.128
IL3	Income level decreases as there increase in consumption which leads to poverty line.	385	1.00	5.00	3.31	1.034
IL4	Remittance helps to attain quality education which leads to employment that increases income.	385	1.00	5.00	3.65	1.087
IL5	High income leads to increased consumption and less savings.	385	1.00	5.00	3.16	1.193

*Note: Statistics of household income/income level*

The table data showed the descriptive statistics for perceptions on household income levels in Dhading. The highest average score for the report “Remittance helps to attain quality education which leads to employment that increase income” is [3.65], indicating that positive impact of remittances on education and income from work. The second highest average score on this scale was [3.43] for “Remittances have significantly increased our household income which reduce the poverty level”, indicating that remittances were important in increasing family income and reducing poverty. The lowest score was [3.08] for “Larger families have lower capita income that increase the poverty level”, indicating the warning of the weak economy of the larger family. The standard deviation of these measures ranged from [1.034 to 1.193], with little variations across responses. This variation suggested that people had different views on factors that affected family income and poverty, such as remittances, family size, and health. This information helped in understanding the factors that affected household income and poverty levels in Dhading.

#### 4.4.6 Descriptive Statistics of Living Standard

Overall, five statements and a descriptive study of the questionnaire for the dependent variable, Living Standard, and their responses are discussed below.

**Table 11**

*Descriptive Statistics of living standard*

<b>Descriptive Statistics</b>							
	Statement	N	Minimum	Maximum	Mean	Std. Deviation	
LS1	Family’s living standards have improved since receiving remittances?	385	1.00	5.00	3.48	1.162	
LS2	Remittances have allowed us to invest in our children’s education.	385	1.00	5.00	3.68	1.150	
LS3	Remittances have allowed us to purchase assets (e.g., land, livestock, and vehicles).	385	1.00	5.00	3.63	1.090	
LS4	Remittances have helped us meet our basic needs more easily.	385	1.00	5.00	3.82	1.065	
LS5	High income leads to increased consumption and less savings which may impact living standard in future.	385	1.00	5.00	3.46	1.104	

*Note: Statistics of living standard*

The table data showed the descriptive statistics for perceptions on living standards in Dhading, particularly in relation to remittances. The highest average score for the report “Remittances have helped us meet our basic needs more easily” was [3.82], indicating that remittances were important in improving the capacity to meet basic needs. The second highest average score on this scale was [3.68] for “Remittance have allowed us to invest in our children’s education”, indicating that remittances were also seen as important for improving education. The lowest score was [3.46] for “High income leads to increased consumption and less savings which may impact living standard in future”, reflecting people’s concerns that increased consumption, even with higher incomes, could negatively impact future livelihoods.

The standard deviation of these measures ranges from [1.065 to 1.162], with little variation in responses. This variation suggests that people have different views on the impact of returns, consumption and income on living conditions. This information helps understand how remittances and financial behaviors affect livelihoods of Dhading families.

#### **4.5 Reliability Test**

Reliability and validity were important issues when evaluating managerial and business research. The most popular internal consistency metric when using multiple Likert question that make up a scale was Cronbach’s Alpha. Above 0.8 in Cronbach’s alpha indicates excellence, 0.7 or above was good, 0.5 or above was acceptable and below 0.4 is doubtful and unsatisfactory. In this study, the consistency of the item scales for continuous dependent and independent variables was assessed using Cronbach’s alpha. The reliability test of Likert scale was determined using SPSS software and is presented in the table.

**Table 12***Cronbach's Alpha Reliability test*

Variables	Cronbach's Alpha	No. of items
Remittance	0.816	5
Education	0.823	5
Consumption Pattern	0.774	5
Household Size	0.780	5
Household Income	0.693	5
Living Standard	0.795	5

*Note: reliability analysis presenting variables consistent with result*

Cronbach's Alpha was used to assess the consistency of the survey data regarding the impact of remittance on household income and living standards in Dhading. The results showed that all the variables had good correlation and Cronbach's Alpha value ranged from 0.693 to 0.823, with all values exceeding the minimum acceptable threshold more than 0.5. This indicated that most of the variables had good internal consistency.

The variable for "Education" had the highest consistency with alpha of [0.823] and its reliability was very good. The variable "Remittance" also showed good reliability with an alpha value of [0.816]. The variables "Living Standard", "Household Size", "Consumption Pattern" showed good reliability with alpha values of [0.795, 0.780 and 0.774] respectively. Although the variable "Household Income" has the lowest alpha value of [0.693], it still met the minimum threshold.

These results showed that the items in each variable measured their basic standards. In general, Cronbach's Alpha value provided confidence in the reliability and consistency of the research data and confirmed that each dimension was well represented and measured.

#### **4.6 Correlation Analysis**

This study delved into the potential relationship between remittance and household income and living standards in Dhading. Correlation analysis, a robust statistical method, was used to determine the strength and direction of these relationships.

Correlation coefficients measured the degree of linear association between two numerical variables. In this context, they indicated how changes in an independent variable (such as remittance, education, consumption pattern, household size) were related to changes in the dependent variables (income level and living standard). A positive correlation means that an increase in income or an improvement in factors such as education and consumption patterns was associated with an increase in family income or living standards. Conversely, a negative correlation could mean that changes in the household or adverse changes in consumption patterns were associated with a loss of income or livelihood.

This analysis aimed to determine the magnitude and direction of the relationships between individual variables (remittance, consumption pattern, and education and household size) and differences in dependent variables (income level and living standard). This provided a better understanding of how remittances and other socio-economic factors affected household income and livelihoods in Dhading.

**Table 13**

*Correlation Analysis*

		CP	EDU	HS	IL	LS
Remit	Pearson Correlation	1	.614**	.487**	.490**	.537**
	Sig. (2-tailed)		.000	.000	.000	.000
CP	Pearson Correlation	.614**	1	.592**	.475**	.395**
	Sig. (2-tailed)	.000		.000	.000	.000
EDU	Pearson Correlation	.487**	.592**	1	.653**	.526**
	Sig. (2-tailed)	.000	.000		.000	.000
HS	Pearson Correlation	.490**	.475	.653**	1	.654**
	Sig. (2-tailed)	.000	.000	.000		.000
IL	Pearson Correlation	.537**	.395**	.526**	.654**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
LS	Pearson Correlation	.504**	.496**	.591**	.698**	.599**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
N		385	385	385	385	385

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### **Relationship between Income Level, Living Standard and Independent variables**

**Remittance (Remit):** Remit had a significant relationship between return and income level (IL) and standard of living (LS) and the correlation coefficient ( $r=0.537$  and  $r=0.504$  respectively, both at  $p<0.01$ ). This suggested that households that received more remittances tended to have higher incomes and better lifestyles.

**Consumption Pattern (CP):** The risk profile of the borrower CP also showed a positive relationship with income (IL) and standard of living (LS) with correlation coefficient of ( $r = 0.395$  and  $r=0.496$  respectively, both at  $p < 0.01$ ). This suggested that changes in consumption pattern had a positive impact on family income and living conditions. Families that achieved better health standards (perhaps due to better financial literacy or income) saw improvements in their overall quality of life.

**Education (EDU):** Education demonstrated a positive relationship with both the dependent variables with correlation coefficients of ( $r=0.526$  and  $r=0.591$  respectively, both at  $p<0.01$ ). This suggested that higher education is associated with increased family income and improved living standards. As education increased, families were able to work more productively and their health improved.

**Household Size (HS):** HS showed a positive and significant relationship with both the dependent variables with correlation coefficient of ( $r=0.654$  and  $r=0.698$  respectively, both at  $p<0.001$ ). This suggested that larger families might benefit from a joint or multiple beneficiary arrangement, which had a positive impact on income and lifestyle, but it could also impact on the needs of larger families, enabling them to achieve better incomes.

Overall, the significance of the relationship between the independent and dependent variables suggested that these factors together led to higher household incomes and better living conditions in Dhading. The analysis highlighted the importance of remittances, consumption pattern, education and household size in creating economic outcomes and quality of life in Dhading.

#### 4.7 Regression Analysis

Regression analysis is a powerful statistical tool widely used in research to understand the relationships between variables. In this context, it helped us to investigate how different factors affected family income and living conditions in Dhading. Unlike correlation analysis, which only measured the strength of the relationship, regression analysis allowed us to determine the direction and magnitude of the effect of independent variables on dependent variables.

This method allowed models to be built that investigated the effects of various independent variables (such as remittance, consumption pattern, education, and household size) on two dependent variables (Income level and Living standard). These models allowed researchers to measure the individual effects of each factor, as well as understand how these factors affected family and living conditions. This approach provided a deeper understanding of the dynamics that shaped family business in Dhading.

**Table 14**

*Model Summary*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.706 <sup>a</sup>	0.499	.493	2.68199

Correlation between independent variable and income level

**Table 15**

*Model Summary*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.738 <sup>a</sup>	.544	.539	2.82466

Correlation between independent variable and living standard

The summary models showed that there was a positive relationship between the independent variables (remittance, consumption patterns, education and household size) and dependent variables (income level and living standard).

Table 14 showed that there was a moderate to strong relationship between the independent variable and income level ( $R=0.706$ ). The R-squared value was 0.499, indicating that 49.9% of the variation in household income could be explained by the independent variables, indicating that almost half of the variation in income was affected by remittance, consumption pattern, education and household size. The remaining 50.1% could be attributed to other factors not included in sample.

Table 15 showed a similar trend for living standard with a slightly positive correlation ( $R=0.738$ ). The R-squared value was 0.544, indicating that 54.4% of the variation in living standard was explained by the independent variables, with more than half of the variation in lifestyle life being affected by these conditions. The higher R-squared value in this model compared to the income model indicated that these independent variables had a relatively small effect on living standards.

**Table 16**

*ANOVA*

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2717.025	4	679.256	94.432	.000 <sup>b</sup>
	Residual	2733.365	380	7.193		
	Total	5450.390	384			

a. Dependent Variable: ILSUM

b. Predictors: (Constant), HSSum, CPSum, RemitSum, EDUSum

*Table 17*

*ANOVA*

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3621.261	4	905.315	113.467	.000 <sup>b</sup>
	Residual	3031.898	380	7.979		
	Total	6653.158	384			

a. Dependent Variable: LSSUM

b. Predictors: (Constant), HSSum, CPSum, RemitSum, EDUSum

The ANOVA tables indicated that both regression models were statistically significant in explaining the variation in the dependent variables: Income level and Living Standard.

Table 16 showed an F-statistic of 94.432 with a p-value less than 0.00, indicating that the independent variables together had a large effect on income (ILSum). The sum of squares of the regression model (2717.025) compared to the sum of squares of the residuals (2733.365) showed that the model explained a significant portion of the variance in income. However, there were still some unexplained differences, indicating that other factors not included in the model also affected income levels.

Table 17 presented similar findings for the Living standard (LSSum); the F-statistic was greater than 113.467 and the p-value was less than 0.001. This showed that the same freedom to change also affected the standard of living. The sum of squares (3621.261) compared with the remaining part of squares (3031.898) showed that the model explained a significant portion of the variation in the living standard, but some variation remained unexplained. Overall, the results of this multivariate analysis confirmed that household size, consumption pattern, remittances, and education were important determinants of income level and living standards in Dhading and contributed to the difference in these changes.

### **Multiple Regression Analysis**

Multiple regression is a statistical technique used to examine how many independent variables interacted to affect dependent variables in Dhading. This approach allowed for a better understanding by considering all predictors simultaneously, predicting their consequences for changes in outcomes. The analysis showed how everything affected the health of Nepal, similar to preparing a dish where each ingredient has a unique effect on the final flavor. This analysis assigned a weight to each predictor variable, indicating the strength and direction of its effect on the dependent variable. This not only helped to identify the factors that affected family income and living standards, but also showed their impact. This approach provided insight into the interrelationships of remittances, consumption patterns, education and household size on health in Dhading, allowing us to develop plans to improve these outcomes.

**Table 18**  
*Multiple Regression Analysis*

		<b>Coefficients<sup>a</sup></b>				
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	4.667	.691		6.757	.000
	RemitSum	.233	.037	0.301	6.251	.000
	CPSum	-.073	.044	-.085	-1.674	.095
	EDUSum	.108	.045	.126	2.378	.018
	HSSum	.427	.046	.465	9.362	.000

a. Dependent Variable: Income Level (ILSum)

**Table 19**  
*Multiple Regression Analysis*

		<b>Coefficients<sup>a</sup></b>				
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	3.305	.727		4.543	.000
	RemitSum	.115	.039	.135	2.938	.004
	CPSum	.086	.046	.090	1.859	.064
	EDUSum	.144	.048	.152	3.013	.003
	HSSum	.497	.048	.490	10.340	.000

a. Dependent Variable: Living Standard (LSSum)

The multiple regression analysis results showed how different independent variables impact income level and living standard in Dhading.

Table 18 showed that many independent variables are related to income level (ILSum). Remittance (RemitSum) had a positive effect on income with a coefficient of 0.233

( $p < 0.001$ ), indicating that higher remittances were associated with higher income. Household Size (HSSum) also had a positive effect with a coefficient of 0.427 ( $p < 0.001$ ), indicating that a larger family could earn better income. Education (EDUSum) had a positive effect on income with a coefficient of 0.108 ( $p = 0.018$ ). However, consumption pattern (CSSum) was negative but not related to income level ( $p = 0.095$ ).

Table 19 showed the effect of the same independent variable on the Living Standard (LSSum). Household size (HSSum) again had a positive effect with a coefficient of 0.497 ( $p = 0.001$ ), indicating that larger families would have a higher standard of living. Education (EDUSum) was also positive with a coefficient of 0.144 ( $p = 0.003$ ), indicating that higher education was associated with a better quality of life. Remittance (RemitSum) had a positive effect on the quality of life with a coefficient of 0.115 ( $p = 0.004$ ). Meanwhile, the consumption pattern (CPSum) showed a positive but non-significant effect ( $p = 0.064$ ).

Overall, the regression analysis confirmed that remittances, household size and education had a positive impact on income and living standards in Dhading, while the impact of consumption patterns was less and not significant. The outcome of the multivariate are:

**Hypothesis One (H1):** Remittances had a positive effect on income and standard of living. Regression analysis supported this with significant coefficients for income  $\beta = 0.233$  ( $p < 0.001$ ) and for living standard  $\beta = 0.115$  ( $p = 0.004$ ), indicating that more remittances would improve both.

**Hypothesis Two (H2):** Consumption patterns had a positive effect on income and living standard. This hypothesis was not supported because consumption pattern had no significant effect on income ( $\beta = -0.073$ ,  $p = 0.0095$ ) and a positive but not significant effect on living conditions ( $\beta = 0.086$ ,  $p = 0.064$ ).

**Hypothesis Three (H3):** Education had a positive effect on income and standard of living. The regression results supported this with positive effects of education: income level  $\beta = 0.108$  ( $p = 0.018$ ) and standard of living  $\beta = 0.144$  ( $p = 0.003$ ).

**Hypothesis Four (H4):** Household size had a positive effect on income levels and living standards. This hypothesis was supported by positive results: income level  $\beta = 0.427$  ( $p < 0.001$ ), standard of living  $\beta = 0.497$  ( $p < 0.001$ ).

#### 4.8 Major Findings

This research was based on the study Management Efficiency and Investment Decision of Investor in Shares. The following findings were drawn from the data examination and analysis.

- ❖ In the demographic profile of respondent's gender, it was found that majority of respondents were male 66.8 % (i.e., 257) and female 33.2% (128).
- ❖ Age group of the respondents were categorized in four division, the majority of respondents fall under 18-30 division having 79.2 % (305 respondents). Only 0.5 percent respondents were found on the age group of 46-60 years following 0 percent respondents from age group above 60 years.
- ❖ Education of the respondents was also crucial factor for analysis, it was noticed that most of respondents were from bachelors and second highest respondents were from master degree/M.Phil, and the lowest from intermediate and below.
- ❖ Work experience showed that majority of the respondents had work experience from 2 years or less and minority respondents had working experience from 10 years or above i.e. 8.3%. This showed most of the employees had higher work experience.
- ❖ As study was based on various sector, 144 respondents worked as student shown by 37.4% and minority of the respondents were from other sector i.e. 8.1%.
- ❖ Descriptive statistics suggested that households receiving higher remittances tended to have higher income levels, leading to improved stability.
- ❖ Descriptive statistics indicated that households with better consumption patterns, higher education levels, and optimal household sizes were more likely to experience enhanced living standards.
- ❖ Households do not rely on remittances randomly; rather, they strategically utilize remittances after careful planning and assessment of their needs to enhance income levels and living standards.
- ❖ External economic shocks or fluctuations had less impact on households' income and living standards if they had a comprehensive understanding of their financial and consumption patterns.

#### 4.9 Discussion

The impact of remittances on household income living standards in Dhading was an important area of research to understand its socio-economic impact. This study

investigated how remittances, consumption patterns, education and family size affected these two key variables. While the foundational work by Edwards & Ureta (2003) and Milligan & Bohara (2007) highlighted the role of remittances in improving household welfare in developing countries, this study explored these changes in the context of Dhading. Adhikari (2016) added context by explaining the specific implications of these changes in the context of Dhading, highlighting the significance of this research.

The rigorous methodology of this study was adopted by Flick (2014) to provide a good analysis of the relationship between independence and change. Gujarati and Porter (2009) suggested that the use of SPSS software could help improve data accuracy and analysis and provide useful results for factors affecting family income and living. This approach not only followed established research but also increased the robustness of the findings.

This results of this study were particularly useful for investment companies, policymakers, and development organizations in Dhading. By analyzing how returns and other factors affected income levels and livelihoods, stakeholders could develop strategies to improve outcomes of repatriation. This could include improving financial literacy, changing policies to better support families, and using educational and financial interventions to improve livelihoods.

In summary, combining information from existing literature with empirical analysis provided a better understanding of remittances and other factors affecting family health in Dhading. Addressing these questions through rigorous research and analysis supported the development of policies and strategies that support long-term economic growth and improve family housing across the country.

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

#### **5.1 Introduction**

This chapter presented the results of a study examining the impact of remittances, consumption patterns, education, and household size on income level and living standards in Dhading. It provided brief summary of the overall study, highlights key findings from the literature review, and examines whether these factors affect the health and well-being of the Dhading family.

#### **5.2 Summary**

This thesis provided a comprehensive analysis of the impact of remittances, consumption patterns, education and household size on income level and living standards in Dhading. Understanding these relationships was critical to supporting the economy and improving the quality of life of families across the country.

This study adopted a causal research design and used multiple regression analysis as a significant tool to examine the strength and direction of the relationship between the independent variables and dependent variables. By exploring these linkages, this study aimed to understand how these factors interacted to create economic outcomes in Dhading by drawing on research studies reported by Flick (201) and Edwards & Ureta (2003).

The researcher's methodology was based on the study in the framework of Adhikari (2016) and Milligan & Bohara (2007) and focused on the economic impact of remittances and other factors in the family. Data was collected through surveys to obtain detailed information on remittances, consumption pattern, education, household size. SPSS was used to analyze the data to determine the main factors affecting the family income and living conditions according to the statistical methods suggested by Pallant (2020).

The findings of this study were expected to provide insights to policy makers, development organizations, and families in Dhading. By understanding the key driver of income and livelihoods, stakeholders could develop strategies to support return

management, improve the use of quality standards, improve educational opportunities, and support the creation of families needed to support economic growth. This would help reduce poverty, enhance economic recovery, and improve the overall quality of life (Stark, 1991).

In addition, information from this study could inform policies to promote fair trade and health in Dhading. This study contributed to the general literature on the economic impact of remittance and provided recommendations for improving family health, both in terms of learning and policy implementation (Taylor, 1999).

### **5.3 Conclusion**

While the study showed the positive effects of money, education, consumption patterns and household size on dependent variables in Dhading. It also highlighted the need for more research. Future research should examine the long-term effects of these changes and explore policy interventions that could maximize benefits and improve living conditions.

Overall, this study provided insights for policy makers to develop strategies to improve family health and promote economic growth in Dhading. By understanding these changes, strategic plans could be designed to improve household income and living standards, thereby promoting the stability and development of the country (Adhikari, 2016; Edwards and Ureta;2003).

### **5.4 Implications**

This study on the impact of remittances, consumption patterns, education and family size on income level and living standards in Dhading provided important information with important implications. The findings highlighted the important role of repatriation in improving family income and livelihoods, as well as the importance of health and education management. This information helped families allocate resources better and increase financial security. Policy makers could also use this information to develop strategies to maximize returns and promote economic growth. The study also showed that education and family planning programs can further improve livelihoods and economic conditions in Dhading. Overall, the results extended beyond the boundaries of a single household and provided valuable lessons for broader economic development and social planning in Dhading.

### **Theoretical implications**

The theoretical implications of this study on the impact of remittances, consumption patterns, education and household size on income level and living standards in Dhading were based on various theories. Human capital theory (Becker, 1964) suggested that investment in education could lead to profit and gain; the findings were supported by this study showing that higher education was associated with better living standards and family income (Adhikari, 2016). Development theory (Frank, 1967) indicated the dependence of developing countries on external financing. Studies have confirmed that Dhading's households were heavily dependent on remittances, which improved income and livelihoods but also created risks due to potential volatility in remittances (Edwards & Ureta, 2003).

Life expectancy theory (Modigliani and Brumberg, 1954) and permanent income theory (Friedman, 1957) further explained family behavior. Studies showed that families with better health and financial planning tend to have higher quality of life, supporting the idea that people aim for a stable lifestyle throughout their lives rather than simply responding to short-term changes in income (Milligan and Bohara, 2007). Overall, this study provided insights into trade in developing countries to better understand the impact of remittances, education, consumption patterns, and household size on income level and living standards in Dhading and other countries.

### **Practical implications**

This study had a positive impact on the impact of remittances, consumption patterns, education and family size on household income and living standards in Dhading.

- **Policy Development:** The findings suggested that policy makers should promote educational opportunities and financial literacy. Programs aimed at improving income levels and living standards; families could improve their health and security by investing in human capital (Adhikari, 2016).
- **Remittance Utilization:** Encouraging families to use remittances not only for direct consumption but also for investment in education and goods could provide income stability and lifestyle improvements (Edwards & Ureta, 2003).
- **Family Planning and Resource Management:** This study highlighted the need for effective family planning and resource management strategies to ensure that

families, especially large families where resources may be weak, benefit from repatriation and other programs (Milligan and Bohara, 2007).

### **Policy Implications**

- **Remittance Utilization Policies:** Lawmakers needed to develop guidelines to help wealthy families use the money they received for long-term investments, such as education and property, rather than for direct consumption. This could increase a family's income and livelihood.
- **Education and Financial Literacy Programs:** The government should support and invest in education and financial literacy programs to improve management and financial planning within the country. This would encourage better use of remittances and improve livelihoods..
- **Family Planning Support:** Policies that support family planning and resource management could help family's access remittances and other assistance, especially for large families with limited resources.

By implementing these policies, Nepal could have improved the health of families, increased spending efficiency, and improve overall health.

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ABSTRACT The primary objective of this study was to examine the effect of consumption patterns, household size, remittances, and education on household income and living standards in Dhading, Nepal. It aimed to understand how these factors influence financial stability and overall quality of life among the 385 remittance-receiving households surveyed. The study employed a combination of descriptive and causal research designs. This research utilized

**descriptive statistics, correlation** analysis, **and regression analysis to analyze the data**

using SPSS version 26. The findings indicate that consumption patterns, household size, remittances, and education have a significant positive impact on household income and living standards. Descriptive statistics reveal that remittances account for a substantial portion of household income, with most recipients reporting improved financial security and enhanced access to essential services. Correlation analysis shows significant positive associations between the independent variables and indicators of living standards, including housing quality and asset ownership. Furthermore, regression analysis confirms that consumption patterns, household size, remittances, and education significantly affect both household income and living standards. However, the study also highlights potential drawbacks, as many households reported increased social anxiety due to the absence of family members working abroad. In conclusion, this study provides evidence that these factors play crucial roles in enhancing household income and living standards in rural Nepal, while suggesting that policymakers should consider strategies to promote local economic development and reduce reliance on remittances. Keywords: Consumption patterns, household size, remittances, education, household income, living standards CHAPTER I