

# **IMPACT OF REMITTANCE ON LIVING STANDARD OF PEOPLE IN GHODAGHODI MUNICIPALITY**

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

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### **Certification of Authorship**

I hereby confirm that I have researched and submitted the final draft of dissertations entitled “IMPACT OF REMITTANCE ON LIVING STANDARD OF PEOPLE IN GHODAGHODI MUNICIPALITY” The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has it been proposed and presented as part of requirement for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledge. In addition, I declare that all information sources and literature used are cited in the reference’s sections of the dissertation.

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### Report of Research Committee

Mis. Sarala Chand has defended research proposal entitled “**IMPACT OF REMITTANCE ON LIVING STANDARD OF PEOPLE IN GHODAGHODI MUNICIPALITY**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidelines of supervisor Dr. Pitri Raj Adhikari submit the thesis for evaluation and viva- voce examination.

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## Approval Sheet

We, the undersigned, have examined the thesis entitled “**IMPACT OF REMITTANCE ON LIVING STANDARD PEOPLE IN GHODAGHODI MUNICIPALITY**” presented by Sarala Chand candidate for the degree of Master Business Studies (MBS). We hereby certify that the thesis is worthy of acceptance.

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## **Abbreviations**

EA	:	Educational Attainment
HS	:	Health Status
OMW	:	Occupation of Migrant Workers
PR	:	Purpose of Remittance
QH	:	Quality of Housing
RI	:	Remittance Inflow
SD	:	Standard Deviation
SDC	:	Shanker Dev Campus
SR	:	Source of Remittance
TU	:	Tribhuvan University

## **Abstract**

This research explores the impact of remittance inflows on the living standards of households in Ghodaghodi Municipality, located in Kailali District, Nepal. With a focus on households receiving remittances from Gulf countries, Malaysia, and other regions, this study employs a descriptive and causal-comparative research design to analyze the relationship between remittance inflows and various dimensions of household well-being. The study aims to assess the volume, sources, and trends of remittance inflows, as well as their effects on living standards. A total of 450 households have surveyed using structured questionnaires, which gathered data on household income, expenditure patterns, educational attainment, healthcare access, and overall changes in living conditions attributed to remittance inflows. The sample has selected through convenience sampling, ensuring statistical significance for the findings. Statistical analyses, including descriptive statistics, correlation, and regression analysis, have conducted using SPSS software to interpret the data effectively. The findings indicate that remittances play a vital role in improving household financial stability, with many families relying heavily on these funds for daily expenses, education, healthcare, and housing quality. Key findings highlight that higher occupational status of migrant workers correlates significantly with improved living standards. Reliable sources of remittances further enhance housing quality, educational opportunities, and health outcomes for recipients. Additionally, the study reveals that the intended use of remittances whether for immediate household needs, savings, or investment greatly influences the effectiveness of these funds in improving living conditions. This research underscores the significance of remittances as a crucial financial lifeline for households in Ghodaghodi Municipality, contributing substantially to their economic stability and enhancing their quality of life. The results not only provide insights into the socioeconomic dynamics of remittance-receiving households but also offer implications for policy makers and development practitioners aiming to leverage remittances for local economic development and improved living standards.

*Key Words: Remittance Inflow, Occupation of Migrant Workers, Source of Remittance, Purpose of Remittance, Quality of Housing, Educational Attainment, Health Status*

# Chapter I

## Introduction

### 1.1 Background of the study

The impact of remittances on the living standards of residents in Ghodaghodi Municipality, located in the far western region of Nepal, is profound due to the high rate of labor migration to Gulf countries, Malaysia, and India. This migration is primarily driven by a scarcity of local employment opportunities, low wages, and the desire for better economic prospects abroad (Adhikari, 2020 & Khatiwada, 2017). Remittances have become a critical source of income for many households, significantly enhancing living standards by increasing household consumption, improving access to education and healthcare, and upgrading housing conditions (Thapa & Sharma 2018). According to Paudel et al. (2019), remittances play a pivotal role in reducing poverty by stabilizing household finances, which in turn enables families to invest in education and health, key drivers of long-term socio-economic development. Additionally, Sharma and Pant (2021) noted that remittance inflows contribute to local economic growth by stimulating demand for goods and services, further enhancing the well-being of remittance-receiving households.

The term "employment" refers to a written contract in which an employer and employee agree that the employee will do certain tasks in exchange for a salary or hourly wage (ILO, 2018). People who work abroad with the intention of earning foreign currency are said to be engaging in overseas employment, often known as temporary migration (World Bank, 2020). As per the overseas Employment Act 2064 of Nepal, overseas employment refers to the act of an employee finding employment beyond their place of origin (GoN, 2007). Due to favorable currency rates in other countries, it has been increasingly common for young people from Nepal to look for work overseas in recent years (Shrestha, 2016). This is because they are drawn to the possibility of earning greater income. According to the Department of Foreign Employment, almost 1,500 young Nepalis left the nation every day to work abroad before the COVID-19 outbreak (DOFE, 2020). Reducing poverty, raising living conditions, and boosting foreign exchange inflows into Nepal have all been greatly aided by foreign employment (NRB, 2019). Despite the fact that these advantages are

significant, questions exist over the long-term effects on the nation. Persistent out-migration has the potential to compromise long-term sustainable economic growth by creating a labor shortage, lowering productivity, and possibly creating a reliance on remittances (ADB, 2018).

Remittances have improved the social standing of households by enabling them to participate in more social and cultural events, thereby empowering them on a social level (Adhikari & Shrestha 2019). However, the departure of individuals of working age, especially men, frequently leaves those who remain behind especially women with a greater burden since they must handle home duties on top of their customary tasks (Thapa & Shrestha,2021; Ghimire, 2017). Although there are many advantages to remittances, an excessive reliance on foreign money has led to economic risks. Many households engage little in profitable industries like small companies or agriculture and instead grow reliant on remittances, ignoring local economic potential (Pant, 2020; Dahal & Koirala, 2018). Financial instability can arise from this dependence, especially when remittance payments are disrupted by external reasons like economic recessions, labor market upheavals, or political crises in the host countries (Maharjan et al., 2021; Bhattarai, 2020). Specific legislative initiatives that support long-term regional economic growth are required to reduce these dangers. These actions ought to involve boosting skill development programs, generating jobs locally, and promoting the use of remittances for profitable ventures in order to lessen reliance on foreign revenue (Acharya & Adhikari 2018; Shrestha & Gurung 2019). Continued reliance on remittances could impede the growth of a resilient and diverse local economy in the absence of these calculated efforts.

Remittances sent back by migrant workers have become a crucial source of income for many households in Ghodaghodi Municipality, contributing to improved living conditions, access to education, better healthcare, and overall economic stability. According to Nepal Rastra Bank (2021), remittances constitute a substantial portion of household income in the region, directly impacting consumption patterns, savings, and investment in human capital. The influence of remittance on living standards is not uniform across all households. Factors such as the amount of remittance received, frequency, and the manner in which the funds are utilized play a pivotal role in determining the overall impact on the standard of living (Pant 2019). While some

households have managed to significantly improve their economic standing, others remain vulnerable due to irregular or insufficient remittance flows.

Millions of individuals are moving overseas, mostly from developing countries, in search of better employment opportunities and to assist with the relocation of their dependents. Globalization and the integration of regional economies have further boosted workers' cross-border labor mobility. Poverty and the inability to earn enough money to support oneself and one's family are two major pull factors for migration. In many countries, labor migration has become a top policy priority in the twenty-first century. It is estimated that 272 million people, or 3.5 percent of the world's population, are living outside of their birthplace in search of better economic opportunities (MOLESS, 2020).

Like our ancestors, people have moved around a lot throughout history in an attempt to improve their lives. For nearly 200 years, Nepalese people have been migrating abroad for employment. Young men from Nepal's hill country migrated to Lahore, which is now in Punjab, Pakistan, in the 19th century to serve in the Sikh king Ranjit Singh's army. This is the reason why Nepalis employed abroad are still called "Lahure" (Bhattai 2007). Foreign employment in Nepal began when the British East India Company established the First Gorkha Regiment. Historically, Nepalese workers have mostly chosen Indian laborers.

In addition to funds transferred to businesses for purposes like bill payments or online shopping, remittances also involve the transfer of money from one person to another, often crossing national borders (World Bank, 2020). Typically, remittances refer to funds sent by individuals working abroad to support their families back home (IMF, 2019). In recent years, the term has become widely recognized as money sent by migrant workers to their relatives in their home countries (Ratha et al., 2021). Nowadays, remittances are commonly sent through banks, electronic payment platforms, or foreign money transfer services like Money Express and Western Union (Sapkota, 2020). In developing countries such as Nepal, remittances play a vital role in alleviating poverty and improving the quality of life for recipient families (Pant, 2020). Since the 1990s, remittances have significantly contributed to Nepal's GDP, becoming a key source of investment (Nepal Rastra Bank, 2018). Remittances help

stabilize the economy and enhance household spending in rural regions with limited income sources (Thapa & Shrestha, 2019).

Historically, until the 1950s, Nepal remained largely isolated from global migration trends. Migration was primarily limited within the country and to nearby India up until the late 20th century. The open border between Nepal and India, allowing free movement without permits or permissions, has been a major factor in facilitating migration between the two nations. However, recent data from the Ministry of Labor and Employment (MLE, 2018) reveals a significant decline in the proportion of Nepalese migrants heading to India from 93.1% of all international migrants in 1991 to 37.6% in 2011. Overseas job opportunities beyond India have become the primary drivers of Nepalese migration, with numbers skyrocketing since the mid-1990s, from 3,605 migrants in 1993/94 to over 100,000 annually. By February 2018, up to 1,600 Nepalese were leaving the country each day in search of work abroad (Shrestha, 2018). According to the MLE (2018) report, 85% of these labor migrants headed to Gulf countries Qatar, Saudi Arabia, the United Arab Emirates, and Kuwait between 2008 and 2015. The rest found employment in industrialized regions such as Europe, the Americas, South Korea, Malaysia, and Israel.

Over 50% of households in Nepal rely heavily on remittances as a source of funding, making them an important component of the country's economy (CBS, 2011). While some research (Wagle & Devkota, 2018; Adhikari & Hobley, 2015) highlights the beneficial benefits of remittances on household welfare and economic outcomes, other research (Uprety & Sylwester, 2017; Uprety, 2017) highlights possible detrimental effects on economic productivity. Remittances' overall impact on production is yet unknown (Sapkota, 2013; Thapa & Acharya, 2017). This study investigates a significant but little-researched subject: how remittances affect household agricultural productivity in Nepal. It especially looks at two aspects of capital investment per person as described by neoclassical theories that can increase productivity per person (Solow, 1956). Key determinants of productivity are production technology, as defined by endogenous growth models (Romer, 1990; Taylor et al., 2003), and Bhandari (2017). According to this study's hypothesis, remittances boost capital investment and technological development, which raises agricultural output. The idea that remittances can promote greater capital

accumulation and agricultural technology advancement is supported by evidence (Pant, 2011; Sharma & Bhandari, 2017; Maharjan et al., 2013; Khatiwada & Sharma, 2013). Furthermore, research indicates that remittances may encourage the use of new technology and improved farming techniques, which could increase agricultural productivity (Shrestha, 2020; Adams & Cuecuecha, 2010; Lokshin & Glinskaya, 2009). However, as recent research (Paudel & Perera, 2018;) notes, the magnitude of this influence is shaped by market conditions and household factors.

Nepal, a landlocked and one of the least developed nations, faces substantial economic challenges, with 25.2% of its population living on less than \$1.25 per day, according to the World Development Indicators (2014). Despite these difficulties, Nepal has made notable strides in poverty reduction, largely driven by the overseas employment of its workforce. Between 1995 and 2004, work-related migration and the remittances sent back home contributed to over 20% of the poverty reduction in Nepal (Lokshin et al., 2007). Over the years, remittance inflows have grown substantially, rising from USD 2.54 billion in 2010–11 to USD 8.79 billion in 2018–19 (MOLESS, 2020). In 2019–20, Nepal received remittances totaling Rs. 875 billion, which accounted for approximately 22.4% of the nation's real GDP (MoF, 2020). This remittance figure exceeded the country's total income mobilization of Rs. 827 billion and surpassed the capital expenditure allocation, highlighting the significant role of remittances in fostering capital formation and enhancing domestic productivity.

According to Ratha (2015), the Nepalese economy is becoming more and more reliant on remittances as a result of the continuous rise in remittance inflow. The rural population is currently changing careers due to the low economic return from agriculture. The largest number of Nepalese overseas employed is in Malaysia (30.1%), followed by Qatar (27.4%), Saudi Arabia (20.2%), the United Arab Emirates (13.1%), and other nations (9.2%).

Despite having an abundance of natural resources and a stunning landscape, Nepal transfers millions of young people each year to other nations. Nepalis left their home country in the hopes of raising their family's level of living. According to Malla and Rosenbaum's (2017) theory, the primary motivations behind Nepalese migration to the Gulf area are the absence of employment opportunities in their native country and

the need to enhance the standard of living for their families. Remittances are therefore a crucial source of income for many migrants. Nepal is endowed in natural beauty and numerous resources, but every year, the country exports millions of youth people to many nations. Nepalis left their home country in the hopes of raising their family's level of living. According to Malla and Rosenbaum's (2017) theory, the primary motivations behind Nepalese migration to the Gulf area are the absence of employment opportunities in their native country and the need to enhance the standard of living for their families. Thus, remittances are a significant livelihood source for many migrant workers and their families in Nepal. Since many residents of Ghodaghodi Municipality relocate to Gulf nations, remittances have a substantial impact on people's living standards there., Malaysia and India as a result of the poor pay and scarcity of local job possibilities (Adhikari 2020). Remittances have grown to be an essential source of income, resulting in higher household spending, better access to healthcare and education, and better living conditions, all of which help to reduce poverty and promote economic stability (Paudel et al. 2019). Remittances improve a family's social standing and enable more involvement in community events; but, the lack of working-age family members frequently causes hardship for those left behind, particularly women who must shoulder more domestic duties (Thapa & Shrestha 2021). Despite these advantages, families that rely heavily on remittances run the risk of experiencing economic disruptions as a result of economic downturns or geopolitical unrest in their host countries. This is because they frequently fail to take advantage of local opportunities and invest little in productive sectors (Pant ,2020 & Maharjan et al. 2021). In order to address these issues and create a resilient local economy, policy interventions that support local employment, skill development, and remittance investments into sustainable economic activity are needed (Acharya & Adhikari, 2018).

Therefore, this study examines the impact of remittance on the living standards of people in Ghodaghodi Municipality. The research analyzing how remittances influence various aspects of daily life, such as household income, access to education and healthcare, and overall economic stability, the research aims to provide a comprehensive understanding of how financial support from abroad affects the local community. This study explores not only the direct financial benefits but also the

broader implications for quality of life and community development in Ghodaghodi Municipality.

## **1.2 Problem statement**

As the world grows more interconnected, international mobility has been rising daily and has emerged as a key feature of the twenty-first century. Individuals are migrating both domestically and internationally in pursuit of improved lives and employment prospects (Tacoli & Okali, 2002). It has also grown to be a noticeable aspect of Nepal's socioeconomic environment. The main factor influencing Nepal's migration status has been the country's workers leaving for jobs abroad. About half of all families in Nepal had a family member who was employed overseas or had just returned, based on data from the country's 2011 housing and population census (IOM, 2019). The government of Nepal has been encouraging foreign employment through a variety of strategies in an effort to address the issue of internal unemployment as well as other national economic problems.

Migration from developing nations is often temporary, with individuals moving abroad primarily to improve their family's welfare and meet basic needs. Following the liberalization of the migrant labor system in the 1990s, Nepal has seen a surge in temporary labor migration, making this a relatively recent trend (Shivakoti et al., 2021). With a large youth population, Nepal now has expanded work opportunities abroad, providing significant employment options. Nepalese migrants, often from impoverished and rural areas, send remittances back home to support their families. These remittances are a form of financial transfer from one household member to another. According to the IMF Balance of Payments Manual (7th edition), residents working in foreign economies provide ongoing payments to their dependents through remittances.

The socio-economic dynamics of the Ghodaghodi Municipality are greatly impacted by the remittance stream, which has become a lifeline for many people. Even though remittances make a significant economic contribution to the area, it is yet unclear how they affect the level of living of households in Ghodaghodi Municipality. Concerns exist over the sustainability and long-term effects of this form of income, despite the

fact that remittances have been connected to better access to healthcare, education, and spending habits (Sharma &Thapa, 2022).

A major challenge is the dependency syndrome, where households become excessively reliant on remittances, potentially neglecting local income-generating opportunities (Paudel, 2021). Moreover, there is limited understanding of how remittances are distributed among different expenditure areas, such as education, healthcare, savings, and investments. This raises an important question: Are remittances driving lasting improvements in living standards, or are they simply offering short-term relief?

Socioeconomic differences among households further compound the problem by affecting their ability to make good use of remittances. Concerns over the long-term stability of households depending on remittances are further raised by the unpredictable nature of remittance flows, which is influenced by changes in the global economy and the job situation in destination nations (Nepal Rastra Bank, 2021). Therefore, it is imperative to conduct a comprehensive study on the impact of remittances on living standards in Ghodaghodi Municipality in order to create regulations that optimize their benefits while reducing any potential hazards.

Many micro-level studies have focused on workers and migrants who send money to their families to improve their living standards and help reduce absolute poverty in their home country. Wagle and Devkota (2018) proposed that remittances serve as a tool for poverty alleviation in Nepal. However, a key question remains: does remittance income contribute to economic growth? Nepal's growth-related economic indicators have shown limited change over time, leaving this question open. Against this background, research is conducted to explore both the long- and short-term relationships between worker remittances and economic growth in Nepal's small, open economy. In order to investigate how worker remittances relate to economic growth, the following research question has been developed:

The important questions that are related to the objectives of the study are as follows:

- i. Does the status of remittance inflow, occupation of migrant workers, source of remittance, purpose of remittance, quality of housing, educational attainment, health status in Ghodaghodi Municipality?

- ii. Is there relationship between remittance inflow, occupation of migrant workers, source of remittance, purpose of remittance and quality of housing, educational attainment, health status in Ghodaghodi Municipality?
- iii. Does the impact of remittance inflow, occupation of migrant workers, source of remittance, purpose of remittance on quality of housing, educational attainment, health status in Ghodaghodi Municipality?

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

In light of the background, the aim of the study is to examine the impact of remittance on economic development of Nepal. Some of the specific objectives of this paper are:

- i. To assess the status of remittance inflow, occupation of migrant workers, source of remittance, purpose of remittance, quality of housing, educational attainment, health status in Ghodaghodi Municipality.
- ii. To examine the relationship between remittance inflow, occupation of migrant workers, source of remittance, purpose of remittance and quality of housing, educational attainment, health status in Ghodaghodi Municipality.
- iii. To analyze impact of remittance inflow, occupation of migrant workers, source of remittance, purpose of remittance on quality of housing, educational attainment, health status in Ghodaghodi Municipality.

### **1.4 Rationale of the study**

Foreign employment and remittances are significant economic phenomena in Nepal, yet the sustainability of a remittance-based economy is questionable. While the volume of remittances is increasing, a large portion is allocated to consumption and loan repayment, with only a small fraction invested in the productive sector. The positive impact of remittances on poverty alleviation is widely acknowledged, but the non-economic consequences such as effects on health, education, gender issues, politics, and social and cultural changes remain less understood. Current pressing issues in Nepal include the utilization of remittances in unproductive sectors, low economic growth rates, insufficient employment opportunities, and brain drain. Although remittances are crucial to the Nepalese economy, there has been limited research focused on understanding their broader impacts.

The amount of remittances has increased, but investment levels have not decreased, technology distribution and acquisition are still inadequate, and brain drain is still happening. This research attempts to investigate the main concerns affected by remittances. Policymakers will use the findings as a reference. This study's main goal is to evaluate how remittances affect the Nepalese economy. Analyzing the present state of remittances in Nepal and assessing their economic benefits are among the specific goals.

Policymakers can benefit from knowing how remittances affect different socioeconomic sectors. With this information, specific plans can be created to better allocate remittances toward profitable ventures, boosting economic growth and lowering dependency on foreign employment. The results of this study are useful in developing policies that encourage the use of remittances in sectors including agriculture, small and medium-sized businesses (SMEs), and entrepreneurship all of which are critical to long-term, sustainable economic growth.

The research shed light on the wider consequences of remittances that extend beyond their cash outflows. These consequences encompass repercussions on health, education, gender roles, societal cohesion, and cultural transformation. Through the emphasis on these sometimes-disregarded non-financial effects, the study advanced a more thorough comprehension of the alterations in the social structure of communities that rely on remittances. Interventions that target remittances' social and economic aspects can be guided by this understanding.

The study underlined the necessity of remittances being invested in profitable industries rather than consumed. The study's objectives were to identify obstacles and offer practical solutions in order to encourage sustainable economic diversification, lessen the drawbacks of a remittance-driven economy, and generate local job possibilities in order to stop the continued brain drain.

The study's empirical data on remittance usage trends aided in the development of initiatives promoting financial literacy and improved remittance management by community organizations, NGOs, and financial institutions, among other stakeholders. In place of short-term consumption, this promoted a more robust and

inclusive economic environment where remittances aided in long-term communal development.

In Nepal, remittances were essential to reducing poverty. The study demonstrated how, when used wisely, remittances might raise living conditions. With a better knowledge of the relationship between remittance inflows and poverty reduction, the study aided in the establishment of programs targeted at maximizing remittance utilization and advancing the nation's objectives for social and economic development.

The study established a basis for future research and closed a gap in the body of knowledge regarding the non-financial effects of remittances. Building on these results, future research examined the dynamic relationship between remittances and other important areas like financial inclusion, rural development, and technology uptake.

### **1.5 Limitations of the study**

The limitations of the study are as follows:

- i. Primary data collection through surveys or interviews may be subject to response bias, where participants provide socially desirable answers or may not fully disclose their financial situation.
- ii. Gathering accurate and comprehensive primary data can be challenging due to logistical issues, respondent availability, and the potential reluctance of participants to discuss sensitive financial information.
- iii. The study's focus on specific aspects of remittance impact may not cover all relevant dimensions, such as broader economic or social changes, due to the constraints of the primary data collection process.
- iv. Primary data collection may only provide a snapshot of the situation at a specific point in time, potentially missing longitudinal changes or trends in remittance impacts over time.
- v. Collecting primary data can be resource-intensive, involving significant time and financial costs, which might limit the scope and depth of the study.

- vi. Findings from Ghodaghodi Municipality may not be applicable to other regions with different socio-economic conditions, migration patterns, or remittance behaviors.
- vii. The accuracy of primary data depends on the quality of responses and data collection methods, which may vary and affect the reliability of the findings.

## **Chapter II**

### **Literature Review**

There are three sections in this chapter. The conceptual review, which is the first section, explains and investigates important terms associated with living standards and remittances, highlighting their links and the ways in which remittances may affect different facets of quality of life. The theoretical review, which takes up the second half, focuses on basic theories such as those pertaining to capital investment and technological advancement that explain how remittances may affect living standards. The empirical review, which is the third portion, looks at previous studies' conclusions and research on how remittances affect living standards. It also identifies gaps in the literature that this study tries to fill.

#### **2.1 Conceptual Review**

The conceptual review of the impact of remittances on living standards examines the various dimensions through which remittances affect households, communities, and the broader economy. It integrates key concepts related to remittance flows, utilization patterns, socio-economic impacts, and the sustainability of remittance-dependent economies.

#### **Remittances as Financial Inflows**

Remittances are the financial transfers made by migrants to their home country, often representing a significant source of income for households in developing countries like Nepal. These transfers are crucial for maintaining household consumption, supporting education and healthcare, and providing a buffer against economic shocks. In Ghodaghodi Municipality, remittances are seen as a vital financial resource that can improve living standards by directly increasing household income and reducing poverty levels. The steady inflow of remittances can enhance purchasing power, allowing families to afford better living conditions and services.

#### **Household Utilization of Remittances**

How households utilize remittances plays a crucial role in determining their impact on living standards. In many cases, remittances are primarily used for consumption

purposes such as food, clothing, and housing improvements thereby directly enhancing daily life quality. However, in Ghodaghodi Municipality, a significant portion of remittances is also used to repay loans, cover healthcare expenses, or fund education, which can have long-term benefits for human capital development. Conversely, limited investment in productive sectors like small businesses or agriculture reduces the potential for sustainable economic growth, perpetuating a cycle of dependency on remittances.

### **Economic Impact on Local Development**

Remittances have a multiplier effect on the local economy by increasing demand for goods and services, creating jobs, and stimulating local businesses. This local economic activity can generate income beyond the initial remittance amount, benefiting the wider community. In Ghodaghodi Municipality, remittance-driven consumption has boosted local retail and service sectors, albeit often in informal and low-productivity areas. The challenge, however, remains in harnessing remittances to build a more diversified and resilient local economy that can sustain itself independently of external inflows.

### **Social and Cultural Impacts**

Beyond economic benefits, remittances can lead to significant social and cultural changes. The inflow of money often alters household dynamics, influences gender roles, and affects social norms. For example, remittances can empower women by providing them with financial resources, especially when male household members are abroad. However, they can also create social challenges, such as increased consumerism, changes in family structures, and the psychological impact of separation. In Ghodaghodi Municipality, remittances have contributed to social status changes, with households receiving remittances often enjoying higher social prestige but also facing social pressures related to expectations of wealth.

### **Impact on Health and Education**

Remittances can positively affect health and education outcomes by providing households with the means to afford better healthcare services and invest in the education of children. This investment in human capital is crucial for long-term socio-

economic development. In Ghodaghodi Municipality, remittance-receiving households have been observed to spend more on private schooling and healthcare, which can lead to better educational attainment and improved health outcomes. However, disparities exist, as not all households use remittances effectively for these purposes, with some prioritizing immediate consumption over investments in human capital.

### **Challenges of Economic Dependency**

While remittances contribute significantly to household welfare, their role in fostering dependency poses a substantial challenge. Economies like that of Ghodaghodi Municipality, heavily reliant on remittances, often face structural weaknesses such as low domestic production, inadequate employment opportunities, and vulnerability to external shocks like changes in global labor markets. This dependency can deter local entrepreneurship and investment in productive sectors, as remittances are often viewed as an easier and more reliable income source than local economic activities.

### **Sustainability and Long-term Implications**

The sustainability of remittance-driven improvements in living standards is a critical concern. While remittances provide immediate financial relief, their long-term impact on economic development is less clear. Without channeling remittances into productive investments, there is a risk of perpetuating economic stagnation and continued reliance on external income sources. In Ghodaghodi Municipality, the lack of investment in local enterprises, agriculture, or technology acquisition hinders economic diversification, making the local economy susceptible to the ebbs and flows of global labor demand.

### **Financial Inclusion and Remittance Management**

Effective remittance management, including better financial literacy and access to banking services, can enhance the impact of remittances. In Ghodaghodi Municipality, promoting financial inclusion by encouraging remittance-receiving households to use formal banking channels, save, and invest can help turn remittances into a tool for sustainable economic empowerment. Financial inclusion also ensures

safer, more reliable remittance flows and can facilitate the transition from consumption to investment.

## **2.2 Theoretical review**

Remittances are steadily increasing in Nepal, driven by various push and pull factors influencing emigration. Key pull factors include high demand for labor in developed and industrialized regions, particularly in the Middle East, East Asia, and Gulf countries. Major push factors contributing to the departure of Nepal's skilled and unskilled workforce include limited job opportunities within Nepal, prolonged political instability, low wage levels, inadequate agricultural income, liberal government migration policies, lack of essential services, and the influence of others working abroad (Mishra & Kunwar, 2020). Additionally, the Nepalese government has implemented policies to encourage migration and foreign employment as a solution to the domestic unemployment issue.

Remittance revenue undoubtedly contributes to growth and welfare. Under the welfare effect, the migrant's family receives a direct transfer of funds to help them raise their standard of living, pay for their children's education, and cover family members' medical costs. Both the direct and indirect effects of remittances on economic growth are discussed by Ziesemer (2012).

Remittances have a number of indirect effects on growth, such as indirectly increasing growth rates by lowering remittance volatility. According to Fullenkamp et al. (2008), the financial sector's rapid development (Agarwal and Horowitz 2002) and the appreciation of the real exchange rate (Lopez et al., 2007) both contribute to the growth rate. Additionally, it affects the development of human capital and education (Chami et al., 2005).

Barajas et al. (2009) explored the relationship between remittances and gross domestic product (GDP), examining how remittances can impact GDP by influencing labor force participation, capital accumulation, and total factor productivity (TFP). From a national income perspective, remittances enter the economy through the current account, supporting consumption stability and investments across various sectors. However, development economists view the role of foreign inflows in generating economic growth in developing countries differently. Todaro and Smith

(2020) highlighted foreign and domestic factors as two primary drivers of economic growth. Many researchers have applied Solow's (1956) neoclassical growth model to assess the effects of remittance income on economic growth. Solow's model illustrates how economic output is produced and can grow over time, with labor, capital, and technology driving total economic output. Various studies have employed the Solow model to capture the growth impact of remittances by incorporating additional variables into the framework.

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

The NELM theory views migration and remittances as a household decision rather than an individual one. Unlike earlier theories that focused on individual motives, NELM emphasizes that families send members abroad to diversify income sources, manage risks, and improve household welfare., remittances are seen as a strategy for households to enhance their living standards by investing in better education, healthcare, and consumption. This theory helps explain why remittances are often used for immediate consumption and debt repayment rather than productive investment, as families prioritize immediate welfare over long-term economic activities (Stark & Bloom, 1985).

### **Dual Market Theory**

This theory suggests that labor markets in developing countries, like Nepal, are characterized by a segmented structure, with one part offering low-paying, unstable jobs and another providing higher, more secure employment opportunities abroad. Migration, therefore, serves as a pathway for workers to access better-paying jobs, even if they are in low-skilled sectors in foreign countries. Remittances sent back home from these jobs contribute significantly to household income, helping to bridge economic gaps that exist due to limited local opportunities in places like Ghodaghodi Municipality (Piore, 1979).

### **Dependency Theory**

Dependency theory argues that reliance on external sources of income, such as remittances, can hinder local economic development by creating dependency rather than fostering self-sustaining growth. While remittances can alleviate immediate

poverty, they may also discourage investment in local enterprises and reduce the Ghodaghodi Municipality, where remittances have not significantly contributed to long-term economic growth or diversification, leading to concerns about sustainability and economic dependency on foreign employment (Dos Santos, 1970).

### **Human Capital Theory**

Human capital theory posits that remittances can be used as a form of investment in human capital, particularly in education and health, which are critical for long-term economic development. In Ghodaghodi Municipality, households receiving remittances often invest in education and healthcare, theoretically leading to improved skills and productivity in the local economy. However, this potential is not fully realized when remittances are primarily used for consumption rather than for enhancing human capital (Schultz, 1961).

### **Multiplier Effect Theory**

The multiplier effect theory suggests that remittances can have a broader impact on the local economy through increased spending and demand for goods and services. The remittances are spent on local businesses, they stimulate economic activity, creating a ripple effect that benefits other sectors of the economy. In the context of Ghodaghodi Municipality, remittances can lead to increased demand for local products and services, though the impact is often limited when remittances are spent on imported goods or non-productive uses (Taylor, 1999).

### **Brain Drain and Development Theory**

This theory explores the dual impact of migration: while remittances boost household incomes, the departure of skilled labor can negatively affect local development prospects. Ghodaghodi Municipality faces this paradox, where remittances improve living standards, but the loss of a significant portion of its young, working-age population can weaken the local labor market and hinder economic growth. The theory emphasizes the need for strategies that balance the benefits of remittances with measures to retain skilled workers locally (Bhagwati & Hamada, 1974).

### **2.3 Empirical Review**

Adhikari et al. (2024) explored how remittances from Malaysia and Gulf countries affect rural livelihoods in Tilottama Municipality. Data from 231 households receiving remittances for over a year were analyzed. The majority of migrant workers are in the UAE, earning Rs. 45,000 to Rs. 50,000 monthly, and sending Rs. 35,000 to Rs. 45,000 back home. Remittances are primarily used for household expenses, education, and health, with some funds invested. Positive changes in living standards, housing, and amenities were noted. The study suggests that policymakers should implement financial literacy and vocational training programs to further enhance rural development.

Sapkota et al. (2024) examined the major portion of the Nepalese economy is based on agriculture. The country's rural areas are home to almost 80% of the inhabitants, who are engaged in agriculture. People are compelled or forced to migrate due to a variety of reasons including poverty, desperation, unfair resource distribution, and a lack of opportunity. This study's major goal is to determine how remittances affect the socio-economic aspects of households both before and after they receive remittances. The Bhadaure, Tamagi village at Ward number 4 of the Annapurna Rural Municipality is the place where the current study was carried out. Only 50 respondents out of 200 migrants working abroad were chosen at random as a sample of the study. The research method was a case study design, the quantitative data were collected using structured questionnaire where SPSS version 20 was used for data analysis. The objective of the study was to identify the impacts of remittances on the expenditure of migrant households and compare the position of remittance holders before and after receiving remittances. The findings of the study highlight the positive impact of remittance on the living standards of households. Many households were able to construct RCC buildings and buy land in which they were previously unable to construct due to financial constraints. There was also an improvement in household assets, electronic goods, and services after receiving remittances. Moreover, the results show that the health conditions of households had improved after receiving remittances. The findings indicate that remittance has a significant impact on the socioeconomic development of the study area, contributing to the improvement of the living standards and well-being of the households. Despite this, the government must

ensure protection against labor exploitation and formulate appropriate policies for Nepalese laborers.

Temory (2024) examined the impact of remittances on household income and poverty in Afghanistan using a regression model and household-level microeconomic analysis. Primary data was gathered from 600 Afghan households through a pre-tested semi-structured questionnaire, assessing socioeconomic characteristics, income-generating activities, and poverty status through both qualitative and quantitative analysis. Alongside detailed descriptive statistics, the study employed regression analysis to assess remittances' effect on household income. Findings indicate that education, household size, remittances, age, and employment status positively influence household income. A second model revealed that remittances, household size, and employment status significantly impact poverty levels in the study area. Additionally, the findings suggest that while remittances can incentivize development, reducing credit constraints is essential for enabling poorer households to access migration opportunities and send remittances home more effectively.

Lamsal (2024) investigated how workers' remittances impact household consumption in Nepal. Despite the growing role of remittances in Nepal's economy, this relationship has received limited attention. The study aimed to analyze the effects of remittances on household consumption by using 22 years of time series data (2000/01 to 2021/22) sourced from official publications, including the National Statistics Office (NSO), Nepal Rastra Bank's Quarterly Economic Bulletins, and the Ministry of Finance's Economic Surveys. An ARDL Bounds Testing Model was applied to assess the influence of remittances on household consumption. Results demonstrated a positive and significant correlation between remittance inflows and household consumption. The study suggests that the Nepalese government and relevant stakeholders should develop policies to channel remittances through formal systems to address foreign currency shortages and liquidity challenges in the economy.

Ahmad and Fayyaz (2023) examined how workers' remittances influence living standards, focusing on the complex relationships between remittances, financial development, and economic growth. The study highlights that previous research has shown mixed results on these linkages, often utilizing the capital conduit and threshold conduit effects to trace causal pathways. Extending these frameworks,

Ahmad and Fayyaz analyzed data from 1980 to 2020, using the augmented Dickey-Fuller test for data stationarity and ARDL-bound testing to explore both short- and long-term impacts. The findings reveal a significant direct and indirect relationship between remittances and living standards, mediated by financial development and GDP growth in both the short and long term. This study underscores the valuable role of worker remittances in supporting financial strategies, offering insights for policymakers to develop sound financial plans that harness remittance flows.

Jayaweera and Verma (2023) analyzed the impact of remittances on various aspects of housing investment in Sri Lanka, specifically focusing on housing expenditure, affordability, quality, and household assets. Housing expenditure was calculated based on household spending on rent, house construction or repair, and utility bills, while housing affordability was measured using the shelter poverty index. A housing quality index was developed considering factors like the structure, services, and location of the dwelling. An overall assets index was created using 45 household assets. To address the self-selection bias in remittance receipt, the study employed the propensity matching score method. The findings reveal that remittances have a positive and significant impact on housing expenditure, affordability, and assets, although their effect on housing quality was minimal. These insights can help policymakers design targeted interventions to enhance the benefits of remittances on housing and contribute to the achievement of the SDGs, particularly the goal of leaving no one behind.

Agza et al. (2023) conducted a quantitative assessment to evaluate the positive impact of remittances on household livelihood security, highlighting a significant improvement over time. The study found a 13.6% increase in livelihood security for households receiving remittances and a 10.99% enhancement for the overall population. The impact was even more substantial for households receiving higher amounts of remittances, with a notable 40% improvement in livelihood security. The findings underscore the critical role of remittances in enhancing household economic security and well-being.

Adhikari (2023) assessed the impact of remittances on gross domestic savings in Nepal, highlighting the country's steady flow of remittances but ongoing struggles with poverty reduction, unemployment, and infrastructure development. The study

utilized the Autoregressive Distributed Lag (ARDL) model and found that remittances had an insignificant effect on gross domestic savings, both in the short and long term. This result contradicts previous studies that showed a positive or negative relationship between remittances and savings. The study also found that factors such as Gross Domestic Product (GDP) positively influence savings. Based on these findings, it is recommended that policymakers address the high consumption of remittance income and implement measures to promote savings, which could contribute to Nepal's overall growth and development.

The contribution of remittances to economic growth in transitional economies was examined by Didia and Tahir (2022). They underlined how remittances boost local consumer spending and savings, which in turn promotes long-term economic growth and speeds up financial development. In order to advance financial advancement, the study made clear that financial institutions must embrace established technologies for business transactions.

Mishra et al. (2022) investigated the impact of remittances on household expenditure patterns in Nepal, using data from the 2010/11 Nepal Living Standards Survey, with a sample of 5,987 households. The study applied an instrumental variable approach to examine various categories of household spending, such as food, alcohol and tobacco, clothing, ceremonies, healthcare, education, home improvement, agriculture, and livestock. The results show that remittances are positively associated with expenditures on food and education, but negatively associated with spending on alcohol and tobacco. The study also explored whether gender influenced the impact of remittances on spending patterns and found no significant difference between male- and female-headed households, suggesting that both genders allocate remittances in similar ways. These findings contribute to the existing literature by not only confirming previous results regarding food and education expenditure but also shedding light on the broader implications of remittances on other spending categories. The study suggests that increased food consumption and greater investments in education due to remittances could lead to enhanced human capital, potentially boosting labor productivity, wage earnings, and overall economic development in Nepal.

According to Rahaman et al. (2022), remittances account for 6.5% of Bangladesh's GDP, making them crucial to the country's economy. More than 1.3 million people have left Bangladesh's densely populated Sylhet district, which is notorious for sending migrants overseas. The impact of remittances on migrant families' livelihoods is the main subject of this study. Twenty-five migrant households from three villages in the Khadimpara union of the Sylhet district participated in the study. The results demonstrate that the lives of rural migrant households in this region are greatly impacted by remittances. The study emphasizes the vital role remittances have in the socioeconomic structure of rural areas and shows how they alter people and households.

Aryal (2022) explored the contribution of remittances to the socio-economic development of Nepal, with a focus on the trends, patterns, and diversifications of foreign labor migration. Using secondary data, the study highlights that foreign employment is a primary source of income for many Nepali families. Nepal has a long history, spanning about 200 years, of receiving remittances from migrant workers. The major destination countries for Nepali workers include those in the Gulf Cooperation Council (GCC) and Malaysia. According to the National Planning Commission's report for 2020/21, Nepal received NPR 961.05 billion in remittances from 128 countries, which constituted 22.5% of the country's GDP. Furthermore, the Economic Survey of 2020/21 indicated that Nepal's per capita income reached USD 1,381 in 2021, marking an 11% increase from the previous year. The study emphasizes that both migration and remittances have played a significant role in increasing per capita income and contributing to social development in Nepal over time.

Shrestha (2022) analyzed the dynamic role of remittances in the economic growth process of Nepal using time-series data from 1981 to 2017. The study employed various data analysis tools, including the vector error correction model, long-run structural modeling, Granger causality test, generalized impulse response functions, persistence profile, and variance decomposition analysis. The findings reveal that remittance inflows and economic growth have a bidirectional relationship in the long run, but no relationship is observed in the short run. Additionally, remittances influence other variables such as investment, financial development, and human

capital, which, in turn, impact economic performance. The study indicates that remittances could promote financial development in the short term. However, it also highlights that negative shocks in remittance flow could have a permanent adverse effect on educational attainment. The paper concludes by recommending the creation of an investment-friendly environment to enhance the role of remittances in economic growth. Policies encouraging remittance flow through formal channels and improving financial literacy are essential for channeling remittances toward economic development. Furthermore, the government should prioritize the education sector to prevent student dropouts when households are negatively affected by remittance shocks.

Shakya and Gonpu (2021) examined the impact of remittances on GDP growth in Nepal and found that remittances do not have a significant effect on economic growth. This contrasts with earlier studies by Sapkota (2013) and Taguchi and Lama (2016), who identified a "Dutch Disease" effect, suggesting that remittances could have negative effects on the economy by appreciating the local currency and reducing the competitiveness of domestic industries. Uprety (2017) also concluded that remittances have a negative short-term impact on economic growth in Nepal, with no significant long-term effects. Despite these studies, there is a lack of comprehensive research on the linkages between remittances and economic growth in Nepal. The existing literature presents contrasting findings, and the mechanisms by which remittances influence Nepal's economy remain underexplored. The study suggests that Nepal could remain stuck in a low-growth equilibrium characterized by high migration and high remittance inflows unless significant changes are made to its development practices.

The effects of remittances on capital, saving, and economic growth in small emerging nations were studied by Benhamou and Cassin (2021). According to the study, remittances raise literacy rates or investments in education at the price of domestic savings, creating a U-shaped curve between remittances and economic growth and a negative link between remittances and domestic savings.

Alleluyanatha and Treasure (2021) identified several key factors influencing the remittances sent by youth to their home communities. The study highlighted employment status, migrant gender, age, and the purpose of remittances as the

primary determinants. The remittances sent by young migrants are predominantly used for purchasing agricultural implements and covering school expenses. This direct financial support has a significant impact on the economic and educational stability of rural households, contributing to improved agricultural productivity and better access to education for family members. The findings underscore the role of remittances in sustaining the livelihoods and long-term development of rural communities.

Sunam et al. (2021) argued that transnational labor migration can significantly enhance household livelihoods, especially when diversified livelihood portfolios, including remittances, are supported by favorable state policies. The integration of remittances into these portfolios plays a crucial role in building resilience against economic shocks, providing a stable source of income for households. This financial support, coupled with effective state policies, can improve overall household welfare, reduce vulnerability, and contribute to long-term socioeconomic stability for families involved in labor migration. The study emphasizes the importance of policy frameworks that facilitate the optimal use of remittances for sustainable development.

Taasim (2021) explored the relationship between economic growth and remittances in Malaysia, utilizing data from 1987 to 2018 and applying the Nonlinear Autoregressive Distributed Lags (NARDL) method. The study found that remittances play a significant role in contributing to economic growth in Malaysia, highlighting the importance of international remittances as a crucial financial tool. These remittances help support various sectors of the Malaysian economy, underlining their positive impact on economic development. This study emphasizes the importance of leveraging remittance inflows for sustained economic growth in countries reliant on migrant labor.

Mannan (2021) investigated the impact of remittances on household welfare in Pakistan using data from the Pakistan Household Integrated Economic Survey (HIES) 2015-16. To address selection bias, the study employed Propensity Score Matching (PSM) to create a counterfactual group for comparison between households receiving remittances and those not receiving them. The study considered three types of remittances: total, internal, and international. The empirical findings revealed that total and international remittances significantly increased per capita annual

expenditure by Rs. 15,190 and Rs. 26,296, respectively, compared to non-recipient households. Internal remittances had an insignificant effect on household expenditure on average. However, when the impact was analyzed by rural and urban households, internal remittances had a positive and significant effect on per capita annual expenditure for rural households, with rural households benefiting more than urban ones.

Ajefu and Ogebe (2021) examined the effects of international remittances on household expenditure patterns in Sub-Saharan Africa (SSA), focusing on five countries that receive significant international remittances. The study analyzed both aggregate and distributional effects of remittances on household expenditures. To address the endogeneity of remittances and potential heterogeneity in their impacts, the authors used the instrumental variable quantile (IV-quantile) regression framework. This method allowed them to instrument for remittances using the economic conditions in migrants' countries of origin. The study found that receiving international remittances led to increased expenditures on food, durable goods, education, and healthcare. Moreover, the effects of remittances were found to be more pronounced across different expenditure quantiles, suggesting that higher amounts of remittances are associated with greater spending in these categories.

Dash (2020) investigated the impact of remittances on domestic investment in South Asia over the period from 1991 to 2017. The study utilized advanced panel estimation methods to address potential country-specific heterogeneity and the issue of endogeneity. The findings indicated that remittances contribute to both consumption and investment activities in the region. Specifically, the study found a unidirectional causality running from remittances to domestic investment, suggesting that remittances play a role in promoting investment, possibly by providing additional resources for households to invest in productive activities.

Dodd et al. (2020) explored the concept of human security to better understand the motivations for and consequences of migration among rural households. Their findings emphasized that remittances play a significant role in enhancing both the perceived and actual security of families left behind. Specifically, remittances address critical financial needs, as well as contribute to improvements in education and healthcare, thereby supporting the overall well-being of migrant-sending households.

This highlights how remittances can be a crucial factor in improving the security and livelihoods of families in rural areas.

Abbas (2019) explored the effect of workers' remittances on domestic investment in four selected South Asian countries Bangladesh, India, Pakistan, and Sri Lanka using contemporary time series estimation techniques for the period 1980 to 2017. The study found that, in the long run, remittances had a positive effect on domestic investment in all countries except for Pakistan. In contrast, other capital inflows had a negative effect on investment, while net external debt inflows showed a positive effect. This indicates that, in most of the countries studied, remittances serve as an important source of capital for investment, though their impact may vary across different national contexts.

Munemo (2018) analyzed the effect of overseas remittances on economic growth using the ordinary least squares (OLS) method and the Granger causality test. The study found that remittances have a positive impact on economic growth, serving as a crucial financial resource that supports and stimulates economic activities in recipient countries. This suggests that remittances play an important role in enhancing the economic performance of nations that rely on such inflows, contributing to growth and development.

Cuong and Linh (2018) examined the impact of remittances on living standards in Vietnam by using fixed-effects regressions on panel data from the 2010 and 2012 Vietnam Household Living Standard Surveys. Their study found that international remittances significantly increase per capita income and household expenditures, thereby contributing to poverty reduction and an improvement in overall living standards. However, the study also noted that while remittances improve economic well-being, they have a minimal impact on the labor supply, as households receiving remittances tend to work fewer hours.

Meyer and Shera (2017) investigated the impact of employee remittances on economic growth in Albania and five neighboring countries from 1999 to 2013. Using annual panel data and multiple regression analysis, the study found that worker remittances significantly contribute to economic expansion in these countries. Additionally, the study established a strong relationship between economic growth

and living standards, highlighting that remittances play a crucial role in promoting economic progress and improving the overall welfare of recipient households.

Assaf (2015) studied the impact of workers' remittances on economic growth in Jordan using regression analysis (OLS). The study also examined the effects of other traditional sources of economic growth, including gross fixed capital formation, foreign direct investment, and the labor force. The findings revealed a positive effect of remittances and traditional sources like gross fixed capital formation on GDP. However, the labor force was found to have no significant effect on GDP, suggesting that while remittances contribute to economic growth, changes in labor force size alone do not have a notable impact on Jordan's economic performance.

Tahir et al. (2015) explored the impact of external determinants such as foreign remittances, foreign direct investment (FDI), and foreign imports on Pakistan's economic growth. Their findings indicated that while both foreign remittances and foreign direct investment positively contributed to economic growth, foreign imports had an adverse effect. Based on these results, the study recommended that policymakers should focus on enhancing the inflow of foreign remittances and foreign direct investment to foster long-term economic growth. However, it also highlighted the need to address the negative impact of foreign imports on the economy.

Hossain (2014) examined the effects of foreign capital and remittance inflows on domestic savings across 63 developing countries from 1971 to 2010. The study concluded that governments should prioritize foreign capital flows, evaluating their net benefits in terms of domestic savings, investment, and overall economic growth. It also emphasized that sustained income growth is essential for increasing domestic savings over time. Additionally, the study found that interest rates are not an effective policy instrument for mobilizing savings, suggesting that alternative strategies may be necessary for fostering long-term savings growth in developing economies.

Feeny et al. (2014) analyzed the impact of remittances on economic development in Small Island Developing States (SIDS) by using econometric data from 136 developing nations between 1971 and 2010. The study found that remittances positively influence economic growth, but the mechanisms through which this effect occurs are complex and context-dependent. The findings highlighted that the impact

of remittances varies by region and country, indicating that while remittances can contribute to economic development, the specific outcomes depend on local economic conditions and policy environments.

Imai et al. (2014) explored the relationship between remittances and economic growth across 24 Asian countries. The study found that remittances can have a positive impact on economic growth and poverty reduction by increasing household income and consumption. However, the study also highlighted that remittances could create supply-side shocks, such as labor market distortions and dependency, which may hinder long-term growth. This dual effect underscores the complexity of remittances' impact, suggesting that while remittances can provide immediate financial benefits, their broader economic consequences require careful management.

Guha (2013) investigated the dual effect of remittances on economic growth, finding that while remittances increase household consumption and reduce poverty, leading to improved societal welfare, they can also decrease labor supply. This reduction in labor force participation may potentially dampen overall economic growth. Furthermore, Guha explored the concept of Dutch disease, suggesting that an over-reliance on remittances could harm the broader economy by reducing the incentives for domestic production and diversifying economic activities.

Ahmad et al. (2013) focused on the relationship between foreign remittances and financial development in Pakistan from 1978 to 2011. Using time-series data and multiple regression analysis, the study found a positive correlation between remittances and economic growth, emphasizing their role in enhancing financial development. However, the study also identified that factors such as inflation and exchange rate fluctuations negatively impacted growth, suggesting that while remittances are beneficial, their positive effects can be undermined by macroeconomic instability.

Bett (2013) examined the impacts of remittance inflows on domestic savings in Kenya. The main objective of the study was to find the impacts of remittance on domestic Savings levels in Kenya for the time period of 1970-2011. The study was based on secondary data and Error Correction Model (ECM) was used for obtaining the result. An empirical study found that GDP per capita, exports, and investment

affect domestic savings positively and significantly. The real interest rate does not have a significant effect on domestic savings. Remittance affects domestic savings positively and significantly.

Salahuddin (2013) examined the relationship between remittances and economic growth and found a long-run positive relationship between the two variables. The study suggests that remittances can significantly contribute to economic growth in the long term by providing a steady source of income for households, which can boost consumption and investment, thereby fostering overall economic development.

Sayed et al. (2012) conducted a study on worker's remittances and economic growth in China and Korea, using co-integration techniques and the error correction model on annual time series data from 1980 to 2009. Their findings revealed a significant positive long-run relationship between remittances and economic growth in Korea, while in China, the relationship was significantly negative. In the short run, the error correction model confirmed a significant positive relationship in Korea, but in China, the short-run relationship was insignificant. Causality analysis showed unidirectional causality running from remittances to economic growth in both countries, suggesting that remittances play a crucial role in driving economic growth in Korea, whereas their impact in China is more complex and may be detrimental to the economy.

Javid, Arif, and Qayyum (2012) analyzed the impact of remittances on economic growth and poverty reduction in Pakistan. Their study found that remittances have a positive and significant effect on economic growth, contributing to the overall development of the economy. Additionally, the study highlighted that remittances play a crucial role in poverty reduction, showing a strong and statistically significant impact on improving the living standards of recipients. The findings suggest that the inflow of remittances not only boosts economic growth but also helps alleviate poverty, thereby improving the social and economic conditions in the recipient country.

Balde (2011) investigated the impact of remittances and foreign aid on savings and investment in Sub-Saharan Africa, focusing on a sample of 37 and 34 countries from 1980 to 2004. Using Ordinary Least Squares (OLS) and Two-Stage Least Squares (2SLS) methods, the study found that remittances have a more positive effect on

savings and investment than foreign aid. This is because remittances are directly received by households in need, serving their immediate financial interests. As a result, remittances are seen as more effective in promoting economic development compared to foreign aid, as they tend to stimulate household-level savings and investment more effectively.

Pant (2011) explored the role of remittances in fostering productive use in Nepal and concluded that remittances significantly contribute to the national economy. At the household level, remittances help reduce poverty, enhance living standards, and improve educational attainment. On a macroeconomic scale, remittances can be channeled into entrepreneurship and productive investments, leading to increased job opportunities and higher income levels. Furthermore, remittance inflows bolster foreign exchange reserves and improve the current account balance, providing a broader economic benefit to Nepal.

Paul and Das (2011) investigated the remittance-output relationship in Bangladesh, a major recipient of remittances globally. Their study, covering the period from 1979 to 2009, found a long-run positive relationship between remittances and GDP. However, the researchers noted that this relationship contradicts the traditional belief that GDP does not respond to fluctuations in remittances. Instead, their findings suggested that GDP adjusts to changes in remittances, especially after a shock to the system. The study also found no evidence of remittance-led growth in the short run.

Ahmad et al. (2010) analyzed the relationship between workers' remittances and living standards using data from the Living Standard Survey. The study employed a three-stage least square method and quantile regression to explore this association. The findings indicated that remittances have a positive impact on household expenditure, particularly on health, and contribute to an overall improvement in the quality of life. This highlights a direct connection between the receipt of remittances and enhanced living conditions for recipient households.

Chowdhury et al. (2010) analyzed the impact of remittances on various economic variables such as the balance of payments, foreign exchange reserves, national savings, and the velocity of money in Bangladesh. Their findings concluded that remittances positively affect these variables, highlighting the importance of

remittances in supporting the country's economic stability and growth. Dzansi (2013) examined the impact of remittances on domestic investment in a sample of 79 developing countries from 1995 to 2005. The study suggested that remittance inflows, combined with sound institutions and a well-developed financial sector, can increase domestic investment, thereby boosting economic growth. In contrast, Karagoz (2009) studied the impact of remittances on economic growth in Turkey for the period 1970-2005. The study found no significant impact of remittances on economic growth, indicating that the relationship may vary by country context. Asmatullah and Muhammad (2011) explored the effect of workers' remittances on economic growth in Azerbaijan and Armenia using a log-linear regression model. Their findings indicated that workers' remittances have a significant and positive impact on economic growth, reinforcing the role of remittances as a driver of economic development. Rahman (2014) examined the relationship between workers' remittances and economic development in Pakistan using the co-integration technique. The study found a long-run relationship between remittances and economic development, suggesting that remittances contribute to the country's overall economic growth and development.

Osili (2007) investigated the implications of remittance flows for both migrants and their origin households in their home countries. The study used a matched sample of international migrants and their families in the country of origin to provide a disaggregated view of international remittance flows. The findings highlighted that remittances can significantly contribute to economic development. Specifically, remittances help reduce poverty by improving household income and consumption, and they also provide savings that can be used for capital accumulation, ultimately fostering economic growth in the migrants' home countries.

Srivastava and Chaudhary (2007) explored the role of remittances in influencing GDP and GNP, finding that remittances have a significant impact on both nominal and real GDP and GNP. Specifically, remittances account for 61% of nominal GDP and 72% of nominal GNP, while in real terms, the impact is 48% on GDP and 55% on GNP. However, when considering per capita income (PCI), they observed a marginal positive relationship, with remittances contributing 4% to nominal PCI and 1% to real PCI. They concluded that remittances have not been effectively utilized to significantly boost the real economic growth rate. Loxsin et al. (2005) found that an

increase in remittances is associated with a 6.2% decline in poverty in Nepal, emphasizing the poverty-alleviating role of remittance inflows. Wong (2011) examined the link between remittances and family relationships in Chitwan, Nepal, based on a survey of over 800 Nepali adults. His findings indicated that migrants tended to have better relationships with their families compared to non-migrants, but the amount of remittance sent did not necessarily correlate with the quality of these relationships. In a survey conducted by the Nepal Rastra Bank (NRB) in 2016, which included 320 remittance-recipient households from 16 districts, the findings revealed that 66.6% of households saved remittance money. Of those who saved, 48.8% planned to use the savings for building a house, while 33.4% used the remittance funds for consumption and repaying loans. This highlights the diverse uses of remittances, ranging from consumption to investment in household infrastructure.

**Table 1**

*Summary of Empirical Review*

S.N.	Author(s)	Variables	Methodology	Major Finding
1.	Adhikari et al., (2024)	Remittance inflows Living standards, economic status, housing, amenities, health facilities	Regression and correlation analysis	Remittance inflows have positively impacted living standards, economic status, housing, amenities, and health facilities in the study area
2.	Sapkota et al., (2024)	Remittance inflows Household living standards, construction of RCC buildings, land acquisition, household assets, electronic goods, and services	Multiple regression analysis	Remittances significantly improved household living standards, enabling many families to construct RCC buildings, buy land, and enhance household assets, electronic goods, and services

3.	Temory (2024)	Remittance inflows, education, household size, age, employment status Household income, poverty levels	Regression analysis	Indicate that education, household size, remittances, age, and employment status positively influence household income
4.	Lamsal (2024)	Remittance inflows Household consumption expenditure	ARDL Bounds Testing Model	Results indicate a positive and significant correlation between remittance inflows and household consumption
5.	Ahmad and Fayyaz (2023)	Worker remittances, financial development, GDP growth Living standards	Dickey-Fuller test and ARDL bound testing	Worker remittances have direct and indirect effects on living standards, influenced by financial development and GDP growth, in both the short and long term
6.	Jayaweera and Verma (2023)	Remittances Poverty reduction, economic development remittances on housing investment in Sri Lanka	Propensity matching score Method	Remittances significantly improve housing expenditure, affordability, and assets, though their impact on housing quality is minimal
7.	Agza et al. (2023)	Remittance inflows Household livelihood security,	Quantitative analysis using household surveys and statistical	Remittances improved household livelihood security, showing a 13.6% increase for migrant

		percentage improvement in livelihood security	methods to measure changes in livelihood security.	households and a 10.99% improvement overall. Higher remittances led to a significant 40% enhancement in livelihood security.
8.	Adhikari (2023)	Remittance inflows Gross domestic savings	Autoregressive distributed lag model.	Remittances have an insignificant effect on gross domestic savings both in the long and short run. Other factors like GDP have a positive impact on savings.
9.	Mishra et al., (2022)	Remittance inflows Spending on food, education, alcohol, tobacco	Instrumental variable approach	Remittances positively impact spending on food and education but negatively affect expenditures on alcohol and tobacco
10.	Didia & Tahir (2022)	Remittance inflows Economic growth, consumer spending, savings, financial development	Conceptual and empirical analysis focusing on remittance inflows and their impact on financial development.	Remittances enhance economic growth by increasing consumer spending, savings, and fostering financial development.
11.	Aryal (2022)	Remittance inflows Per capita income, social development	Secondary data analysis.	Remittances have significantly increased per capita income and social development in Nepal.
12.	Shrestha	Remittance	Time-series	Bidirectional long-run

	(2022)	inflows Economic growth, educational attainment	analysis using vector error correction model and other methods.	relationship between remittances and economic growth, with potential negative shocks impacting educational attainment.
13.	Rahaman et al. (2022)	Remittance inflows Livelihoods, socio-economic structure, living standards, education, health	The study used a qualitative approach involving 25 migrant households across three villages in the Khadimpara union of Sylhet district. Data was collected through interviews and direct observation.	The findings indicate that remittances have a significant impact on the lives of rural migrant households, bringing changes to individuals and households. Remittances play a crucial role in enhancing the socio- economic structure of rural communities, improving living standards, education, and health.
14.	Shakya and Gonpu (2021)	Remittance inflows GDP growth	Empirical analysis.	No significant effects on GDP growth in Nepal.
15.	Sunam et al. (2021)	Remittances, state policies Household livelihoods, resilience against economic shocks	Case studies and mixed-method analysis of migrant households with supportive state policies.	Transnational migration, when combined with remittances and supportive policies, significantly enhances household livelihoods by providing resilience against economic shocks.
16.	Taasim (2021)	Remittance inflows	Used data from 1987 to 2018;	Remittances significantly

		Economic growth	employed the Nonlinear Autoregressive Distributed Lags (NARDL) method.	contribute to economic growth in Malaysia, highlighting their importance as a financial tool.
17.	Mannan (2021)	Total and international remittances Per capita annual household expenditure	Propensity Score Matching	Findings reveal that total and international remittances significantly increase per capita annual household expenditure by Rs. 15,190 and Rs. 26,296, respectively, while internal remittances show an insignificant effect overall
18.	Alleluyanatha & Treasure (2021)	Employment status, gender, age, purpose of remittances Dependent Variables: Amount of remittances sent	Qualitative analysis using surveys and interviews with youth migrants in the study area.	Key factors influencing remittances include employment status, gender, age, and purpose (e.g., buying agricultural implements, covering school expenses).
19.	Ajefu and Ogebe (2021)	International remittances Household expenditures on food, durables, education, health	Regression analysis	Findings indicate that international remittances lead to increased household expenditures on food, durables, education, and health
20.	Kapri and Ghimire (2020)	Remittance inflows Agricultural	Three-stage least squares (3-SLS) method.	Findings reveal that households receiving remittances

		productivity		Demonstrate higher productivity levels, particularly pronounced in those with lower initial productivity
21.	Dodd et al. (2020)	Remittance inflows Human security, financial needs, educational needs, health needs	Conceptual analysis using the human security framework to evaluate migration dynamics.	Remittances play a significant role in improving human security, addressing financial, educational, and health-related needs of migrant-sending households.
22.	Munemo (2018)	Overseas remittances Economic growth	Employed ordinary least square method and Granger causality test.	Overseas remittances have aided economic growth, acting as a crucial financial resource for economic activities.
23.	Thapa and Acharya (2017)	Remittance inflows Household expenditures on consumption, health, education	Propensity Score Matching.	The study finds that households receiving remittances tend to allocate more towards consumption, health, and education compared to those not receiving remittances
24.	Hye (2017)	Remittance inflows Income, investment, expenditure, socio-economic status	Penal data analysis	Survey results indicate that household receiving remittance for longer periods enjoy higher income, investment, expenditure, and socio-economic status
25.	Phuyal et al., (2016)	Remittance inflows	Field survey	Overall, remittances significantly impacted

		Household consumption, education expenses, health expense		household consumption, education, and health expenses, -being
26.	Assaf (2015)	Remittances, GDP, labor force	OLS regression analysis	Positive effect of remittances and gross fixed capital formation on GDP; no significant effect of labor force on GDP.
27.	Tahir et al. (2015)	Foreign remittances, direct investment, imports	Regression analysis	Positive role of remittances and direct investment in economic growth; adverse impact of foreign imports.
28.	Feeny et al. (2014)	Remittance inflows Economic growth, development indicators	Econometric data study of 136 developing nations (including 25 SIDS) from 1971 to 2010.	Remittances positively influence economic growth in SIDS, though effects vary by region and are complex and country-specific.
29.	Bett (2013)	Remittance inflows, domestic savings, GDP per capita, exports, investment, real interest rate	Secondary data, Correction Model	Remittance positively affects domestic savings. GDP per capita, exports, and investment have a positive impact on savings, while the real interest rate does not significantly affect savings.
30.	Javid et al. (2012)	Remittances, economic growth, poverty	Remittances, foreign aid, savings, investment	Positive impact of remittances on economic growth and significant effect on

				poverty reduction in Pakistan.
31.	Balde (2011)	Remittances, balance of payments, foreign exchange reserves, savings, velocity of money	Empirical analysis OLS and 2SLS methods	Remittances positively impact savings and investment more effectively than foreign aid.
32.	Chowdhury et al. (2010)	Remittance inflows, domestic savings, GDP per capita, exports, investment, real interest rate	Analysis of Bangladeshi remittance data	Remittances positively affect foreign exchange reserves, national savings, and other economic variables.
33.	Srivastava and Chaudhary (2007)	Remittance, GDP, GNP, per capita income (PCI)	Empirical analysis	Remittances show a high impact on nominal GDP and GNP but only marginal positive effects on per capita income.

## 2.4 Research Gap

Despite extensive research on the role of remittances in national economic growth and domestic savings, significant research gaps remain in understanding their impact on living standards at the regional level, particularly in specific rural areas like Ghodaghodi Municipality, Nepal. Existing studies, such as those by Adhikari (2023) and Paul and Das (2011), largely focus on broad national or regional impacts, often overlooking the nuanced effects of remittances on individual household welfare and socio-economic conditions in distinct locales. While these studies provide insights into how remittances affect GDP, savings, and investment, they do not thoroughly address the broader socio-economic transformations, including changes in consumption patterns, education, health, and gender dynamics at a more localized level. The literature reveals a discrepancy between the theoretical and empirical findings regarding the relationship between remittances and domestic savings. For instance, Adhikari (2023) finds an insignificant impact on savings, while other studies

like Bett (2013) report positive effects. These inconsistencies highlight the need for further investigation into the contextual factors influencing how remittances are utilized and their real impact on living standards in specific settings.

While extensive research has been conducted on the broader economic impacts of remittances, including their effects on GDP, savings, and investment, a significant gap remains in understanding their specific impact on living standards in localized contexts such as Ghodaghodi Municipality K. Current studies primarily focus on national or generalized regional analyses, leaving out detailed insights into how remittances influence household-level variables like consumption patterns, education, health, and gender roles in specific rural settings. Additionally, existing research often emphasizes short-term economic outcomes, neglecting the long-term effects and sustainability of remittance-driven changes in living standards. There is also a lack of investigation into how remittances are utilized for productive investments rather than consumption in local sectors, which is crucial for understanding their potential to drive sustainable economic development. Moreover, inconsistencies in findings regarding the relationship between remittances and domestic savings highlight the need for more nuanced research to clarify these effects in different regional contexts. Finally, while general policy recommendations exist, there is a clear need for region-specific advice tailored to the unique socio-economic challenges of areas like Ghodaghodi Municipality. Addressing these gaps would enhance our understanding of how remittances affect living standards at a micro level and provide valuable insights for targeted policy interventions.

## **Chapter III**

### **Research Methodology**

This chapter outlines the research design, methodology, and analytical techniques used to study the impact of remittances on household living standards in Ghodaghodi Municipality. It describes the use of descriptive and causal-comparative research designs to examine relationships between variables, with statistical methods including mean, standard deviation, correlation analysis, and regression analyses.

#### **3.1 Research design**

In the study, a descriptive research design has employed to explore the relationships between dependent and independent variables. Descriptive statistics, such as mean, median, maximum, minimum, and standard deviation, have calculated to summarize the general characteristics of the data and provide insights into its overall distribution and variability. Correlation analysis have conducted to identify the strength and direction of relationships between variables, revealing how changes in one variable might be associated with changes in another. To assess the significance of the findings, statistical tests including the t-test and F-test have performed. The coefficient of determination ( $R^2$ ) have computed to measure the proportion of variance in the dependent variable explained by the independent variables, indicating the model's explanatory power. Simple regression have used to examine the relationship between a single independent variable and the dependent variable, while multiple regression analyzed the effects of several independent variables on the dependent variable, providing a comprehensive view of how different factors influence the outcome. These methods collectively facilitated a thorough analysis of the data, enabling the study to derive meaningful conclusions about the relationships between variables.

#### **3.2 Population, sample and sampling design**

The study focused on understanding the impact of remittance on the living standards of households in Ghodaghodi Municipality, Kailali District. The total population under study consisted of 1250 households who receive remittance from Gulf countries, Malaysia, and other country in record of Ghodaghodi municipality end of

Ashad 2081. These households represent the broader population engaged in labor migration, contributing to the municipality's economy and influencing local living conditions. Questionnaire sent 550 people and response only 450 respondents. To capture a representative sample, a total of 450 households have selected using a convenience sampling method. This sample size has determined using the finite sampling technique formula, ensuring adequate representation of the municipality's population and maintaining statistical significance. Data collection involved administering structured questionnaires to the selected households, focusing on key aspects such as household income, expenditure patterns, education, healthcare access, and overall changes in living standards due to remittance inflows.

### **3.3 Nature and sources of data collection**

The primary data used in this research have collected directly from households in Ghodaghodi Municipality through a field survey. Structured questionnaires have administered to a convenience selected sample of 450 households, focusing on key aspects of living standards such as income levels, expenditure patterns, access to education and healthcare, housing conditions, and overall quality of life. Respondents provided quantitative data on how remittance income influenced their economic status, allowing for the assessment of changes in household spending, savings, and investments. Additionally, qualitative data have gathered through direct interviews and discussions with household members, capturing personal experiences and perceptions of how remittances have impacted their lives. This approach provided firsthand insights into the socio-economic transformations brought about by remittance inflows, offering a detailed understanding of the factors influencing living standards in the municipality.

### **3.4 Data processing procedures**

The data collected were first cleaned, sorted, and coded using numerical values. Afterward, the data were entered into SPSS (Statistical Package for the Social Sciences) software, version 27.0, for analysis. The quantitative data were analyzed using descriptive statistics, specifically means and standard deviations, to summarize and describe the data. The analysis was conducted in alignment with the research objectives.

The results were presented through tables and figures, which helped in visualizing the findings. The data analysis process involved counting responses, calculating percentages for different variables, and interpreting the findings in relation to the study's objectives and hypotheses. SPSS was employed as the primary tool for analyzing the data.

### **3.5 Data collection instruments**

Primary data are collected from the respondents. The study utilized a questionnaire to collect data. The questionnaire designed in this study comprised of two sectors. The first part included the demographical and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondents. The second part has devoted to the questions on the impact of remittance on living standard of Ghodaghodi municipality.

Five point Likert scale with the following categories:(5 = strongly agree, 4 = agree, 3 = Undecided, 2 = disagree, and 1 = strongly disagree). For analysis, the individual scores were added together and averaged.

### **3.6 Data analysis tools and techniques**

The collected data has analyzed using quantitative data analysis methods. Descriptive analysis such as frequencies and percentages have used to present quantitative data in form of tables. Data from questionnaire have coded and entered into the computer using Statistical Package for Social Science (SPSS Tools) for analysis. It helps to calculate the standard deviations, correlations and frequency distribution of each independent and dependent variable against the five independent variables using the regression model. The mean and standard deviation are the most commonly used descriptive statistics. Measures of central tendency have used in this study to give a description of the data. Statistical Tools.

#### **3.6.1. Statistical tools**

Some important statistical tools used to present and analyze the data for achieving the objectives such as coefficient of correlation between different variables, trend analysis which are presented below.

- i. Arithmetic Mean
- ii. Standard Deviation (S.D)
- iii. Correlation Analysis
- iv. Regression Analysis
- v. ANOVA

**i. Arithmetic mean**

Arithmetic Mean is the ratio of the sum of all the observations to the number of the observations.

**ii. Standard deviation (S.D)**

The standard deviation measures the absolute dispersion. The greater the amount of dispersion greater the standard deviation.

**iii. Correlation analysis**

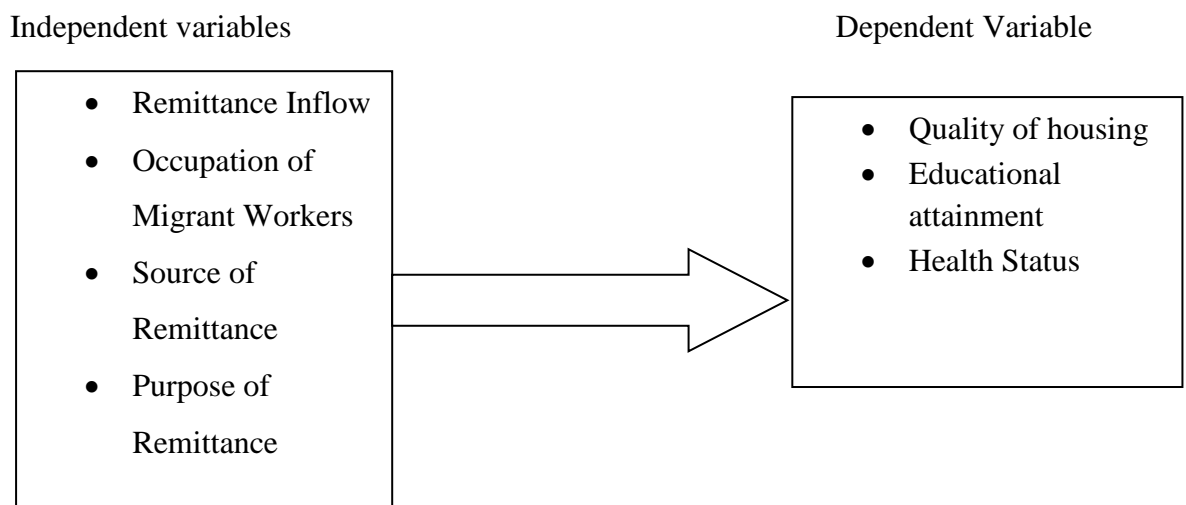
Correlation Analysis is necessary in order to find out whether the selected variables in time series have any relation or not. If there is no correlation, there would be no causality so this test is necessary. Correlation is a measure of the relation between two or more variables. The measurement scales range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation, while a value of +1.00 represents a perfect positive correlation. A value of 0.00 or close to zero represents a lack of correlation.

**iv. Multiple regression analysis**

Multiple regression analysis described as a statistical technique which is used to analyze the relationship between a single dependent (criterion) variable and several independent (predictor) variables. The objective of multiple regression analysis is to predict the changes in the dependent variable in response to changes in the independent variables. It can be interpreted as how good a predictor your multiple regressions are likely to be. Also a multiple determination can be interpreted as the percentage of variation in the dependent variables that can be explained by the regression equation.

### 3.7 Research framework and definition of variables

This section provides the conceptual framework of the study and describes variables that have been used in the study and what study has assumed the relationship between the variables. The conceptual framework of this study includes the Quality of housing, Educational attainment, Health Status used as the dependent's variables. Likewise, independent variables are Remittance Inflow, Occupation of Migrant Workers, Source of Remittance, Purpose of Remittance. The relationship between remittance and economic development is shown in Figure 1.



**Figure 1: Conceptual Framework**

*Sources:* (Acharya, 2017)

#### **Definition of Variables**

##### **Remittance Inflow**

Remittance Inflow refers to the transfer of money by migrant workers to their home countries, which serves as a significant source of external funding for many developing economies. These remittances contribute to household income, enabling better living standards, access to education, healthcare, and investment in local businesses. The inflow of remittances often surpasses other foreign income sources, such as foreign aid and direct investment, highlighting its importance to economic stability (World Bank, 2023).

## **Occupation of Migrant Workers**

Occupation of Migrant Workers describes the types of jobs that migrant workers engage in while abroad. These occupations typically vary based on the host country's labor market needs, ranging from low-skilled jobs, such as construction, domestic work, and agriculture, to more skilled positions in sectors like healthcare and IT. The nature of employment significantly affects the volume of remittances sent home, as higher-skilled jobs often result in greater financial contributions (International Labour Organization, 2023).

## **Source of Remittance**

Source of Remittance identifies the geographic and economic origins of the funds transferred by migrant workers. Remittances are predominantly sourced from high-income countries, such as the United States, Gulf countries, and European nations, where migrant workers find employment opportunities. The source countries are crucial as they reflect the broader global migration trends and the economic ties between nations (World Bank, 2023).

## **Purpose of Remittance**

Purpose of Remittance refers to the primary uses of the funds sent by migrant workers back to their home countries. Remittances are typically used to cover basic household needs, including food, housing, education, and healthcare. Additionally, remittances are often utilized for debt repayment, savings, and investment in small businesses or real estate. The purpose of remittances highlights their role in poverty alleviation and economic development at the household and community levels (Adams & Cuecuecha, 2013).

## **Quality of Housing**

Quality of Housing refers to the condition and features of a household's living environment, including the structural integrity of the building, access to basic utilities (like clean water, electricity, and sanitation), and the availability of adequate space. Improved quality of housing is often directly linked to better living standards and overall well-being. The inflow of remittances has been shown to play a pivotal role in enhancing housing quality, as families invest in home improvements, new

constructions, or the purchase of better living spaces. Such investments not only improve comfort but also contribute to a sense of security and stability for households (Taylor, 2018).

### **Educational Attainment**

Educational Attainment measures the highest level of education completed by individuals within a household, often seen as a key indicator of economic mobility and future earning potential. Higher educational attainment is closely associated with improved employment opportunities and better health outcomes. Remittances significantly contribute to this by providing the necessary financial resources for schooling expenses, such as tuition fees, books, and other educational materials, allowing children and young adults in migrant-sending households to achieve higher levels of education (Ratha et al., 2020).

### **Health Status**

Health Status refers to the overall health and well-being of individuals, encompassing both physical and mental health conditions. It is influenced by access to healthcare services, nutrition, living conditions, and preventive health practices. The inflow of remittances can have a positive impact on health status, as families can afford better healthcare, including regular medical check-ups, vaccinations, and treatments for illnesses. Improved financial stability through remittances also reduces stress and anxiety related to financial insecurity, contributing to better mental health outcomes (World Health Organization, 2022).

## **Chapter IV**

### **Results and Discussion**

#### **4.1 Introduction**

This chapter presents the result of the study, focusing on the analysis of data to address the research questions and test the hypothesis outlined earlier. The aim is to examine the remittance inflow, sources of remittance, Occupation of Migrant Workers, Purpose of Remittance, quality of housing, educational attainment, health Status on living standard people in Ghodaghodi Municipality. The chapter includes descriptive and inferential statistics, findings and discussion in the context of relevant theories and empirical studies.

#### **4.2 Description analysis**

The purpose of this section is to provide an overview of the data collected in the study, offering insights into the demographic characteristics of the respondents and summarizing the key variable involved. Descriptive statistics help to establish a foundation for further analysis by highlighting the central tendencies, dispersions, and distribution of the variable of interest. This section is organized into two subsections. The demographic profile of respondents and the descriptive analysis of key variables.

##### **4.2.1 Demographic profile of respondents**

This section provides a concise analysis of the respondents' demographic characteristics, focusing on age, gender, education, marital status, and working country. Understanding these factors is crucial for interpreting the study's results and ensuring the sample accurately reflects the population. Age helps identify economic priorities, with younger individuals likely to have different financial behaviors compared to older ones. Gender reveals potential differences in remittance patterns, while education level influences earning potential and remittance capacity. Marital status affects household responsibilities and financial priorities, with single and married individuals exhibiting varied remittance behaviors. The working country of the respondents' sheds light on regional differences in employment conditions and remittance inflows, particularly for those working in the Gulf, Europe, or other

regions. Together, these demographic insights form the foundation for understanding the socio-economic impact of remittances in Ghodaghodi Municipality.

**Table 2**

*Demographic Profile of Respondents*

Variables	Category	Frequency	Percentage
Age	20-30	380	80.9%
	31-45	59	12.6%
	46 above	11	2.3%
	Total	450	100%
Marital status	Single	341	72.6%
	Married	85	18.1%
	Divorce	21	4.5%
	Others	3	.6%
Education	Total	450	100%
	SLC or below	41	8.7%
	SLC	54	11.5%
	Intermediate or +2	218	46.4%
	Bachelors	110	23.4%
	Master	21	4.5%
working Country	Above masters	6	1.3%
	Total	450	100%
	Europe	43	9.1%
	Gulf	275	58.5%
	Other	132	28.1%
	Total	450	100%

Sources: Field Survey, 2024

Table 2 provides a detailed demographic analysis of the study sample, offering important insights into the socio-economic characteristics of the respondents. A notable 80.9% of the participants fall within the 20-30 age range, signifying a predominantly youthful demographic. This is crucial because younger individuals tend to have distinct financial behaviors and priorities, especially when it comes to savings, remittances, and investment decisions. Being at the early stages of their careers, many are focused on building financial stability, which often translates into a higher reliance on remittance inflows to support their families or invest in their future.

Additionally, this age group is more likely to engage in international labor migration, as they seek better economic opportunities abroad, particularly in countries offering higher wages compared to their home region. A significant 72.6% of the respondents are single, which further influences their financial responsibilities and priorities. Single individuals generally have fewer dependents, which could result in a greater capacity to save or remit larger portions of their income. Their spending patterns may differ from those who are married or have children, as they may prioritize personal goals such as education, career advancement, or savings for future investments. This demographic detail sheds light on the financial strategies that are likely employed by the respondents, highlighting the importance of considering family structures when analyzing remittance behaviors and socio-economic impacts.

In terms of educational background, the majority of respondents have completed intermediate or +2 level education (46.4%), while 23.4% hold a Bachelor's degree. The relatively low percentages of those with higher degrees only 4.5% having a Master's degree and 1.3% possessing degrees beyond that suggest that the workforce is primarily composed of individuals with secondary or undergraduate qualifications. This level of education plays a critical role in determining job opportunities and earning potential, both domestically and abroad. Workers with higher educational qualifications may have access to more skilled jobs, better wages, and increased financial security, which can influence the amount they remit and how those remittances are utilized. Conversely, those with lower education levels may engage in less skilled labor, particularly in regions like the Gulf, which often affects their long-term economic mobility. The employment distribution further indicates that 58.5% of the respondents are working in the Gulf region, reflecting a strong dependence on this area for job opportunities.

The Gulf has long been a primary destination for labor migrants from Nepal, offering employment in sectors such as construction, domestic work, and hospitality. The economic conditions of the Gulf countries and their remittance systems are vital in shaping the financial outcomes for these workers. In contrast, 9.1% of the respondents work in Europe, a region associated with higher wages and different employment conditions, while 28.1% work in other parts of the world. These geographic differences in employment settings influence remittance behaviors, as wages, cost of

living, and job security vary greatly between regions. Understanding the location-based employment patterns is essential for analyzing the socio-economic impacts of remittances, as workers in different regions may have different earning capacities and financial pressures.

**Table 3**

*Descriptive Statistics of Remittance Inflow*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S.D</b>
The amount of remittance I receive has increased over the past year.	450	3.80	1.129
I receive remittance on a regular and timely basis.	450	3.93	1.043
The amount of remittance I receive is adequate to meet my household's financial needs.	450	4.02	.984
The remittance inflow is consistent throughout the year.	450	3.97	1.024
Remittance contributes significantly to my household's overall income.	450	4.02	.962
Fluctuations in remittance amounts do not significantly impact our financial stability.	450	3.22	1.415
The frequency of remittance payments is reliable..	450	3.93	.857
<b>Remittance inflow</b>	<b>450</b>	<b>3.84</b>	<b>1.05</b>

Sources: Field Survey, 2024

Table 3 shows the descriptive statistics of remittance inflow highlight various aspects of remittance behavior and its impact on households. The sample size (N) for all variables is 450, with responses rated on a scale from 1 to 5. The mean values show that, overall, remittance plays a significant role in household finances. For instance, the statement "The amount of remittance I receive is adequate to meet my household's financial needs" has a mean of 4.02, indicating that most respondents agree. Similarly, "Remittance contributes significantly to my household's overall income" also has a mean of 4.02, confirming its crucial role. The standard deviation values suggest variations in responses. For example, the standard deviation for "Fluctuations in remittance amounts do not significantly impact our financial stability" is higher (1.415), implying more diverse opinions on the stability of remittance inflow and its impact on financial stability. The average remittance inflow score of 3.84 (SD = 1.05)

suggests that, while remittance is generally reliable and significant for most households, there is variability in its consistency and adequacy, with some respondents facing challenges due to fluctuations.

**Table 4**

*Descriptive Statistics of Occupation of Migrant Workers*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S. D</b>
Migrants from my household are employed in high-paying jobs abroad.	450	4.04	.882
The type of occupation my migrant relatives hold affects the remittance amount sent home.	450	4.03	.845
Skilled occupations abroad result in higher remittance amounts compared to unskilled jobs.	450	3.98	.921
Migrants with stable and secure jobs send remittance more regularly.	450	4.00	.908
The occupation of migrant workers influences the financial support they provide to their families.	450	4.09	.878
The educational level of migrant workers affects the amount of remittance they send.	450	4.06	.925
Higher income jobs abroad lead to increased remittance to our household.	450	4.06	.966
<b>Occupation of Migrant Workers</b>	450	4.03	0.894

Sources: Field Survey, 2024

Table 4 shows the descriptive statistics for the occupation of migrant workers illustrate the perceived impact of job type and stability on remittance behavior. With a sample size of 450, responses are measured on a scale from 1 to 5. The mean scores indicate a strong belief that the nature of migrant workers' occupations significantly affects remittance patterns. For instance, the mean score of 4.09 for the statement "The occupation of migrant workers influences the financial support they provide to their families" reflects a high agreement among respondents that the type of job held by migrants plays a crucial role in determining the level of financial support sent home. Similarly, a mean of 4.06 for both "The educational level of migrant workers affects the amount of remittance they send" and "Higher income jobs abroad lead to increased remittance to our household" suggests that higher educational and income levels are associated with greater remittance amounts. The standard deviations are

relatively low, indicating that there is a general consensus among respondents about the importance of occupation and education in influencing remittance behavior, with less variability in opinions. The overall average score of 4.03 (SD = 0.894) reinforces that respondents perceive a significant positive relationship between the quality and stability of migrant workers' jobs and the amount of remittance they send. This implies that both higher-paying and more secure jobs abroad are linked to more substantial and regular remittance contributions to their households.

**Table 5**

*Descriptive Statistics of Source of Remittance*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S. D</b>
Most of the remittance I receive comes through formal channels like banks or money transfer services.	450	4.04	.953
The source of remittance (e.g., family members, friends) is reliable and trustworthy.	450	4.06	.888
I prefer receiving remittance through formal channels rather than informal ones.	450	4.16	.845
The choice of remittance source affects the speed of receiving funds.	450	4.09	.931
The source of remittance influences the amount and frequency of funds received.	450	4.01	.972
Informal channels of remittance are less reliable compared to formal channels.	450	4.13	.985
The transparency of the remittance source impacts my trust in receiving funds.	450	4.02	.990
<b>Source of Remittance</b>	<b>450</b>	<b>4.07</b>	<b>0.937</b>

Sources: Field Survey, 2024

Table 5 shows the descriptive statistics for the source of remittance provide insights into preferences and perceptions about how remittance is received. With a sample size of 450, the data is rated on a scale from 1 to 5. The mean scores suggest a strong preference for and trust in formal remittance channels, such as banks and money transfer services. The highest mean score of 4.16 for the statement "I prefer receiving remittance through formal channels rather than informal ones" indicates that respondents generally favor formal methods of remittance over informal ones. This preference is supported by the high mean score of 4.13 for "Informal channels of remittance are less reliable compared to formal channels," emphasizing a perceived

reliability advantage of formal channels. Other factors also show high agreement. The mean score of 4.09 for "The choice of remittance source affects the speed of receiving funds" suggests that the type of channel chosen can impact how quickly funds are received. Similarly, a mean score of 4.06 for "The source of remittance (e.g., family members, friends) is reliable and trustworthy" reflects confidence in the reliability of the sources. The average score of 4.07 (SD = 0.937) indicates a strong general consensus on the importance of formal channels in remittance, highlighting their perceived reliability, transparency, and influence on the amount and frequency of funds received. This data suggests that respondents trust formal channels more, value their reliability and speed, and believe they play a significant role in ensuring effective remittance management.

**Table 6**

*Descriptive Statistics of Purpose of Remittance*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S .D</b>
Remittance is primarily used to cover essential household expenses.	450	3.98	.903
A significant portion of remittance is allocated for educational expenses.	450	4.05	.908
Remittance is often used to cover health-related costs in our household.	450	4.04	.881
The purpose of remittance is communicated clearly between the sender and receiver.	450	3.97	.976
Remittance contributes to savings and investments for future needs.	450	4.14	.930
The allocation of remittance funds is planned and prioritized based on household needs.	450	4.02	.950
Remittance is used to improve living standards, such as renovating the home or buying household items.	450	4.01	.898
<b>Purpose of Remittance</b>	450	4.02	0.935

Sources: Field Survey, 2024

Table 6 shows the descriptive statistics for the purpose of remittance reveal how remittance funds are utilized and prioritized by households. With a sample size of 450 and responses rated on a scale from 1 to 5, the data indicates that remittance serves multiple important functions within households. The mean scores show that

remittance is crucial for various aspects of household management. For instance, the mean score of 4.14 for "Remittance contributes to savings and investments for future needs" highlights that a significant portion of remittance is allocated towards long-term financial planning. This is supported by a mean score of 4.05 for "A significant portion of remittance is allocated for educational expenses," indicating a strong focus on funding education. Other purposes are also well-supported. The mean score of 4.04 for "Remittance is often used to cover health-related costs in our household" demonstrates that health expenses are a major use of remittance. Similarly, the mean score of 4.01 for "Remittance is used to improve living standards, such as renovating the home or buying household items" reflects that improving living conditions is a key use of remittance. While the statement "The purpose of remittance is communicated clearly between the sender and receiver" has a lower mean score of 3.97, suggesting some challenges in communication, the overall mean score of 4.02 (SD = 0.935) indicates a general consensus on the importance of remittance for meeting essential needs and planning for future expenses. This data suggests that remittance is a critical resource for managing immediate household needs, supporting education and health, and contributing to long-term savings and investments.

**Table 7**

*Descriptive Statistics of Quality of Housing*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S. D</b>
The quality of our housing has improved due to the inflow of remittance.	450	3.96	.890
Remittance has allowed us to make significant renovations or improvements to our home.	450	3.94	.950
We have been able to afford better housing facilities thanks to remittance.	450	4.07	.905
The standard of living in our home has increased due to remittance.	450	4.06	.931
The comfort level of our housing has improved with the help of remittance.	450	4.02	.923
Remittance has facilitated the purchase of new furniture or home appliances.	450	4.00	.868
Our home environment has become more secure and better maintained because of remittance.	450	4.01	1.010
<b>Quality of Housing</b>	450	3.98	0.953

Sources: Field Survey, 2024

The data from Table 7 further emphasizes the significance of remittances in shaping the living standards of households in Ghodaghodi Municipality, particularly in terms of housing quality. The relatively high mean scores across various indicators reflect a consistent perception that remittances have allowed families to enhance their housing conditions in meaningful ways. For instance, the mean score of 4.07 for "We have been able to afford better housing facilities thanks to remittance" suggests that for many respondents, remittances are a critical enabler of improved housing. This highlights the broader economic role remittances play, beyond daily consumption, by facilitating access to more durable and long-term assets like better homes.

The improvement in household comfort is another key finding from the study. A mean score of 4.02 for "The comfort level of our housing has improved with the help of remittance" underscores that many families have been able to elevate their living environments, making their homes more comfortable and habitable. This might include improvements such as better ventilation, additional space, or the installation of modern amenities. Similarly, the mean score of 4.00 for "Remittance has facilitated the purchase of new furniture or home appliances" indicates that remittances have enabled families to invest in household items that enhance their daily living experiences. The ability to purchase modern appliances or furniture contributes not only to comfort but also to the overall functionality and aesthetic appeal of their homes.

Even the slightly lower mean scores for home renovations and structural improvements (3.96 and 3.94) reflect a positive impact of remittances. While fewer respondents might have been able to make significant structural changes to their homes, these figures still indicate that a notable proportion of households have used remittances for home repairs or upgrades, albeit on a smaller scale. This is crucial in areas where housing infrastructure may be less developed, as even modest improvements can significantly impact a family's living conditions and safety. In summary, the descriptive statistics demonstrate that remittances are a vital resource for improving housing quality, with respondents consistently acknowledging their positive impact on both structural and comfort-related aspects of their homes. These improvements contribute not only to better living conditions but also to an enhanced sense of security and well-being. The findings suggest that as remittance inflows continue, they will likely play an even greater role in supporting long-term

improvements in housing and overall living standards for families in Ghodaghodi Municipality.

**Table 8**  
*Descriptive Statistics of Educational Attainment*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S. D</b>
Remittance has contributed to funding the education of family members.	450	3.97	.951
Family members have achieved higher educational levels due to financial support from remittance.	450	4.07	.903
Remittance has enabled access to better educational resources and facilities.	450	4.14	.841
The quality of education received by family members has improved thanks to remittance.	450	4.14	.898
We can afford additional educational expenses like tutoring or extracurricular activities due to remittance.	450	4.00	.946
Remittance has been instrumental in supporting higher education for family members.	450	4.07	.903
The educational achievements of family members have increased with the assistance of remittance.	450	4.08	.943
<b>Educational Attainment</b>	450	4.04	0.935

Sources: Field Survey, 2024

Table 8 shows the descriptive statistics for educational attainment reveal the significant role of remittance in enhancing educational opportunities for family members. With a sample size of 450 and responses rated on a scale from 1 to 5, the data shows a generally positive impact of remittance on education. The mean scores reflect that remittance is a key factor in improving educational outcomes. For instance, the mean score of 4.14 for both "Remittance has enabled access to better educational resources and facilities" and "The quality of education received by family members has improved thanks to remittance" suggests that remittance contributes substantially to enhancing the quality and resources available for education. The mean score of 4.07 for "Family members have achieved higher educational levels due to financial support from remittance" and "Remittance has been instrumental in supporting higher education for family members" further confirms that remittance facilitates higher levels of educational attainment and supports continued education.

Additional aspects, such as the ability to afford extra educational expenses, also show positive impacts, with a mean of 4.00 for "We can afford additional educational expenses like tutoring or extracurricular activities due to remittance. The overall mean score of 4.04 (SD = 0.935) indicates a strong consensus among respondents that remittance plays a crucial role in improving educational outcomes. The data suggests that remittance not only supports basic educational needs but also enables access to advanced resources and opportunities, contributing significantly to the educational success and achievements of family members.

**Table 9**

*Descriptive Statistics of Health Status*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S. D</b>
Remittance has improved our ability to afford necessary medical treatments.	450	3.99	.953
We have been able to access better healthcare services due to the support of remittance.	450	4.06	.925
Remittance has helped us to maintain a healthier lifestyle by allowing for better nutrition and healthcare.	450	4.00	.972
The overall health condition of family members has improved thanks to remittance.	450	4.09	.884
Remittance has enabled us to cover health insurance or medical expenses more easily.	450	4.12	.838
Regular access to medical care has become possible with the help of remittance.	450	4.06	.953
The financial support from remittance has positively impacted our ability to address health issues promptly.	450	3.92	.953
<b>Health Status</b>	450	4.01	0.932

Sources: Field Survey, 2024

Table 9 shows the descriptive statistics for health status demonstrate the positive effects of remittance on accessing and improving healthcare. With a sample size of 450 and responses rated on a scale from 1 to 5, the data shows that remittance plays a significant role in enhancing health outcomes. The mean scores indicate that remittance contributes notably to various aspects of health. For instance, a mean score of 4.12 for "Remittance has enabled us to cover health insurance or medical expenses more easily" reflects a strong positive impact on managing health-related financial

burdens. Similarly, the mean score of 4.09 for "The overall health condition of family members has improved thanks to remittance" highlights the broad improvement in health conditions due to remittance support. Additional areas also show positive effects. The mean score of 4.06 for both "We have been able to access better healthcare services due to the support of remittance" and "Regular access to medical care has become possible with the help of remittance" indicates that remittance facilitates better healthcare access and consistent medical care. While slightly lower, the mean scores for "Remittance has improved our ability to afford necessary medical treatments" (3.99) and "The financial support from remittance has positively impacted our ability to address health issues promptly" (3.92) still reflect positive outcomes, though there may be some variability in responses. The overall mean score of 4.01 (SD = 0.932) suggests that remittance generally has a favorable impact on health status, contributing to better access to healthcare services, improved health conditions, and enhanced ability to manage medical expenses. This data underscores the important role of remittance in supporting and improving health and well-being.

**Table 10**

*Descriptive Statistics Summary*

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>S. D</b>
Remittance inflow	450	3.8419	.74457
Occupation of Migrant Workers	450	4.0384	.69779
Sources of remittance	450	4.0730	.73007
Purpose of Remittance	450	4.0298	.73274
Quality of Housing	450	4.0098	.74334
Educational Attainment	450	4.0657	.71907
Health Status	450	4.0340	.74006
Valid N (listwise)	450		

Sources: Field Survey, 2024

Table 10 shows the descriptive statistics for the study reveal that remittance has a notably positive impact across various dimensions of household life. With a sample size of 450 and mean scores consistently above 4.00, the data indicates that remittance significantly enhances key areas such as the quality of housing, educational attainment, health status, and the effectiveness of remittance sources and purposes. Specifically, the highest mean score of 4.07 for "Sources of Remittance" and

"Educational Attainment" suggests that remittance is particularly valued for its role in improving educational opportunities and ensuring reliable channels for receiving funds. The relatively low standard deviations, which range from 0.70 to 0.74, indicate a consensus among respondents about the benefits of remittance, with only moderate variation in their perceptions. Overall, these findings underscore that remittance is perceived as a crucial factor in enhancing living standards and providing substantial support for various household needs. The consistent positive impact observed across all factors highlights the importance of remittance in improving both immediate and long-term household outcomes.

**Table 11**

*Correlations Matrix*

<b>Variables</b>	RI	OMW	SR	PR	QH	EA	HS
RI	1						
OMW	.737**	1					
SR	.760**	.851**	1				
PR	.769**	.809**	.870**	1			
QH	.744**	.819**	.847**	.828**	1		
EA	.745**	.832**	.847**	.850**	.851**	1	
HS	.749**	.824**	.834**	.831**	.833**	.863**	1

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

Table 11 shows the correlation analysis reveals strong and significant relationships between remittance inflow and various factors affecting household well-being. Remittance inflow is positively correlated with the occupation of migrant workers ( $r = 0.737$ ), indicating that higher remittances are associated with better-paying or more stable jobs abroad. There is an even stronger correlation with the sources of remittance ( $r = 0.760$ ), suggesting that reliable and preferred channels for receiving money are closely linked to the amount of remittance received. The correlation with the purpose of remittance ( $r = 0.769$ ) reflects that effective utilization of remittance aligns with higher inflows. Additionally, remittance inflow is positively correlated with improvements in housing quality ( $r = 0.744$ ), educational attainment ( $r = 0.745$ ), and health status ( $r = 0.749$ ). This indicates that increased remittance significantly enhances housing conditions, educational opportunities, and overall health. The

occupation of migrant workers shows very strong correlations with all other factors, particularly with the sources of remittance ( $r = 0.851$ ), emphasizing the importance of job quality abroad in affecting remittance outcomes. The sources of remittance also have high correlations with the purpose of remittance ( $r = 0.870$ ) and educational attainment ( $r = 0.847$ ), highlighting how the nature of remittance sources impacts the use and effectiveness of funds. Overall, these correlations demonstrate that remittance inflows play a crucial role in improving various aspects of household life, including housing, education, and health, by supporting better job opportunities for migrants and ensuring reliable and purposeful financial support.

**Table 12**

*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881 <sup>a</sup>	.777	.775	.35263

a. Predictors: (Constant), PR, RI, OMW, SR

Table 12 shows the model summary provides a comprehensive overview of the regression analysis, revealing how well the predictors explain the variability in the dependent variable. The model exhibits a high R value of 0.881, indicating a strong positive correlation between the predictors and the outcome. The R Square value of 0.777 means that approximately 77.7% of the variance in the dependent variable can be explained by the predictors, which include the purpose of remittance (PR), remittance inflow (RI), occupation of migrant workers (OMW), and sources of remittance (SR). This substantial explanatory power suggests that these predictors collectively have a significant impact on the dependent variable. The Adjusted R Square value of 0.775, which accounts for the number of predictors in the model, reinforces this finding, showing that the model remains robust even after adjusting for the number of predictors. The Standard Error of the Estimate, at 0.35263, reflects the average distance between the observed values and the values predicted by the model, providing a measure of the model's accuracy. Overall, the high R Square and Adjusted R Square values indicate that the model is effective in explaining the variance in the dependent variable, highlighting the significant role of remittance-related factors in influencing the outcome.

**Table 13***ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	192.765	4	48.191	387.558	.000 <sup>b</sup>
	Residual	55.334	445	.124		
	Total	248.099	449			

a. Dependent Variable: QH

b. Predictors: (Constant), PR, RI, OMW, SR

Table 13 shows the ANOVA table provides an assessment of the overall significance of the regression model. The regression model, which includes the predictors purpose of remittance (PR), remittance inflow (RI), occupation of migrant workers (OMW), and sources of remittance (SR) is evaluated against the dependent variable, Quality of Housing (QH). In the table, the Sum of Squares for Regression is 192.765, which quantifies the variance explained by the predictors. The Sum of Squares for Residual (or Error) is 55.334, representing the variance not explained by the model. The Total Sum of Squares is 248.099, which is the total variance in the dependent variable. The Mean Square for Regression is calculated as 48.191 ( $192.765 / 4$ ), and the Mean Square for Residual is 0.124 ( $55.334 / 445$ ). The F-statistic, which is the ratio of the Mean Square for Regression to the Mean Square for Residual, is 387.558. This high F-value indicates that the model is statistically significant. Sig. value (p-value) is 0.000, which is less than the conventional alpha level of 0.05. This indicates that the regression model is statistically significant, meaning the predictors collectively have a significant impact on the Quality of Housing. In summary, the ANOVA results confirm that the regression model is effective in explaining the variation in housing quality, supporting the importance of the predictors in influencing this outcome.

**Table 14**  
*Coefficients*

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.099	.102		.971	.332
	RI	.120	.037	.121	3.236	.001
	OMW	.273	.048	.256	5.689	.000
	SR	.326	.054	.320	5.987	.000
	PR	.253	.050	.249	5.073	.000

a. Dependent Variable: QH

Table 14 shows the coefficients table provides detailed insights into the influence of each predictor on the dependent variable, Quality of Housing (QH). The unstandardized coefficients reveal the change in the dependent variable for each unit change in the predictors. For instance, the coefficient for Remittance Inflow (RI) is 0.120, meaning that for each unit increase in remittance inflow, the Quality of Housing increases by 0.120 units, holding other factors constant. This coefficient is statistically significant with a p-value of 0.001, indicating a strong impact. Occupation of Migrant Workers (OMW) has a coefficient of 0.273, suggesting that higher occupational status of migrant workers is associated with a 0.273 increase in the Quality of Housing. This predictor is also highly significant with a p-value of 0.000. Sources of Remittance (SR) shows a coefficient of 0.326, reflecting that more reliable sources of remittance contribute to a 0.326 increase in housing quality. This predictor is significant as well, with a p-value of 0.000. Purpose of Remittance (PR) has a coefficient of 0.253, indicating that the more effectively remittance is allocated for housing purposes, the higher the Quality of Housing, with a significance level of 0.000. The constant (0.099) represents the baseline Quality of Housing when all predictors are zero. It is not statistically significant with a p-value of 0.332. All predictors Remittance Inflow, Occupation of Migrant Workers, Sources of Remittance, and Purpose of Remittance have a positive and statistically significant impact on the Quality of Housing. The results indicate that improvements in these areas are associated with higher housing quality, demonstrating their critical role in enhancing living conditions.

**Table 15***Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893 <sup>a</sup>	.798	.796	.32482

a. Predictors: (Constant), PR, RI, OMW, SR

Table 15 shows the model summary indicates a high R value of 0.893, suggesting a strong positive relationship between the predictors (Purpose of Remittance, Remittance Inflow, Occupation of Migrant Workers, and Sources of Remittance) and the dependent variable. The R Square value of 0.798 shows that 79.8% of the variance in the dependent variable is explained by these predictors. The Adjusted R Square of 0.796, which accounts for the number of predictors, confirms the model's robustness. The Standard Error of the Estimate is 0.32482, reflecting the average prediction error. Overall, the model effectively explains the variance in the dependent variable, highlighting the significant impact of the predictors.

**Table 16***ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	185.208	4	46.302	438.846	.000 <sup>b</sup>
	Residual	46.951	445	.106		
	Total	232.159	449			

a. Dependent Variable: EA

b. Predictors: (Constant), PR, RI, OMW, SR

Table 16 shows the ANOVA table shows that the regression model, which includes the predictors Purpose of Remittance (PR), Remittance Inflow (RI), Occupation of Migrant Workers (OMW), and Sources of Remittance (SR), is highly significant in explaining the variance in Educational Attainment (EA). The F-value of 438.846 with a significance level of 0.000 indicates that the model significantly improves the prediction of educational attainment compared to a model with no predictors. The regression sum of squares (185.208) is substantially larger than the residual sum of squares (46.951), confirming that the predictors collectively account for a significant portion of the variance in educational attainment.

**Table 17***Coefficients*

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.232	.094		2.482	.013
	RI	.086	.034	.089	2.520	.012
	OMW	.299	.044	.290	6.759	.000
	SR	.228	.050	.231	4.548	.000
	PR	.339	.046	.346	7.387	.000

a. Dependent Variable: EA

Table 17 shows the coefficients reveals the impact of each predictor on Educational Attainment (EA). The Constant term is 0.232, significant at  $p = 0.013$ . Remittance Inflow (RI) has a positive effect of 0.086 on EA, with a significance level of 0.012. The Occupation of Migrant Workers (OMW) shows a substantial effect, with a coefficient of 0.299 and is highly significant ( $p = 0.000$ ). Sources of Remittance (SR) also positively affect EA, with a coefficient of 0.228 and a significance level of 0.000. Purpose of Remittance (PR) has the strongest impact, with a coefficient of 0.339 and a significance level of 0.000. These results indicate that all predictors significantly influence educational attainment, with Purpose of Remittance having the largest effect.

**Table 18***Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881 <sup>a</sup>	.776	.774	.35202

a. Predictors: (Constant), PR, RI, OMW, SR

Table 18 shows that the regression analysis, with predictors including Purpose of Remittance (PR), Remittance Inflow (RI), Occupation of Migrant Workers (OMW), and Sources of Remittance (SR), has a strong explanatory power for the dependent variable. The R value of 0.881 indicates a strong correlation between the predictors and the outcome. The R Square value of 0.776 means that approximately 77.6% of the variance in the dependent variable is explained by the model. The Adjusted R Square

value of 0.774, which adjusts for the number of predictors, confirms the robustness of the model. The Standard Error of the Estimate is 0.35202, reflecting the average deviation of observed values from the model's predictions. Overall, these statistics indicate that the model is highly effective in explaining the variance in the dependent variable.

**Table 19**

*ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	190.765	4	47.691	384.855	.000 <sup>b</sup>
	Residual	55.144	445	.124		
	Total	245.909	449			

a. Dependent Variable: HS

b. Predictors: (Constant), PR, RI, OMW, SR

The ANOVA results presented in Table 19 demonstrate a strong relationship between the predictors Purpose of Remittance (PR), Remittance Inflow (RI), Occupation of Migrant Workers (OMW), and Sources of Remittance (SR) and the dependent variable, Health Status (HS). The regression sums of squares, recorded at 190.765, signifies the total variation in Health Status that can be attributed to the model's predictors. With a mean square value of 47.691, the calculation indicates how much variation is explained by each predictor when averaged across the model.

The exceptionally high F-statistic of 384.855 further reinforces the effectiveness of the regression model in capturing the relationship between the variables. This value indicates that the variation explained by the predictors is significantly greater than the variation due to error, emphasizing the model's capability in accounting for changes in Health Status. The statistical significance of the results is underscored by the p-value of 0.000, which is well below the conventional threshold of 0.01. This low p-value not only confirms the robustness of the model but also highlights that the predictors play a crucial role in influencing Health Status.

**Table 20**  
*Coefficients*

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.131	.101		1.291	.197
	RI	.134	.037	.135	3.602	.000
	OMW	.315	.048	.297	6.580	.000
	SR	.232	.054	.229	4.264	.000
	PR	.291	.050	.288	5.847	.000

a. Dependent Variable: HS

Table 20 shows the regression analysis for Health Status (HS) indicates that all predictors Remittance Inflow (RI), Occupation of Migrant Workers (OMW), Sources of Remittance (SR), and Purpose of Remittance (PR) have a significant impact. The model's constant is 0.131, but it is not statistically significant, suggesting it doesn't substantially influence Health Status on its own. However, Remittance Inflow (RI) with a coefficient of 0.134 and a standardized beta of 0.135 ( $p = 0.000$ ) shows a significant positive effect. Occupation of Migrant Workers (OMW) has the highest coefficient at 0.315 and a standardized beta of 0.297 ( $p = 0.000$ ), indicating a strong positive influence on Health Status. Sources of Remittance (SR) and Purpose of Remittance (PR) also have significant positive effects, with coefficients of 0.232 and 0.291, and standardized betas of 0.229 and 0.288, respectively ( $p = 0.000$ ). These results underscore the substantial role of remittance-related factors in enhancing Health Status.

### 4.3 Major Findings

- i. The majority of respondents (80.9%) are aged 20-30, indicating a youthful sample, with 72.6% being single. This demographic suggests financial behaviors and priorities associated with early career stages and a lack of family-related responsibilities, which may influence remittance decisions.
- ii. A significant portion has completed Intermediate or +2 education (46.4%), with a smaller percentage holding Bachelor's (23.4%) and Master's degrees

(4.5%). Most respondents (58.5%) work in the Gulf region, highlighting its economic importance for employment and remittance patterns.

- iii. The mean score of 4.02 for both "remittance adequacy" and "remittance contribution to household income" indicates that remittances are vital for meeting household financial needs. However, a higher standard deviation (1.415) for "remittance fluctuations not impacting financial stability" reflects diverse experiences, with some respondents facing financial instability due to variable remittance amounts. Additionally, the average remittance inflow score of 3.84 (SD = 1.05) suggests that while remittances are generally reliable, their consistency varies, leading to challenges for certain households.
- iv. The mean score of 4.09 indicates strong agreement that the occupation of migrant workers significantly influences financial support to families. A score of 4.06 for educational level and income highlights their positive correlation with remittance amounts. Overall, the average score of 4.03 suggests that higher-paying, stable jobs abroad lead to substantial remittance contributions.
- v. A mean score of 4.16 shows a strong preference for formal remittance channels over informal ones, supported by a score of 4.13 that emphasizes the reliability of formal methods. The average score of 4.07 indicates consensus on the importance of these channels, highlighting their reliability and impact on the amount and frequency of funds received.
- vi. The mean score of 4.14 reflects that remittance significantly contributes to savings and investments for future needs, while a score of 4.05 indicates a strong allocation for educational expenses. Overall, the mean score of 4.02 suggests that remittance is essential for meeting immediate household needs and supporting education and health.
- vii. Remittance significantly enhances housing quality, with a mean score of 4.07 indicating better housing affordability. Improvements in living standards are reflected in a mean of 4.06, while comfort and amenities are supported by scores of 4.02 and 4.00. Overall, remittance plays a crucial role in better living conditions.
- viii. Remittance strongly impacts educational opportunities, with a mean score of 4.14 for access to better resources. A score of 4.07 highlights higher

educational attainment for family members, indicating that remittance not only supports basic needs but also facilitates advanced educational opportunities.

- ix. The positive influence of remittance on health is evident, with a mean score of 4.12 for covering health-related expenses. A score of 4.09 reflects improvements in overall health conditions, while 4.06 indicates better access to healthcare services. Overall, remittance contributes significantly to health and well-being
- x. A significant positive relationship exists between remittance inflow and various aspects of household well-being. Each unit increase in remittance inflow leads to a 0.120 increase in housing quality, a 0.086 increase in educational attainment, and a 0.134 improvement in health status, all statistically significant.
- xi. Higher occupational status of migrant workers correlates strongly with household well-being. A unit increase in this variable results in a 0.273 increase in housing quality, a 0.299 increase in educational attainment, and a 0.315 improvement in health status, indicating its crucial role.
- xii. Reliable remittance sources significantly enhance housing, education, and health. The coefficients indicate that a better source of remittance leads to a 0.326 increase in housing quality, a 0.228 increase in educational attainment, and a 0.232 improvement in health status, all with high statistical significance.
- xiii. The intended use of remittances significantly affects outcomes. Each unit increase in the purposeful allocation of remittances corresponds to a 0.253 increase in housing quality, a 0.339 increase in educational attainment, and a 0.291 improvement in health status, showcasing its importance in resource utilization.

#### **4.4 Discussion**

The findings of this current research on remittances align well with previous studies, highlighting their significant impact on household well-being and socioeconomic development. The demographic profile of respondents, predominantly young and working in the Gulf region, mirrors the observations of Adhikari et al. (2024), who

emphasize the economic importance of this region for employment and remittances. This indication that remittances are vital for meeting household financial needs is supported by Sapkota et al. (2024), which underscores the positive changes in living standards and asset accumulation due to remittances. However, the variability in remittance amounts, reflected in the higher standard deviation, resonates with Temory (2024), suggesting that while remittances are crucial for household income, their inconsistency can lead to financial instability.

Furthermore, the correlation between higher-paying jobs and increased remittance contributions underscores the importance of occupation and educational attainment, a theme present in both this findings and those of Temory (2024). The preference for formal remittance channels, highlighted by this mean score of 4.16, aligns with Lamsal (2024), which advocates for policies to promote these channels to enhance economic stability. This results also reveal that remittances significantly contribute to savings, educational expenses, and improvements in housing quality, echoing the findings of Sapkota et al. (2024) regarding household asset enhancement.

Additionally, the positive influence of remittances on health outcomes supports previous research, indicating that remittances not only fulfill immediate needs but also promote long-term health improvements. Overall, the research calls for policies that ensure the protection of migrant workers and promote financial literacy and vocational training, as suggested by Adhikari et al. (2024). In conclusion, this findings reinforce the multifaceted role of remittances in shaping economic opportunities and improving living standards for families in Nepal, emphasizing the need for ongoing research and supportive policies to maximize these benefits

The findings from this research on remittances in Ghodaghodi Municipality intersect with various economic theories, revealing both alignments and tensions. The New Economics of Labor Migration (NELM) theory supports the notion that remittances enhance household welfare, aligning with this findings that families prioritize immediate needs. However, Dependency Theory introduces a critical perspective, suggesting that reliance on remittances can hinder long-term local economic growth, which resonates with these observations about limited sustainable benefits. Dual Market Theory complements this by explaining how migration allows access to better-paying jobs, supporting the economic importance of remittances. In contrast,

Human Capital Theory emphasizes investing remittances in education and health for long-term development, yet these findings indicate a focus on immediate consumption, highlighting a misalignment. The Multiplier Effect Theory suggests remittances stimulate local economies, but their impact may be limited if funds are spent on imports. Lastly, the Brain Drain and Development Theory points out the negative impact of losing skilled labor, despite the income boost from remittances. Overall, while some theories align with the positive aspects of remittances, others highlight complexities that require careful policy considerations for sustainable development in the region.

## **Chapter V**

### **Summary and Conclusions**

A summary of the research methodology and study results is given in this chapter. The paper is organized into three primary sections: the first offers a thorough synopsis of the investigation and a broad perspective of the field; the second section outlines the study's findings; and the third section addresses its implications.

#### **5.1 Summary**

Labor migration and the resulting remittances have become pivotal to the socio-economic dynamics of many developing nations, including Nepal. In Ghodaghodi Municipality, Kailali District, remittances represent a vital income source for numerous households. The region sees extensive labor migration, particularly to Gulf countries, Malaysia, and India, spurred by limited local employment opportunities and the allure of higher wages abroad. This study delves into the role of remittances in shaping the living standards of families in Ghodaghodi, emphasizing the positive transformations they bring while addressing the challenges posed by growing dependency on these financial inflows.

The introduction of the study emphasizes the vital role remittances play in sustaining households in Ghodaghodi Municipality. The rise in labor migration has led to a steady flow of financial resources from migrant workers abroad, often making up the primary income source for families left behind. These remittances enable households to meet basic needs such as food, clothing, shelter, and healthcare, significantly improving their quality of life. As remittances have become a lifeline for many, they have also helped lift families out of poverty, providing them with the financial stability to invest in their future. Migration to the Gulf countries, Malaysia, and India has become a predominant trend in the municipality, with many young men and women leaving in search of better employment opportunities. The earnings sent back home not only sustain households but also contribute to the local economy, facilitating investments in education, health services, and small businesses. Despite the numerous benefits, the reliance on remittances has also introduced vulnerabilities, as families often depend entirely on these external financial inflows to survive. This

dependency can create long-term challenges, as local economic development is sometimes neglected in favor of short-term financial gains from abroad.

The literature review draws on a wealth of existing research, establishing a strong link between remittance inflows and improved living standards in developing regions. Numerous studies indicate that remittances contribute to poverty reduction, better access to essential services, and an overall improvement in the quality of life for recipient households. Specifically, remittances have been shown to increase access to education and healthcare, enhance food security, and support investments in housing and small business ventures.

However, this study identifies specific gaps in the existing literature, particularly in relation to the unique socio-economic context of Ghodaghodi Municipality. While previous research has largely focused on the general benefits of remittances at the national level, there is limited understanding of how these financial inflows impact smaller, rural communities like Ghodaghodi. The study aims to fill this gap by providing a localized analysis, examining the specific ways in which remittances shape the daily lives of families in this region and how these benefits compare to the national trend.

The study employs a mixed-methods approach, combining quantitative data from household surveys with qualitative insights from in-depth interviews. This comprehensive approach enables a nuanced understanding of the multiple dimensions of remittance inflows. Quantitative data from surveys provide statistical evidence on the impact of remittances on household income, access to services, and economic activities. At the same time, qualitative data from interviews offer deeper insights into the personal experiences and challenges faced by migrant families. Surveys were distributed among households in Ghodaghodi that receive remittances, focusing on factors such as the number of remittances received, their sources, and the ways in which they are utilized. The interviews, conducted with family members of migrant workers, explored the broader social and emotional impacts of migration, including changes in family dynamics, decision-making roles, and aspirations for the future. This combination of data allowed for a holistic understanding of the impact of remittances on living standards, capturing both the quantitative improvements in financial stability and the qualitative shifts in household roles and relationships.

The findings of the study reveal that remittances have a profound impact on the living standards of families in Ghodaghodi Municipality. For many households, remittances provide the financial resources necessary to meet basic needs such as food, shelter, and healthcare. In particular, families reported significant improvements in their ability to afford nutritious food, maintain secure housing, and access medical care, all of which contributed to their overall well-being. In addition to meeting basic necessities, remittances enable families to invest in education and small business ventures, thereby contributing to local economic growth. Many families used remittances to send their children to better schools, providing them with educational opportunities that would have been unattainable without the additional income. Others invested in small businesses, using remittance money to start shops or agricultural ventures, which in turn generated additional income and employment opportunities within the community. Furthermore, the study found a correlation between the occupations of migrant workers and the amounts they remit. Migrants working in higher-paying jobs in the Gulf countries or Malaysia tend to remit more significant amounts than those in lower-paying jobs in India. This variation in remittance amounts has a direct impact on the living standards of recipient families, with households receiving larger remittances enjoying greater financial security and investment opportunities.

While remittances provide significant financial support to families, the discussion section critically examines the complexities associated with remittance dependency. Many families in Ghodaghodi rely entirely on remittances as their primary income source, making them vulnerable to external factors such as job loss or economic downturns in the countries where their family members work. This dependency can create a precarious financial situation, as families have limited alternative sources of income should remittances stop. Moreover, the study explores the shifting gender roles within households as a result of labor migration. In many cases, the absence of male family members who have migrated for work leads to women taking on more significant decision-making roles within the household. This shift can empower women, giving them greater control over household finances and daily management. However, it can also create social and emotional challenges, as traditional gender roles are redefined and families must adjust to new dynamics.

The conclusion synthesizes the study's findings, emphasizing the critical role remittances play in improving the living standards of families in Ghodaghodi Municipality. Remittances have proven to be a vital source of financial stability, enabling households to access better food, housing, education, and healthcare. They have also contributed to local economic growth by supporting small business ventures and increasing the community's overall financial capacity.

However, the study also underscores the potential risks associated with remittance dependency. Families who rely solely on remittances for financial support may face challenges if their external income sources are disrupted. Therefore, the study advocates for the implementation of supportive policies aimed at migrant workers and their families. These could include financial literacy programs to help families better manage remittances and initiatives to channel remittance inflows into sustainable development projects that benefit the broader community. Key findings of the study highlight the importance of remittances in maintaining household financial stability, the clear preference for formal remittance channels due to their reliability, and the positive impact of remittances on local economic activities. Ultimately, the study concludes that remittances are a transformative force in Ghodaghodi Municipality, playing a pivotal role in fostering both economic security and social well-being. Through careful management and supportive policies, remittances can continue to contribute to the long-term development of the region.

## **5.2 Conclusion**

The study further reveals that remittances play a transformative role in enhancing housing quality, as families can invest in better living conditions. Additionally, access to healthcare services improves, with remittances helping cover medical expenses and providing access to better treatment options. The analysis shows a clear correlation between increased remittance inflows and significant gains in education, housing, and health. Another important finding is that households which strategically utilize remittances, such as by investing in small businesses or savings, experience more sustainable improvements in their living standards. This suggests that financial literacy and planning are essential to fully harness the benefits of remittances. In conclusion, the research highlights remittances as a key driver of economic stability and social upliftment in Ghodaghodi. It not only provides immediate financial relief

but also enables families to invest in their future, contributing to poverty reduction and long-term socio-economic development. Policymakers can use these insights to create programs that support both migrant workers and their families, ensuring that remittances continue to foster sustainable growth in the community.

### **5.3 Implications**

These study implications are given below:

- i. Create targeted policies to support migrant workers and their families.
- ii. Implement programs to empower families in managing remittance income effectively.
- iii. Prioritize investments in education and healthcare for remittance-receiving households.
- iv. Encourage entrepreneurship and small business development using remittance inflows.
- v. Use remittance funds to support local community projects and infrastructure improvements.
- vi. Conduct ongoing studies to monitor the long-term impacts of remittances.
- vii. Promote diversified income sources to reduce reliance on remittances.
- viii. Enhance accessibility and reliability of formal remittance services.
- ix. Empower women in remittance-receiving households to improve social outcomes.
- x. Develop strategies to ensure long-term sustainability of economic benefits from remittances.

### **5.4 Scopes for Future Researchers**

- i. Conduct long-term studies to assess the sustained impacts of remittances on living standards and socio-economic development over time.
- ii. Compare the effects of remittances in different regions or municipalities to identify varying impacts and effective strategies tailored to specific contexts.
- iii. Investigate how different ways of utilizing remittances (e.g., spending on education vs. investment in businesses) affect overall household well-being.
- iv. Explore the gender-specific effects of remittances on household decision-making, empowerment, and changes in gender roles within families.

- v. Examine the factors influencing migration decisions and how changes in migration patterns affect remittance flows and living standards.
- vi. Study the impact of digital remittance services and mobile banking on the efficiency and security of remittance transfers.

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Abstract This research explores the impact of remittance inflows on the living standards of households in Ghodaghodi Municipality, located in Kailali District, Nepal. With a focus on households receiving remittances from Gulf countries, Malaysia, and other regions, this study employs a descriptive and causal-comparative research design to analyze the relationship between remittance inflows and various dimensions of household well-being. The study aims to assess the volume, sources, and trends of remittance inflows, as well as their effects on living standards. A total of 450 households have surveyed using structured questionnaires, which gathered data on household income, expenditure patterns, educational attainment, healthcare access, and overall changes in living conditions attributed to remittance inflows. The sample has selected through convenience sampling, ensuring statistical significance for the findings. Statistical analyses, including descriptive statistics, correlation, and regression analysis, have conducted using SPSS software to interpret the data effectively. The findings indicate that remittances play a vital role in improving household financial stability, with many families relying heavily on these funds for daily expenses, education, healthcare, and housing quality. Key findings highlight that higher occupational status of migrant workers correlates significantly with improved living standards. Reliable sources