



Effect of Remittance on Rural Livelihood Among the Household Members of the Annapurna Rural Municipality, Kaski

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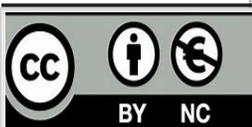
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Abstract

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.

Keywords: *economy, household, labor, migration, remittance*



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Introduction

For developing countries like Nepal, remittances have emerged as a vital source of funding, acting as a lifeline for economic growth (Kaphle, 2018; Banjara, 2020). Remittances, as they are often known, are types of income wherein migrants send money and products are sent back to their home nations. According to Le (2011); Chowdhury et al. (2023), remittances are all current transfers in cash or kind, sent or brought from non-residents to resident households.

In conversations about rural development, eradicating poverty, and managing the environment, the idea of “sustainable livelihood” is essential (Serrat, 2008). The term “livelihood” refers to the means of maintaining one’s way of life through a variety of variables, including talents, possessions, income, and other crucial components to meet fundamental necessities. The idea of sustainability is the rehearsal of using capitals in a way that does not compromise individual wishes while preserving them for future generations (Chambers & Conway, 1980). However, the idea of a sustainable way of life is sometimes nebulous, contradictory, and constrained. Without enough explication, the likelihood of conceptual ambiguity increasing exists. A livelihood consists of the skills, resources (such as financial and social capital), and activities needed to sustain oneself (Chambers & Conway, 1988). A sustainable livelihood is one that not only endures stress and shocks, rebounds from them, safeguards or enhances its capabilities and assets, but also refrains from depleting the natural resource base concurrently (Dent et al., 2013).

Income diversification can help a household weather shocks and stressors since it means they don’t have to rely solely on one source of income to make ends meet. Remittances can help a household diversify its sources of income. From the received remittances, the household might diversify its sources of income. For instance, a family that depends on agriculture can start a small business and have a reliable source of income. To enhance revenue sources, they can also expand the range of agricultural resources available or grow the current stock of livestock. Additionally, Nepal has a long history of employing individuals

abroad, which began notably once people began moving to Indian towns nearby. However, the trend has changed, and working abroad is now one of the most appealing possibilities for people who want to leave the nation. People’s inclination toward seeking employment in neighbouring nations or overseas can be linked to various factors, including the domestic economy’s limited absorption capacity due to the under performance of both the manufacturing and non-manufacturing sectors, rapid population and labour force expansion, ongoing political instability, evolving public attitudes toward their lifestyles, and various other elements. Remittances have indubitably established themselves as one of the most dependable sources of foreign currency for the Nepalese economy as more and more individuals migrate abroad for employment (Chhetri et al., 2020).

In the Fiscal Year calendar 2019/20, Nepal received remittances of Rs. 875 billion, translating to a remittance-to-GDP ratio of 23.23% (Byanjankar & Sakha, 2021). Because remittances account for more than a quarter of Nepal’s GDP, the country seems to be remittance-based. Greater global integration and advancements in communication technologies have facilitated the transfer of labor from one nation to another, consequently accelerating the growth of remittance flows. Remittances sent by migrants to underdeveloped nations have lately increased dramatically, whereas remittances given to rich countries have only seen a modest increase.

This study presents the effect of remittances from undocumented expatriates on domestic livelihoods cannot be overstated, as these funds often provide crucial support for families in their home countries in the light of the deteriorating economic conditions in Nepal.

In the picturesque setting of ward number-4 within Annapurna Rural Municipality (RM) of Kaski district Nepal, the impact of remittances on the lives of its inhabitants is a matter of profound significance. This location holds a particular resonance for one of the researchers who, as a first-generation immigrant from this study believed by the local residents, brings a unique perspective to this study. Having witnessed first

hand the transformative effects of remittances, the researcher's personal connection to this region serves as a driving force behind this investigation. The decision to select ward number 4 of Annapurna RM as the focal point of our research is grounded in the recognition of remittances as a potent force shaping the lives of its residents. In the current landscape of Annapurna RM, the influence of remittances extends far and wide, prompting a substantial portion of the local youth to seek employment opportunities abroad. This migration, driven by the pursuit of stable employment, is a trend that has gripped the region, with individuals striving to support their families and invest in the education of future generations.

In this paper, the researchers focused into a comprehensive examination of the current state and the profound impact of remittances on the lives of the people of Ward number 4 and, by extension, the entire Annapurna RM in Kaski. This research is poised to shed light on the multifaceted dimensions of remittances and their implications for individuals, families, and the community as a whole.

Literature Review

According to Adger et al. (2002), migration within a community is a frequent tactic used by families to generate income and supply cash for investments. Communities use a variety of social, economic, and cultural elements to construct a set of tactics and adaptation mechanisms to adapt to the changing environment (Ziakas & Costa, 2011). Depending on their ability to adapt as well as the size, scope, and severity of the economic disturbances, remittances are a prime source for communities to overcome economic shortages and tolerate, cope with, and adjust to such changes. Remittances enhance capital investment (Banjara, 2020). Adger et al. (2002) further described that this is entirely dependent on the relative scarceness of whichever category within the anticipated return to the family economy or budget. Remittance incomes cannot be categorized and can be used interchangeably. On other homes and businesses, it can have unintended consequences. Therefore, it is difficult to identify both the direct and indirect consequences of remittances (Rao & Hassan, 2011; Rao & Hassan, 2012).

The primary factors influencing remittance sent by youth to their home communities in the study area included employment status, migrant gender, age, and the purpose of remittances, which encompassed buying agricultural implements and covering school expenses (Alleluyanatha & Treasure, 2021). Similarly, Dodd et al. (2020) described that the concept of human security proves valuable in comprehending both the reasons behind and the consequences of migration among these rural households. Likewise, Sunam et al. (2021) argued that in cases where diversified livelihood portfolios incorporate remittances and are complemented by supportive state policies, transnational labor migration has the potential to enhance household livelihoods. Over time, the positive impact of remittances on household livelihood security has steadily improved, supported by relatively broad confidence ranges. This improvement is evident in the substantial increase of 13.6% in livelihood security for migrant-sending households and a noteworthy enhancement of 10.99% for the overall population (Agza et al., 2023). Further, Agza et al. (2023) highlighted that household livelihood security exhibited an even greater improvement when higher levels of remittances were received, showcasing a significant 40% local minimum dose effect.

The distribution of income and assets accumulation is directly impacted by remittance movement, whereas resource users are indirectly impacted. When other factors are held to be approximately equal, studies show that rich families migrate at a higher rate than less wealthy families (Steffen, 2020). Options for a living are frequently jeopardized by migration and remittance. Transnational networks enable immigrants to increase the human, social, and cultural capital of their home country once they return from the sending locations (Adger et al., 2002).

The insignificance of the average treatment effect (ATE) of remittances on household welfare suggests that there was no notable distinction between households receiving remittances and those that did not (Alleluyanatha & Treasure, 2021). However, Alleluyanatha and Treasure (2021) further suggest that the insignificance of the average treatment effect (ATE) of remittances on household welfare suggests that there was no

notable distinction between households receiving remittances and those that did not.

There is broad agreement that remittances may aid in reducing poverty in rural families. More so than wealthy households, poorer households are reliant on remittances directly. However, the wealthier households could have more remittance-based revenue streams. It is questioned to what degree the impoverished households rely on remittances to make ends meet. Also, worth looking at is how dependent individuals are on remittances. The proportion of income coming from remittance sources relative to all other sources is a straightforward approach to gauge economic reliance (Kamanga et al., 2009). Debating reliance in relation to general poverty and the availability of other sources of income is also helpful. Kamanga et al. (2009) described a dynamic adaptation process as the diversification approach. Due to intense pressure and opportunity, rural families build a very broad portfolio of businesses and assets in order to survive and raise their level of living.

Methodology

This research study employed a comprehensive research design that combines descriptive and analytical elements, utilizing a quantitative research approach. Additionally, supplementary information were extracted from credible secondary sources, such as the Ministry of Finance, the Central Bureau of Statistics (CBS), and reputable newspapers.

Ward number 4 of Annapurna RM was purposefully chosen for the study in order to collect data on a variety of socio-economic aspects of the households both before and after receiving remittances. This research was specifically conducted in ward number 4 because most of the people from this ward are foreign immigrants who receive remittances. The purposive sampling method was employed to select respondents based on the criterion of household members working abroad. Out of 200 out-migrants employed overseas from the selected area, a sample of 50 respondents was purposively selected for the study.

The data collection tool that was used to conduct this research is the structured questionnaires to collect the primary data. Structured questionnaire

was prepared to gather the required data by conducting household surveys from the study area. The respondents were asked a set of questions prepared according to the objectives of the study based on previous literature.

Results and Discussion

After the completion of the collection of data, findings were kept in tabular form. The collected data was analyzed by utilizing statistical tools software SPSS and results were presented and interpreted accordingly. The data obtained from the fieldwork was reviewed to avoid the problems of duplications and ambiguities. Only relevant information was included in the analysis to make consistent with the objective of this study. The obtained results was presented in appropriate tables and figures.

Changes in Housing Conditions

Most of the houses in the research area were made up of mud, wood, stone, or materials of forests and have one-floor houses. Some of the households whose family members work in foreign countries have tin roofs and RCC buildings.

Table 1: *Distributions of the Respondents by Type of House before and after Remittance*

Types of Houses	Before	After
Stone/Mud house	40(80%)	32(64%)
RCC Building	4(8%)	13(26%)
Homeless	6(12%)	5(10%)
Total	50(100%)	50(100%)

Data analysis shows that before remittance 40 households were found to be made up of mud and stone, 4 RCC buildings, and 6 households were seen without houses of their own. Findings shows that after remittances 32(64%) houses were seen mud which were made up of stone and mud, 13 RCC buildings, and 6 households were seen without houses of their own (see Table 1).

The distribution of respondents by type of house after receiving remittance is tabulated the analysis shows that out of 50 households, 32 (64%) households had mud/stone houses, 13 (26%) households had RCC buildings, and 5 (10%) households did not have their own houses. The valid percentage shows that the majority of households (64%) still live in mud/stone houses, while 26% of households have been able to upgrade their living condition by constructing RCC buildings. The cumulative percentage

indicates that 90% of households have either mud/stone houses or RCC buildings. This suggests that remittance has had a positive impact on housing conditions in the study area, as more households have been able to improve their living conditions by building better houses. However, there are still 5 households that do not have their own houses, indicating that more efforts are needed to improve housing conditions in the area (see Table 1).

Changes in Contemporary Amenities

After receiving remittances, the households in the study region began using contemporary amenities including gas stoves, televisions, radios, computers, laptops, mobile phones, and cars. Some homes have a similar level of life as metropolitan areas. The households' living conditions have dramatically changed as a result of a family member's job abroad.

Table 2: Distributions of the Respondents by Change in Assets Structure

Assets	Before	After
Television	12(24%)	31(62%)
Radio	10(20%)	40(80%)
Computer	2(4%)	5(10%)
Laptop	0(0%)	10(20%)
Mobile	16(32%)	50(100%)
Gas Stove	7(14%)	34(86%)
Vehicle	3(6%)	5(10%)
Total	50(100%)	50(100%)

The findings reveal a significant increase in the proportion of mobile users, which stood at 32% before receiving remittances however, following the remittance from their family members, this figure surged to 100%. Similarly, the percentage of households with a television set in their homes rose from 24% to 62%(see Table 2).

Findings of data analysis shows that the use of electric devices, equipment, and vehicles increased after going abroad the family member(s) which expresses that those changes in household assets, electronic goods, and services, all of which are related to living standards, have shown significant improvement in remittance-receiving households after going abroad. These surveyed households have been able to allocate funds towards various assets, appreciations to the uplift in their economic condition, driven by a consistent income source.

Changes in Educational Enrolment

Children from the surveyed households were identified that they studied in public and private schools. Parents decision to send their children

to private schools reflects a conscious choice, prioritizing it over government schools after getting remittances. Findings clearly shows the enrollments of the children in private and public schools was different. (Table 3).

Table 3: Distributions of the Respondents by Children's Education before and after Remittance

Types of School	Before	After
Public School	40(80%)	7(14%)
Private School	10(20%)	43(86%)
Total	50(100%)	50(100%)

The distribution of respondents by the types of schools attended by their children and after the remittance is analysed using percentage analysis. The results show that the majority of the respondents, 40 (80%), had children who attended public schools before remittance. Only 10 (20%) respondents had children who attended private schools before remittance.

The data analysis also suggests a substantial shift in the education landscape within the study area. The proportion of respondents whose children attend public schools decreased significantly, while enrollment in private schools increased dramatically, shifting from 20% to 86% (see Table 3).

The results indicate that the majority of the households preferred to send their children to private schools after receiving remittances. The increase in income from remittance may have contributed to the ability of these households to afford private school fees. The findings suggest that remittance have a positive impact on children's education by providing additional financial resources for education.

The data analysis demonstrates that the lifestyle of the respondents is undergoing significant changes due to the receipt of remittances from household members. Additionally, there is a notable shift in the education choices for their children, moving from public schools to private institutions. Moreover, their housing structures are also transitioning towards RCC buildings.

Conclusion

The labor migration from Nepal to abroad has been a significant phenomenon in the past two decades, with many households having at least one member working abroad. However, the current situation of labor migration is a major problem for the country

due to the lack of employment opportunities and economic instability. Remittances from foreign employment have played a crucial role in the country's economic development and have contributed to raising the standard of living for the people.

Based on the field survey conducted in the study area, it was found that the majority of the sample households belonged to the Dalit community, with agriculture being the major occupation. The Hindu religion was followed by most respondents. The research revealed that at least one member of the family had gone for foreign employment, with 58% of the sample households having done so due to low income. Qatar was the most preferred country for foreign employment, and the majority of the foreign employers worked as industrial laborers, earning an average monthly income ranging between fifty thousand to one lakh. The majority of the remittances received by the household, ranging from 40-50 thousand per month on average, were primarily received by their wife.

The study highlighted the positive impact of remittance on the living standards of households. Many households were able to construct RCC buildings and buy land, which they were previously unable to do due to financial constraints. There was also an improvement in household assets, electronic goods, and services after receiving remittances. Moreover, the research showed that the health conditions of households had improved after receiving remittances. These findings indicate that remittance has a significant impact on the socioeconomic development of the childhood 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.

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