

## Socio-Economic Influence of Remittances on Households In The Patihani Buffer Zone, Chitwan National Park, Nepal

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### Abstract

*This paper explores the socio-economic influence of remittances on households in the Patihani Buffer Zone, Chitwan National Park, Nepal. Remittances are a significant income source for many households in developing countries, with Nepal being among the highest recipients of these remittances as a share of GDP. The inflow of funds plays a vital role in shaping the socio-economic landscape of communities. Two hundred fifty households from the Patihani buffer zone were selected for a study on the socio-economic impact of remittance using questionnaire surveys. The household was the sampling unit for a questionnaire survey, which was analyzed using SPSS and Excel software, revealing descriptive statistics on the impact of remittance. Remittances are an important income source for households, enhancing their socio-economic status, as perceived by the respondents, both before and after migration. The income not only increases household consumption but also has significant impacts on education, healthcare, and local economic investments. However, labor migration has had some negative socio-economic effects on families. The finding suggests that understanding these impacts is crucial for creating policies that promote sustainable growth while maintaining the ecological integrity of buffer zones like the Patihani Buffer Zone Area.*

**Keywords:** Remittance, labor migration, foreign employment, household, livelihood

### Introduction

Remittances have become a crucial income source for numerous households in developing countries in recent years. Nepal, with a significant portion of its workforce working abroad, is among the highest recipients of remittances as a share of its GDP. The inflow of funds significantly influences the socio-economic landscape of communities, particularly in rural areas. Households in buffer zones around national parks, particularly the Patihani Buffer Zone, face unique challenges and benefits from

remittance income. These funds not only enhance household consumption but also have significant implications for education, healthcare, and local economic investments. The study on the socio-economic impacts of remittances on households within protected areas and buffer zones in Nepal is limited. The zones established to manage biodiversity-rich national parks face unique socio-economic challenges due to land use and resource access restrictions. The increasing prevalence of migration and remittance income has both positive and negative impacts on community development, sustainability, and resource management. Understanding these impacts is crucial for creating policies that promote sustainable growth while maintaining the ecological integrity of buffer zones like Patihani. This paper examines the socio-economic impact of remittances on households in Nepal's Patihani Buffer Zone to fill a research gap, focusing on spending patterns, investments in education and health, and community economic conditions.

Migration from less developed to developed countries has increased in recent years. Millions of people migrate to another land for various reasons despite hardship in the process to improve their livelihood and their children's future (Ozden & Schiff, 2007). It is assumed that 3% of the World population live outside their country of birth (World Bank, 2018). The movement of People from underdeveloped countries to developed countries takes place for better economic conditions, employment opportunities, higher living standards, and other kinds of social development. According to CBS, (2011) at least one member in every fourth household in Nepal is absent in their birthplace. Migration for foreign employment has become a major source of income for many Nepali households. Labor migration has become one of the defining characteristics of Nepal's socio-economic landscape (GON, 2020). Privatization of industries, the collapse of industrial enterprises, conflicts, and lack of opportunities in Nepal have been propelling workers to migrate abroad for livelihood security (Dahal, 2004).

The movement of the workforce from one nation to another for permanent or temporary residency and employment is referred to as abroad migration of labor. Since the dawn of human civilization, there has been a rise in labor migration (Tigno, 2006). A defining characteristic of labor migration, since the early 2000's has been an unprecedented increase in the volume of workers headed to the Gulf Cooperation Council countries and Malaysia for temporary employment. Nepal is included in the list of those countries from where a great number of manpower has flowed into different countries of the Gulf region and Malaysia. In 2003/2004, the number of labor approvals issued by the Department of Foreign Employment was 106,660 and it reached 236,208 in 2018/2019 (GON, 2020).

Workers' remittances are an important source of income and poverty alleviation for migrants, their households, and their communities of origin in many parts of the developing world (Arif, 2009). Remittances are the portion of a migrant's earnings sent from the migration destination to the place of origin. Remittances have become a major contributing factor to increasing household income as well as to the national GDP. The major foreign income source for both the households and the government is remittance (Dhungana & Pandit, 2014). Remittances are increasingly the most direct immediate and significant contribution to the livelihoods of the Nepalese people.

The volume of financial remittances has significantly increased in the recent past, from 2.54 billion USD in 2010/2011 to 8.79 billion USD in 2018/19. In 2013, remittance inflows topped US\$5 billion, or 25 percent of the national GDP. This placed Nepal third among the countries receiving the highest proportion of remittances in terms of GDP (GON, 2020). Foreign remittance becomes a relatively more attractive source of foreign earnings for Nepal. According to Alishani and Nushi (2012) remittance not only affects positively the level of income but also the ability to access healthcare and education. The flow of remittances is a complex phenomenon with national and global economic, social, legal, and cultural implications (Mannan, 2015). The labor migration effects at family levels are multiple, both positive and negative. It can bring both positive as well as negative changes to a person, family, society, or the whole nation (IOM, 2009). Blue (2004) argues that the relationship between migrants and households has a strong remittance determinant and the relationship shows mainly parents, children, and siblings.

Remittances have impacted thousands of families in the making better of the standard of living of the people in the country. The remittances from migrant workers contribute to the provision of social protection, poverty alleviation, and welfare improvement of economically poor households in Nepal. From the above discussions, there is little understanding of how this remittance has been used at the household level. There is little attention in research on this issue of utilization of remittances at the household level. The present paper brings out the socio-economic impacts of remittance on households in the Patihani buffer zone area in Chitwan National Park.

## **Methods and Materials**

Patihani buffer zone area of Chitwan National Park is situated in Bagmati Province in the southern part of Central Nepal. This study employs a descriptive research design to investigate household-level impacts in the study area. Two hundred and fifty households having labor migrant family members were selected in the Patihani buffer zone area of Chitwan National Park, Nepal. The sampling procedure is purposive because of

the unavailability of the list of remittance-receiving households in the study area. A household (HH) survey is conducted to assess the socio-economic impact of remittance on households in the study area. The main source of primary data is a questionnaire survey of migrant people's households. The sampling unit for the questionnaire survey is the household. The secondary data are acquired from the desk review of the published and unpublished hard copies and electronic materials and documents of various organizations. Data are processed and analyzed on a computer using SPSS and EXCEL software. Descriptive statistics such as tables, frequencies, and percentages are used. Non-statistical tools such as diagrams have been used to strengthen the data analysis.

## **Results and Discussion**

The remittances the migrants send to their home country constitute a large amount of foreign exchange used for alleviating their social and economic problems at the household level (Zewdie & Legesse, 2015). Households, along with their family members, were working as labor migrants to improve their socio-economic status through the flow of remittances. The socio-economic impacts acquired by the migrants' households have been examined in this study.

### **Age of the migrant at initial departure**

Age is a biological attribute and an important component in the migration phenomenon. If we examine it in economic terms, people below 15 and above 60 are supposed to be economically inactive, and those between 16 and 59 are taken as an economically active population (Khatri, 2017).

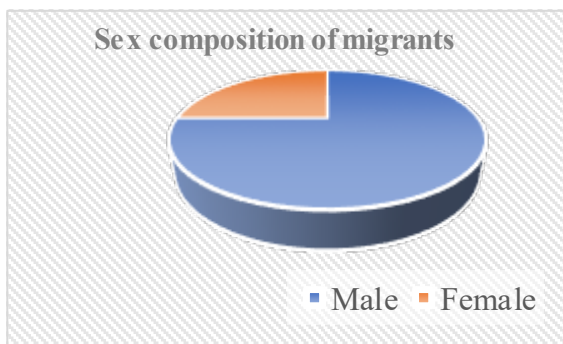
**Table 1:** Age of the migrants

<b>Age of the migrants</b>	<b>Frequency</b>	<b>Percentage</b>
18-24	79	31.60
25-35	120	48.00
35-45	39	15.60
45+	12	4.80
Total	250	100.00

*Source: Household Survey, 2023*

The empirical results in Table 1 illustrate, 48.00 percent of the migrants were in between 25-35 years of age. Naturally, this group of people is more dynamic and productive. This is similar at the national level. The age group with the highest share of migrant workers in the year 2018 is 25-35 and the percentage value is 45.54 percent in 2018. The age group over 45 comprises the smallest share of the total volume of out-migrants.

The number of out-migrants above 45 years comprises only 4.80 percent which was at the national level of 1.96 percent in 2018. These groups of people are fewer risk takers or feel more responsibility than the remained groups of people. Here we can observe that younger people are more migratory and more favored to migration than the older ones in the study area. This indicates that Nepal can face demographic change shortly as a major challenge.

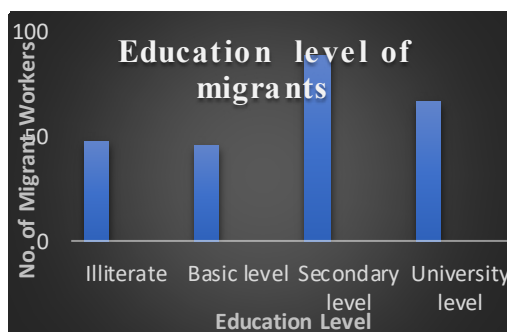


### **Sex composition of the migrants**

Sex is a biological attribute and an important component in the migration phenomenon. In terms of gender, the overwhelming majority of the Nepalese migrant workers were male according to national census data (CBS, 2012). The empirical result in Figure 1, most of the migrants from the study area were predominantly males, which accounted for more than 73.60 percent of the total while the females accounted for 26.40 percent. At the national level, only 9.05 percent of labor migrants were females in 2018. The overall sex ratio of labor migrants was 278.78 in the study area. Khatri (2017) also revealed that 25 percent of migrant workers were female and 75 percent of migrant workers were males in Khanigaun Village of Gulmi District in Nepal.

### **Education of migrants**

Educational attainment plays a pivotal role in shaping migration behavior. Among the respondents, 19.20% were illiterate migrant workers. Whereas 18.40 % of the migrant workers had attained the basic level and 35.60 % of the migrant workers attained the secondary level. The study conducted by Fernandez (2011) reveals that 60% of Ethiopian migrants to Middle East countries were high school graduates. 26.80% of the migrant workers attained university education.



### **Reason for migration**

The empirical results in Table 4 indicate the questions asked to the respondents to know their reasons for

migration and their responses. Due to lack of job 31.20 percent people have migrated abroad. Similarly, poor socio-economic status has resulted to migrate to 24.40 percent people. Likewise, desire to work abroad, unsatisfactory income in homeland and for earning money 10 percent, 18 percent and 12 percent migrants have migrated to foreign lands respectively. The survey has revealed that about 4.40 percent of migrants migrate for other reasons in the study area. From this, it is can be concluded that unemployment and poor socio-economic status are the most dominant reasons for labor migration from the country.

**Table 2:** Reasons for migration

<b>Reason</b>	<b>Frequency</b>	<b>Percentage</b>
Lack of employment	78	31.20
The low economic status of the family	61	24.40
Desire to work aboard	25	10.00
Unsatisfactory income	45	18.00
To earn money	30	12.00
Others	11	4.40
Total	250	100.00

*Source: Household Survey, 2023*

### **Source of financing the cost of migration**

Table 5 provides information about the ways through which migrants went abroad. Only 8.80% of respondents reported that their migrant families' members went abroad by their efforts. About 15.60% of emigrants used household savings to finance migration. About 34.80% said that the migrant moved with the help of their kin or relatives; the other 26.5% reported that their migrant family member got the cost of migration from the sale of household assets. The survey revealed that about 14.40 % of household finance for the cost of migration from other sources in the study area.

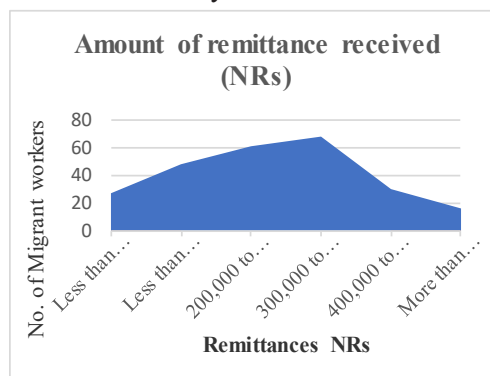
**Table 3:** Source of financing the cost of migration

<b>Source of financing the cost of migration</b>	<b>Frequency</b>	<b>Percentage</b>
Personal savings of migrants	22	8.80
Household saving	39	15.60
Loan from relatives	87	34.80
Sale of asset	66	26.40
Others	36	14.40

*Source: Household Survey, 2023*

### Amount of remittance received

The 250 household respondents were asked about the yearly amounts of remittances received by them from their household migrant members in Italy. The sizes of remittances flows to individual migrant-sending households in a recent 12-month period range. Figure 6 illustrates that the yearly amount of remittance in the maximum and minimum range was more than NRs 500,000 and less than NRs 100,000 respectively. The majority 27.20% were sent at a range of NRs 300,000-400,000 and the highest range of remittances was more than NRs 500,000. i.e. 6.4%



### Assets before and after migration

International labor migration is a main livelihood strategy for many people in Nepal.

**Table 4:** Assets before and after migration

Items	Before migration	After migration
Television	30.00	90.00
Mobile screen touch	6.40	96.80
Refrigerator	18.40	60.40
Jewelry	17.60	69.20
Computer/ laptop	7.60	52.40
LPG gas/ Biogas	11.20	63.60
Cable television	11.60	89.60
Motorcycle	8.40	74.80
Internet	4.40	91.60
Electric Iron	10.40	81.20

Source: Household Survey, 2023

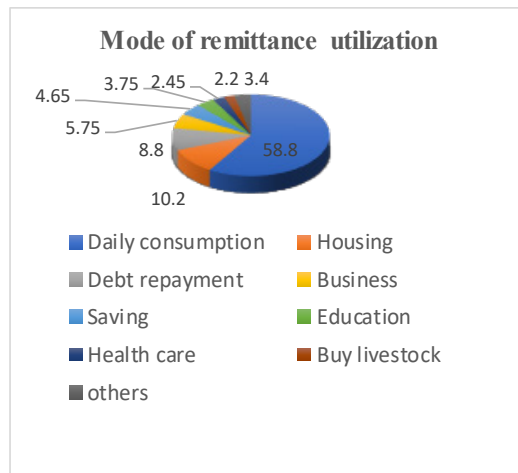
Table 4 shows different durable consumer goods, considered luxury items, owned by the migrant's family before and after migration. The share of those who owned televisions was 30.00%, while 6.40% owned mobile telephones and 7.60 owned computers/laptops. Similarly, the share of cable those possessing TV and jewelry increased to 89.6% and 69.20% respectively. More than half (63.60%) owned LPG gas/biogas after migration; a more than five-fold increase compared to before migration. The share of those who owned motorcycles was 8.40%, while 4.40% owned the internet and 10.40% owned electric irons respectively after migration, demonstrating a significant improvement in

their living standards. Regarding asset ownership and investment, a higher proportion of returnees reported that they had accumulated assets and wealth after migration than before.

### **Mode of remittance utilization**

Empirical findings in West Nepal reveal that the benefits of international migration include increased financial, capital, better education for children, migration-specific knowledge, and increased social capital (Thieme & Wyss, 2005). Remittances have played a significant role in improving the economic conditions in Nepal, but a large part of the remittance income has been invested in consumption, which has not generated employment and income generating activities for others.

The study has found that most of the remittance is used to finance the daily consumption needs of the households. Over 58.80% of the total cash remittances received are used for consumption while housing (10.20%) and debt repayment (8.8%) are the second and the third most common ways to spend their remittances, followed by buying businesses (5.75%). About 4.65 % and 3.75% of households report investing remittances in savings and education respectively. Only 2.45 % and 2.20% of 250 households have invested remittances in healthcare and buying livestock. The survey revealed that about 3.40 % of households used remittance for other work such as social work, religious work, entertainment, etc. in the study area. The research by Nepal (2013) proved that after receiving remittances households were found changing their roof repairing their floor, or even constructing a new house.



### **Socio-economic adverse effect of migration**

It is a well-established fact that labor migration affects families left behind, both positively and negatively.

Khuseynova (2013) concludes the negative effects of labor migrants' households, such as the high dependency of migrants' households on remittances and their vulnerability to adverse risks associated with job loss, accidents, illnesses, death, etc. of their migrant family members working abroad; difficulties for women in managing the household work in absence of male households: difficulties in child-rearing in absence of their



fathers; negative effects of labor migration on child education, negative effects of labor migration on expanding child labor in the society and negative psychological effects of labor migration on migrants' wives. Both the migrant and the family members have to adjust to and cope with the prolonged separation and changing family dynamics (De Dios, 2011).

**Table 5:** Socio-economic adverse effect of migration

<b>Problems/disadvantages</b>	<b>Frequency</b>	<b>Percentage</b>
Loneliness in life	221	88.40
Unpleasant social atmosphere in the family	198	79.20
Lack of parental control over children	106	42.40
Personal insecurity	78	31.20
Lack of attention to education by children	69	27.60
Drug addiction	55	22.00
Unable to pay back the debt or loan	51	20.40
Extravagant expenditure	37	14.80
Reduced size of the livestock	33	13.20
Family disbandment	14	5.60

*Source: Household Survey, 2023*

Table 5 describes the various socio-economic problems they faced due to the absences of the migrants. The majority of the respondents (88.40%) said that the adverse effects of labour migration seriously affected the family atmosphere. About 79.20 % of the respondents in the study area said that they felt an unpleasant social atmosphere in the family. Approximately, 42.40% of the respondents faced a problem of the migrants lack of parental control of children, whereas 31.20% of respondents felt personal insecurity in society. Similarly, 27.60% felt that there was a lack of attention to education by the children, and 22.00% and 20.4% faced drug addiction by children and were unable to pay debt or loans respectively. 14.80 % reported that extravagant expenditure was the adverse effect of remittance after their family members immigrated to other countries. Reduced size of their livestock was another problem of labour migration. Family disbandment was also a serious problem of labor migration in the study area. About 5.60% of the respondents were affected by the family disbandment because of the absence of their spouse outside the country.

## **Conclusion**

Remittance is the major income source of earning foreign currency in Nepal. Labor migration has a high potential to improve the social, and economic capital of the migrants' households. Based on results and discussions, most of the remittances have been invested in daily consumptions of basic needs, housing, debt repayment, education, health care, social and cultural activities, etc. Very small amount of remittance is invested properly in productive business. International labor migration is a main livelihood strategy for many people in Nepal. The study reveals that majority of households finance for the cost of migration from loans from relatives and sales of assets in the study area. It can be concluded that there are negative effects on socio-economic status of labor migrants' households loneliness, an unpleasant atmosphere, lack of parental control over children, drug addiction, family disbandment, etc. are the major problems seen in the study area.

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