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NEXUS BETWEEN REMITTANCE AND POVERTY IN NEPAL

Sagar Tiwari
twrsagar@gmail.com
Assistant Lecturer, Shaheed Smriti Multiple Campus, Chitwan

Abstract

This study is the analysis to examine the nexus between poverty and remittance in Nepal. The study found that near about one quarter people are living below the poverty line out of which One third percent people are poor who don't receive remittance where one fifth percent people are poor who received remittance. Remittance has less effect in the poverty of Terai region. There is drastic difference between the per capita remittance received by an individual in the poorest and the richest consumption quintile. The households have one more additional year of education, experienced two percent less probability of being poor. Migration of an additional member caused to reduce 2.6 percent poverty on the household level. The research design for this study is both qualitative and qualitative with using cross sectional secondary data of NLSS III. By using the STATA software, the study has used the Probit Model as remittance and poverty effect unction to observe probability of being non poor.

Keyword: *Remittance, Migration, poverty, probit model, Nepal*

Introduction

Migrations is a continuous phenomenon which refers to a process whereby people or group of people move from one place to another. In human history migration is consider as a gradual process for the betterment of life. Now a days People migrate from domestic region to the destination region to achieve the better economic benefits and social securities. Overall, the estimated number of international migrants has increased over the past five decades. The total estimated 281 million people living in a country other than their countries of birth in 2020 was 128 million more than in 1990 and over three times the estimated number in 1970 (world Migration report 2022) There will be significant impact of remittance for the poverty reduction in remittance receiving countries.

In Nepalese context study of poverty remains incomplete if the study avoids the impact of remittance. Remittance inflow has captured rapt attention in the Nepali macroeconomic environment. Nepal received remittance amounting to Rs. 875 billion in FY2019/20, which translates into a remittance to GDP ratio of 23.23 percent (NRB 2020). Migrant departures had stopped briefly due to Covid-19, but the exodus is now back to pre-pandemic levels. More than 1,700 young Nepalis are leaving the country daily to work abroad, as per official figures. Remittance excises all other

sources of foreign earning in this economy. It is applicable for other developing countries where there is low chance of internal employment opportunities. Findings suggest that 10 per cent increase in per capita international remittances has caused to reduce 3.5 per cent poverty in developing countries. Acosta et al. (2008) has used two-stage Heckman model to control for selection in examining the impact of remittances on poverty in 10 Latin American countries. The study found that 0.4 percent reduction in poverty headcount due to one percent increase in remittance to GDP.

Department of Foreign Employment (DoFE) has issued over four million labor permits to Nepali workers from 2009 to 2019 (MOLESS 2020). Out of 110 destination countries for labor migration. Qatar, the UAE, Saudi Arabia, Kuwait, and Malaysia are the top five destination countries (MOLESS 2020). The volume of remittance can contribute for capital formation, hydro electricity production, banking sector and government revenue. Our currency has been gradually depreciating against US dollar since October 2011, which has caused to raise the volume of remittance as well as.

Over the past few years, migration and remittance have played significant role in socioeconomic development of Nepal. In 2020/21, Nepal received NPR 961.05 billion remittance from different countries, constituting 22.5 percent of the Gross Domestic Product (NPC, 2020/21).

Literature Review

In 21st century, globalization and economic interdependence make easy to move people and their service throughout the world which has increased foreign remittance significantly. Similarly, different push and pull factors of the economy and internal migration have been taken as natural phenomena, which help to increase internal and external remittance. The volume of migration and flow of remittance is increasing day by day since last twenty years, so it is necessary to study about the role of remittance for the development of physical and human capital. The chapter has studied different theories as well as empirical findings related with the impacts of remittances on poverty.

Theoretical Perspective of Migration, Remittance and Poverty

Neo-classical macroeconomic theory argues that countries with surplus labour have a low wage rate in developing countries. On the other hand, countries with high capital and less labour have higher wage rates than developed countries. So, the wage difference is the main cause for international migration. The high employment rate in the destination country is another key factor for international migration. It is also stimulated due to education, training, and experience.

According to Dual market theory the main reason for international migration is demand base industrial growth in developed countries whereas low economic growth in developing countries. On the one hand, the main motto of the employers is to recruit new workers at a low wedge rate and maximize the profit so they demanded

labour from developing countries on another hand, high comparative high wage rate attract labour from developing countries.

Network theory has argued that major cause of migration is development of network among the labours. If a labour resettles abroad, she/he will know well about the destination country then invites other family members and relatives about foreign employment. This caused the decrease migration costs and job risks in the destination country. A theory of remittances called „weak altruism,' whereby households use international remittances to repay debts to their parents. With respect to the amount remitted results suggested that the amount sent home is positively related to migrants' income and the intention to return, and is negatively related to the level of migrants' education.

Empirical Prospective of Remittances and Poverty in Global Context

Almost all of the empirical studies have found an inverse relationship between remittances and poverty. Migration reduces poverty because people migrate from low-income rural areas to high-income city areas or from low-income to high-income countries. Adams and Page (2005) in a wider study used the results of household surveys in 71 developing countries to analyze the impact of international remittances on poverty. Their result suggested that a 10 per cent increase in per capita international remittances in a developing country will reduce 3.5 per cent decline in poverty (US$1.00/ person/day).

In Nepalese context, migration and remittance have played significant role in poverty reduction. In 2020/21, Nepal received NPR 961.05 billion remittance from different countries, constituting 22.5 percent of the Gross Domestic Product (NPC, 2020/21). Zhut and Luo (2010) showed the effect of remittance on rural inequality and poverty in China. Poverty headcount, poverty depth and poverty severity are signification lower in the presence of migration in the cause of Hubei. By using the basic poverty line development by Ravallion (2004) for rural areas which is equal to 850 Yuan in 2002, the study found that.

In Algeria, the finding shows that migration has a significant effect on reducing poverty by nearly 40 percent, where the effects differed sharply in extreme poverty of two regions (Margolis et al., 2015).

Anyanwu and Erhijakpor (2010) tried to seek the answer to question: “DO international remittances affect poverty in Africa?”. The main finding of this study was international remittance has strong statistically significant impact on reducing poverty in Africa. 10 percent increase in remittance as a percentage of GDP lead on average to a 2.9 percent decline in the share of population living in poverty.

The ratio of worker‟s remittances to gross domestic product (GDP) is gradually increasing except a marginal drop to 13.8 percent in the 2006/07 from 14.9 percent in the 2005/06. It increased 21.8 percent in 2008/09 against 17.4 percent in 2007/08 (NMYB 2008). In 2009, foreign remittance flow into Nepal was US$3Billions. These figures showed that Nepal stands as the fifth largest recipient when remittances are expressed as a share of GDP, making 23 % of GDP from remittance in 2009 (Ratha et al. (2009).

Upadhyay (2007) analyzed the role of remittance for poverty alleviation in Nepal in secondary data. Secondary data were taken from Nepal living standard survey 1955/96 and 2003/04 on headcount poverty rate of several types of households according to their migration status in 2003/04.

If the pattern of receiving remittances remained at the same as in 1995/96, then poverty rate among households with internal migration would have been higher than the observed on by 4.2 percent points, whereas poverty rates among households with migrants aboard would have been higher than the observed one by 19.5 percentage points. In overall, the increase in the incidence of remittance accounts for a 3.9 percentage points decline in poverty rate.

Bhadra (2007), aimed to analyze the international labour migration of Nepalese women and the impact of their remittance on poverty reduction. The research was concluded that Nepalese women international labour migration reduced poverty at home and has significant impact of their remittance on overall poverty deduction at the household level.

Research Gap

It has been clear that remittance is the backbone of Nepalese economy similarly it significantly reduced poverty. Very few studies have compared the remittance receiving and non-receiving household and related it with poverty. Research work on the effect of remittance and poverty with different economic variables has been increased by year. However, contribution of remittance on food and nonfood poverty is not found properly so this study has tried to find out the nexus between remittance and poverty in Nepal.

Research Methodology

The research design for this study is both qualitative and qualitative with using cross sectional secondary data of Nepal Living Standard Survey (NLSS) III. The main objective of this study is to review the role of remittance on food and nonfood poverty in Nepalese context. For this purpose, Rs. 11929 and Rs. 7332 income per year has been considered as a food and nonfood poverty line, respectively. It is the national standard to measure the poverty line used by NLSS III.

The study employed three variants of the Foster-Greer-Thorbecke poverty index (FGT, 1984). It has some appealing properties over other poverty decomposable techniques. This concept not only decomposed and sub-group consistent but also shows the depth. FGT is the index which shows whenever a pure transfer is made from a poor person to someone to rich when there is a reduction in a poor person's income, where other incomes are constant. Following FGT (1984), the poverty index is given as:

$$= \frac{1}{n}\sum_{i=1}^{q}\left[\frac{z - y_i}{z}\right]^{\alpha}$$

Where $\alpha \geq 0$ Where,

y = y1+y2+---------- yn represents the income vector of a population, Z is the poverty line, Q is the number of poor individual and α is the weighted parameter that can be view as α measure of poverty aversion which range from 0 to 2 ($0< \alpha < 2$) where the FGT index measures the poverty head count ratio (i.e., the percentage of poor in the population).

Tools of Data Analysis

By using the STATA software, the study has used the Probit Model as remittance and poverty effect function to observe probability of being non poor. This model tries to explain the relationship between poverty and its different explanatory variables.

Prob. (y = 1 If non poor) = β0 + β1hhedu + β2 sex+ β3 land+ β4 hssize + β5geog region+ β5 urban, rural + β6 geog belt + β7 migration + β8 remittance +…….+ μ.

Here, the remittance receiving house is coded as y=1 if household is not poor, and y=0 otherwise. Independent variables are education of household head (hhedu), sex of household head (hhsex), household land size (lands), household size (hs size), household heads‟ developmental region (geog region) and geographical region (gepbelt).

Result and Discussion

The result explore, remittance reduces poverty but it is necessary to decompose the poverty in different levels because poverty gap is also one of the major challenges of Nepalese economy. NLSS III segregates the poverty bring together poorest, second, third, fourth and richest respectively on the basic of consumption quintile. The situation of poorest is vulnerable where richest one entertains with almost all the resources.

Out of total household 55.8 percent of houses has received remittance in Nepal where average amount of remittance among recipient households is 80436 and per capita remittance received has been experienced Rs. 9245. There is drastic difference between the per capita remittance received by an individual in the poorest and the richest consumption quintile which is presented as Rs.2630 and Rs.21433 respectively. Among the remittance recipient households poorest household have received only Rs 3425 where as richest households entertains Rs.143138. Per capita remittance as well as volume of remittance has increased from poorest to richest household respectively (Table 1)

Table 1 Size and average per capita Remittance Received by Consumption Quintile

Consumption Quintile	% of HH Receiving Remittance	Amount of Remittance HH (RS)	Per capita Remittance Received (RS)
Poorest	47.6	34425	2630
Second	53.5	45075	4286
Third	58.8	60889	7112

Fourth	59.7	78873	10783
Richest	56.6	143183	21433
Nepal	**55.8**	**80436**	**9245**

Source: NLSS III(CBS 2011)

Remittance by sources on Consumption Quintile

Volume of remittance is strongly related with sources. The total amount of remittance of the country on the survey period has been found RS.259 million in nominal terms. For external remittance India has contributed 18.6 percent followed by 15.6 percent from Gulf Qatar and Malaysia where other developed countries have contributed 7.8 percent. Out of the total poorest consumption quintile, 35.2 percent migrate to India,14.5 percent to Gulf and only1.8 percent migrate to developed countries. But the situation is just inversed in richest quintile where 10.5 percent of people in this category receive remittance from India, 11.3 percent from Gulf and 17.4 percent from developed countries so the volume of remittance is high in this category. With decrease in the level of poverty, remittance from India has decreased and increased from other countries respectively.

Table:2 Remittance by sources on Consumption Quintile

	Nepal (%)	Other Countries (%)		
		India	Gulf and Malaysia	Other Countries
Consumption Quintile				
Poorest	51.2	35.2	14.5	1.8
Second	54.5	27.4	15.2	3
Third	55.3	20.2	19.8	4.7
Fourth	62.9	13.3	17.6	6.2
Richest	60.8	10.5	11.3	17.4
Nepal	**58**	**18.6**	**15.6**	**7.8**

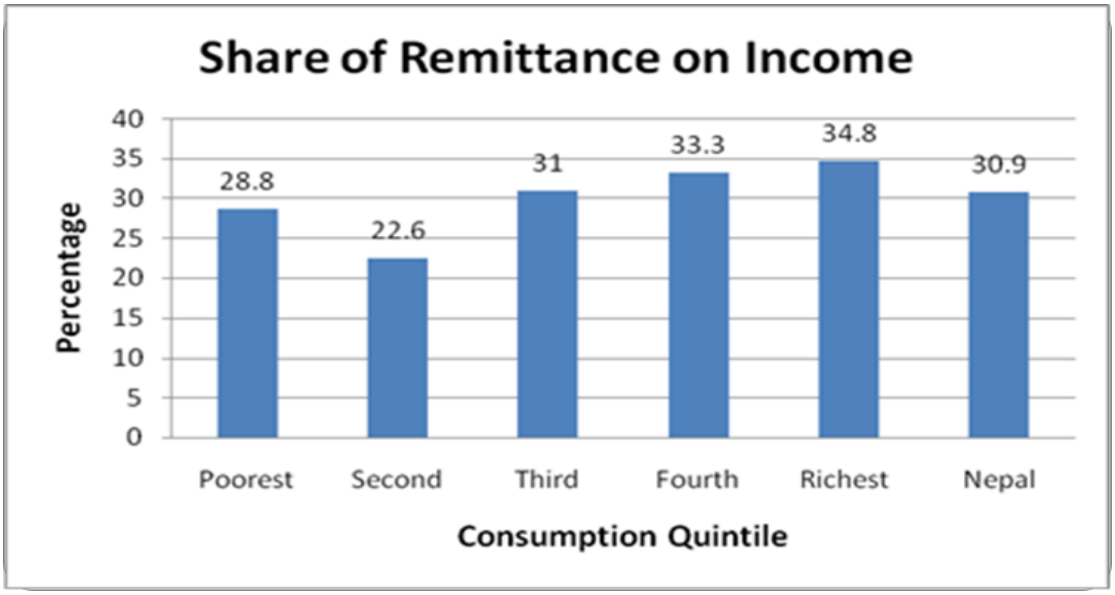
Source: NLSS III, CBS 2010/2011

There is no significant difference to receive internal remittance among all quintile but external remittance has increased with decrease in poverty. In Nepalese context, middle and lower middle-class people have received remittance from Gulf countries where middle and higher classes people enjoy remittance from developed countries.

Share of remittance on Income by Consumption Quintile

Remittance has contributed 31 percent income of the nation. Among different consumption quartile, 28.8 percent income has been contributed by remittance in poorest quintile, 22.6 percent for second, 31 percent for third, 33.3 percent for fourth and 34.8 percent income for richest quartile has been contributed by remittance. The second consumption quintile has experienced lowest 22.6 and richest consumption quintile entertains highest 34.8 percent income from remittance. (See Table 6.3)

Figure:1



Remittance and Poverty in National Level

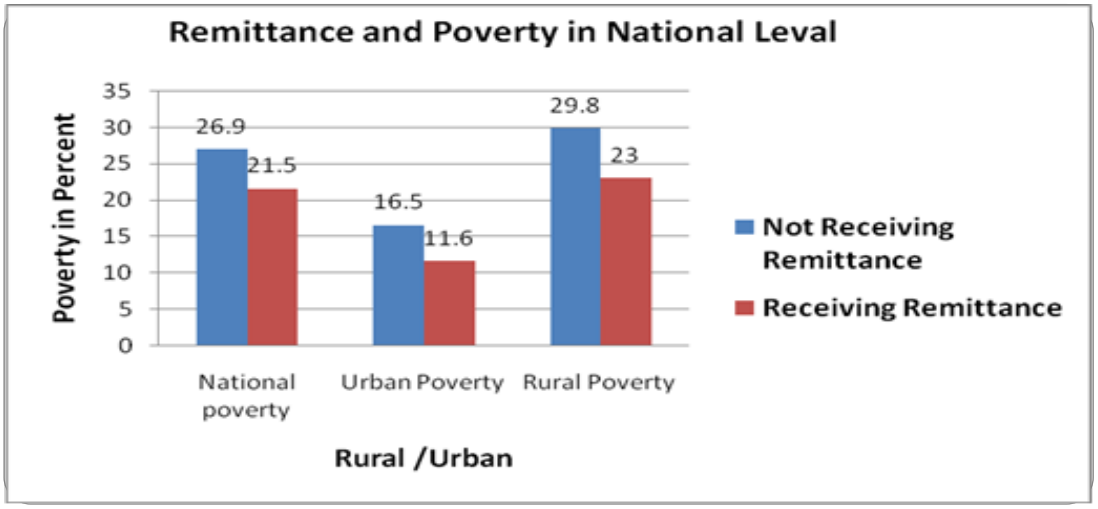
The study has already mentioned near about three million international migrants are from Nepal. International remittance has contributed about one-third of the total GDP of Nepal and about 58 percent of households have received remittance in 2010. Migration has created some social problems in Nepal. To find out the impact of remittance on poverty, first of all we decompose the total households into two categories (remittance receiving and non receiving households). By using the dummy variable regression, the study finds out the impact of remittance with the help of STATA software.

According to the study remittance significantly contributes to reduce the poverty. According to NLSS III, 25.16 percent of people are living below the poverty line out of them 26.9 percent people are poor who don't get remittance followed by 21.59 percent poverty on remittance receiving households. From the analysis, it is clear that remittance receiving household have experienced five percent less poverty in national level. There is a vast gap between rural and urban poverty. Rural people have faced 27.43 percent poverty followed by 15.16 percent in urban area. In comparison with rural area, physical and social infrastructures are easily available which reduce the non food poverty. Similarly in rural area job opportunity as well as other income generating chances is high which cause to increase income as well as consumption that ultimately reduce poverty.

In rural area' out of 27.43percent poverty, remittance receiving households experienced only 23.05 percent poverty but non remittance receiving households have faced 29.84 percent poverty. The study examines that remittance not receiving household have 6.7 percent more poverty in rural area. Generally, there is lack of basic necessities as well as well as job opportunities in rural area. When households receive remittance, they fulfill their basic necessities such as food, shelter, clothes, education and health which ultimately reduce food as well as non food poverty in this

area. However the urban poverty is less than rural poverty. Urban poverty is also one of the major issues in Nepalese context. 15.46 percent of people are living below the poverty line in this area. Out of total poverty, remittance not receiving household experienced 16.54 percent poverty which is followed by 11.66 percent of remittance receiving households. In urban area the flow of internal migration as well as rate of inflation is very high so it is difficult to run the daily life .In this context injected remittance on the economy caused to reduce poverty.

Figure:2



Source: NLSS III

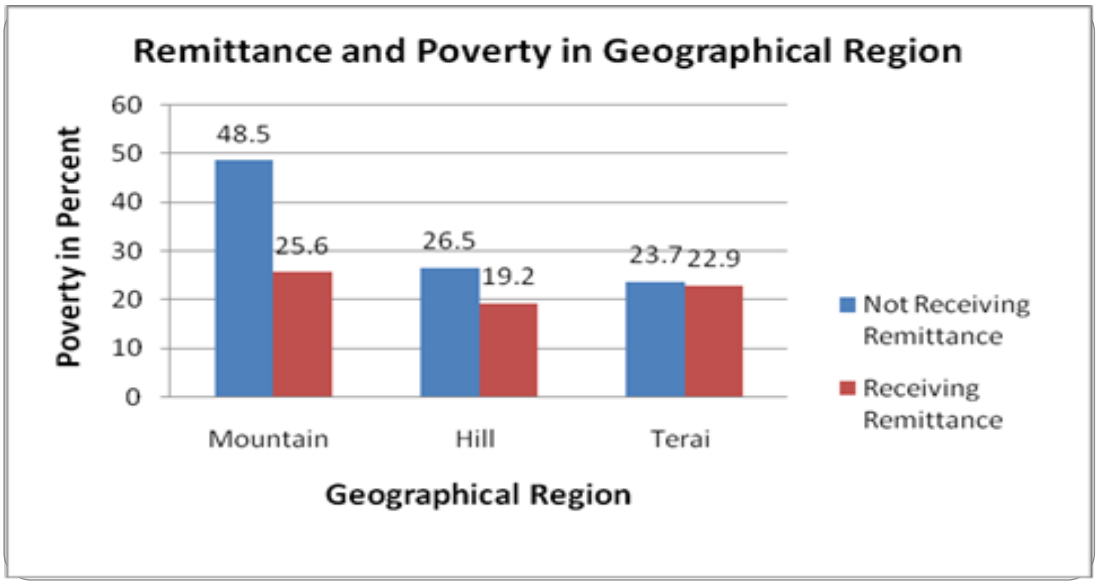
Remittance and Poverty In Geographical Regions

Ecologically, Nepal is divided into Mountain, Hill and Terai. Out of total area (147181 square kilometer), Hilly region occupies 66 percent of land 18 percent by Terai and 16 percent Mountain . Out of the total population, 48 percent people live in the Terai region, 44 percent in hill where only 8 percent in Mountain. The nature and dimension of poverty is heterogeneous among the Geographical Regions. However the poverty has been reduced in Nepal over the last two decades, we have have experienced more geographical variation in poverty where higher levels of poverty in hilly and mountainous regions. People of this area are mainly self-employed in subsistence agriculture where the productivity is low. Scarcity of food is a major problem where there is high presence of unemployment and disguised unemployment so remittance remarkably reduced poverty in this region. Comparatively, Terai region has faced less poverty because of better geographical and socioeconomic condition. This study has found that remittance has reduced poverty in the entire ecological region.

In Mountain total poverty is experienced 42.25 out of which, remittance receiving households only face 25.65 percent where non receiving households are suffering from 48.5 percent poverty. In this Geographical Regions, remittance receiving household have experienced 22.85 percent less poverty. This finding result is not stranger because the per capita consumption of mountain region is very low where poverty is very high. In such kind of situation both internal and external remittances are the major sources of their income which causes increase in consumption as well as

investment in social capital that reduced poverty significantly. Poverty in hill has been experienced less than in mountain where 24.32 percent people are living below the poverty line. Out of total poverty, remittance receiving households have faced 19.26 percent poverty which is 7.29 percent less than the remittance non receiving households. Similarly, remittance has not strong effect in the poverty. In the Terai region, geographical and socioeconomic condition is favorable so remittance is not only the source of income of the households. Whether the households receive remittance or not they can fulfill their basic needs. As in the study already mentioned, population density of this region is very high due to massive migration from hill. Generally migration to urban or Terai is considered as a progressive phenomenon because capable persons migrate in better place. If capable people migrate in Terai, it will reduce poverty headcount in Terai belt but it caused to increases poverty in mountain and Hill

Figure:3



Source: NLSS III

Relationship of poverty with different explanatory Variables

From the above analysis, it is clear that remittance receiving households have experienced less poverty. Poverty does not only depend upon migration and remittance. There are many other factors which influence it. The study cannot say that poverty has been reduced either by remittance or by other different variables. So this study has used several other control variables while estimating regression, which is already mentioned on the methodological part. This study examines the effect of remittance not only in national level but also in urban and rural areas, Mountain, hill and Terai belt and in each development region as well. For this purpose the study has developed separate model. As it is already discussed, remittance is one of the major determinants for poverty reduction but it is not all in one. So the study has developed the model has address twelve different explanatory variables to explain the poverty. By using the STATA software, this research work has employed the Probit model for poverty effect function to observe probability of being non poor. This model tries to

explain the relationship between poverty with those explanatory variables which have been frequently used in this research . The equation of the model has presented as follow.

Prob. (*y* = 1 If non poor) = $\beta_0 + \beta_{1hhedu} + \beta_2 sex + \beta_3 land + \beta_4 hssize + \beta_5 geog$ *region*+ β_5 *urban, rural* + β_6 *geog belt* + β_7 *remittance + B8 amount of remittance* +μ…… ……..*(1).*

Remittance receiving house is coded as *y*=1 if household is not poor, and *y*=0 otherwise. Independent variables are education of household head (*hhedu*), household head age (*hhsex*), household land size (*lands*), household size (*hs size*), household heads' development region (*geog region*) and geographical belt (*gepbelt*) and remittance (1 if receive remittance, 0 otherwise) and amount

All above explanatory variables are relevant with this study because in the core chapter (Chapter 5) the study has already used these variables such as urban and rural areas, Geographical Regions s, development regions as well as migration and remittance. This model is significant so the entire study is significant or it is clear that the model became milestone of this research. The output of the model is present as:

Dependent Variable (1 if not Poor)	
Variables	**Chance of Being not poor**
Hill	0.0421**
	(0.0168)
Terai	0.0668***
	(0.0155)
Eastern Development Region	0.0992***
	(0.0106)
Central Development Region	0.120***
	(0.0128)
Western Development Region	0.0989***
	(0.0105)
Mid Western Development Region	0.0698***
	(0.0113)
Urban Area	0.0327***
	(0.0103)
Household Size	-0.0465***
	(0.00201)
Migration (1 if yes)	0.0152***
	(0.00353)
Amount of Remittance Per Household(Rs. 100000)	0.0679***

	(0.0101)
Sex of Household Head	0.0184
	(0.0112)
Education of Household Head	0.0175***
	(0.00102)
Size of Land (in hectors)	0.0771***
	(0.00925)
Observations	5,988
Standard errors in parentheses	*** p<0.01, ** p<0.05, * p<0.1
Likelihood Ratio	1183.36(0.000)

Table. 6.3 Poverty and different explanatory variable: Probit Model

6.4.1 Result of the regression analysis

As given by the model, except sex of households all other variables are statistically significant, however, some value appear with negative coefficients. Negative coefficients are not unexpected result. For example the size of household has the negative coefficient (-0.04) which is significant at one percent level. The result indicates that house hold with one additional member is 4 percent more like to be a poor. This fact is rational with the economic condition of Nepal. Nepalese economy is subsistence economy where there is lack of food shelter and clothes. Such condition increases the additional members in the household obviously increases poverty. However the coefficient is negative, sex of household is not significant.

Geographical Regions has been frequently used in this study to shows the relationship between food and non food poverty with remittance. Here in the model ecological regions are statistically significant at 5 percent and 1 percent level respectively in Hill and Terai with positive coefficient 0.039 and 0.06. The result implies that as compared to mountain, the probability of being poor is 3.9 and 6.9 percent less in hill and Terai respectively. This result is logical because physical and social infrastructure in mountain is very weak in comparison with Hill where as in Terai all the infrastructures are better where the land is also fertile and chance of employment is high which has reduced poverty.

Similarly in urban and rural areas the model is also significant at 1 percent level with positive coefficient 0.032. The result elaborates as compared to rural area; the probability of being poor is 3.2 percent less in urban area. This result is reasonable because in comparison with rural area, there have been high chances of income generating activities in urban area. This result is empirically valid from the presentation of urban and rural poverty in chapter 5 and 6 of this study.

As per the concern with development region, the model is significant at one percent level where all the coefficients are positive as 0.099, 0.12, 0.098 and 0.069 in Eastern,

Central, Western and Mid Western development regions respectively. The result says that in comparison with Far Western Development Region, households from Eastern Development Region have 9.9 percent less chance to be poor. Similarly in Central, Western and Mid Western Development Regions the households have respectively 12 percent, 9.8 percent and 6.9 percent less chance to be poor in comparison with Far Western Development Region.

Education of household head is another important explanatory variable. In this analysis, this variable is also statically significant at one percent with 0.017 positive coefficients. This implies that if the household has one more additional year of education, there is 1.7 percent less probability of being poor because educated people are aware about proper utilization of resources.

Land of households also influences poverty. It has been experienced that there is a negative relationship between land holding and poverty. Size of land is highly significant at one percent level where the coefficient is 0.077 positive which is very strong. It can be concluded that increase in one hector of land caused 7.7 percent decrease in poverty on the household's level. The result is logical because households having land can entertain with agriculture production. Due to higher inflation on real estate, price of land has been experienced very high which caused to reduce poverty for land owner.

In this model two important explanatory variables to examine the poverty are migration and remittance. As given by the result of migration is inversely related with poverty. This variable is statically significant at 5 percent level with 0.015 positive coefficients. It indicates that migration of an additional member caused to reduce 1.5 percent poverty on the household level. It is natural because working class people of the household has been migrating. After migration they work hard and sent money to the home which reduce poverty. Here in the study, there is a positive correlation between migration and remittance so increase in migration has been considered as increases in remittance.

In the model most important variable is amount of remittance. This is significant at one percent level where the coefficient is 0.067 which implies that one lakh (100000) annual income increase in the household caused to decrease 6.7 percent poverty in the household level. This finding is logical because Nepalese economy is subsistence economy which is suffering from vicious circle of poverty. In these circumstances when amount of remittance injects on the economy, it caused to increase the income. Increase in income increase the national saving which is invest on the production process so there is a chance of capital formation in the economy.

High capital formation increases the high investment which leads to increase employment opportunities in the national level. Increase in employment leads to increase in income which ultimately breakdown the vicious circle of poverty in the nation. Amount of remittance directly decrease the poverty because amount of remittance invest on health and education which has reduced non food poverty. Increase in volume of remittance caused to increase daily consumption goods which has reduced food poverty. The result valid the entire study because all the hypothesis

of this study assumed the negative relationship between remittance migration and poverty.

Other different researches also experienced the similar kind of findings. Household survey from Nepal, Lokshin et al. (2010) employed an instrumental variables approach and a full information maximum likelihood model. Lokshin et al. (2010) found that migration reduces poverty in Nepal: almost 20 per cent of the decline in poverty between 1995 and 2004 in Nepal can be attributed to increased internal and international migration. In 2010-11, 56 percent of Nepalese households receive remittances which was only 32 percent in 2003/04 and 23.4 percent in 1995/96 (CBS, 2011).After the restoration of democracy in 1990, it is relatively easier for poor households to receive loan for foreign labour migration. The downward flow of money supported to reduce consumption based poverty rate because almost of remittance is spent for daily consumption (CBS, 2011).

Conclusion

The research explore the quantitative analysis to examine the nexus between poverty and remittance where other explanatory variables are also highly significant to reduce poverty. This chapter also found the inequality by using the consumption quartile. NLSS III segregate the poverty into poorest, second, third, fourth and richest respectively on the basis of consumption quintile. The situation of poorest is vulnerable where richest one entertains wit almost all the resources. This study examine the effect of remittance not only in national level but also in urban and rural area, Mountain, hill and Terai belt as well as in each development region. For this purpose the study has developed separate model. As it is already discussed, remittance is one of the major determinants for poverty reduction but it is not all in one. By using the STATA software, this study has employed the Probit model for poverty effect function to observe probability of being non poor.

The result found that 25.16 percent of people are living below the poverty line out of which 26.9 percent people are poor who don't get remittance followed by 21.59 percent poverty on remittance receiving households. Out of the total poverty, remittance receiving household have faced 19.26 percent poverty which is 7.29 percent less than the remittance non receiving households. Remittance has not significant effect in the poverty of Terai region. Out of total household 55.8 percent households has received remittance in Nepal. There is drastic difference between the per capita remittance received by an individual in the poorest and the richest consumption quintile which is present as Rs.2630 and Rs.21433 respectively The next finding is that if the households have one more additional year of education, there is 1.8 percent less probability of being poor. It can be concluded that increases an additional hector of land caused to 9.3 percent decrease in poverty on the household level. The result indicates that migration of an additional member caused to reduce 2.6 percent poverty on the household level.

Recommendations

This study views that migration and remittance can play an significant role for the development of less developed countries in the short run. As a policy

recommendation, this study argues that the migration, poverty and development agenda should be considered in the sustainable development goal framework. In our context nearly one third GDP has been contributed so it is necessary to take this issue seriously. In this circumstance, the study focuses on the following recommendations:
Proper migration record needs to be recorded between Nepal and India.
The study focuses that Nepalese Government and Central Bank should apply strict policy in migration process and remittance transactions. That is, migrants should pay migration cost through banks while remittance should send by formal sector.
As almost all the remittance goes on daily consumption which cannot reduce poverty in long run. In such kind of situation, government needs to convert the remittance into capital.

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