



Impact of Remittance on Poverty Reduction: A sample Survey of Remitters' Households in Kathmandu Valley

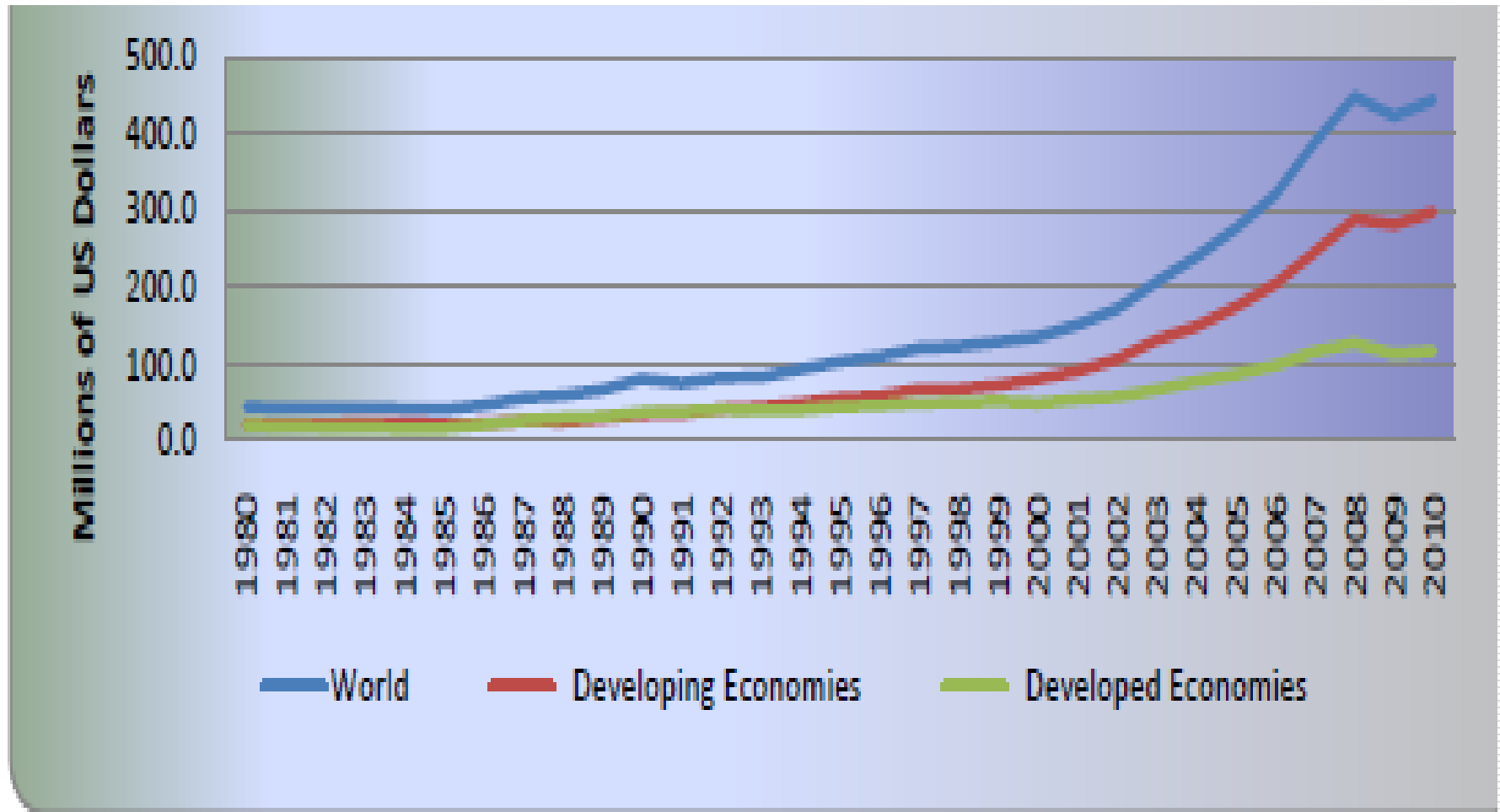
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ADB-ASIAN THINK TANK development Forum-2014 Accelerating Innovation & Inclusive for a Prosperous Asia 20-21 November 2014, Grand International, Parnas, Seoul, South Korea

Figure-1: Migrants Remittance in the World



Source: UNCTAD



Background

- ❖ In 19th century Nepalese labour force were employed as soldiers in Indian armies and British armies where from a limited amount of remittance would be come to Nepal in those days.
- ❖ Insignificant labour force were migrated From Nepal to other countries up to 1990.
- ❖ Foreign labour migration increases

Background

rapidly during and after 10 years domestic armed conflict (1995 to 2005) which creates insecurity in live as well as in theirs jobs in Nepal.

- ❑ Lacking in job opportunities in own country Nepal.
- ❑ 4.3 Million active labour force is foreign migrated except migrated to India.

Background

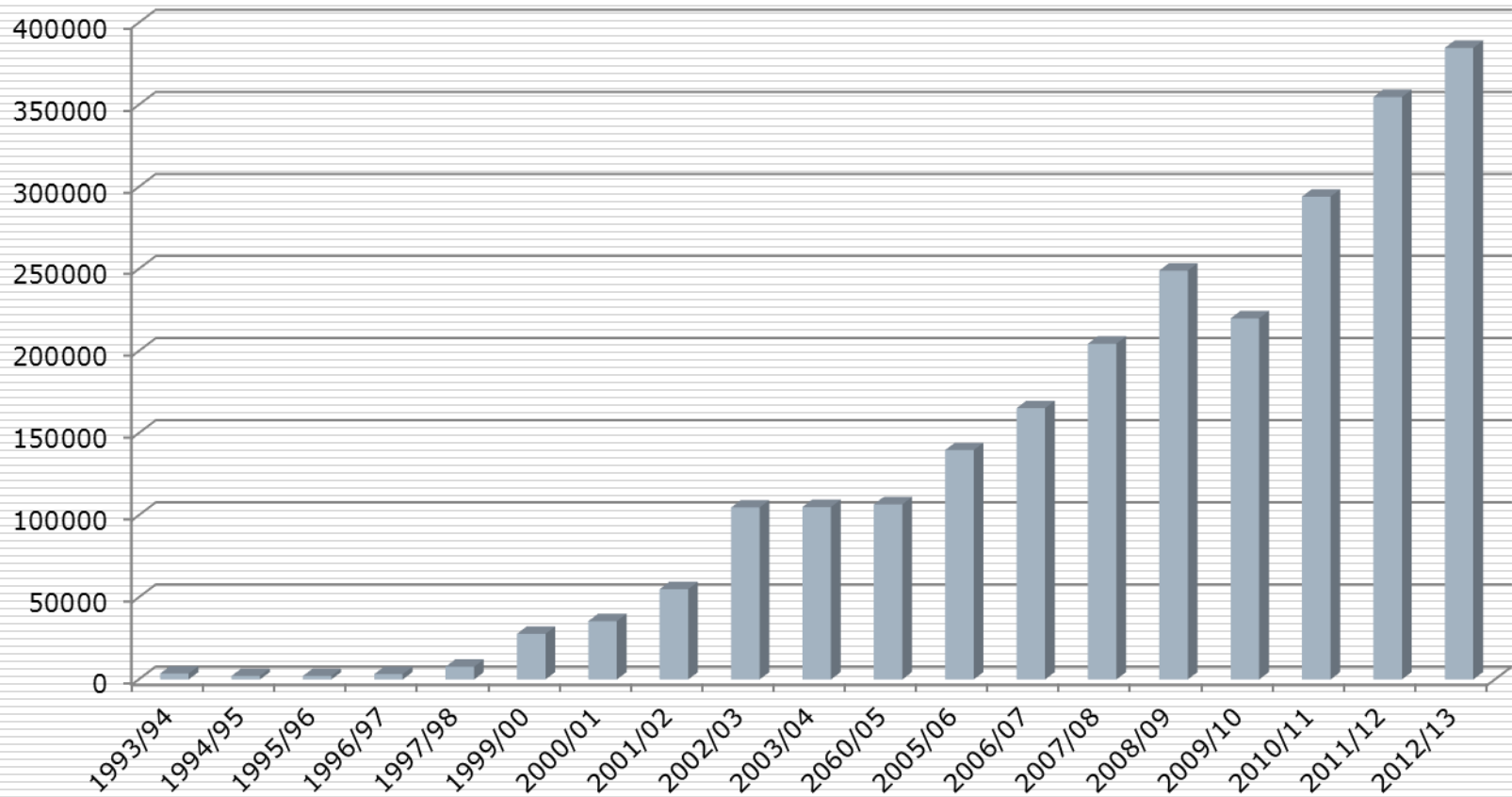
- ❖ Labour Act 1985 in Nepal officially recognized as potential values of foreign labour migration.
- ❖ Semi-skilled and unskilled labour are migrated to India basically in informal sector.
- ❖ The main pushing factors for Nepalese migration to overseas countries are: bad political

Background

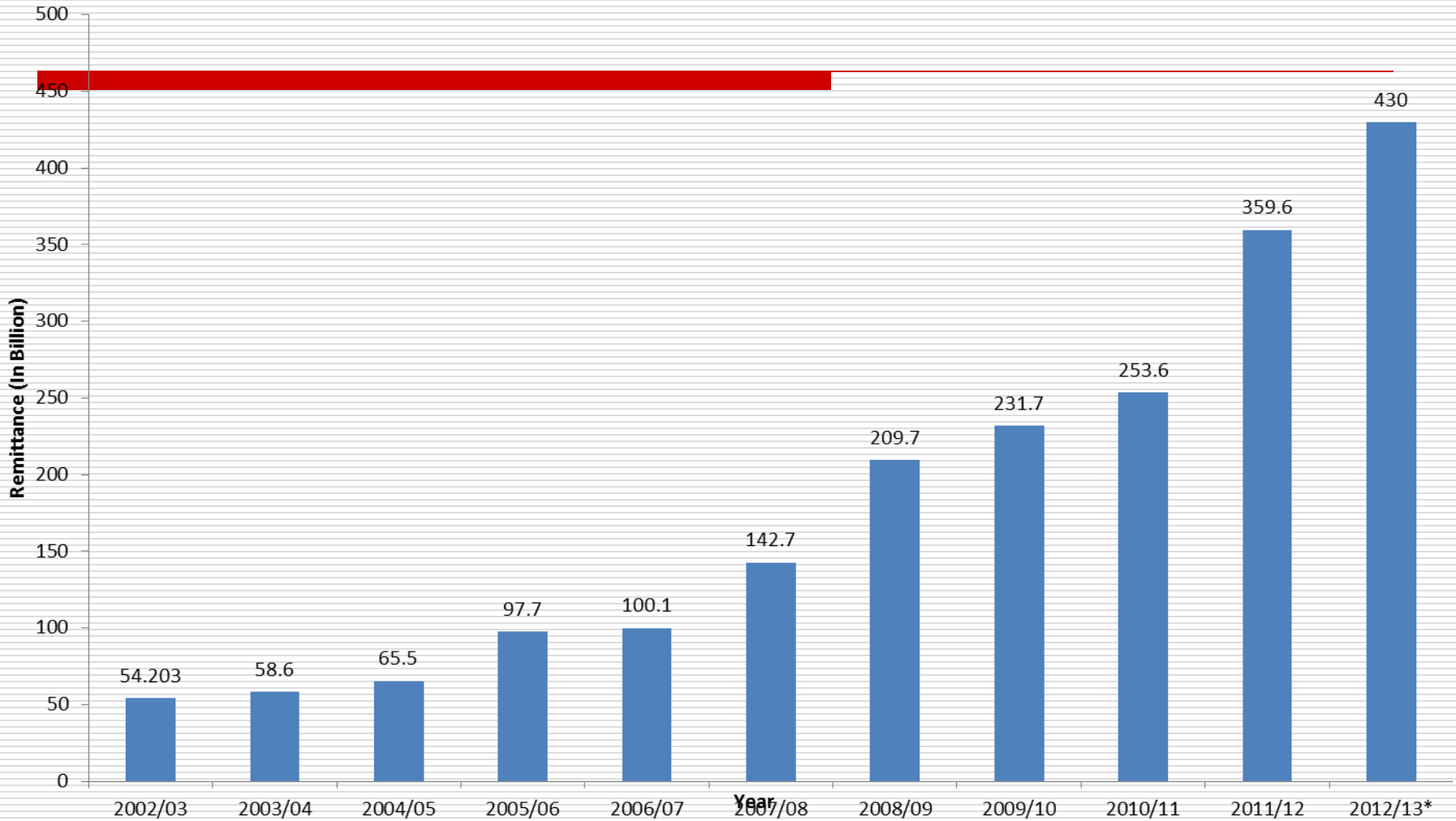
environment for job and security, prolonged political instability, sluggish performance of manufacturing sectors, changing life styles etc.

- ❑ After the restoration of democracy foreign migration became wide globally due to easy access to foreign countries.

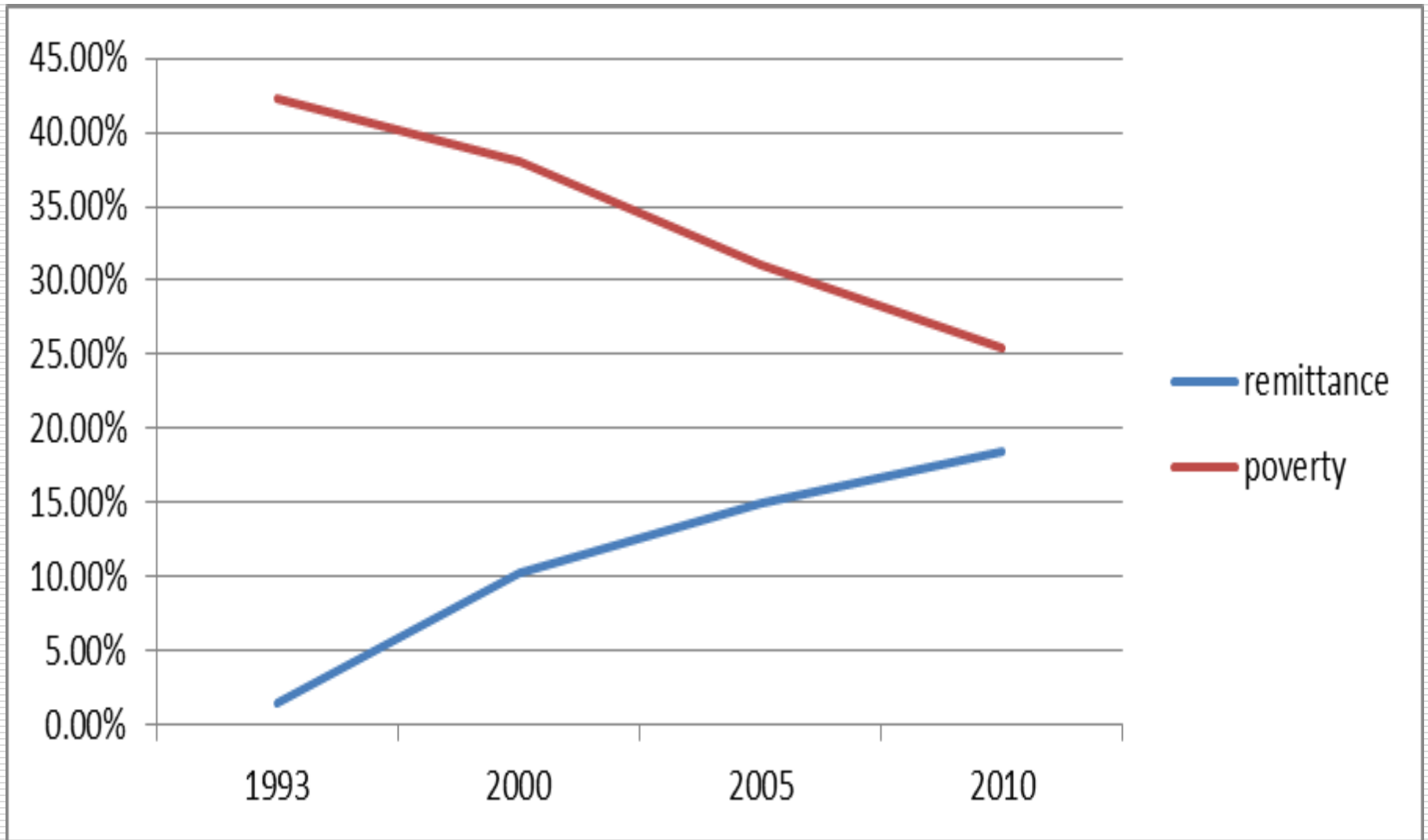
Trends of Foreign Labour Migration in Nepal since 1993



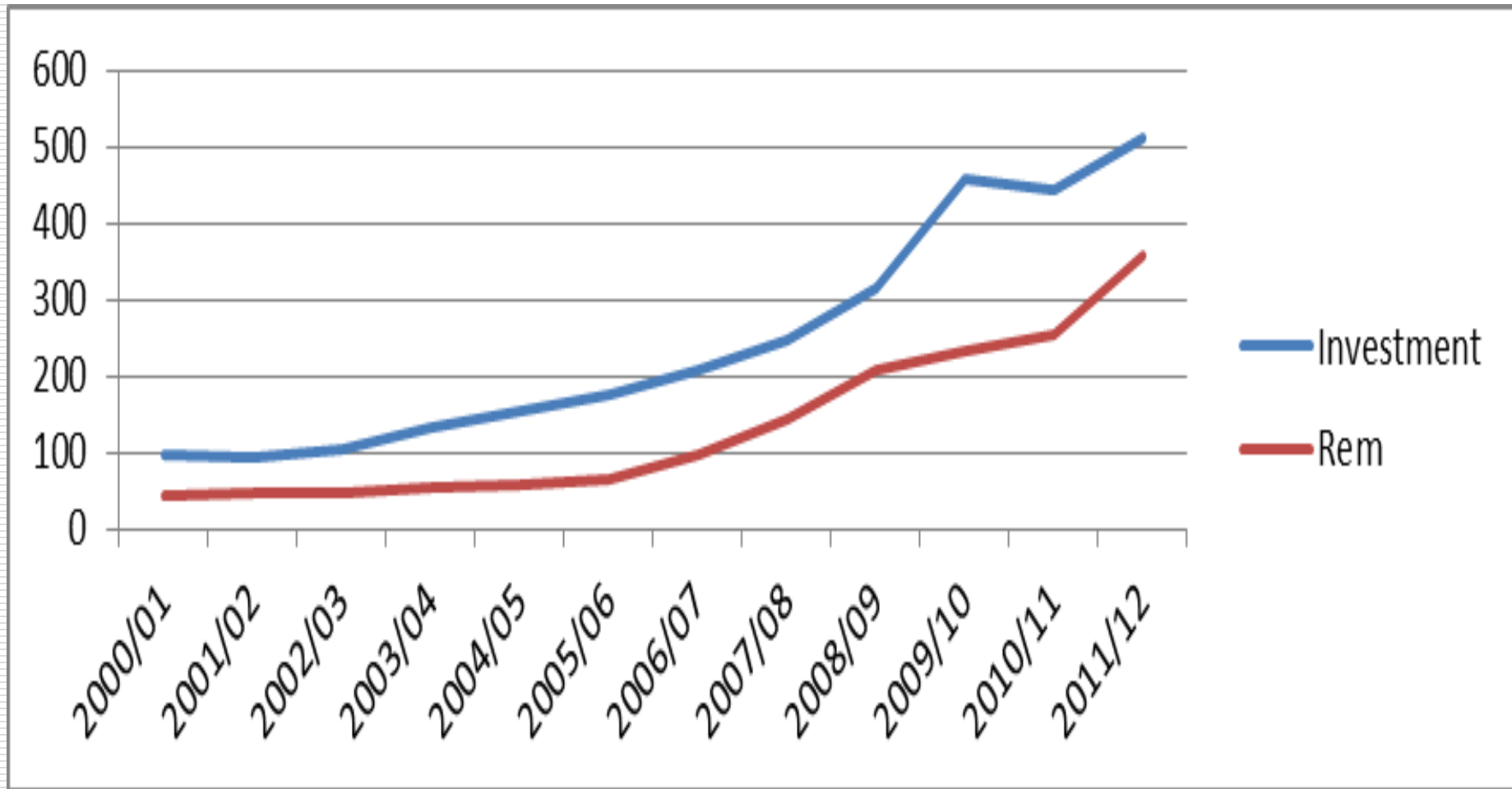
Trends of Remittance Inflow



Remittance and Poverty



Remittance and investment in Nepal



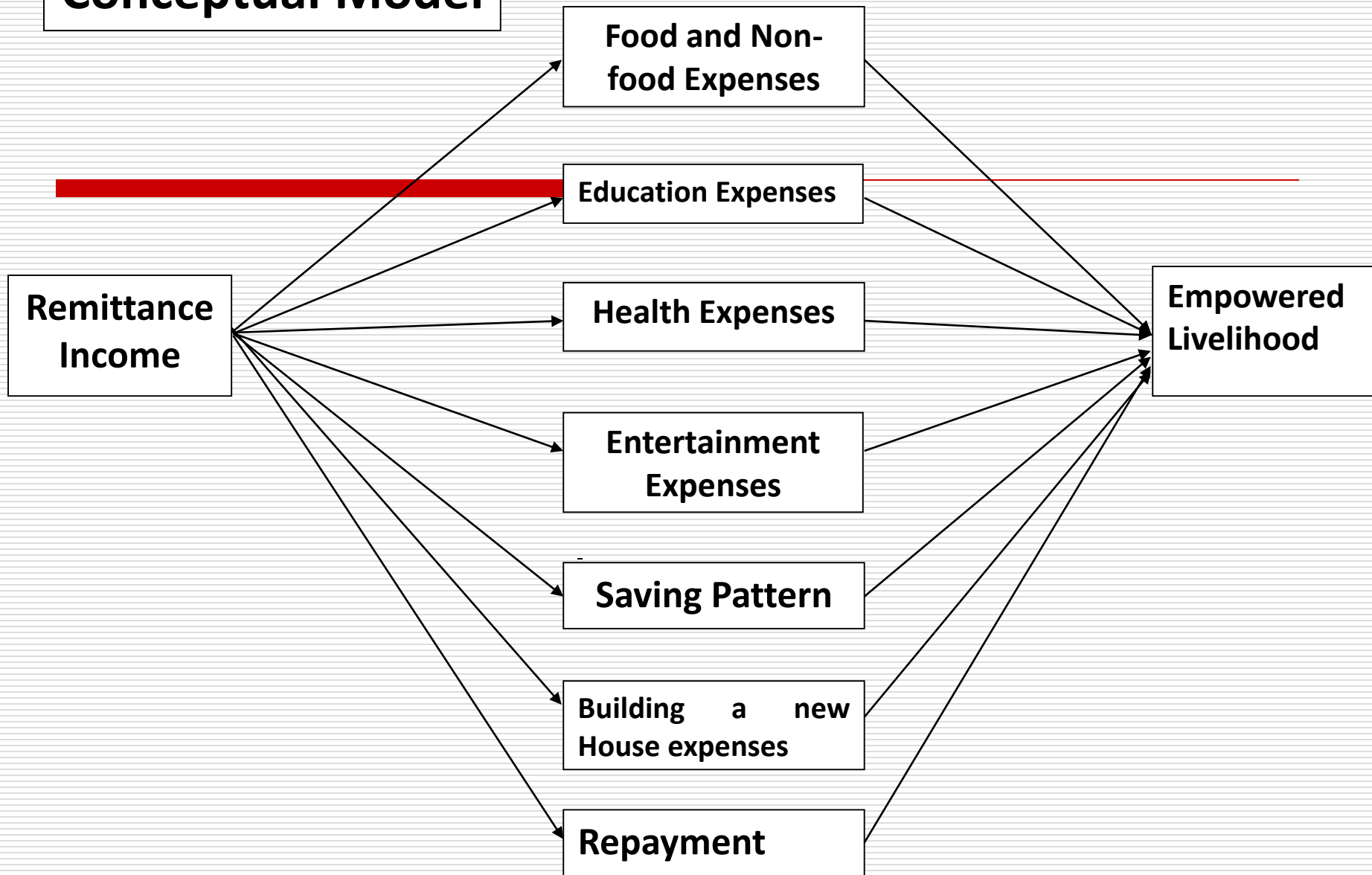
The Study seek to answer these questions;

- What is the role of remittances on livelihood of recipient-households?
- Is there impact of remittance on well-being of recipient-households?

Sample Survey on Kathmandu Valley

- There are three districts in Kathmandu valley Viz. Kathmandu, Lalitpur and Bhaktapur.
- Sample survey was based on households of urban areas in these districts.
- Sample size was 220 households.
- There were 27 different foreign countries including India.

Conceptual Model



Purpose of the remitted fund is Reconstruction or building a new house.

10%

Purpose of the remitted fund is Repayment of the loan.

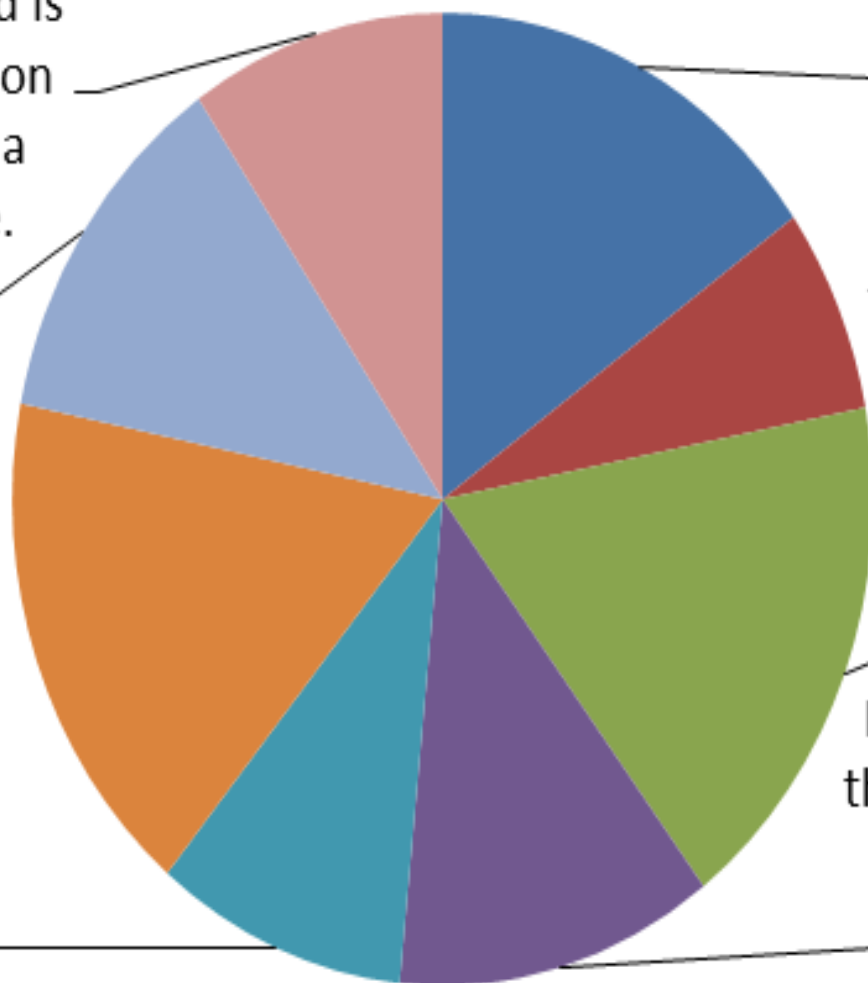
12%

Purpose of the remitted fund is Entertainment expenses.

9%

Purpose of the remitted fund is Saving.

17%



Purposes of the remitted fund are non food expenses.

15%

Purposes of the remitted fund are food expenses.

7%

Purpose of the remitted fund is education expenses.

18%

Purpose of the remitted fund is Health expenses.

12%

Pre-and-Post Analysis of Remittance

Pre-Remittance		Particulars	Post-Remittance	
Yes	No		Yes	No
108	112	Quality products consumed	208	12
74	146	Consumption of meat twice a week	164	56
81	139	Consumption of fruits in a regular basis	176	44
46	174	Private Vehicles were owned	132	88
23	197	Investment in luxury items	121	99
86	134	Children's were enrolled in government	33	187

continue

91	129	Children's were enrolled in private schools	167	53
86	134	Higher education facility	198	22
69	151	Regular health checkups	165	55
91	129	Can afford doctors as when required	201	19
49	171	Invested on life insurances	110	110
29	191	Go out for dinner once or more than a week	92	128
77	143	Engage in socialization programs	150	70

Continue

89	131	Watch movies in cinema halls	108	112
50	170	Savings made	207	13
105	115	Loan taken	45	175
24	196	Paid the loan to some extent or full	132	88
23	197	Investment in new business	107	113
19	201	Made a new house or reconstructed the old one	146	74
14	206	Children's health erosion due to excess money	61	159

Uses of Remittance Fund

NRs 10,000

Particulars	Mean
The remitted fund is used for Food expenses.	3.16
The remitted fund is used for Education expenses.	3.24
The remitted fund is used for Health expenses.	4.01
The remitted fund is used for Saving.	4.23
The remitted fund is used for Nonfood expenses.	4.97
The remitted fund is used for Repayment of loan.	5.03
The remitted fund is used for Entertainment expenses.	5.52
The remitted fund is used for reconstruction or building a new house.	5.84

Household Responses in Terms of Livelihood Empowerment

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	%	%	%	%	%
Remittance has helped to increase my food consumption habit /consumption of quality products.	17.30	46.00	27.70	1.80	7.27
It has been improving my family's education status.	22.70	54.00	19.10	3.20	0.90
The remittance has helped to recover my loan.	21.80	43.00	22.70	5.00	7.28
It has increased my saving.	31.80	54.00	13.60	0.90	0.00
The expenses on the entertainment have been increased due to remittance.	10.00	34.00	40.50	8.60	6.82
Remittance has helped in improving my family's health condition.	7.27	59.00	29.50	3.20	1.36

Impact on Livelihood when Remittance would be excluded

Particulars	Percent
If remittance support was suspended I couldn't afford school fees.	16.08
If remittance support was suspended I couldn't afford health fees.	14.82
If remittance support was suspended I couldn't afford basic food expenses.	11.28
If remittance support was suspended life would be the same as now.	21.08
If remittance support was suspended I couldn't afford to pay the loan.	20.87
If remittance support was suspended I couldn't afford to meet close family obligations.	15.87

Mean Difference before and after remittance collection

Pre-Mean	Particulars	Post-Mean	Difference in means
0.49	Quality products consumed	0.95	0.45
0.34	Consumption of meat twice a week	0.75	0.41
0.37	Consumption of fruits in a regular basis	0.80	0.43
0.21	Private Vehicles were owned	0.60	0.39
0.10	Investment in luxury items	0.55	0.45
0.39	Children's were enrolled in government schools	0.15	-0.24

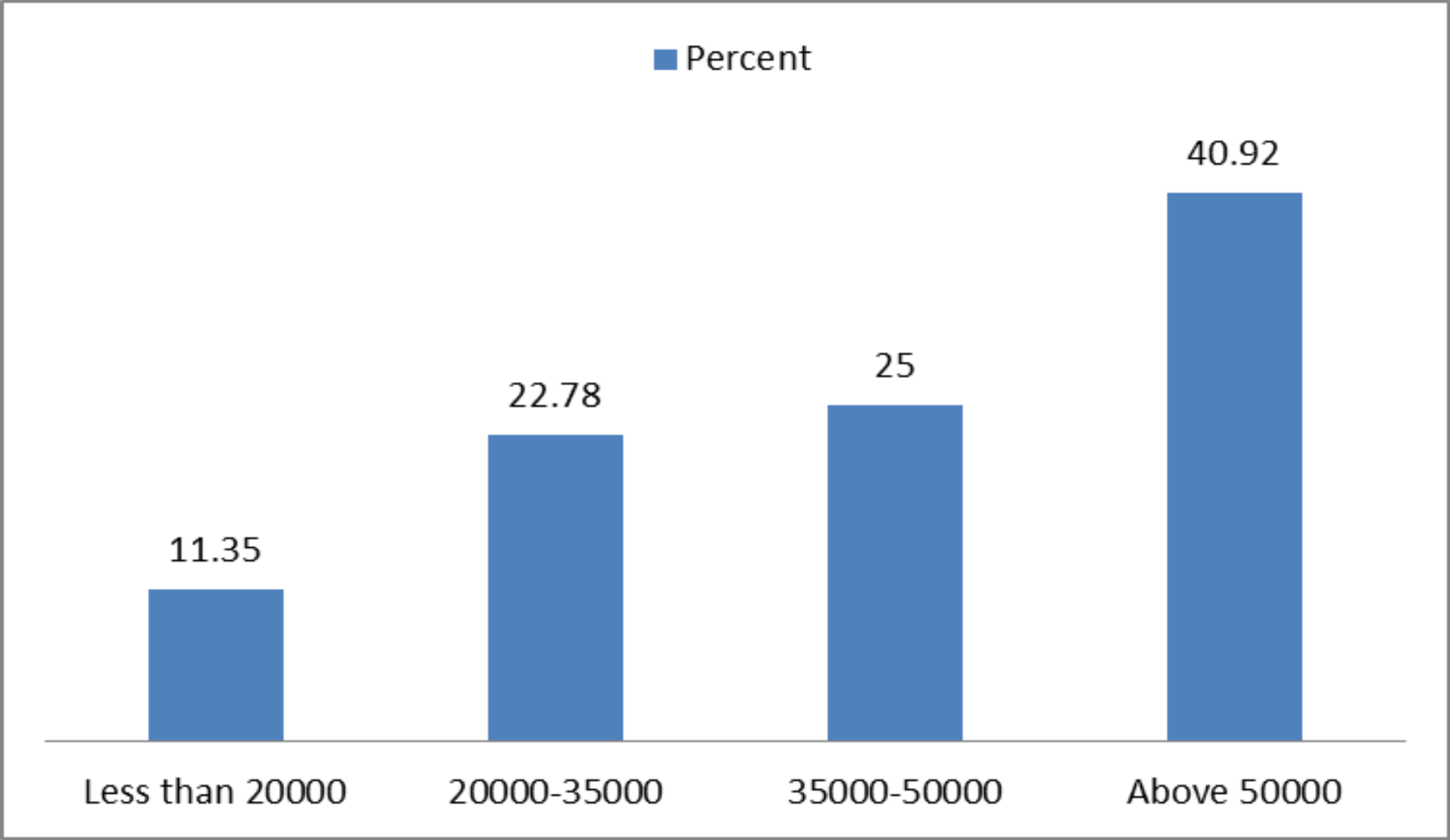
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0.41	Children's were enrolled in private schools	0.76	0.35
0.39	Higher education facility	0.90	0.51
0.31	Regular health checkups	0.75	0.44
0.41	Can afford doctors as when required	0.91	0.50
0.22	Invested on life insurances	0.50	0.28
0.13	Go out for dinner once or more than a week	0.42	0.29
0.35	Engage in socialization programs	0.68	0.33
0.40	Watch movies in cinema halls	0.49	0.09
0.23	Savings made	0.94	0.71

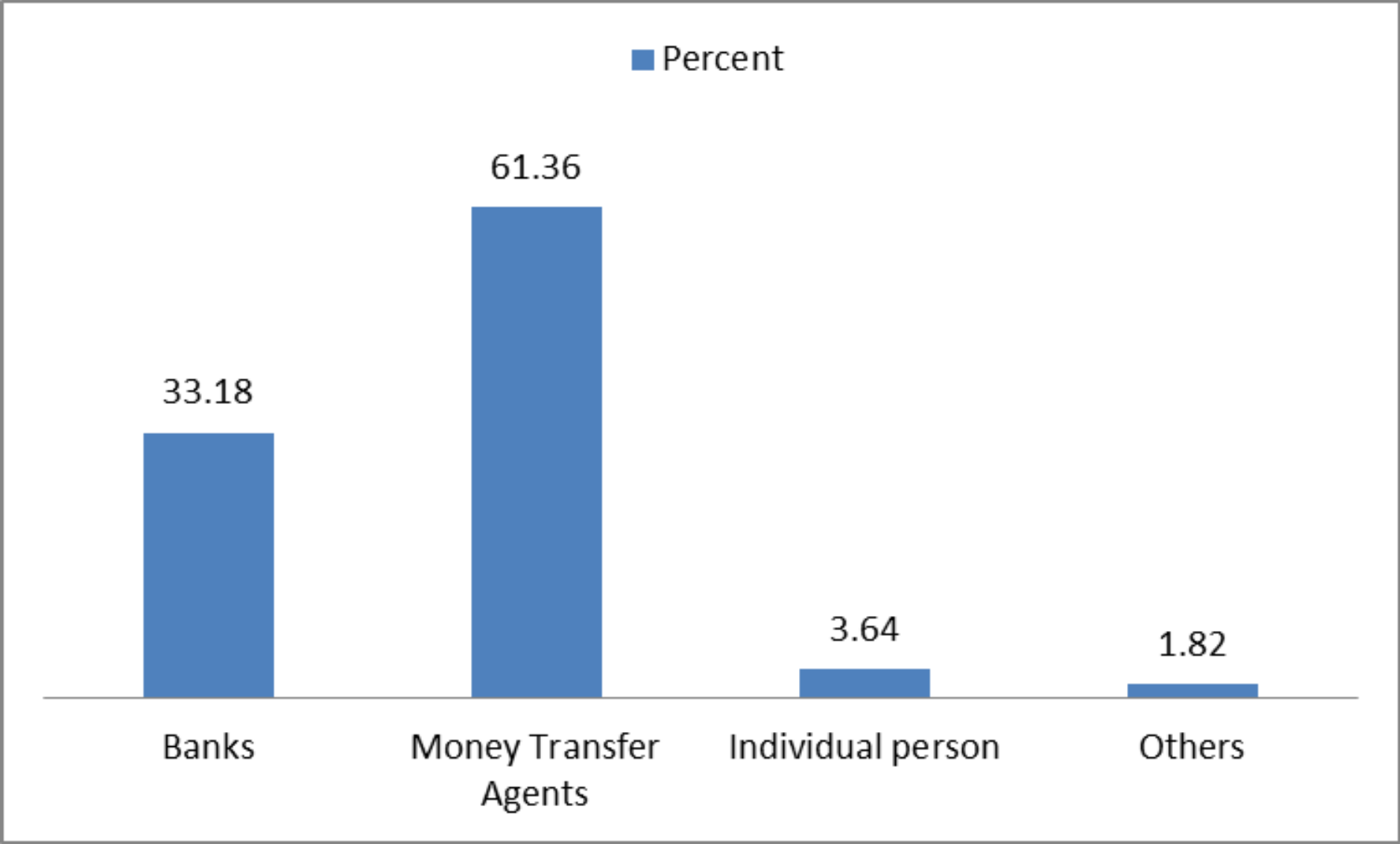
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0.48	Loan taken	0.20	-0.27
0.11	Paid the loan to some extent or full	0.60	0.49
0.10	Investment in new business	0.49	0.38
0.09	Made a new house or reconstructed the old one	0.66	0.58
0.06	Children's health erosion due to excess money	0.28	0.22

Remittance per month (In NRs)



Remittance Channels



Estimating Remittance Growth and Socio-economic Factors

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Particulars						
Purposes of the remitted fund are food expenses.	Between Groups	4.70	3	1.57	6.72	0.00
	Within Groups	50.30	216	0.23		
	Total	55.00	219			
Purposes of the remitted fund are non food expenses.	Between Groups	1.67	3	0.56	3.30	0.02
	Within Groups	36.42	216	0.17		
	Total	38.09	219			
Purpose of the remitted fund is education expenses.	Between Groups	6.96	3	2.32	10.73	0.00
	Within Groups	46.73	216	0.22		
	Total	53.69	219			

Purpose of the remitted fund is Health expenses.	Between Groups	2.31	3	0.77	3.31	0.02
	Within Groups	50.28	216	0.23		
	Total	52.60	219			
Purpose of the remitted fund is entertainment expenses.	Between Groups	0.39	3	0.13	0.60	0.61
	Within Groups	46.59	216	0.22		
	Total	46.98	219			
Purpose of the remitted fund is Saving.	Between Groups	6.13	3	2.04	9.18	0.00
	Within Groups	48.10	216	0.22		
	Total	54.23	219			
Purpose of the remitted fund is Repayment of the loan.	Between Groups	1.50	3	0.50	2.11	0.10
	Within Groups	51.30	216	0.24		
	Total	52.80	219			

•Entire Result shows that there is significant relationship between remittance income and food expenses, non-food expenses, education expenses, health expenses, saving and reconstruction of house.

• However, other two variables such as entertainment expenses and repayment of loan are insignificantly associated with remittance

Concluding Remarks

Positive Impact

- ❑ Empowering the livelihood of the households
- ❑ Consumption level improved by increasing on food expenses, Non-food expenses, education expenses,
- ❑ Increased in saving of the households
- ❑ Reconstruction/build their own house

Concluding Remarks

It was found that the highest portion of the remittance was used on food expenses, non-food expenses, children's education expenses.

Negative Impact

- ❑ Negative impact on children's health by excess flow of money on consumption drugs, cigarettes, alcohols etc.

Concluding Remarks

Suggestions for Government

- Government should play a proactive role to promote foreign employment.
- Government should give attention on appropriate training to workers, information of foreign employment status, appropriate foreign diplomacy policy etc.

Thank you!