

Remittances and Household Expenditure Patterns of Selected Families in Kathmandu Valley*

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This paper made an attempt to study the household expenditure patterns of remittance receiving families in Kathmandu. A field survey was conducted in order to see the contribution of remittance for improving the livelihood of the respondents' family. The factors incorporated in the study were; basic consumption, education, health, entertainment, saving pattern, building a new house and repayment of loan expenses. Non-probability convenient sampling technique was used and a structured questionnaire was distributed to collect the information from the respondents in Kathmandu. The study depicted that the highest portion of the remittance was used on purchasing food expenses and for the education expenses of the children. Other portion of it was used for health expenses, saving; repayment of the loan and etc. The analysis predicts that remittance-recipient households experienced a significant effect of remittance on the household's consumption, education and health expenses as well as saving which leads to improve the wellbeing of the family.

Key words : remittance, livelihood, primary survey, descriptive & inferential analysis

I. Introduction

The practice of remitting money by foreign workers to the home country has a significant history in both developed and developing countries and Nepal is not an exception. The ability to make these remittances allowed the remitter's

* Earlier version of this paper was presented in ADB-ASIA Think thank second meeting at Seoul, South Korea in November, 2014. We are very much thankful to two anonymous referees for providing the feedback for building our paper in this shape.

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families to buy land, educate their children and improve their standard of living and that of their village as a whole. These same benefits to receiving families and regions are driving forces for labour emigration and remitting today. Remittances are generally thought to contribute to savings and investments thus leading to economic growth. The rise in remittances, that are less affected by economic cycles in the recipient country, are taking place at a time of declining official development assistance which adds more significance to the remittance debate and research. The uses of the remitted funds vary in their potential to reduce poverty and create economic security for the household and community.

With the introduction of liberal trade and economic policies, Nepal witnessed most of the young population migrating every year in the search of work abroad in the recent decades because of economic as well as non-economic reasons. The work related emigration, excluding India, increased from about ten thousands in early 1990s to more than 300 thousands in 2010. This emigration resulted to a sharp rise in contribution of remittance to gross domestic product from 2 percent in early 1990s to 23 percent in 2009 which also strengthened the overall balance of payments position and its share in current account receipts. Today one of Nepal's major exports is labour. The Government of Nepal officially recognized the potential value of foreign labour migration with the approval of the Labour Act of 1985. Since then Nepalese labour migration is in an increasing trend, remittance inflow has been growing substantially in recent years with a growing outflow of workers for foreign employment.

The amount of remittance inflows surpasses other sources of foreign financial reserves including foreign direct investment and foreign grants. In more recent years, remittances have been playing a pivotal role in the country's economic development by relaxing the foreign exchange constraints and strengthening the balance of payments among others. It also considers as a mechanism for achieving the multiplier effect in the socioeconomic characteristics of households. In addition to this, a rise in disposable income may be spendthrift on luxury and branded items, replacing the consumption and production of local goods. Hence, being substantial source of foreign currency earnings, the role of remittance in Nepal to the sustainable development may be questioned if the country finances remittance

income for the import. In this context, we think that it is important to measure the impact of remittance on households' status from a micro-level perspective. Therefore, the present study seeks to answer about whether the remittances improve the wellbeing of recipient-households before and after receiving remittance. The study has covered the data only from the respondents of remittance recipient families of Kathmandu, which might not be able to fully explain the long-run relationship between the variables.

The rest of the paper is structured as follows. The next section deals with a review of literatures. Section three elucidates the methodology whereas section four discusses results and section five draws the concluding remarks of the paper.

II. Review of Literatures

Some pioneering studies such as Mahapatro et.al (2015) investigate the impact of remittances both internal and international on the expenditure patterns of households in India, with special focus on Uttar Pradesh and Kerala and Karnataka. The estimates reveal that compared to non-recipient households, households receiving remittances spend less on food and more on education and health care. Increasing expenditure with remittance flow on these critical variables signifies the positive impact of remittances on household development. Dey (2015) explores on the basis of unit level data obtained from The National Sample Survey Office (NSSO) whether transfer income in the form of remittances help to alleviate/de-intensify poverty among recipient rural households. Using the nascent technique of covariate balancing propensity score, rural households receiving remittances are matched with households that have similar background characteristics but do not receive remittances, and the impact of remittance income on their poverty status is subsequently ascertained. After correcting for self-selection, the study finds that remittance income from both internal as well as international sources do serve to lower the incidence of poverty among rural households although, expectedly, international remittances seem to have a stronger poverty alleviating effect.

Yameogo, (2014) applies a latent class model to assess the impact of international remittances on households' expenditures using 2010 cross-sectional data from Burkina Faso. Household expenditures are modeled using the Almost Ideal Demand System (AIDS). Results suggest that the household size, schooling, the age of the head of the household, farmer heads, female heads, access to electricity, living in urban areas, and international remittances contribute to explain household expenditure behavior. Results also suggested that all the consumption items are necessary goods for households living below the poverty line, and only two items (durable goods and housing) are luxury goods for those living above that line. Sikder et.al (2013) drew the data from a recently completed ethnographic study of 36 migrant households across three rural villages in Bangladesh and highlighted that remittances played a key role in shaping the life circumstances of rural migrant households in Bangladesh. The paper introduced the concept of 'life chances' to discuss the impacts of remittances on individuals and households.

Maharjan et al. (2012) examines the impact of male out migration on the workload and status of women left behind in rural Nepal. This study focused on exploring the inter linkage between international migration and household food security using household data from 509 farm households in two districts in the mid hill regions of Nepal. The data comprising of the migrant and non migrant households was analyzed using the two stage least square regression with instrumental variables to solve the problem of reverse causality. The findings of the study indicated that overall migration helps in improving the food security situation of the households. However, the extent of impact depends on the amount of remittances the household receives.

Wagle (2012), using micro- level data for the years 1996 and 2004, analyzed the international migration and suggested that the international migration explains the decrease in poverty and inequality in the last decade in Nepal. Dhakal (2012) examined the general relationship between remittances and household expenditures and savings in Nepal by doing a cross sectional analysis of the household survey. It provides a comprehensive overview of the effect of remittance on spending behavior by looking at common categories like food, non- food and education, and the saving behavior of the remittance receiving households against the non

remittance receiving households by using the matching methods. The remittance receiving households spend more and save more. The remittance income alone cannot explain the difference in the household expenditures and savings between the remittance receiving and non- remittance receiving households.

Bohra and Mishra (2011) estimates the impact of remittances on investments by remittance-recipient households in Chitwan, Nepal by using propensity score matching and a difference-in-difference method. The main objective of this research was to assess the impact of remittances from labor migrants on productive and non-productive investments by remaining households in an agricultural setting. The results suggest a positive role of remittances on investments in agriculture, which supports the New Economics of Labour Migration theory that in the imperfect market environments, remittances help to loosen constraints on productivity.

Pant (2011) states that remittance flows are crucial policy concern since they are large in size, relatively stable and provide direct benefit to households. The remittances sent home by the migrants affect development at both the household and national levels. At the household level, remittances help to reduce poverty, improve standard of living and attain higher educational levels. At the macro level, remittances could be used for entrepreneurship and productive investment which in turn increases job opportunities and income of the people. At the same time, remittance inflows help to augment foreign exchange reserves and improve the current account position. But for the economy remittance do not automatically contribute to national development. So, government needs to provide incentives to direct remittance to productive investments so that the families of migrant workers are able to undertake small businesses.

Sherpa (2010) made a study on type, volume, and mode of transfer of remittances and, more importantly, to understand the impact of remittances in terms of financial flows and the transfer of new skills and perceptions on poverty, development, and gender dimensions. The study was conducted in the Far Western and Mid Western Development Regions of Nepal at two levels: macro and micro (village level i.e. Bhajang, Deilekh, and Jumla). One of major findings of this study is that remittances have a major impact on the welfare of recipient households, although the reliance on remittances varied between people depending on their

wealth. Remittances were the main source of income and they were spent on food, education, health and consumer goods.

Nair (2009) made an effort to investigate the impact of gender and remittances on household expenditure patterns in Nepal. The author uses panel data from the Nepal Living Standards Survey to investigate the impact of gender and remittances on household expenditure patterns in Nepal between 1995/96 and 2003/04. Using a Working-Leser model, the author show that both the gender of the remitter and that of the recipient have an effect on the share of the household budget devoted to schooling, consumer goods, health, durable goods and food, and that these effects are individually and jointly statistically significant. Those households which receive remittances, shows that the budget share devoted to schooling, health and durable goods increases, and that devoted to food decreases, when remittances both are sent and received by women. The result shows that increased female migration and remittances would contribute positively to both economic and human development in Nepal.

Rasyad and Shandre (2008) examined the effect of remittances on the migrant households' consumption and saving patterns as well as their living standard using the Indonesia Family Life Survey data. Using matching- and difference-in-differences matching estimators, the study finds that remittances seem to change the household consumption patterns. However, the research didn't find any strong evidence that indicates remittances improve these households' living standard. Moreover, it seems that remittance households do not enjoy better education or healthcare, which suggests that remittances may not play an important role in speeding up economic development through these two means. But the research shows that remittance households manage to invest some of their income in the traditional forms of investment such as in house and jewelry.

The estimated vector auto-regression model of (Jovicic and Mitrovic, 2006) in Serbia for the observed period of 62 months shows an autoregressive character of remittance, a positive coefficient of regression on consumer goods import and a negative coefficient on the lagged industrial output. The short run elasticity is 0.0874 while the long run elasticity is 0.563 with the conclusion that remittances cause an upward pressure on the import resulting into a huge trade deficit in

the long run.

Burgess and Haksar (2005) describes the evolving pattern of migration and remittance flows and analyzes some of the channels through which remittances affect economic activity. The empirical evidence does not clearly support the purported short-term stabilizing effect on consumption of remittance flows. But it was found that remittances in the Philippines are an important source of support, especially for the balance of payments. Furthermore, as in other countries, the longer term economic effect of such flows is ambiguous.

Edwards and Ureta (2003) studies the effect of remittances on households' schooling decisions using data for El Salvador. With a cross-section data of 14,286 individuals aged 6 - 24, from the 1997 Annual Household Survey and use of the Cox proportional hazard model to estimate the impact of characteristics of the individual and the family—including remittances and income separately—on the hazard of dropping out of school. They found out that remittances have a significant impact on school retention.

Nepal Living Standards Survey (2011) finds that out of the total income of remittances receiving households, 31 percent income comes from remittances which are mostly spent on daily consumption (79 percent) followed by repayment of loan; capital formation and doing business has a very minimal share however. It is argued that the shortage of labour due to the emigration might compel to keep land barren, reduces the agricultural productivity and ultimately requires importing food grains. In addition to this, a rise in disposable income may be spendthrift on luxury and branded items, replacing the consumption and production of local goods. Nonetheless, empirical study about the remittance income and its impact on poverty reduction and inequality by testing the co-integrating relationship has not yet been carried out in the Nepalese context; some studies abroad show consistent results of aforementioned arguments.

It has been observed that a very few studies were conducted about the scenario of inward remittance in Nepal. Despite of those lacking, this study explores household expenditure patterns of remittance receiving families in Kathmandu. It further examine the impact that the inward remittance sent by these labours on the empowerment of their households.

Ⅲ. Methodology

1. The Data

The data for this study was collected from the respondents who usually came to collect remittance on IMEs, money transfers, Western Unions and remits as Nabil remit Hulas remit, Prabhu Money transfer etc in the month of June-July in year 2014. Non-probability convenience sampling Technique was used to fix the sample size in which the questionnaires were filled up by the 220 respondents who regularly received remittance from abroad. The questionnaires were meant to capture detailed information regarding the time, amount, medium, purposes of the remittance send and the impacts on the purposes before and after the remittance collection. Mostly, information were instrumented through likert scale and ranking questions to know about the usage of remittance. Data were then entered and commands were operated by using SPSS and Excel programs.

The data are presented, analyzed and interpreted with descriptive and inferential statistics methods. Basically, frequency tables and arithmetic means are used to portray the data for the descriptive analysis whereas One-Way Blocked ANOVA has been applied for the hypotheses testing between remittance income and its uses for different purposes. The research is designed for fact-finding and searching adequate information about how the remittance contributes to empowering the livelihood of the remittance receiving families. The main variables employed in the study are basic consumption, education, health, entertainment, saving pattern, building a new house and repayment of loan expense.

2. Conceptual Framework

The following conceptual model has been developed as presented below in Figure 1 where the dependent variable is empowered livelihood and the independent variable is remittance income.

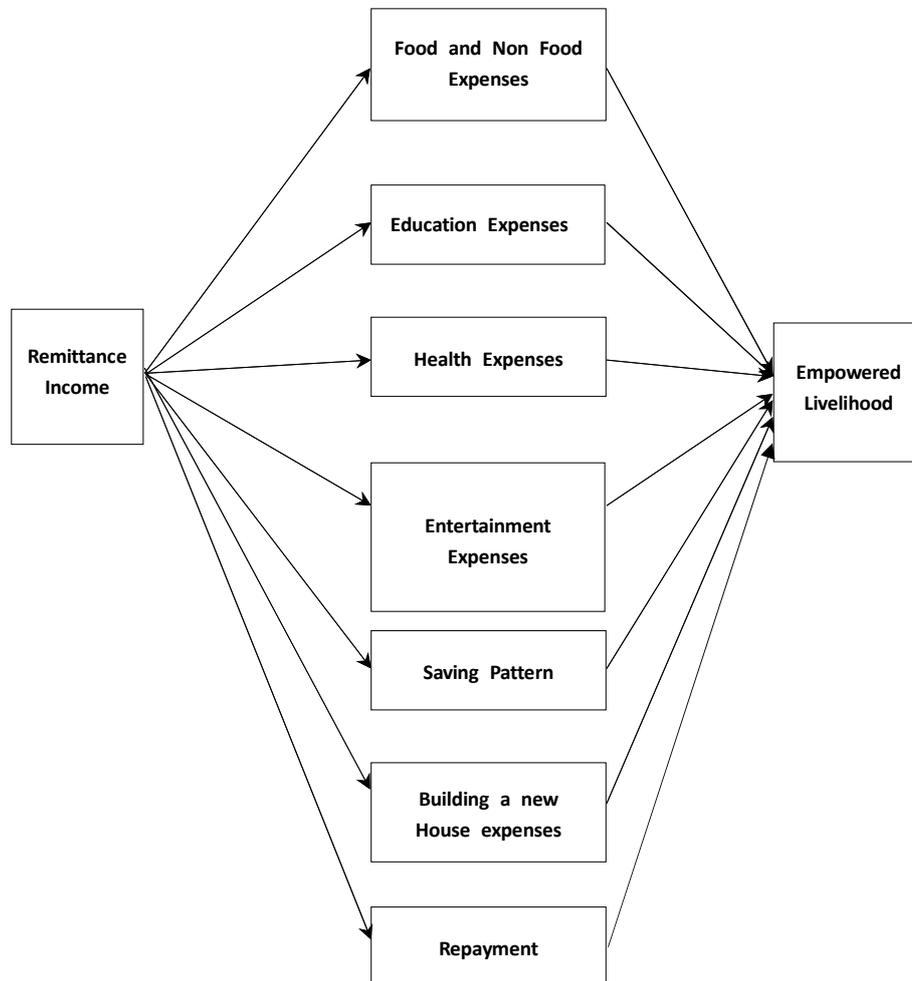


Fig. 1. Conceptual Framework

The specification of the variable incorporated in the figure 1 is briefly explained as follows;

Remittance Income (RI): Remittance is the income for the households with migrant member. If the household receives any gifts or money from the other persons except their own household member from abroad, it is not included as remittance income because it is very difficult to recall the small gifts received and the frequency of these receipts are never measurable. So, only the income remitted by the migrant household member is included as remittance income.

Empowered livelihood (EL): Livelihood means a person's ability to earn a living. But it is about so much more than just income, it is about everything that makes an impact on a person's life - education, health and access to food all plays a vital role. The livelihood empowerment means the transition of power from a state of unjust to one that is just. It is the provision of opportunity to the deprived poor of the society for making their decisions with reference to their household matters that include basic consumption, education, health, entertainment expenses etc. This means for poor households the term livelihood improvement reflects increasing household's self-reliance that enables them to recognize and improve their socio-economic well-being in the society.

Food and Non Food Expenses (FE): Food expenses are typically those costs and expenses associated with the consumption cost incurred in purchasing food items such as rice, wheat, maize, millet, potato, cauliflower, tomato, meat, egg and any others that are consumed in a household. The non- food expenditure aggregates the expenses on fuels, transportation, and expenditure on utilities, personal care items, other frequent items and non frequent items. Expenditures on marriage, dowries, funeral and other social and religious functions are excluded as they are short lived and are not a common characteristic of all the households. They are very rare and happen in some households only. They cannot influence the regular expenditures of the household.

Education Expenses (EE): Education expenses are tuition and certain related expenses required for enrolment or attendance at an eligible educational institution. The education expenses includes monthly fees, admission fees, uniform, textbooks and supplies, transportation, private tuition and other expenses related with education.

Health Expenses (HE): Any cost incurred in the prevention or treatment of injury or disease. Health expenses include health and dental insurance premiums, doctor and hospital visits, co-pays, prescription and over-the-counter drugs, glasses and contacts, crutches and wheelchairs, to name a few. Medical expenses that are not reimbursed are deductible within certain limits.

Entertainment Expenses (EE-1): Costs incurred in socialization associated directly with a business purpose such as obtaining an order or advantageous trade terms.

Such expenses are generally required to be supported by documentary evidence to qualify as deductions against income.

Saving Pattern Expenses (SE): The amount left over when the cost of a person's consumer expenditure is subtracted from the amount of disposable income that he or she earns in a given period of time

Building a New House Expenses (BHE): The cost occurred while reconstructing a prebuilt house, its maintenance expenses, colouring expenses, etc or cost incurred in making a new house falls in this category. It includes all the costs incurred while making a new house or renovating a old one.

Repayment of Loan Expenses (RLE): The act of paying back money previously borrowed from a lender. Repayment usually takes the form of periodic payments that normally include part principal plus interest in each payment. The other common method of repayment is a lump sum with interest at maturity.

3. The Statistical Model

We have applied blocked One-Way ANOVA model for the inferential analysis of the study. In the model we have one run of each treatment in each block. In some disciplines each block is called an experiment but in scientific research we call the block i.e. a copy of the entire experiment.

Suppose that there are a treatments (factor levels) and b blocks. Then, a statistical model for One Way ANOVA is estimated as:

$$Y_{ij} = \mu + \alpha_i + \beta_j + \varepsilon_{ij} \dots\dots\dots (1)$$

Where, $i = 1, 2, 3, \dots\dots\dots, a.$ and $j = 1, 2, 3, \dots\dots\dots, b.$

This is just an extension of the model we had in the one-way case. We have for each observation Y_{ij} an additive model with an overall mean, plus an effect due to treatment, plus an effect due to block, plus error.

The relevant (fixed effects) hypothesis for the treatment effect is:

$$H_o : \mu_1 = \mu_2 = \mu_3 = \dots\dots\dots = \mu_a \dots\dots\dots (2)$$

Where, $\mu_i = \left[\frac{1}{b} \right] \sum_{j=1}^b (\mu + \alpha_i + \beta_j) = \mu + \alpha_i$ if $\sum_{j=1}^b \beta_j = 0$.

We make the assumption that the errors are independent and normally distributed with constant variance σ^2 . Then, the ANOVA is just a partitioning of the variation as follows:

$$\sum_{i=1}^a \sum_{j=1}^b [y_{ij} - \bar{y}]^2 = \sum_{i=1}^a \sum_{j=1}^b [(\bar{y}_i - \bar{y}) + (\bar{y}_j - \bar{y}) + (y_{ij} - \bar{y}_i - \bar{y}_j - \bar{y})]^2 \dots\dots\dots(3)$$

Or, $\sum_{i=1}^a \sum_{j=1}^b [y_{ij} - \bar{y}]^2 = b \sum_{i=1}^a a(\bar{y}_i - \bar{y}) + a \sum_{j=1}^b b(\bar{y}_j - \bar{y}) + \sum_{i=1}^a \sum_{j=1}^b [(y_{ij} - \bar{y}_i - \bar{y}_j - \bar{y})]^2$

It can be expressed as;

$$SS_{Total} = SS_{Treatments} + SS_{blocks} + SS_{Error} \dots\dots\dots(4)$$

The algebra of the sum of squares falls out in this way. We can partition the effects into three parts: sum of squares due to treatments, sum of squares due to the blocks and the sum of squares due to error.

The degrees of freedom for the sums of squares in: $SS_{Total} = SS_{Treatments} + SS_{blocks} + SS_{Error}$ are as follows for a treatments and b blocks:

$$(ab-1) = (a-1) + (b-1) + (a-1)(b-1) \dots\dots\dots(5)$$

The partitioning of the variation of the sum of squares and the corresponding partitioning of the degrees of freedom provides the basis for our orthogonal analysis of variance. The results of one way blocked ANOVA test are briefly explained within and between groups in table 7.

IV. Results and Discussion

The result of this study has been first depicted in descriptive statistics and then interpretation was made through the inferential statistics as discussed in sections 1.

1. Descriptive Analysis

1) Summary Statistics of Respondents' Profile

The table 1 shows that 20.45% of the respondents from the age group of below 25 years, 56.82% were from the age group of 26-40 years, 20.46% were from 41-58 years and only 2.27% were from above 59 years. The remittance receiving families' maximum number of family member was found 20 and the minimum family members were 2. Among which 51.3% of the responded families had 4-6 family members followed by 30.45% of families with 6-8. And 9.09% of the responded families had 2-4 and 8-20 family members each. 41% of the families received remittance amounted above Rs 50,000, 25% received remittance amounted in between Rs 3,5000-50,000, 22.72% received remittance amounted in between Rs 20,000-35,000 and 11.36% received remittance less than Rs 20,000.

Table 1. Respondents' Profiles and Remittance Receiving Channels

Age		Family Structure		Ranges of Remittance		Channels	
Age Group	Frequency(f)	Members	Frequency(f)	Amount(NPR)	Frequency	Channels	Frequency
Below 25	45(20.45%)	2-4	20(9.09%)	0-20000	25(11.36%)	Banks	73(33.18%)
26-40	125(56.82%)	4-6	113(51.37%)	20000-35000	50(22.72%)	By money Transfer	135(61.36%)
41-58	45(20.46%)	6-8	67(30.45%)	35000-50000	55(25%)	Indi. person	8(3.64%)
59 above	5(2.27%)	8&above	20(9.09%)	Above 50000	90(41.0%)	Others	4(1.82%)
Total	220(100%)	Total	220(100%)	Total	220(100%)	Total	220(100%)

It shows that 61.36% received remittance through money transfer agents, 33.18% received remittance through Banks, 3.64% through individual persons and only 1.82% through other channels. Out of 220 respondents, 140 (63.64 %) were male and 80 (36.36%) were females.

Similarly, the table 2 shows that 37 respondents received their remittance from America, 29 collected their remittance from Qatar, and 23 collected it from Australia, 20 from India and so on.

Table 2. Remittance Receiving Countries

S.No	Country	Frequency	S.No	Country	Frequency
1	America	37	14	Kuwait	4
2	Qatar	29	15	Macau	3
3	Australia	23	16	New Zealand	3
4	India	20	17	UAE	3
5	Dubai	15	18	England	2
6	Malaysia	14	19	Finland	2
7	United Kingdom	13	20	Germany	2
8	Japan	12	21	Iraq	2
9	Canada	8	22	Switzerland	2
10	Saudi	7	23	Hong Kong	1
11	France	5	24	Liberia	1
12	Norway	5	25	Omen	1
13	South Korea	5	26	Singapore	1
Total					220

All together the respondents collected their remittance from 26 different countries. Out of which maximum families (37) were from America and minimum family (1) collected from Singapore, Omen, Liberia and Hong Kong.

2) Purposes of Collecting Remittance

The table 3 explains the respondents use of the remittance in different purposes such as; 15.16% of them use for food expenses, 6.82% for non-food expenses, 17.66% for the education expenses, 11.96% for health expenses, 9.46% for entertainment expenses, 17.11% for saving, 12.24% for repayment of the loan and 9.59% stated that the purpose of the remittance collected from abroad was reconstruction or for building a new house.

Table 3. Purpose of the Expenses of Remittance Income

Particulars	Responses	%
Purposes of the remitted fund for food expenses.	109	15.16
Purposes of the remitted fund are non food expenses.	49	6.82
Purpose of the remitted fund is education expenses.	127	17.66
Purpose of the remitted fund is Health expenses.	86	11.97
Purpose of the remitted fund is Entertainment expenses.	68	9.46
Purpose of the remitted fund is Saving.	123	17.11
Purpose of the remitted fund is Repayment of the loan.	88	12.24
Purpose of the remitted fund is Reconstruction or building a new house.	69	9.60
Total		100

The statistical figures of table 3 shows that the first priority of the remittance fund was given for education expenses whereas the second priority of the remitted fund was for saving, third priority was for food expenses and the last was for entertainment expenses and reconstruction or building a new house.

3) Pre and Post - Analysis

We attempt to quantify the impact of remittance on the households before it was generated and after it is generated as explained in table 4. There have been changes in the expenditure pattern of the households.

Table 4. Pre and Post Analysis of Remittance

Pre-Remittance			Particulars	Post-Remittance		
Yes	No	Total		Yes	No	Total
108	112	220	Quality products consumed	208	12	220
74	146	220	Consumption of meat twice a week	164	56	220
81	139	220	Consumption of fruits in a regular basis	176	44	220
46	174	220	Private Vehicles were owned	132	88	220
23	197	220	Investment in luxury items	121	99	220
86	134	220	Children's were enrolled in government	33	187	220
91	129	220	Children's were enrolled in private schools	167	53	220
86	134	220	Higher education facility	198	22	220
69	151	220	Regular health checkups	165	55	220
91	129	220	Can afford doctors as when required	201	19	220
49	171	220	Invested on life insurances	110	110	220
29	191	220	Go out for dinner once or more than a week	92	128	220
77	143	220	Engage in socialization programs	150	70	220
89	131	220	Watch movies in cinema halls	108	112	220
50	170	220	Savings made	207	13	220
105	115	220	Loan taken	45	175	220
24	196	220	Paid the loan to some extent or full	132	88	220
23	197	220	Investment in new business	107	113	220
19	201	220	Made a new house or reconstructed the old one	146	74	220

Owing of private vehicles, investments in luxury items, children's enrollment in the private schools, higher education facility, regular health checkups, doctors' usage, investment in life insurances, engagement in socialization programs, savings made, repayment of loan, investment in new business and reconstruction or building of a new house has been increased in the post event rather than the pre remittance phase. In the same way, the households taking loan and those households who enrolled their children's in government school before receiving remittance has been decreased slightly after receiving the remittance.

Furthermore, the table 5 has shown the mean values of the respondents and

their differences before and after receiving the remittances on the underlying variables.

Table 5. 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	0.15	- 0.24
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
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

There is a positive increment in the mean values in majority of the estimated variables. The highest increment (0.71) was on the savings made before and after, the other is on the reconstruction or building a new house by 0.58. And the lowest increment was on watching movies on cinema halls by 0.09. It proves that there has been a positive improvement in the lifestyle of the entire respondents.

2. Remittance on Livelihood Empowerment

The household responses in terms of livelihood empowerment have also been measured and well tested in the study. In table 6, 17.3% of respondent strongly agreed that remittance has helped to increase their food consumption habit /consumption of quality products; 46% just agreed; 27.7% were neutral on their decision; 1.8% disagreed; while only 7.27% strongly disagreed.

Table 6. Household responses on linking remittance with livelihood empowerment

Particulars	Strongly Agree(5)		Agree(4)		Neutral(3)		Disagree (2)		Strongly Disagree (1)	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
It has helped to increase my food consumption habit.	38	17.3	101	46	61	27.7	4	1.8	16	7.27
It has been improving my family's education status.	50	22.7	119	54	42	19.1	7	3.2	2	0.9
The remittance has helped to recover my loan.	48	21.8	95	43	50	22.7	11	5	16	7.28
It has increased my saving.	70	31.8	118	54	30	13.6	2	0.9	0	0
Expenses on entertainment have been increased.	22	10	75	34	89	40.5	19	8.6	15	6.82
It has helped in improving my family's health condition.	16	7.27	129	59	65	29.5	7	3.2	3	1.36

In terms of improving the family's education status: 22.7% strongly agreed; 54% agreed; 19.1% were neutral, 3.2% disagreed and only 0.9% strongly disagreed.

Only 21.8% strongly agreed when they were asked whether remittance has helped to recover my loan; 43% agreed; 22.7% were neutral; 5% disagreed while 7.28% strongly disagreed.

Similarly with reference to increase the saving; 31.8% strongly agreed; 54% agreed; 13.6% were neutral and only 0.9% disagreed for this statement.

In terms of increasing the entertainment expenses by remittance; 10% strongly agreed; 34% agreed; 40.5% were neutral, 8.6% disagreed and only 6.82% strongly disagreed.

And finally for the case remittance helping in improving family's health condition; 7.27% strongly agreed; 59% agreed; 29.5% were neutral; 3.2% disagreed and only 1.36% strongly disagreed.

From the total families surveyed 16.08% said that when the remittance was suspended they couldn't afford to pay their children's school fees, 14.82% of the families said that if the remittance was suspended they couldn't afford to pay the health expenses of the families, 11.28% said that they couldn't afford to pay basic food expenses as the remittance was suspended, 21.08% said that the life would be the same as the remittance was suspended, 20.87% stated that they would not afford to pay the loan if the remittance was suspended, 15.87% stated that they would not afford to meet the close family obligations.

We have also drawn the results by testing hypothesis for the inferential analysis using the statistical model in the following section.

3. One Way Blocked ANOVA-Test

The seven most influencing factors are chosen to know how remittance income affects on these factors. One way blocked variance (ANOVA) model has been estimated to analyze the significance difference between remittance income and influencing independent variables. The facts and figures between groups and within groups in the result of estimated hypothesis are mentioned in table 7.

Table 7. Impact of Remittance Income on Influencing Factors

One Way-ANOVA						
Particulars		Sum of Squares	Degree of freedom	Mean Square	F	Sig.
Purposes of the remitted fund are food and non-food expenses.	Between Groups	4.70	3	1.57	6.72	0.00
	Within Groups	50.30	216	0.23		
	Total	55.00	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			
Purpose of the remitted fund is reconstruction or building a new house.	Between Groups	3.09	3	1.03	4.99	0.00
	Within Groups	44.64	216	0.21		
	Total	47.73	219			

The table 7 depicts that the five main factors among seven factors of remitted fund {food expenses $\langle F = 6.72, p = 0.00 \rangle$, education expenses $\langle F = 10.73, p = 0.00 \rangle$, health expenses $\langle F = 3.31, p = 0.02 \rangle$, saving $\langle F = 9.18, p = 0.00 \rangle$, and reconstruction of old or building of a new house $\langle F = 4.99, p = 0.00 \rangle$} has significant relationship with remittance income at five percent significant level. It indicates that there is significant relationship between remittance income and food expenses, education expenses, health expenses, saving and reconstruction of house, so we reject null-hypothesis $\{H_0 : \mu_{FE} = \mu_{EE} = \mu_{HE} = \mu_{SE} = \mu_{BHE}\}$. However, other two; entertainment expenses $\langle F = 0.60, p = 0.61 \rangle$ and repayment of loan $\langle F = 2.11, p = 0.10 \rangle$ are insignificantly associated with remittance income. Hence, we fail to reject null hypothesis $\{H_0 : \mu_{EE-1} = \mu_{RLE}\}$.

V. Concluding Remarks

This study was undertaken to assess the contribution of foreign employment and remittances to Nepalese households. An attempt was made to find out the role of remittances in enhancing the wellbeing of remittance receiving families residing in Kathmandu valley. The descriptive statistics and inferential analysis of the study predicts that households' consumption level such as their food and nonfood expenses, education expenses, health expenses, house reconstruction or build their own house expenses as well as savings have significant relationship with remittance income. It seems that impact of remittances on these indicators weighs positively to enhance those households' well-being level. However, study shows that remittance has insignificant relationship with that of entertainment and loan payment expenses. But in overall, findings provide enough evidence to show that remittances have significant effect on empowering the livelihood of poor households in the study area.

For the future initiative on policy measure, it is suggested that government should play a proactive role to promote foreign employment by inducting and adhering to the policy of economic diplomacy. The environment is to be created

to generate self-employment and small business formation amongst returning migrants, too. In order to promote investment of remittance in business enterprises, there is an indispensable need for the government to provide adequate incentives for migrant workers to invest in productive activities in Nepal. Furthermore, SMEs, micro-finance institutions, and cooperatives could also expand their micro and small business portfolio and create more in-house employment opportunities in Nepal, whereas government and NGOs could render services like training, business advice and marketing assistance for micro and small entrepreneurs to facilitate matching of funds for self employed projects. Thus incorporating the findings through some policy measures as indicated would help improve wellbeing and reduce poverty in Nepal.

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논문접수일 : 2016.11.21.

심사완료일 : 2016.12.05.

게재확정일 : 2016.12.26.

