Impact of remittance on household economy: A case study focusing on education and health sector in Dhurkot Rural Municipality-2 Gulmi Nepal

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ABSTRACT

Remittance income is increasing in Nepal and the phenomenon has been more pronounced in Dhurkot Rural Municipality-2 Gulmi as there are 60% household receiving remittance money. In this context, this research was conducted in 2016/17 focusing on remittance impact on household economy. To collect these information, household interview with pre designed and pre-tested questionnaire was done using stratified random sampling technique. The finding of this study showed that remittance receiving households (HH) have less engagement on agriculture, own business, and public/private service performed within nations as compared with remittance not receiving household. About two third of household income in remittance receiving household was utilized in unproductive field such as daily household consumption, land and real state, luxurious good, cultural activity etc, while this amount accounted for fifty one percentage on remittance not receiving household. Schooling in private school and regular health check up on private hospitals and clinic were more prevalent and on average basis about ten thousand rupees cost more on remittance receiving household as compared with remittance not receiving households. Thus remittance income played significant role in livilihoods status of of household. Therefore, major concern has to be given on the use of this income in productive field so that long term economic development can be achieved.

Key words: Remittance, household income and expenditure, livelihoods, productive fields.

INTRODUCTION

Migration is a form of geographical spiritual mobility between one geographical unit and another, generally involving the change in residence from the place of origin to the place of destination. People are moving one place to another since ancient period and continue movement has been an international phenomenon resulted due to complex mechanism, psychological, political, institutional, and other determinants (Shrestha, 2009). The phenomenon of migration is as old as the history of people moving from country to country in search for new resources (New Era, 1981). Labor migration and remittance have emerged over the last three decades as the prominent feature of developing countries such as Nepal. Foreign employment became a major source of national income for many developing countries (Gautam, 2010).

Remittance can be defined as sum of money that a migrant worker sends back to his or her country of origin. The International Monetary Fund separates remittances into three categories; Workers remittances are from workers who have lived abroad for more than one year. It is recorded under the headings ‘Current Transfers’ in the current account of the balance of payments. The wages salaries and other compensation received by border, seasonal and other workers (such as local staff of embassies), who have lived abroad less than a year are recorded under the ‘income’ subcategory of the current
account. Migrant Transfers are reported under the capital transfers in the capital account. The above definition does not include transfers through informal channels – such as remittances send through friends, family members, Hundi or remittances send in kind such as jewelry and other consumer goods.

Remittances have become the second largest capital flow behind Foreign Direct Investment (FDI) and ahead of Overseas Development Assistance (ODA) to developing countries (World Bank, 2015). Contribution of remittance to the GDP of Nepal is vital. Initially the share of remittance to GNP was 1.74% in mid July 1991. This share increased sharply by 9.38% during the 10 years period of mid July 1999 and eventually reached 12.03 % in mid July 2005 (MoF, 2006). The share of remittance in GDP was 23.5% in FY 2012 and found 27.7% in FY 2014, 29.1% in 2015 and 32.1% till first 8 month of FY 2072/73 (MoF, 2016).

Although foreign employment remains a major source of foreign currency in the country, in long-run, it could be fall in the remittance trap. Youth-less society is the main problems in rural areas of Nepal, which will create serious problems for the national plans and policies. According to CBS report 2014, The 1981 census recorded an absent population of 402,977 (2.6% of the total population), which increased to 762,181 in 2001 (3.2% of the total population). In 2011, the total number of absent population was reported to be 1,921,494 (7.3% of the total population). One in every four households (25.42%; 1.38 million Households) reported that at least one member of their household is absent or is living overseas. The highest proportion (44.81%) of absent population is from the age group of 15 to 24 years. Gulmi, Arghakhanchi and Pyuthan districts have been reported as having the highest proportion of their population being absent (staying abroad).

It is argued that the shortage of labor due to the emigration might cause land barren, reduces agricultural productivity and ultimately leading to importation of food grains (Gaudel, 2006). Nepal Living Standards Survey, 2011 determines that out of the total income of remittances receiving households, 31% income emanates from remittances which are mostly spent on daily consumption (79%) followed by repayment of loan (7%); capital formation and however, doing business has a very minimal share. The major investment is on education of the children, re-involvement of the remittance for further migration and for lending money. Very small investment is directed for small business and trade (Shrestha, 2009). This study tries to assess the impact of remittance on living standards of Nepalese household economy focusing on Dhurkot Rural Municipality-2 Gulmi.

MATERIALS AND METHODS

This research is based on descriptive and analytical because of its nature. Both primary and secondary sources of data were consulted for this research. For secondary source of data, desk study was carried out while for primary source of information, field survey and consultation with different stakeholders were carried out between the periods of June 2016 to February 2017. For collecting sample, household stratified random sampling was carried out by ensuring 12% of sample from both remittance receiving and not receiving household. All together, a total 96 samples (12.61% of total HH Dhurkot Rural Municipality-2 Gulmi) were obtained for this study. Out of which remittance receiving HH samples were 12.1% and remittance not receiving HH samples was 13.4%. For micro level analysis of remittance pattern and its impact on HH level of economy particularly focusing on education and health, in-depth-interview with respondents in pre designed and pre tested was taken. Prior informed consent was obtained by explaining the aim of the study to the village heads. Verbal consent was granted by the local people for the dissemination of their knowledge. Description, as well as statistical methods such as percentage and bar diagram were used whenever felt necessary using Microsoft Excel Z test was applied to test the significant difference in two type of sample values.

RESULTS AND DISCUSSION

Migration and remittance

The total number of household of Pipaldhara is 761 with population of 3,136 and total population of Gulmi District is 64,921 household with population of 280,160. (CBS, 2011). Out of total 761 household, 455 HH received remittance money comprising 60% in overall. Among migration proportion order are Brahmin/Kshetri (79%), Dalit (16%), and indigenous (5%). Similarly in terms of gender, 96.85% were male and 3.17% were female. The migrated population in the sampled HH comprised of 22.183% which is greater than migrated population recorded as 20.9% in Gulmi district (CBS, 2014). In the study areas, the case of divorced/breakup population was not observed due to remittance related factors; currently, it is becoming a serious issue in many parts of the nation. The finding of this study showed that most immigrants are between the age group of 20-39 years (46%), followed by age groups 30-40 years (31.47%), and > 40 years (20.63%), respectively. Also, 20-30 years of age is the most energetic period of life which brain drain might be major issues in coming days. The major destination of the migrant people is India followed by Malesiya, Saudi Arab, Quatar, Duwai, korea and so on. On regional basis, Arabian country contribute (44.44%), India (26.98%), Malesiya (19%), Japan/Korea (7.93%) and Europe/America (1.58%). The average remittance income received per household per year is NRs 4,02,636 with maximum amount of NRs 18,00,000 and
minimum amount of NRs 60,000. For sending money bank/money transfer (69%) are main means of money transfer followed by friends/relative (19%) and hundi(6%), and others (6%) in the study areas. Remittance receive from India is mainly from friends/relatives. But the trends of receipt of remittance is shifting from Bank as it has been increasing the access of bank in nearby city.

**Occupation types**

Occupational status of the respondent have strong relationship with the household status. Figure 1 shows the occupation status of HH in the studied areas. This finding showed that remittance receiving households had less engagement on agriculture, own business and public/private service performed within the nation. Similarly, access to television, computer, vehicle and other electronic equipment were higher in remittance receiving HH as compared with not receiving HH. This finding was similar to report of NRB(2012).

**Household income from non-agricultural activity**

Non-agricultural activity income includes the income value that are received rest of agricultural activities. The average annual household income for remittance receiving HH was NRs 459263.6 and that of not receiving HH was NRs 198988. Figure 2 shows the net income percentage from non-agricultural related activities in remittance receiving and not receiving households.

**Income from agricultural activities**

All sampled HH has land either for residential purpose or for cultivation purposes. On an average, the land ownership for remittance receiving HH is 10.54 ropani per HH while for remittance not receiving HH this value accounts for 14.53 ropani. Figure 3 shows the tendency of land use practice in the study areas. The finding showed that there was increasing trend of stopping cultivation of crops in their cultivated land. The practice was more serious in remittance receiving HH as compared with not receiving HH. This might be due to loss of male working hand/labor in the village.

Land purchased for residential purposes in nearby town/city was increasing in the village and this accounted for 19.51% on remittance not receiving HH and 43.64% in remittance receiving HH. The study report of Nepal Rastra Bank on Dhanusha district also showed that land purchased for migrated HH was 28% and that of not migrated HH was 13%.

**Agricultural farming and livestock husbandry**

Agriculture is the major occupation in Nepal especially in rural areas where most of the peoples are involved in agricultural activity. For remittance not receiving HH, average annual income was: food grains (NRs 27230.5), vegetables (NRs 8275.61), fruits (NRs 6714.63), and other cash crops (NRs 3246.34). Similarly, for remittance receiving HH, average annual income was: food grains (NRs 19398.2), vegetables (NRs 3992.73), fruits (NRs 2081.82), and other cash crops (NRs 283.019). The finding of this research showed that net income was less for migrated HH as compared with non-migrated HH. It might be due to high input of labor, fertilizers and so on in migrated HH as compared with non-migrated HH.

In general, average number of domestic animals husbandry (commonly buffalo, cow, goat/ship and chickens) is somewhat higher in remittance not receiving HH as compared with remittance receiving HH. For remittance not receiving HH, average annual income from livestock products income was NRs 29380.5; and live animal sale was 17197.560. Likewise for remittance
Figure 2: Pie-chart showing income percentage from non-agricultural activities in remittance receiving household (Upper) and remittance not receiving household (Lower).

Figure 3: Multiple bar diagram showing land use type in sampled household.
receiving HH, average annual income from livestock products income was NRs 18000.9 and live animal sale was NRs 9085.454. The explanation behind this reason might be more household members engagement in agricultural activity and livestock ranching in non-migrated HH.

**Use of household income**

Remittance is an important source of rural household's economy that has significant impact on the livelihood strategy of the community, especially among the middle and poor class of the family. The contribution of remittance in GDP is vital. The average annual income was NRs 410636.363 in remittance receiving HH and Nrs 210595.122 in remittance not receiving HH. Figures 4 and 5 show the details of expenditure percentage with respect to sector specific areas in remittance receiving and not receiving households.

The Figure 4 shows that most of the remittance have been used in land and real state, as well as for managing daily household level activity in non productive sectors. Likewise in remittance not receiving HH, most of the household income was used on daily HH consumption, followed by education, land and real state and other luxurious goods.

In terms of total expenditure values in remittance receiving and not receiving HH, the variation was stastically validated at 5% significance level of Z test. (Z value 4.561). As compared with the use of income value, most part of the money was utilized in HH level on consumption. Investment on education and health also increased. The use of money for land and real state increased more in remittance receiving HH as compared with not receiving HH. Maximum portion of loan was paid on land purchased activity. Similarly amount of saving in both type of HH was less as compared with other expense. Thus most of the amount was used in unproductive field.

**Remittance impacts on education**

Education is essential for everyone. It is the level of education that helps people earn respect and recognition. It is indispensable part of life both personally and socially. Out of total 492 population (208 in non-migrated HH and 284 migrated HH) on sampled HH, the proportion of education was as follows: illiterate (6.9%), informal education/under SLC (61.58%), SLC pass (24.79%), and Bachelor pass (6.70%). By observing remittance receiving and not receiving HH, there was no sharp variation in illiterate population, but it was more pronounced on Graduate level and SLC pass level, where remittance not receiving HH were the more educated population. Although Pipalhara has been declared as literate area after providing praudh (elder education), but based on our finding till date, around 7% of people are illiterate.

Currently, the percentage of studying population in not migrated HH is 37.981% and that of migrated HH population is 34.85%. Among 79 studying population in non-migrated HH, 81% of the population are studying in government school and 19% in private school. Similarly, out of 99 studying population of migrated HH, 48.5% are studying in government school and 51.5% in private school. During Z test on variation regarding mode of schooling between remittance receiving and not receiving HH, more prevalence of schooling in government from remittance not receiving HH was significance at 5% level of Z test (Z value -3.4903). Similarly, on migrated HH, higher number of children studying in private school showed also significance
at 5% level of Z test (Z value 3.998). The annual range of expenditure for both type of HH is shown in Figure 6.

During the study period, the range of annual expenditure on education sectors for remittance receiving HH was NRs (250000 to 0), while for remittance not receiving HH was from NRs (240000 to 1000). Average expenditure amount for remittance receiving HH was NRs 55522.72, while for remittance not receiving HH, the amount was NRs 35332.92. On average basis, about ten thousand rupees cost more in remittance receiving HH. This results indicates that annual educational expenditure range is maximum in remittance receiving HH as compared with not receiving HH. Most of the remittance not receiving HH invest less than NRs 40,000 for their children education. Also, it has been found that schooling in private school is common in remittance receiving HH which is shown in Figure 6. Private school was more expensive than government managed schools, so that average expenditure on remittance receiving HH was found to be more. This variation of annual expenditure was significance at 5% level of Z test (Z value 2.02973).

Remittance impacts on health

In human case, health is the ability of individuals or communities to adopt and self-manage when facing physical, mental or social change. Healthy people can carry out their regular HH activity easier than not healthy people. At present, health is a burning serious problem in Nepal. The health/illness proportion of population is graphically shown in Figure 7.
This indicates that remittance receiving HH/population were less susceptible to occurrence of disease as compared with remittance not receiving HH/population. This variation of susceptible to disease type was statically acceptable as the value of Z test (Z value 2.2145) was significance at 5% level of Z test. This type of variation might be consciousness regarding health and sanitation, as well as nutritious food availability in the household remittance receiving household.

Consulting doctors about disease has been on the increase in rural areas. Out of 72 suffered members in remittance receiving HH, they visited 173 times to different clinic and hospitals. The visited places were; government hospital (16.76%), clinic (57.8%), and private hospital/nursing home (25.43%) respectively. Similarly, 71 numbers of remittance not receiving HH members visited 160 times out of which visited proportion were; government hospital (51.25%), clinic (41.87%), and private hospital/nursing home (6.87%), respectively. The details of visiting destination in local community are graphically shown in Figure 8.

Average of annual health sector expenditure for remittance receiving HH was NRs 33036.2, amounted to NRs 24885.4 in remittance not receiving HH. About 52% of remittance not receiving HH expend less than NRs 20,000 annually for health sector, while this amounted to 31% in remittance receiving HH. Similarly, range of annual expenditure between 20000-40000 was similar to both types of HH. Range of expenditure between sixty to eighty thousands (28.89%) and greater than one lakh (13.34%) was more for remittance receiving HH as compared to remittance not receiving HH. Figure 9 shows the average annual expenditure on health sector for treatment.

The finding of this study showed that government hospital was prefered by remittance not receiving HH as compared with remittance receiving HH. Likewise, the choice of clinic and pivate hospital was prefered by remittance receiving household. On validating these
observation, statistically variation found on government hospital from remittance not receiving HH and remittance receiving HH during treatment process was significant at 5% level of Z test (Z value for government hospital 7.4687). Similarly, consultation/treatment on private hospital/nursing home by HH was significant at 10% level of Z test (Z value 1.8421). But variation found for going to clinic by these HH was significant at 5 and 10% significance level of Z test (Z value 1.153). The study report of different scholars such as Nepal Rastra Bank on Dhanusha district showed an annual average of around NRs 3000 thousands which was expended more in remittance receiving HH. In the study areas, annual average of around eight thousand was more expended on remittance receiving HH. The more expense annually from remittance receiving HH might be more concern about health and preference of private hospital and clinic for treatment purpose.

Another positive impacts of remittance income on health sectors has been found in emergency health situation from the availability of ambulance facility supported from migrated personals in this year. Particularly, pregnant women have got well facility for delivery in Village Development committee (VDC) health post. There is provision of NRs 500 on single trip for VDC dwellers during hospital visit, so that peoples have well access to use it on emergency situation. In this FY 2073/74 till Phalgun end, 31 women got delivered on local health post for safe delivery. Among them, more than 50% of pregnant women that use this ambulance facility in the last year hospital delivery was about half of this value. Thus ambulance facility has helped local people on emergency situation.

Conclusion

Remittance income played significant role in livelihoods status of of household. In the present scenario, around two third of household income in remittance receiving household has been utilized in unproductive field such as daily household consumption, land and real state, luxurious good, cultural activity etc. Therefore, major concern has to be given for using this income in productive field so that long term economic development can be achieved.

REFERENCES


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