



The Paradox of Remittances: Financial Security and Mental Health Trade-offs for Elderly Nepali Citizens

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Abstract: This study examines the dual effects of remittances on elderly people in Nepal, highlighting the contrast between improved financial security and worsening mental health. Drawing on cross-sectional survey data (2024) from 270 migrant households stratified by migration duration, the researcher applies Structural Equation Modeling (SEM) to assess the impacts of short-term migration (< 1 year) versus long-term migration (> 5 years). The findings show that remittances substantially enhance financial well-being, with 71 % of long-term migrant households reporting “Much Better” financial conditions ($p < 0.01$). At the same time, mental health challenges increase, as isolation affects 38 % of the elderly in short-term migrant families and 22% in long-term cases. Mediation analysis reveals two opposing effects: remittances strengthen financial security ($\beta = 0.18$, $p < 0.01$) but weaken family connections ($\beta = -0.40$, $p < 0.001$), leading to an overall negative impact on mental health. The research contributes valuable insights by quantifying the balance between economic benefits and social well-being in labor-sending countries.

Keywords: Remittances, Aging, Mental Health, Financial Security, Migration

JEL Codes: J14, O15, I31

1. Background of study

Remittance refers to the transfer of money or goods by foreign migrants back to their home country, typically sent to support family members. These funds are often a vital source of income for households in developing economies like Nepal, where they help cover daily expenses, healthcare, education, and debt repayment. Migration is a global phenomenon that reshapes societies and economies in profound ways. Unlike

demographic changes driven by birth and death rates, migration exerts a distinct influence on population dynamics, urbanization, and family structures (Neugarten, 1996). Both internal and international migration play a vital role in addressing economic challenges, particularly in countries like Nepal, where remittances from migrant workers significantly contribute to national income and household financial stability (Bastia et al., 2022). However, while the economic benefits of migration are widely recognized, the social consequences—especially for the elderly left behind—remain underexplored yet deeply consequential (Liu et al., 2022). The increasing outflow of labor migration, driven by unemployment, economic pressures, and aspirations for better opportunities abroad, has transformed Nepal's rural-urban landscape. Key pull factors include access to better jobs, healthcare, education, and higher living standards in urban centers (IOM, 2019). Simultaneously, push factors such as limited rural economic prospects, poor infrastructure, and natural disasters like landslides and floods continue to drive migration flows (Rai & Dangal, 2021). Understanding these factors is essential to grasp Nepal's demographic changes and growing urban population.

Globally, populations are aging at an unprecedented rate (Akdede & Giovanis, 2022; Liu et al., 2022), and Nepal is no exception. With a population of 29.69 million (NSO/Nepal, 2023), approximately 6.09 percent are aged 65 years or older (O'Neill, 2022). Traditionally, family members serve as the primary caregivers for the elderly, but migration increasingly disrupts this system, leaving many older adults to manage their well-being independently or rely on limited community or institutional support (Singh, 2019). Aging affects not only physical health but also social and emotional well-being, with individual experiences shaped by social roles, health status, and cultural context (Neugarten, 1996).

The Government of Nepal provides various forms of support, including a senior citizen allowance of NPR 4,000 per month for individuals above 68, as well as transportation discounts and free medical care (MoF, 2024). Nevertheless, social norms that prioritize sons over daughters as caregivers—and the increasing globalization that drives youth migration—pose growing challenges to elderly care (Chalise, 2024). Addressing these issues requires a nuanced understanding of the lived experiences of the elderly within their cultural and societal framework (Poudel, 2022).

The social costs of migration in Nepalese society are significant. Joshi & Chalise (2021) report that 50.3 percent of elderly individuals face some form of maltreatment, including verbal abuse (29.3%), neglect (41.2%), and disrespect

(42.5%). Less frequent but equally concerning are physical abuse (6.5%), emotional abuse (8.1%), and sexual abuse (0.9%). Such findings highlight the vulnerability of the elderly in the absence of strong family support networks.

The intersection of aging and migration remains insufficiently understood, particularly in the context of Nepal's evolving demographic and socio-economic landscape. While older adults play vital roles within families and communities, they are often marginalized in both policy discourse and development agendas (Bastia et al., 2022). Migration affects not only family cohesion and economic conditions but also the physical and mental well-being of the elderly left behind (Sharma, 2023). Additional socio-reproductive consequences—such as strained marital relationships—compound these challenges in the absence of adequate institutional support (Thapa et al., 2019; Adhikari, 2023).

Prior studies focus solely on macroeconomic effects, neglecting household-level psychosocial trade-offs. To address this gap, this study adopts a mixed-method approach to assess the dual impact of migration—its financial benefits through remittances and its psychosocial costs—on the well-being of elderly citizens in Nepal. Focusing on Tiltottama Municipality in Rupandehi district of Nepal, this research provides localized, empirical insights into an area that has received little prior academic attention. By exploring both the economic gains and mental health trade-offs associated with remittances, the study aims to inform policies and interventions that can better balance economic development with the social welfare of Nepal's aging population. Thus, this study seeks to offer a thorough understanding of the intricate relationship that exists between migration and the welfare of the elderly in the study area. The research questions that focus on the study are:

- (i) What proportion of elderly households in Tiltottama Municipality rely on remittances as their primary source of income, and how does this reliance affect their material living conditions?
- (ii) How do financial security and mental health outcomes of elderly citizens vary with the duration of household migration?

2. Objectives of the study

The specific objectives of the study are:

- (i) To examine the effects of remittance reliance on the material living conditions of elderly households.

- (ii) To evaluate how the duration of household migration influences the mental health outcomes of elderly citizens.

While migration's economic impacts are well-documented, this study shifts focus to its *hidden human costs*—particularly the mental health trade-offs for the elderly left behind, a topic underexplored in South Asian contexts (Liu et al., 2022; Bastia et al., 2022). By combining quantitative data (e.g., remittance dependency rates) with qualitative narratives (e.g., lived experiences of neglect), it bridges macro-micro divides into migration-aging research. Findings will expose gaps in Nepal's elderly welfare programs (e.g., the NPR 4,000 allowance), revealing their inadequacy in addressing migration-induced care deficits. Identifies actionable solutions—such as community-based eldercare models or mental health programs for isolated elderly—to align policies with ground realities. The study translates abstract remittance statistics into intimate stories of sacrifice and resilience, fostering empathy among policymakers and the public.

3. Review of literature

The relationship between migration and aging has garnered increasing scholarly attention in recent years, particularly as global demographic shifts intensify. Bastia et al. (2022) highlight the growing recognition of older adults' active roles in various facets of migration and development, including remittance transmission, diaspora engagement, return migration, international retirement migration, and intergenerational caregiving. This comprehensive synthesis draws upon interdisciplinary research spanning migration studies, development geography, and aging research.

Similarly, King et al. (2019) provide an in-depth examination of the interplay between migration and aging, emphasizing how these phenomena intersect to influence autonomy, family structures, and the overall well-being of elderly migrants. Akdede and Giovanis (2020) focus on the European context, analyzing the complex relationship between migratory patterns and elderly welfare, with particular attention to both subjective and objective measures of well-being. While their work addresses important knowledge gaps, it also underscores the need for further research in non-European settings.

Expanding the lens to the mental health dimensions of aging, Li et al. (2020) explore the links between social isolation, aging attitudes, and loneliness among older adults in China, highlighting strategies to alleviate loneliness. However, their

study focuses narrowly on loneliness, leaving other mental health concerns such as depression and anxiety largely unexamined. Similarly, Singh (2019) investigates the impacts of rural-to-urban migration in South India, examining its effects on household structures, livelihoods, and adaptive strategies, particularly in the face of environmental change and institutional shortcomings.

In the context of Nepal, several scholars have examined the consequences of migration for the elderly population. Chalise (2024) offers an overview of Nepal's shifting demographics, with a focus on the aging population aged sixty and above. Complementing this, Adhikari (2023) analyzes broader aging trends, while Sharma (2023) assesses socio-demographic factors influencing self-reported health among elderly adults, identifying significant associations with age, gender, ecological regions, and settlement status.

Furthermore, the impacts of migration on families left behind, including elderly parents, have been studied by Aryal et al. (2021) and Rai and Dangal (2021). Their research addresses how migration affects family structures, livelihoods, education, reproductive health, and marital relationships, but offers limited insight into the specific economic and psychosocial outcomes experienced by the elderly.

4. Research Gaps

The existing literature reveals several notable gaps. First, while Akdede and Giovanis (2020) offer valuable insights from the European context, there remains a dearth of comprehensive studies examining how migration affects the well-being of elderly populations in other regions, particularly Asia, Africa, and Latin America. Second, much of the current research, including studies by Bastia et al. (2022) and King et al. (2019), relies on cross-sectional designs, underscoring the need for longitudinal approaches to better understand the long-term effects of migration on aging populations.

Additionally, although Li et al. (2020) shed light on loneliness among Chinese seniors, there is limited exploration of broader mental health outcomes—such as depression, anxiety, and emotional neglect—among elderly populations affected by migration. Similarly, while Singh (2019) examines migration in South India, there is a lack of comparative research across different regions and countries to capture the diversity of migration drivers and consequences.

In the Nepali context, while Sharma (2023) contributes valuable socio-demographic analysis, further culturally sensitive studies are needed to understand

the complex interplay of aging, health, and social support systems. Research by Aryal et al. (2021) and Rai and Dangal (2021) has primarily focused on the effects of migration on families and younger generations, with limited emphasis on intergenerational caregiving and the direct psychosocial impact on the elderly left behind.

In light of these gaps, the present study seeks to contribute to this growing body of knowledge by focusing on Tilottama Municipality in Nepal, a context that has been largely overlooked in previous research. Building on the findings of Aryal et al. (2021) and Rai and Dangal (2021), this study specifically examines how remittances influence both material living conditions and mental health outcomes among elderly citizens, with particular attention to how these effects vary by migration duration. By addressing both economic and psychosocial dimensions, this research aims to provide a more comprehensive understanding of the paradoxical effects of migration on Nepal's aging population.

5. Methods

5.1. Study design

The study has followed the mixed-methods research design to gather information to fulfill the objective of the study. The quantitative component of the study captured the measurable aspects of well-being. A cross-sectional study was conducted in 2024 so far to dodge recall bias. The variables used for capturing the well-being of the aging population were physical health and financial security. Access to healthcare and physical ailments measured physical health, and remittances and financial independence measured the financial security of the targeted population. A structured questionnaire was presented to the respondents for this. The qualitative component of the study captured the subjective experiences of elderly people by assessing how migration influences their emotional, psychological, and social well-being. Semi-structured interviews were conducted to capture personal narratives about the impact of migration on caregiving, emotional connections, and coping mechanisms. Focus Group Discussions (FGDs) were conducted to engage elderly participants to discuss shared experiences, challenges, and community-level impacts. Both quantitative and qualitative analytical tools were used to interpret the findings. Information is presented on a Likert scale (1-5). Descriptive statistics and Structural Equation Modelling (SEM) techniques were applied to capture mediation via financial

security/family presence. The survey was conducted using the Kobo Tool and later transferred to Excel so that the analysis could be convenient. The coded interview and FGD transcripts method is used to identify recurring themes, such as the emotional impacts of separation and changes in family roles and social networks. To make the analysis more effective, narrative analysis is included in the study that highlights individual stories to illustrate the nuanced effects of migration. Finally, the triangulation method is used to cross-validate findings by comparing survey results with qualitative insights. Validating the findings with local organizations, policymakers, and community leaders was also done as a part of stakeholder engagement. SPSS software was used for analysis.

5.2. Study Area

The study was confined to Tilottama Municipality, Nepal's Ward No. 4, located in the Rupandehi district of Nepal. It is spread over an area of 126.2 square kilometers. Its population is 1,49,479 with an annual growth rate of 3.9 percent between 2011 and 2021. The population density of the study area is 1,185 people per square kilometer (NSO/Nepal, 2023). According to the National Census Report 2023, 70.4 percent of the population is in the 15–64 age range, followed by 23 percent of those in the 0–14 age range and 6.6 percent of those in the 65+ age range. Overall, the population profile of Tilottama Municipality is active and diversified, with a mix of individuals from both domestic and foreign backgrounds, and relatively high literacy rates. Understanding the unique socio-cultural, economic, and geographical characteristics of this municipality is essential for a comprehensive assessment of how migration trends influence the well-being of its aging residents. The map of the study area is attached to APPENDIX.

5.3. Sample Size

There are 970 elderly residents in the study area aged 60 and above. With a 95 percent confidence level and a 5 percent margin of error, 275 samples (Cochran, 1953) were taken by using stratified random sampling techniques. The targeted population was divided into smaller groups according to the attributes in terms of male and female, and migrant and non-migrant families. Respondents were chosen from each stratum using a lottery method. Upon reaching the actual respondents, their informed consent was taken, and structured questionnaires were used for interviews or discussions.

5.4. Model specification:

The Structural Equation Modeling (SEM) analysis for the remittance impact study was pursued in the present study. The SEM is ideal for the study as it simultaneously analyzes: The financial security pathway (remittances → economic status), the mental health pathway (migration duration → social support → mental health), and the interplay between these pathways. The conceptual path of the SEM modeling is:

(Remittance frequency) —┐
 ┆→ (Financial security) —→ (Overall well-being)
 (Migration duration) —┐

(Migration duration) —→ (Social support) —→ (Mental health) —→ (Overall well-being)

The variables operationalized are as follows:

<i>Construct</i>	<i>Indicators</i>	<i>Measurement level</i>
Remittance frequency	Monthly/quarterly/rarely/never	Ordinal (scale 1-4)
Financial security	Better/"Much Better" financial rating	Ordinal (scale 1-5)
Social support	Emotional support frequency ("Often" etc.)	Ordinal (scale 1-4)
Mental health	Presence of stress/anxiety (Yes/No)	Binary
Migration duration	Years since migration (1-5, 5+)	Ordinal

The SEM model was developed to examine the effect of migration on the welfare of the elderly population. The model captured well-being as the dependent variable and physical health and financial security as independent variables. Access to healthcare and physical ailments measured physical health, and remittances and financial independence measured the financial security of the targeted population.

6. Findings and Discussion

This section presents the key findings derived from the survey organized under relevant thematic headings to ensure clarity and coherence.

6.1. Financial Security and Remittance Patterns

Figure 1 illustrates how financial security and remittance are correlated. Remittance frequency has a direct impact on financial conditions.

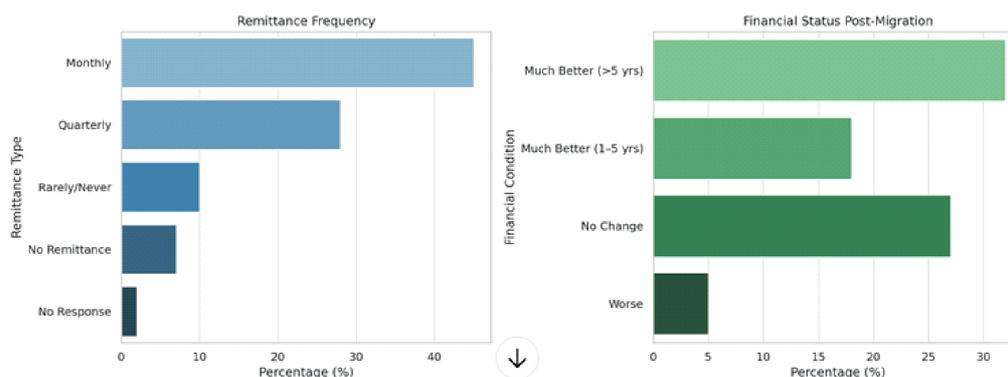


Figure 1: Financial Security and Remittance Pattern

Sources: Field Survey, 2024

The survey reveals diverse remittance patterns among households with elderly members. About 45% of the respondents reported receiving remittances every month, which offers regular financial support to the elderly at home. 28% received remittances quarterly, while 10% reported receiving them rarely or never, highlighting the vulnerability of certain elderly households due to inconsistent financial inflows. Additionally, 7% of respondents stated they never received remittances, and 2% mentioned receiving no response from their family members abroad.

In terms of financial well-being, 48% of respondents reported that their financial condition had improved following the migration of their family members. Among them, 28% considered their condition to be “much better” than before, suggesting substantial improvements in economic stability. On the other hand, 27% indicated no significant change, and 5% noted a deterioration in their financial status, which primarily occurred in households that received remittances infrequently or not at all.

Financial improvements also varied with the timing of migration. Among families whose members had migrated more than five years ago, 32% reported a “much better” financial status, compared to 18% among those whose family members had migrated between 1 to 5 years ago. The duration of migration appears to influence the stability and consistency of remittance flows. Comfort levels among the elderly also corresponded with remittance frequency: 65% of those receiving monthly remittances reported high comfort levels, compared to 55% receiving quarterly, and only 30% among those receiving them rarely or never.

6.2. Mental Health Challenges

Figure 2 illustrates the byproducts of remittances in the study area. When a family member leaves the parents for a foreign job, the elderly parents suffer from different kinds of mental problems.

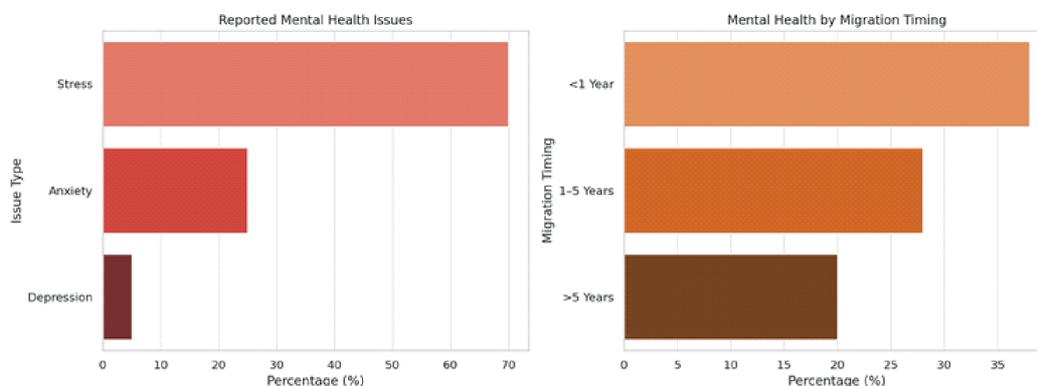


Figure 2: Mental Health Challenges

Source: Field Survey, 2024

Mental health issues emerged as a significant concern, with 24% of elderly respondents reporting psychological distress. Among these, 70% experienced stress, 25% reported anxiety, and 5% suffered from depression.

The timing of family members' migration played a notable role in the mental health of the elderly. Those whose children had migrated within the past year (i.e., less than 1 year) were the most affected, with 38% reporting mental health issues. This group faced intense emotional strain due to the recent separation and the sudden loss of daily companionship and care. In comparison, 28% of those whose family members had migrated 1–5 years ago reported similar issues, suggesting a gradual adaptation over time. The prevalence dropped further to 20% among families whose members had been abroad for more than 5 years, indicating increased resilience or access to coping mechanisms as time passed.

When it came to external support for mental health, 28% of affected elderly received assistance from local government bodies, 26% from social organizations, and 18% from senior citizens' clubs. These findings reinforce the importance of targeted emotional support during the early stages of family separation, when elderly citizens are most vulnerable.

6.3. Social Support Systems

The elderly parents miss their children; as a result, they suffer various mental disorders. Figure 3 illustrates how the social support system has worked in such instances.

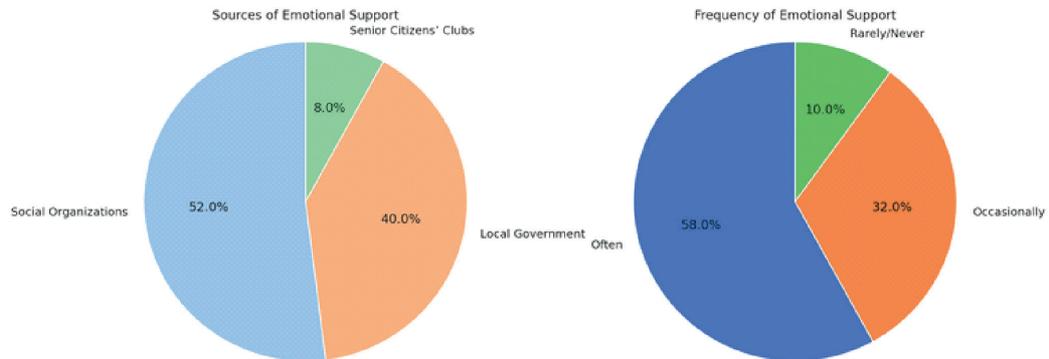


Figure 3: Social Support Systems

Source: Field Survey, 2024

Social support plays a vital role in the emotional well-being of elderly citizens, especially those experiencing isolation. Among the isolated elderly, 52% relied on social organizations for emotional support, 40% on local government initiatives, and 8% engaged with senior citizens' clubs.

Despite the presence of such support systems, a significant gap remains. While 58% reported receiving emotional support frequently, 32% received it occasionally, and a concerning 10% received such support rarely or never. This indicates a need for expanding and strengthening the reach of support services to ensure more consistent and inclusive care for elderly citizens.

6.4. Comfort with care arrangements

When asked about the comfort with current caregiving arrangements, responses varied significantly. Figure 4 illustrates that 20% of the elderly reported feeling “very comfortable”, suggesting strong family or institutional care. However, a large segment (38%) expressed a neutral stance, while 25% felt “somewhat uncomfortable” with their care situation. Additionally, 15% of respondents reported outright dissatisfaction, pointing to possible neglect or unmet caregiving expectations.

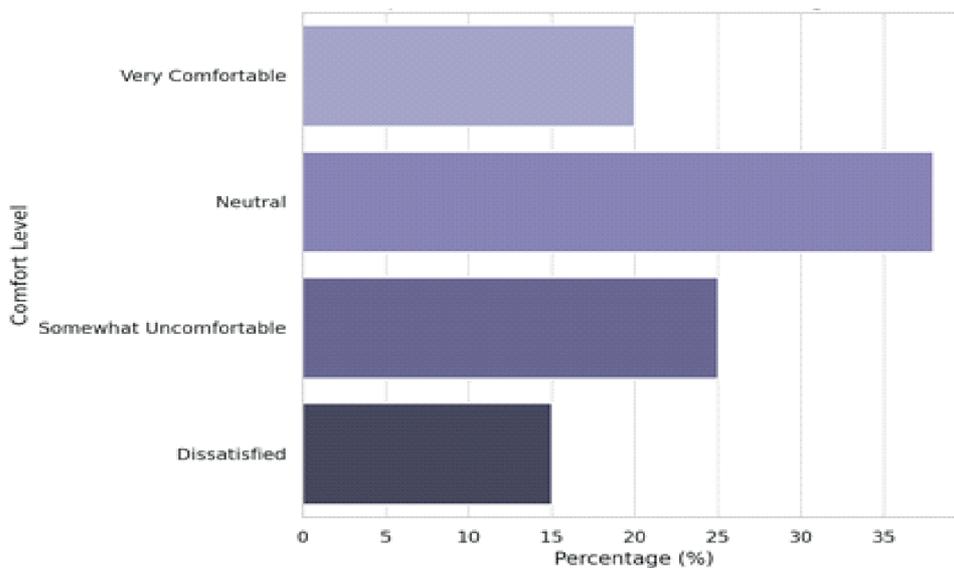


Figure 4: Comfort with Care Arrangements

Source: Field Survey, 2024

7. Findings

The present study reveals multiple facets of remittances, highlighting both their advantages and drawbacks for society. On the positive side, remittances provide households with a stable source of income, leading to better housing, healthcare, and nutrition. This, in turn, enhances the overall living standards of families, including elderly members. However, financial security alone does not eliminate feelings of loneliness or emotional distress. Another positive aspect is that remittances contribute to improved self-perceived health, facilitated by access to care and medication. Yet, the emotional burden associated with family separation can aggravate the management of chronic illnesses among the elderly, placing a hidden cost on society despite the economic gains from remittances. Interestingly, in the absence of male family members, women—and at times elderly parents—are compelled to engage more actively in social life. This fosters greater social cohesion and can lead to increased autonomy and empowerment. Nonetheless, this shift also poses the risk of widening intergenerational gaps, which may result in subtle but significant social, cultural, and demographic consequences over time.

Structural Equation Modeling (SEM) to assess the impacts of short-term migration (< 1 year) versus long-term migration (> 5 years). The findings show

that remittances substantially enhance financial well-being, with 71 % of long-term migrant households reporting “Much Better” financial conditions ($p < 0.01$ at 5% significance level). At the same time, mental health challenges increase, as isolation affects 38 % of the elderly in short-term migrant families and 22% in long-term cases. Mediation analysis reveals two opposing effects: remittances strengthen financial security ($\beta = 0.18$, $p < 0.01$ at 1% significance level) but weaken family connections ($\beta = -0.40$, $p < 0.05$ at 5% significance level), leading to an overall negative impact on mental health. It means, a **positive value** ($\beta = +0.18$) means that as **remittances increase, financial security** also tends to increase. For every standard deviation increase in remittances, financial security increases by 0.18 standard deviations, holding other variables constant. The p-value ($p < 0.01$) confirms this effect is very unlikely due to chance (99% confidence at the 1% significance level). While remittances improve financial security ($\beta = 0.18$), they erode family connections much more severely ($\beta = -0.40$), leading to a net decline in mental health. While remittances improve financial security (a protective factor for mental health), their greater erosion of family ties (a stronger risk factor) leads to a net harmful outcome. This suggests that policies should address this trade-off.

8. Conclusions and recommendations

Remittances undeniably enhance financial security for elderly Nepali citizens in the migrant households. However, the emotional toll of family separation remains a crucial issue. Balancing economic benefits with mental health requires integrated policies- combining financial support, community engagement, and mental health care. Addressing this paradox will ensure that Nepal’s reliance on migration does not come at the cost of its elderly population’s psychological health. So, to fight the ensuing future cost, the following policy interventions are recommended:

- (i) Educate families with effective management of remittances to prevent financial insecurity.
- (ii) Provide micro-saving schemes to the elderly to ensure backup funds.
- (iii) Introduce counselling services for the elderly in the migrant households.
- (iv) Expand senior citizens’ clubs and local government programs to reduce isolation.
- (v) Train community workers to identify and assist the elderly with mental health struggles.

- (vi) Ensure compulsory provision of senior citizen fund by the local governments.

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APPENDIX : Study Area



Tilottama

149,479 Population [2021] – *Census*

126.2 km² Area

1,185/km² Population Density [2021]

3.9% Annual Population Change [2011 → 2021]