



1998

## Foreign Labour Migration and the Remittance Economy of Nepal

David Seddon

Ganesh Gurung

Jagannath Adhikari

Follow this and additional works at: <https://digitalcommons.macalester.edu/himalaya>

### Recommended Citation

Seddon, David; Gurung, Ganesh; and Adhikari, Jagannath. 1998. Foreign Labour Migration and the Remittance Economy of Nepal. *HIMALAYA* 18(2).

Available at: <https://digitalcommons.macalester.edu/himalaya/vol18/iss2/7>

This Research Report is brought to you for free and open access by the DigitalCommons@Macalester College at DigitalCommons@Macalester College. It has been accepted for inclusion in HIMALAYA, the Journal of the Association for Nepal and Himalayan Studies by an authorized administrator of DigitalCommons@Macalester College. For more information, please contact [scholarpub@macalester.edu](mailto:scholarpub@macalester.edu).



# *Foreign Labour Migration and the Remittance Economy of Nepal*

David Seddon with Ganesh Gurung and Jagannath Adhikari

## **Agriculture in Perspective**

Most studies of Nepal emphasise the crucial importance of agriculture in the national economy, and certainly agriculture has been and remains at the centre of planning for development. Indeed, the Agriculture Perspective Plan (APP)—the major strategy document adopted successively by governments of various political persuasions over the last few years as the corner stone of their development strategy—argues that agriculture must and will provide the basis for economic development over the next two decades and beyond. Although this view is debatable (see John Cameron's critique of the APP in this issue of the *HRB*), it has recently been endorsed by the World Bank (1998), which refers in its poverty assessment of Nepal to 'the centrality of agriculture' in Nepal's development.

Certainly, it seems at first sight that agriculture remains crucial. Even in 1996, according to the Nepal Living Standards Survey (NLSS), over 78 per cent of those actively employed spent the majority of their time in agriculture; and the World Bank has recently argued that "agriculture plays a central role for all": with 86 per cent of households cultivating some land, 80 per cent having some livestock, and agriculture constituting the main sector of employment for 83 per cent of all individuals in the labour force (World Bank, *Nepal: Poverty at the Turn of the Twenty First Century*. 1998: 14).

But agriculture has failed so far to experience that progressive transformation that in other countries has heralded the beginning of the transition from agrarian to industrial economy and society. The 'Green Revolution' has been a long time arriving, although the authors of the APP argue that it is still possible if their prescriptions are followed. Agriculture has been for many years a sector of slow growth, some would say stagnation (over the last 20 years agricultural GDP has grown at an average of only 2.6 per cent a year), while other sectors have experienced relatively rapid growth.

Today only about 40 per cent of GDP comes from agriculture and a significant and increasing proportion comes from the non-agricultural sectors, while a larger proportion of the rural population depends more and more heavily on non-farm income.

## **Remittances and Migration**

The importance of non-farm income for rural livelihoods is not new. A study in the mid-1970s (by ARTEP) showed that in the majority of cases, the total net income of rural households was derived from more than one source. In the hills only 0.2 per cent of the households sampled obtained all their income from a single source; in the terai, the percentage of households depending on one income source was 9.8 per cent and most of those were landless. Roughly 25 per cent of household income in both hills and terai came from non-farm sources, notably from wages and salaries, pensions and remittances. In 1980, a study conducted by the National Planning Commission estimated that 35 per cent of total household income in rural Nepal came from non-farm and off-farm earnings.

What might be termed 'the remittance economy' is of major significance both as a source of foreign exchange and as a source of income to many households and local communities throughout the country, particularly (but by no means only) in the hill areas. Also, foreign labour migration and the value of remittances have increased substantially in the last ten years. In 1996 the NLSS estimated that for households which received remittances those remittances accounted on average for about a quarter of household income, although the share was higher in the hills (30 per cent) and in the western region (33 per cent). In rural areas, 25 per cent of remittances came from urban areas, 33 per cent from other rural areas, 40 per cent from India and 3 per cent from 'other countries.'

Significantly, the bulk of rural non-farm and off-farm income comes from activities undertaken outside the village. This implies migration to work, which

includes: i) daily commuting, ii) short-term and local migration to nearby towns, iii) seasonal migration to other localities within Nepal or India, and iv) temporary but 'long term' (over six months) migration. Long term migration may involve a) essentially casual and generally low-paid work, b) more reliable waged employment or c) relatively secure salaried employment, elsewhere in Nepal or abroad. In 1990, the World Bank, in its study of poverty in Nepal, concluded that "the income effects of migration are not well documented. It is recommended that further research be undertaken on them" (World Bank 1990: 45, footnote 27).

### The Response of the Development Agencies

Surprisingly little attention has been paid to this suggestion. The increasing importance for rural households and for the rural economy as a whole of non-farm and off-farm income and remittances from migrant workers elsewhere—of which 43 per cent comes, for rural households, from employment abroad—has been largely ignored. Even recent attempts to map out strategic approaches for Nepal's development (such as the APP or the World Bank's poverty assessment) have paid little attention to labour migration and remittances, seeing them generally as an unfortunate and marginal by-product of a stagnant rural economy, to be eliminated progressively by programmes for economic development within Nepal, and within the agricultural sector.

Only in the last year (1998-99 AD) has there been any public recognition (by government or other agencies) of the policy implications of the substantial flow of labour out of the country and the massive return flow of remittances into the country. But what discussion there has been, and what policy measures have been suggested, have been based unfortunately on an inadequate understanding of the dynamics of 'the remittance economy of Nepal,' largely because there has been no attempt until hitherto to bring together the existing information and to collect primary data on this subject. As Dixit has pointed out recently: "the remittances by migrant labour make a singular contribution to the national economy, but they find no mention in national economic calculations, and certainly not in the figures and forecasts of the National Planning Commission" (Dixit et al. *Himal.* 1997: 10).

Adhikari makes a similar observation (in his book, *The Beginnings of Agrarian Change*), with reference to the lack of studies of how remittances affect local village and household economies:

another common and rather surprising deficiency is that most research studies conducted in Nepal have paid little attention to the growing role of off-farm work in the village and household economy. Even though a few studies give some account of off-farm employment . . . , their

main concern has been with the relative size of the income generated, rather than with its role in the livelihoods strategies of different village groups. That is to say, they have not given much attention as to how access to off-farm income is ethnically selective; and how such selective access has affected the livelihood strategies of ethnic groups or individual households, often in neighbouring villages (1996: 21).

We have therefore undertaken a programme of investigation over the last two years into 'the remittance economy' of Nepal, at all levels—national, regional and local. The research (funded and supported by the British Government through the Department for International Development (DfID) in South East Asia) on which this paper is based is the first attempt to provide a coherent overview and preliminary analysis of 'the remittance economy of Nepal.' The research is not yet completed and what follows is a preliminary report on 'work-in-progress.'

### The Scale of Remittances from Abroad

During the second half of the 1970s the recorded value of money sent back from abroad more than doubled, from Rs 90.7 mn in 1974-75 to Rs 216.8 mn by 1980-81. Over the next decade, the official value of foreign remittances increased three-fold, to reach Rs 676.8 mn by 1989-90; this was just under half of the value of tourist receipts and a seventh of total exports. Despite their considerable increase, the value of remittances as a proportion of total foreign exchange earnings declined as tourism and exports grew. Even so, it has been estimated that, in the mid-1980s, Nepal was gaining nearly \$47 million annually as foreign exchange from British Gurkhas as salary, remittances and pensions, and Indian currency worth \$100 million from those in the Indian Army.

By the middle of the 1990s the value of officially recorded remittances from abroad was around Rs 2.9 billion—well over half the value of tourist receipts and a fifth of total exports. Of this, 'Gorkha remittances' accounted for between a quarter and a third. If this figure were to be taken at face value it would represent about 7.7 per cent of foreign exchange earnings, putting it well below countries like Bangladesh, where 32 per cent of foreign exchange earnings come from migrant labour (Shanti Nair, *The World Today*, March 1998, p. 66). All of our research so far, however, suggests that official figures indicate the tip of a much larger iceberg.

Illegal migrants overseas (notably in the Far East and, to a lesser extent in Europe) and migrants working in India send their remittances back home through various channels, all of which share the characteristic that they are not formally recorded. Even those working legally abroad send their money home in a variety of ways—most of them unrecorded. The official figures are known to be a gross underestimate of the total value of

remittances; but it has not been recognised until now just how gross an underestimate is involved.

Our conservative estimates—based on i) a detailed investigation of the numbers of migrant workers (legal and illegal) known to be working in all countries, ii) average wages and iii) estimated average remittances per month sent home—suggest that, instead of Rs 2.9 billion, a figure **closer to Rs 35 billion** was sent back in 1997 (our reference year). Note that this estimate includes from India **only** remittances from those in public sector employment, whose numbers are known; it does **not** include the remittances sent back by the vast numbers of Nepalese migrant workers unofficially employed in the private sector in India.

Even so, our estimated value of remittances to Nepal is not very much less than the official figure for **all** foreign exchange earnings combined (from merchandise and other exports, foreign aid, tourism, remittances and other sources) —a total of Rs 38.3 billion (according to the Nepal Rastra Bank's **Quarterly Economic Bulletin**, vol. xxxi, nos. 3 & 4, 1997, p. 54). Given that national GDP was estimated at around Rs 280 billion in FY 1996/97, this would mean that total value of remittances from international migrant workers was roughly equal to the official value of all foreign exchange earnings combined, and to **13 per cent of GDP**.

This is, we emphasise, a conservative estimate. The value of remittances coming from India is certainly considerably higher than our estimate based on public sector employees alone (Rs 6 billion). If, as the NLSS suggests, remittances from India account for 33 per cent of all money sent back home by migrant workers (including those working within Nepal) as compared with 22 per cent from 'other countries,' then the overall figure could be as high as Rs 69 billion (Rs 40 bn from India and Rs 29 bn—ie Rs 35 bn less Rs 6bn—from 'other countries'). **This would be roughly equivalent to 25 per cent of GDP.**

### Regional Patterns of Workers Abroad

The official number of those living and working abroad increased during the 1980s, from around 400,000 in 1981 to around 660,000 by 1991 (although this figure does not reliably identify labour migrants). This constituted about 3.3 percent of Nepal's total population - over 10 per cent of the economically active population. This is not surprising: between 10 and 30 per cent of the labour force in India, Pakistan and Bangladesh works overseas, according to Nair (1998: 66). The vast majority (89 per cent)—albeit a smaller proportion than in 1981 (93 per cent)—went to India, but a significant proportion (11 per cent) and number (71,000) were now apparently going elsewhere (Gurung 1998: 19).

Broadly speaking there are four major world regions where Nepalese migrants currently find employment: 1)

the West (northern Europe and north America), 2) the Far East and South East Asia, 3) the Gulf and 4) India. There is a small number of Nepalese workers employed outside these four regions.

The smallest numbers are to be found in region one, and many Nepalis living and working in this region do not send remittances back home; particularly in north America, many are people working professionally, often accompanied by their families. Our (conservative) estimates for 1997 suggest a total of around 12,500 Nepalis working in Europe and perhaps as many as 2,500 in North America—making a total of around 15,000 Nepalis in this region as a whole. The largest number in any single country is in the UK, where 3,600 are officially registered and an estimated 8,000 more work unofficially. We have estimated that the European migrants alone sent back around Rs 4.4 billion in 1997, of which the major part (Rs 4.1 billion) came from the UK, much of it accounted for by those in the British army. From North America we estimate a total of some Rs 50 million.

The second smallest number of Nepali workers in 1997 were in region two—the Gulf—a region which has opened up to Nepali workers dramatically in the last few years. A total of some 40,000 Nepalese migrants were working in the Gulf, most of them—but by no means all—both legal and official. We estimate that in total these migrant workers sent back around Rs 1.5 billion (Rs 720 mn. from Saudi Arabia, Rs 360 mn. each from Qatar and the United Arab Emirates and Rs 18 mn each from Kuwait and Oman). Since 1997 the numbers have increased significantly and may now number about 90,000.

The region (apart from India) from which the great majority of remittances comes into Nepal is that of East and South East Asia. We estimate a minimum of some 44,000 Nepalese migrants in this region, at least half of them working illegally and sending money back through 'informal channels.' In Japan, for example, we have estimated some 10,000 migrant workers, most of them illegal. In general, and particularly for those working in East Asia, the average value per migrant of remittances sent back is high. A relatively conservative estimate produces a total of around Rs 23 billion in remittances from this region. Of this, the majority by far comes from Hong Kong (Rs 14.4 billion); some Rs 6 billion comes from Japan, around Rs 1 billion from Brunei and just under Rs 1 billion from Singapore. Other countries where Nepali migrant workers are known to be employed include: Saipan, South Korea, Taiwan, Thailand, Malaysia, the Maldives, and the Philippines. From among these countries, the largest amount comes from South Korea —Rs 256 million.

Finally, there is India. According to the NLSS, in terms of absolute monetary value, India provided the largest share (33 per cent) of total remittances, followed by urban Nepal (32 per cent), 'other countries' (22 per cent) and rural Nepal (12 per cent). By all accounts,

'hundreds of thousands' of Nepalis are working in India; the total could be as high as 1 million. But, apart from the 250,000 known to be working in the public sector, we are not yet in a position to estimate the total number working there. Suffice it to say that, on the basis of registered employees **alone**, we estimate a total value of remittances of Rs 6 billion, although if

the proportion coming into Nepal from India is in fact 33 per cent of all remittances, then the figure could be closer to Rs 40 billion. This would not be so surprising if we were to accept the estimates of those who see "more than a million individuals from a population of 21 million leaving home to work (in India)" (Dixit et al. 1997: 10).

**Table 1 Summary of International Migrant Workers and Remittances**

region	numbers of workers	remittances
1. The West	15,000	4.4 bn
2. The Gulf	90,000	1.5 bn
3. The Far East	34,000	23 bn
4. India	250,000 +	6 bn +
5. Others	1,000	--
Total	392,000 +	35 bn +

NB If India has 1 million workers who send back Rs 40 bn, instead of Rs 6 bn, the total would be Rs 69 bn.

While the overall volume and value of total remittances coming into Nepal from the large numbers of Nepalese working abroad is enormous, the scale and significance of remittances reaching the rural areas varies from region to region and from social group to social group; even from village to village and from household to household. Access to employment abroad is uneven spatially and socially; so too is the distribution of the rewards.

### Patterns of Access to Employment

Access to employment abroad is regulated in a variety of ways, both formal and informal. The process of recruitment differs significantly, depending upon the form of employment and the region to which the migrant workers goes; the relative importance of personal networks and pre-existing linkages between 'place of origin' and 'place of work' also varies considerably.

### Access to Employment 'Overseas'

Employment in the British army, for example, involves formal selection procedures but access is also strongly affected by ethnicity and family or village connections. Historically, the Gurungs and Magars of the western hills have been particularly favoured as recruits, as have (to a lesser extent) the Rais and Limbus of the eastern hills. Other ethnic groups and castes are in theory acceptable, but are recruited in far

smaller numbers. There is a high degree of continuity in recruitment, leading in effect to a concentration on certain regions, certain villages and even certain families. This is particularly the case now that the numbers recruited are quite small. The benefits of employment in 'the Gurkhas' have consequently also been spatially and socially concentrated within Nepal. Access to employment in the Indian army, by contrast, is far less narrowly determined, although the formal recruitment procedures here too are affected in practice by certain ethnic and caste preferences. The degree of concentration in employment is much less, however, as is the concentration of benefits; also, far greater numbers are employed in the Indian army and the overall value of remittances is significantly greater, even if average remittances are smaller.

Recruitment for overseas employment in Saudi Arabia, Qatar, the United Arab Emirates, Bahrain, Oman, and Kuwait in the Gulf, and for Malaysia, Brunei, Hong Kong, Saipan and South Korea in East and South East Asia is officially undertaken through procedures involving the Ministry of Labour and registered manpower agencies. There are currently over 100 registered manpower agencies in Kathmandu, of which, however, only some two thirds are officially in operation—and far fewer actually operate on a significant scale. Normally, the Nepalese agency will take the responsibility for acquiring all of the necessary official permission and documents for the migrant

worker, and will also liaise with the employer in the country of destination.

The official process is often slow and laborious. Nepalese agencies are able sometimes to short-circuit this by by-passing some of the registration procedures. In such instances, the migrant workers may be legally but unofficially recruited and will not appear in any official statistics produced by the Ministry of Labour; they are also more open to abuses, including fraud. Officially, agencies may take one month's salary in advance as commission; generally they charge between Rs 30,000 and Rs 80,000 per person. Of the total advance provided by the would-be employee, the Nepalese agency generally takes about 55 per cent. There is then usually at least one further stage (involving an intermediary agency) accounting for a further 20 per cent or 40 per cent (if two agencies are involved). Sometimes there is a direct link between the employer and the Nepalese agencies, in which case the latter will take the lion's share of the 'commission.' In rare cases only will an employer grant work permits and visas directly to Nepali workers; this is usually where existing Nepalese employees are able to convince an employer that a relative or friend of theirs would be appropriate. There is ample opportunity for fraud here, and there is much anecdotal evidence to suggest that this is not uncommon. Recently, some registered manpower agencies have been closed down or prosecuted by the government for breach of agreements and requirements.

Procedures for recruitment to the Gulf are relatively highly regulated. Partly for this reason, and partly because this is a new region for Nepalese migrant workers and the nature of employment is generally that involving unskilled labour, the informal mechanisms which serve to 'screen' access to many employment opportunities in other regions (ethnic and caste origin, personal networks, etc.) are for the time being of less significance in recruitment to this region than they are for other regions. It seems that a wide range of young men from a variety of social backgrounds have been recruited for employment in the Gulf, mainly in construction and road building.

Generally, the countries of East Asia are the most desirable in terms of wages, working conditions and possibilities for accumulation. However, despite some agreements regarding recruitment of Nepalese workers with the governments of Hong Kong, Brunei, South Korea and Malaysia, countries in this region are generally restrictive as regards to immigration for employment. A very substantial proportion of those working in East and South East Asia, therefore, work illegally. A proportion of those employed in Europe are also employed unofficially and even illegally.

Under these circumstances migrants depend heavily on informal and personal connections and networks to obtain employment abroad. Unregistered brokers (*hundi*) are involved widely in facilitating Nepalese migration in search of work to those countries where there is no

formal arrangement or procedure in operation. They may charge substantial fees, and not all are trustworthy. Usually they obtain tourist visas for their clients; as long as the visas remain valid, the illegal migrants are relatively safe, but after that they are liable to prosecution not only for working illegally but also for overstaying their visa. In some cases, even entry to the country is illegal. This, however, fails to prevent large scale migration. In Japan, for example, we estimate there to be only about 30 officially registered Nepalese workers but as many as 10,000 illegal migrant workers in reality.

While access to employment in the Gulf would appear to be relatively unconstrained by class, ethnic and caste background (although the nature of the work tends to discourage would-be migrants from better-off families), the same cannot be said for access to employment in the West or in the Far East. Given the distances involved and the difficulties of access for other reasons, migration to North America and (albeit to a somewhat lesser extent) to Europe is generally limited to those with resources and with relatively good qualifications. The 'fees' that have to be paid to unofficial brokers to organise migration to the West are high, and for most are prohibitive. The majority of those migrating to North America to work are, it is thought, of Brahmin, Chettri and Newar origin—although there is a Sherpa community in the USA of about 600 and scattered groupings of other ethnic groups. As regards to the UK, where the largest number of Nepalese workers in the West is to be found, the variety is considerable, although the predominance of British army employment implies that the majority are from the usual specific ethnic groups.

In East Asia, the majority of migrant workers are from the hill ethnic groups—notably Gurungs, Magars and Thakalis (2,500 of these last in Japan) from the western hill and mountain regions, and Rais, Limbus and Sherpas from the eastern mountain and hill regions. In part this is explained by the connections with some of the countries of this region established through British army and commercial 'old-boy' networks; in part, perhaps, by physical appearance, which helps the illegal migrant to be less 'visible.' In South East Asia, there is a tendency for the same groups to be most heavily involved—although this is not well documented.

### Access to Employment in India

The great advantage of labour migration to India is that there is no need for expensive air travel, there are no passports, visas, etc. required, and there is—at least officially—no restriction on access to employment. This is why the number of Nepalese migrant workers in India runs into the hundreds of thousands, if not as many as 1 million—far greater than for any other region—while the aggregate value of remittances is also, in reality, far greater than for any other region.

Despite the increasing proportion of Nepalese foreign migrants going to 'other countries,' India remains by far the main source of employment; furthermore the exodus from Nepal to India has escalated over the last decades. As Dixit et al. remark: "today, at roadheads all over Nepal's terai, from Mahendranagar on the western border to Kakarbhitta in the east, there is a continuous flow of Nepalis on the way to jobs in India or returning on leave. All over the Nepali hills this past October, as happens every year at the time of the Dasain festival, Nepali menfolk arrived home by the tens of thousands—bringing gifts, trinkets and household items, to snatch a few moments with parents, children, wives—before heading back down for another year of labour" (1997: 12).

It is not only from the hills, however, that Nepalese migrant workers leave to seek employment in India. Whereas not so long ago, Indian immigrants seeking work in the Nepalese terai were common, the trend is rather now the reverse. As a result of new employment opportunities in northern India, the Indian border labourers hardly come to Nepal anymore. Instead they go to some of these states in their own country where new development opportunities have opened up. But while the flow of Indian labourers has decreased, the tendency in the other direction has been growing. Furthermore, while earlier it was almost only the people from the hills (who went) to India for employment, for the last few years the people of the Nepalese border region (terai) have also started going to different parts of India for seasonal and for longer term employment. One commentator noted in 1995 that "there is hardly any village or town on the Nepalese side of the border from where the people do not migrate to India in certain seasons in search of employment. This new development has occurred due to the lack of employment opportunities within Nepal."

But if there are few formal restrictions regarding access to employment and no agencies or brokers involved, in practice, the process of recruitment and employment is far more complex and far more significantly determined by social networks and personal relations than for any other region to which Nepalese migrants travel in search of work. It is possible, nevertheless, to identify patterns of social networks and linkages which connect specific regions, districts and even villages of Nepal with particular towns and centres of employment in India.

For example, Nepalese workers from the Far West tend to head for certain specific locations in India either westwards or along a broad route heading from north to south down the western part of India. Most work in adjacent Uttar Pradesh, but others travel further afield. Dixit et al. indicate that "the population of the poverty-stricken western hills . . . migrates to adjacent areas in India. Besides going to the nearby plains, some Nepalis from the far west also hike across into Uttarakhand, whose own menfolk migrate to Delhi to find better

work. In Uttarakhand, Nepalis (called Dotyals) serve as coolies in hill stations like Nainital and Mussoorie and carry loads for pilgrims—and the pilgrims themselves—at holy locations such as Gaumukh and Kedarnath" (Dixit et al. 1997: 11). Punjabi landlords, and also those in Haryana and Western Uttar Pradesh, use Nepali workers as security guards and as seasonal labour for the fields as well. Across the Himalayan regions of northwest India, Nepali road gangs build and maintain mountain highways; in May 1997, Indian newspapers briefly noted the execution-style killing of eight Nepali labourers by militants at a stone-crushing factory in Kashmir Valley.

Some travel farther afield, to Mumbai or Delhi. Sociologist Phanindra Paudyal, who studied Nepali labour in Bombay in 1988, reported that it was the rural poor of the far west districts of Nepal, such as Doti, Accham, Baitadi and Dadeldhura that landed up in India's financial capital: "with little or no education, and no off-farm experience, these migrants do not have access to the skilled jobs that are available. They find what work they can on the basis of their reputation as 'brave, sincere and honest Gorkhas'" (Paudyal, cited in Dixit et al. 1997: 16).

Some travel east as far as Calcutta or Patna or even as far south as Madras or Bangalore: "at the sub-continent's other extremity, in and around the city of Bangalore, villagers from Bajhang District in Nepal's far west have established a well-organised labour monopoly for themselves. According to Joanna Pfaff-Czarnecka, a Swiss anthropologist who has studied this trans-South Asian phenomenon, Bajhang survives on the basis of remittances from Bangalore" (Dixit et al. 1997: 11). The district of Bajhang exports a very high proportion of its male population as temporary migrants all over India; but 20 per cent end up in Bangalore—where there is a long-standing tradition of such migration—and other nearby south Indian cities. Bajhangis are mainly employed as guards and night watchmen in government offices, factories and shopping complexes (*bazaars*); "the ability to find jobs as watchmen is the outcome of the reputation which several generations of Bajhangis have acquired as 'brave and sincere' workers," according to Pfaff-Czarnecka.

Similar linkages exist for other regions of Nepal between places of origin and destinations. In part this is a matter of geography, but more importantly it is a consequence of the way in which migration has evolved historically and migrants tend to seek opportunities in places where they have contacts and connections, where previous migrants from their place of origin are thought to have been successful, and where it is thought reasonable prospects of employment exist and access can be obtained.

For example, although both the western and the eastern hill regions of Nepal are regions of high emigration, with a significant minority migrating overseas, the structure and pattern of migration differs

significantly. Whereas in the eastern hills and mountains (according to the NLSS), the bulk of remittances (56 per cent) comes from employment within Nepal (in the terai and in the towns) and relatively little from employment abroad (9.6 per cent in India and 4.4 per cent in 'other countries'), in the western hills and mountains, the bulk of remittances (59 per cent) comes from employment abroad (55 per cent in India and 4 per cent from 'other countries').

### Patterns of Inequality

For labour migration in general, but for foreign labour migration in particular, having the right connections is crucial if the risks are to be minimised and access to secure, reasonably well-paid employment is to be secured. Another barrier to access, however, is cost. In order to obtain the necessary pre-requisites for travel and employment abroad the prospective migrant worker usually needs to be able to invest 'up front' (whether officially or unofficially) and this requires the capacity to risk those resources in what is always an uncertain venture. For those who do not have the necessary resources, the alternatives are to borrow (with the very substantial risk of indebtedness if the venture fails) or to seek employment where the 'entry costs' are lower. This ensures that there is a general tendency for the better-off to gain access more easily to the better paying jobs, often in the more 'desirable' countries; and for the majority of the poor to seek employment in India. Even for India, however, there may be significant opportunity costs and risks involved.

Thus, while international labour migration is widely recognised in Nepal as a possible means of increasing household income, it carries serious risks and may involve considerable investment; it also has major social implications, and is not undertaken without a great deal of consideration and thought. It seems that in general, the rural elites tend to prefer to seek employment within Nepal, in the bureaucracy and public service in particular, or to establish themselves in business and commercial enterprises in the private sector, rather than emigrate in search of employment. Sometimes, a wealthy family will encourage sons to migrate in search of employment, and a family tradition of migration may develop. On the whole, however, the wealthiest rural households tend to be less involved in international labour migration than the higher of the 'middle ranking' social classes. But where the wealthiest households are involved, they tend to be able to secure better paying and more secure employment than most others.

As for the poorest, not only are the effective 'entry costs' higher, but the probability of securing a well-paying and reasonably secure job, which would allow savings and the sending back of remittances, is lower, and the average size of remittances sent back is smaller. According to the NLSS, roughly 23 per cent of all households surveyed received remittances; but the

proportion for the poorest quintile households was only 19.2 per cent, that for the wealthiest just over 23 per cent, and that for the second wealthiest category, 25.1 per cent. This tends to support the view that while labour migration involves between one fifth and one quarter of all households, it is least among the poorest. The average value of remittances received (according to the NLSS) also reveals major differences between the different categories of household. The two poorest categories of household averaged Rs 7,129 and Rs 8,056 a year respectively; the third and fourth averaged Rs 12,396 and Rs 10,322 respectively; and the wealthiest category averaged Rs 30,597—more than four times the average value of remittances coming in to the poorest households.

The most desirable destinations are often the hardest to get to, but these are the locations where, once work is obtained, the wages tend to be the highest and the value of remittances sent home generally the greatest. This tends to mean a double inequality: inequality of access to employment abroad, and inequality in terms of the potential for remittances to send back home. When the poor do migrate, it is generally within Nepal or to India, usually to low paid jobs, if they are able to secure employment at all. According to the NLSS, India was the most important single source of remittances for all except the wealthiest households; it was highest of all (57 per cent) for the poorest category of household, and lowest (23 per cent) for the wealthiest.

Most favoured destination of all is Japan, where Nepalese workers are able,—if they can find a job—to earn relatively high wages and make savings by living in cramped and overcrowded conditions. Shanti Nair (1998: 66) has pointed out that wage differentials between Bangladesh and Japan are as much as 80: 1; for Nepal they may well be as high as this, even for the relatively well-off Nepalese migrants who tend to secure employment there. We have estimated that illegal workers in Japan—who are often in better paid jobs than those there legally—are generally able to send back the equivalent of Rs 80,000 a month to their families, while those officially registered are sending back about Rs 60,000 a month on average. Workers in Brunei and Singapore and those officially in the UK are also able to send approximately Rs 60,000 a month on average; while those migrants working officially in Switzerland, the Philippines and Angola (sic) manage Rs 50,000 on average. Rs 40,000 is the monthly average remittance for official migrant workers in Hong Kong and for illegal workers in Singapore; also for those employed in the UK. These represent the higher end of the remittance scale.

Those employed unofficially in Europe—in Belgium, Germany, Austria and Switzerland—may be able to send back on average some Rs 30,000 a month. Those employed in North America, although often earning good wages or salaries, send back on average some Rs 20,000 a month. This would be roughly



equivalent to what the value of average remittances from those working officially in Thailand, or unofficially in the UK and Taiwan. In South Korea (where an arrangement to accept Nepalese workers as 'trainees' ceased with the 'East Asian meltdown'), Malaysia, Australia and Saipan, unofficial migrants have been able to send back between Rs 10,000 and Rs 15,000 a month on average. Those in the Maldives, we estimate can manage only about Rs 6,000 a month.

But even the lowest level of monthly remittances from the West, and from the Far East and South East Asia, is significantly higher than the average sent back from employment in the Gulf, or in India, for both of which we estimate a monthly average remittance per person at around Rs 3,000. For India, this may prove over-generous. The NLSS estimates on the basis of its sample that while India accounts for one third of all remittances, the average amount received in 'the previous year' was Rs 10,532, compared with the average amount from 'other countries' of Rs 79,183. This is because the bulk of those working in India are in low paid employment.

"Fully 99 per cent of Nepalis in India are in menial jobs" says C. P. Mainali, senior left politician in Nepal, who worked for three years organising migrants in India. "Only one per cent might be in technical or skilled fields, and less than 0.1 per cent will have an independent income. There is not a *paan* shop in the name of a Nepali in India, and less than one in a thousand is a clerk" (Dixit et al. 1997: 15). "The situation of the Nepalis is tenuous," says Sudarshan Karki, Delhi Committee Secretary of the All India Nepali Unity Society, "those with good jobs may earn Rs 2,000, but more are earning Rs 200 (a month)" (quoted in Dixit et al. 1997: 15). And while these comments may exaggerate the hardship experienced by Nepalese workers in India, there is no doubt that the bulk of Nepali migrants are in low paid and relatively less secure jobs. According to Garima Shah (Delhi-based activist and social worker): "young boys in restaurants and *dhabas*, illiterate factory labourers, domestic help, drivers, *chowkidars* (watchmen), *ayahs* (nurse maids), this is the lot of the Nepali migrant. A few lucky ones make it to the level of lower division clerk in a government office, cashiers, receptionists, and *hawaldars* in the Indian police . . . Nepalis are everywhere, in the low paying jobs which are most visible. There is a saying among us here, that *Nepali na*

*aloo jaha pani painchha* (Nepalese people and potatoes are found everywhere)" (Dixit et al. 1997: 11).

Struggling to survive in menial and often degrading forms of employment (and this includes work in the commercial sex industry), these Nepalese labour migrants in India appear also to be able to send relatively little to their own households back home, although they contribute something like Rs 40 billion a year to the Nepalese economy in foreign exchange earnings. Not only the scale and national significance of foreign labour migration and the remittance economy requires consideration, so too does the unequal pattern of access to employment, the unequal returns to the migrant worker and his or her family in Nepal, and the effect on inequality in rural Nepalese economy and society.

## References

- Adhikari, J. 1996. *The Beginnings of Agrarian Change: a case study in Central Nepal*. Kathmandu: TM Publications.
- ARTEP. 1976. *Nepal: Rural Household Survey - 8 Villages*. Asian Regional team for Employment Bankok: Production, ILO.
- CBS. 1996. *Nepal Living Standards Survey*. Central Bureau of Statistics, HMG National Planning Commission, Kathmandu.
- Dixit, K. M. et al. 1997. *Lowly Labour in the lowlands, Himal South Asia*, January-February 1997, 10 (1).
- Gurung, H. 1998. *Nepal: Social Demography and Expressions*. Kathmandu: New Era.
- Jha, H. B., ed. 1995. *Nepal-India Border Relations*. Kathmandu: Centre for Economic and Technical Studies.
- Nair, S. 1998. *Migrants in a Maelstrom, The World Today*, March 1998, pp. 66-68.
- NPC. 1986. *A Survey of Employment, Income Distribution and Consumption Patterns in Nepal*. Kathmandu: HMG National Planning Commission.
- NPC. 1994 (cited in Adhikari, 1996). *TV Report of a study undertaken by the NPC in 1994*.
- Rathaur, K. R. S. 1995. *The Gurkhas: A History of the Recruitment in the British Indian Army*. Delhi: Nirala Publications.
- World Bank. 1990. *Nepal: Poverty and Incomes*. A World Bank Country Study, Washington: The World Bank.
- World Bank. 1998. *Nepal: Poverty at the Turn of the Twenty-First Century*. Poverty Reduction and Economic Management Division, South Asia Region, Washington: World Bank.