

Outmigration and labor mobility issues and policies in Nepal

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Context

Nepal's labor migration history dates back to the colonial period in India when Nepali youths were recruited in the army of the East India Company in the early 19th century, and even prior to this period, Nepali men served in the army of Shikh ruler Ranjit Singh in Punjab (included territories of present-day India and Pakistan) (Seddon et al. 2001). This was followed by seasonal and longer-term labor migration to India. In the last 30 years, migration has reached exceptionally high levels, with the new generation of labor migrants heading to the Gulf States and Malaysia, as well as other destinations such as South Korea, Japan, Poland and

Romania (Ministry of Labour, Employment and Social Security 2022). The 1981 Nepali census classified over 400,000 household members as 'absentees' (those who were away or intend to be away from home for six or more months) and this increased to about 2.2 million by 2021. The destination of migrants over these years changed considerably (National Statistics Office 2023; Khatiwada 2014). While in 1980, an overwhelming majority (93%) went to India, from the 1990s onwards, this shifted to the Arabian Gulf States and Malaysia, which accounted for over 90% of migrants by the 2010s, with fewer than 10% continuing to travel to India (Khatiwada 2014).



Thadi Jhijha village, Dhanusha district, Nepal. Agriculture in this area is dominated by subsistence production of paddy, wheat and pulses. Most land remains fallow outside of the monsoon season due to poor irrigation. Labor migration is prevalent. Female migration is non-existent. Labor shortages affect agricultural practices. For example, straw is burned, as it is cheaper than harvesting it, which requires labor. In addition, there is less demand for straw due to the decline in animal husbandry as a consequence of migration (photo: Amrita Lamba).

To assess the implications of major recent migration trends, the AGRUMIG project research team in Nepal conducted studies

in two sites. Table 1 highlights these two key research sites considered with their respective descriptions and features.

Table 1. Study sites and migration context.

Site	Features of an agricultural economy	Percentage of HHs with seasonal migrants (%)	Destination for seasonal migrants	Percentage of HHs with long-term migrants (%)	Destination for long-term migrants	Percentage of HHs with returnee migrants (%)	Percentage of male and female migrants (%)
Dhanusha, Central Tarai	Plains, high inequality, limited commercialization, vulnerability to drought and flooding.	14%	India 55% Other parts of Nepal 45%	69%	Gulf States 86% Malaysia 13% India 1%	38%	Male 100%
Bhojpur, Eastern hills	Mountainous terrain, remote region, recent integration into commercial markets, gradual rise in cash crop production.	8%	Kathmandu 13% Other parts of Nepal 87%	67%	Gulf States 67% Malaysia 22% India 6% Kathmandu 2% Others (South Korea, Cyprus, Singapore) 4%	40%	Male 100%

Findings

Major findings of the study based on field data from two research sites in Nepal are given below.

Struggling agriculture sector as a major migration driver

While several factors help explain Nepal's major rise in outmigration over the past three decades, struggling agriculture is a major driver. The agriculture sector plays an essential role in Nepal, providing nearly a quarter (24.1%) of the gross domestic product (GDP) (Nepal Rastra Bank 2023). Nevertheless, significant challenges remain for smallholder farmers, including access to land through ownership or tenancy in Bhojpur and Dhanusha. Other issues that make the farming environment more challenging include growing climate vulnerability and poor access to agricultural inputs such as fertilizers and pesticides. Land poverty is a major driver as agriculture is the primary livelihood occupation.

Many farming households have adopted a dual livelihood strategy involving subsistence agriculture plus cash income from local wage labor or a migrant household member abroad.

Relationship between rate of migration and wealth

No clear relationship emerged between the levels of migration and wealth in Nepal, with young men from households who seem to be better-off with secure access to land and other productive assets still migrating, even if they already have secure livelihoods at home. However, migrants from wealthier households tend to migrate to better destinations, have access to better-paid jobs overseas, and send higher remittances, while those from the poorest households predominantly migrated to lower-wage jobs in the Gulf States and Malaysia. This may be due to higher levels of education, improved social networks or the ability to pay to secure passage to a more lucrative destination. For example, better-

off migrants are more likely to secure passage to high-income countries such as South Korea, Israel or Japan rather than less lucrative migration routes to the Gulf States.

Migration cost, debt and other distresses of migration

The study finds Nepali migrant workers paying over USD 1,000 for migration to the Gulf States and Malaysia, and over USD 1 million to go to the European countries. The migrants’ distress stories stemmed from high fees paid to migrate, which result in most migrants being in debt before leaving, and most of the remittances being used for debt service. Poor households are more likely to be in debt before migrating and were less likely to have savings, and there was clear evidence they were in lower-paid jobs overseas. Households with migrants were more likely to be pushed into financial distress should a migrant face difficulties in their destination country.

The other issues were low wages received by migrants in the Gulf States and Malaysia, which are below those of migrants in the European Union countries, and restrictive employment visas which mean employees can be easily deported after the loss of a job. Due to the Covid-19 pandemic, for instance, many companies closed, with migrants losing their jobs and being forced to return home. The most notable driver of distress for migrants in the case of Nepal is the opaque chain of intermediaries who mediate access to employment and the weak enforcement of migrant rights overseas.

Migration and agricultural development

In terms of the links to agricultural development and remittances, as shown in Table 2, in Bhojpur, there was potential for cash crop production, such as *rudraksha*, a ceremonial religious bead with a high market value in both China and India. With limited scope for mechanization or agricultural improvements, only investment in land could support profitable farming ventures. However, only 40% of returnees had bought land, and most of these purchases were small plots to improve food security. Only 29% had bought an area of more than 1 hectare, an area that would allow a household to yield a surplus and support diversification into commercial crops.

Some farmers who had been in a subordinate position in the land ownership structure before migrating achieved transformative change following their return with high-value

investments and land purchases. Usually, however, where this occurred, the migrant in question had secured passage to a more lucrative destination such as Japan, South Korea or Romania which offers better scope to save, often at a considerable initial cost because of agency fees that can be up to four times higher than that for migrating to the Gulf States.

Impact of male outmigration on women

In both Dhanusha and Bhojpur, migration was predominantly male, and it had increased the workload of the women at home. Women had to carry out all the household and agricultural tasks themselves, which would have otherwise been carried out by their husbands had they been at home. Female-headed households often had no choice but to hire external labor. This, however, significantly increased the cost of production, particularly as migration-induced labor shortages result in a rise in farm wages.

Impact of migration on agroecology

In Bhojpur, migration also supported some level of ecological regeneration, with evidence of an increase in forest cover. While this is partly due to improved transportation allowing more people in local bazaars to use gas rather than fuelwood, there are changes in forest management that can be connected to migration. For example, agroforestry has become more common in migration. Families with migrants in the upper parts of Bhojpur often plant fast-growing trees such as *utis* (a type of alder), particularly on less productive landholdings because they require limited labor and yield a profit only after a few years when sold to sawmills.

A major challenge in recent decades is the size of household plots, which have been dwindling as land has been divided up within families. The persistence of unequal landlord-tenant relations has aggravated this, with large tracts of land in the Dhanusha and Bhojpur sites belonging to absentee landlords, many of whom were upper castes who had benefited from the feudal Rana era land administration system until the 1950s. Tenant farmers were experiencing chronic food insecurity, with a large share of the harvest (up to 50%) being given away as rent. Against this context, migration is one of the only means to generate the cash needed to buy food.

Many households, for example, have bought more plots of land, although, in most cases, this is to strengthen food

Table 2. Average remittances per year and percentage allocated for different purposes by household.

Site	Average remittances received per household	Allocation (%)
Dhanusha, Central Tarai	USD 1,345.00	Debt servicing 23%, food 19%, education 13%, house repairs 11%, savings 10%, medical costs 8%, cultural events 9%, agricultural inputs 6%, clothes 7%
Bhojpur, Eastern hills	USD 1,423.00	Education 20%, food 2%, medical 18%, clothes 12%, house repairs 21%, agricultural inputs 9%, cultural events 17%, savings 20%

security rather than produce a significant surplus. In one site, purchases of land are outweighed by sales, which paradoxically are often to pay for migration itself or repay associated debts if things do not go to plan.

Policy issues

Nepal's policy responses to migration are complex and varied. The programs rolled out to support migrant workers have not been successful in achieving the desired goals due to weak implementation, exclusion, complexities and irrelevance.

Pre-departure training

An initiative to support migrant workers is pre-departure training. Research conducted by the AGRUMIG project shows that while this training is designed in theory to offer safe migration channels, such as those offered through bilateral projects (e.g., the Safer Migration Project) and the initiatives of governmental and nongovernmental organizations, uptake is often patchy and these programs frequently fail to reach irregular migrants. These migrants, primarily women, transit through India, for which labor permits are not required, and expose themselves to risks including human trafficking, forced labor in destination countries and needless loss of life each year. Furthermore, in the context of non-functional migration governance, lack of an option in the market of law-abiding private recruitment agencies (PRAs) and the possibility of labor migration as stipulated in the law, the pre-departure information does not make any tangible impact even in the lives of the migrants using regular channels (Aryal and Kharel 2023).

AGRUMIG project research findings indicate that pre-departure skill development training does not ensure migrant workers a guaranteed job in the same sector. Further, the quality and relevance of skill-based training offered in employment generation programs do not match the local labor market demands, and the training is often based on traditional curricula. Also, the duration and format of the week-long entrepreneurship training provided are inadequate, with no long-term support for trainees to secure jobs that meet market needs. The findings also reveal a lack of coordination between the government and private sectors, further exacerbating the mismatch between the skill-based training provided to workers and the demand for jobs in industries. In addition, the skills and expertise gained by migrant workers through their employment abroad in sectors such as building and infrastructure, heavy industries, mechanized farming, or other industries do not match the local labor market needs. The Foreign Employment Board lacks the initiatives to ensure the country gains from the skill set of migrant workers.

Migrant database

Nepal's Ministry of Labour, Employment and Social Security has no up-to-date information on returnees despite an initiative launched in 2020 after the outbreak of the Covid-19 pandemic to reintegrate the returnee migrants in the country's labor market. A migrant database would have been a useful resource to identify returnee migrants and implement programs targeting them. Further, there are no mechanisms to reintegrate migrants into the economy either by way of informing development enterprises or by matching migrants' skills with local employment opportunities.



In the villages of Dhanusha in Nepal, migrants incur large debts to go overseas. A negative migration experience can push a household to sell land or assets (photo: Fraser Sugden).



A few farmers in Sangrang, Bhojpur, Nepal, have tried farming vegetables in plastic tunnels but without much success due to unpredictable weather, irrigation problems and lack of access to the market (photo: Arjun Kharel).

Efforts to create jobs locally

The Government of Nepal has tried to create jobs for the unemployed youth and returnee migrants in the country through the Prime Minister's Employment Program, which guarantees at least 100 days of employment per year. Since it does not provide regular or even year-round employment, the program can be seen more as a coping mechanism than a meaningful alternative to migration. It was also clear from the fieldwork that while the program may offer a safety net for the poorest households, most jobs offered were low-wage and unskilled, and provided an unrealistic alternative to overseas labor for households seeking livelihood security. Further, poor monitoring and evaluation of the Prime Minister's Employment Program have contributed to its unsustainability and misuse of funds.

Agricultural interventions

Several agricultural interventions, including the Prime Minister Agriculture Modernization Project and a subsidized loan scheme for agricultural entrepreneurship, do not meet their targets due to weak implementation (Kharel et al. 2023; Maharjan et al. 2023; Gupta et al. 2022). This contributes to greater migration flows from rural areas and discourages return migration. If interventions geared toward supporting youth enterprises in agriculture and the rural economy were started and coordinated with other development initiatives, they could keep youth in the country. For example, using raw materials found locally, providing skill-based training for localized production and consumption, and investing in projects with the help of relevant governmental and nongovernmental agencies to incentivize returnee reintegration in the local economy.

Recruitment fees

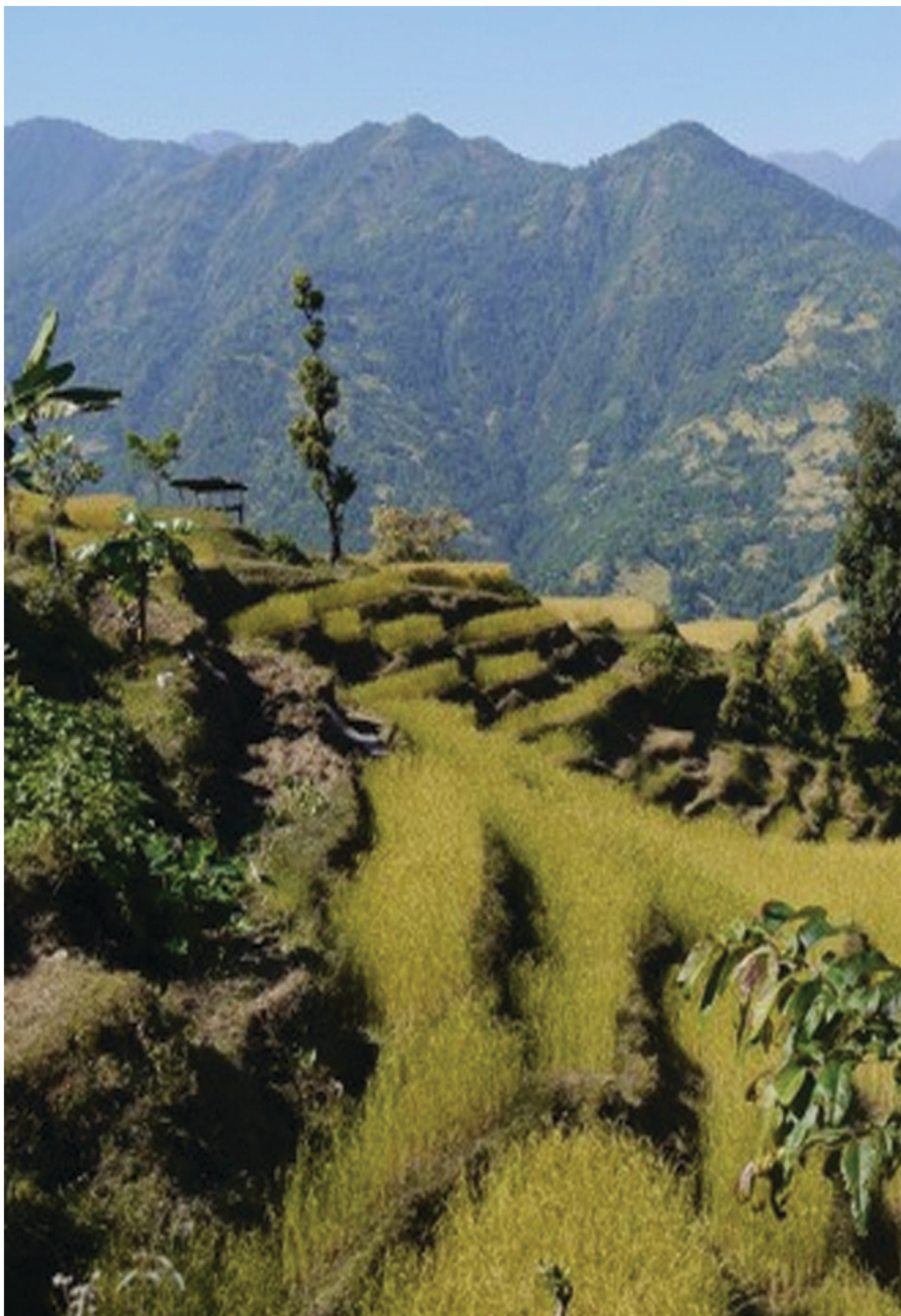
A "free visa, free ticket" migration policy or the "employer pays" model was introduced in Nepal to curb the high cost of migration, but it has remained largely ineffective. On

average, workers pay over USD 1,000 for migration to the Gulf States and Malaysia, the most popular destinations of Nepali migrants. The reasons given are the high operation costs of recruitment agencies, layers of intermediaries involved in workers' recruitment in Nepal, and (unauthorized) payment to recruitment agencies and human resource officials of employers while getting labor opportunities abroad. While the Foreign Employment Act of Nepal envisages that overseas employers will contact Nepali PRAs when they want to recruit workers, they rarely contact the PRAs directly. Instead, Nepali PRAs approach prospective employers with the help of other recruitment agencies or agents in the destination countries, and this increases the cost for these PRAs and they recover it by overcharging the migrant workers (Kharel et al. 2022). The cost also increases as Nepali recruitment agencies send representatives to destinations to build networks with prospective employers, as well as pay commission to intermediaries, human resource departments and employers to procure job demand.

The recruitment cost has also been higher due to the involvement of informal intermediaries or agents in recruiting workers. Although formally, labor intermediaries are not authorized and their existence is not recognized, in practice, they play important roles in labor recruitment. Labor intermediaries exist as they are desired for a number of reasons. First, it is easy to gain workers' trust through agents, who are usually distant relatives, villagers or acquaintances. Second, having labor intermediaries would partially relieve PRAs from the responsibility of addressing the grievances of migrant workers. Third, they help with labor recruitment as job advertisements published in newspapers do not reach many potential migrant workers. As stated by one representative from a PRA, "In reality, around 99% of the business of recruitment agencies does not happen without the use of intermediaries or agents."



A Saturday haat bazaar (local market) by the municipal office in Dingla, Bhojpur, Nepal, allows farmers to sell their produce to the local people and traders (photo: Arjun Kharel).



Terraced agriculture in Arun Valley, Bhojpur, Nepal. The scope for mechanization is limited given the difficult terrain (*photo*: Fraser Sugden).

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AGRUMIG Project

The project titled **AGRUMIG 'Leaving something behind' - Migration governance and agricultural & rural change in 'home' communities: Comparative experience from Europe, Asia and Africa** proposes an integrated approach to migration governance to address the two-way relationship between labor mobility and changes in agriculture and the rural sector. Migration creates challenges for rural 'sending' communities in low- and middle-income countries, yet it can also be transformative. The project engages in a comparative analysis of seven countries (China, Ethiopia, Kyrgyzstan, Moldova, Morocco, Nepal and Thailand) to identify the economic, institutional, cultural and agroecological factors which shape these relationships. It will identify the range of governance interventions that can harness migration to stimulate sustainable, gender equitable growth in agriculture, and reduce the distress associated with migration.

Donor: European Union (EU) Horizon 2020 Framework Programme (H2020) under grant agreement number 822730

(Call: Towards forward-looking migration governance: Addressing the challenges, assessing capacities and designing future strategies)

Project website: <http://agrumig.iwmi.org>

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This project is part of the MARIS (Migration, Agriculture and Resilience: Initiative for Sustainability) network (<http://maris.iwmi.org>)

