

# New figures for old stories: Migration and remittances in Nepal

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## Abstract

Labour migration and remittances are major economic mainstays for Nepal's economy. However, there is still insufficient documentation on scale and significance of this process. Estimations of migration figures suggest that real numbers are several times higher than official statistics show. Therefore this article contributes to the emerging debate of the last years comparing latest national statistics with own empirical data. The paper concludes that the total numbers of migrants calculated by the authors closely corresponds with official statistics, while amount of remittances seems to be higher indeed, highlighting once more that labour migration and remittances are an important mainstay of Nepal's economy.

**Keywords:** Nepal; labour migration; remittances.

## Introduction

Nepal is one of the world's least developed countries in South Asia. About 85 % of the population depends on subsistence agriculture in rural areas, coping with great dispari-

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ties of caste, gender, and geography. Poverty, unemployment, declining natural resources, and more recently the political instability are major reasons why international labour migration is an increasingly important source of income. Migration to the neighbouring country India has a longstanding history, while migration to the Gulf and Tiger States, Europe, or USA only commenced about 15 years ago. There is little documentation of the movements of migrant workers and their remittances and national census data has been criticized to understate migration numbers (Seddon et al., 2001; Graner and Gurung, 2003). Therefore the aim of the article is to contribute to this discussion and to come up with a “best estimate” of number of migrants and remittances by comparing national statistical data with own case study material. The basics of the article are provided by:

1. The latest national census of Nepal from 2001 (HMG et al., 2002)
2. The Nepal Living Standards Survey (NLSS) from 2003/04 (CBS et al., 2004)
3. Other secondary data provided in livelihood surveys (Pkhakadze, 2002; LFP et al., 2003; PARDYP, 2005)
4. First hand data of nine case studies on migration patterns within the research programme NCCR North-South where the authors have been involved between 2001 and 2005.

Case studies were mainly carried out on village or village development committee (VDC) scale throughout Nepal in the districts Kaski (Ale, 2004; Wyss, 2004; Kaspar, 2005), Bajhang (Shahi, 2005), Jhapa (Bhandari, 2004), Bajhang and Bajura (Müller 2001; Soliva et al. 2003; Thieme and Müller-Böker, 2004), and Syanja (Chapagain, 2004) combining qualitative and quantitative methods for data collection. Focusing on specific topics of labour migration and covering areas of different socio-cultural and economic situations from east to west of Nepal, they all generate valuable data useful to estimate the extent of labour migration and the amount of remittances. Depending on the main objectives of the individual studies (predominantly at Masters level), stretching from relevance of labour migration for general livelihoods to

changes in gender relations in labour migration households, the sampling strategy and size differ from village-wide household surveys to selected in-depth interviews.

### **The assumed gap between official statistics and informal estimations**

The most cited data on international migration in Nepal originates from the latest nationwide census in 2001 (HMG et al., 2002), where 762'181 persons have been registered being abroad. Estimations of migration figures suggest that real numbers are several times higher than official statistics show. Seddon et al. (2001) estimate that there are approximately 1.3 million Nepalese emigrants working in India. In India Nepalese immigrant associations estimate the number of Nepalese as up to 3 million (Thieme, 2006). Following these estimations, the number of Nepalese in India would be about two to five times higher than official statistics show. For migration to Gulf States, official sources such as the national census speak of 110,000 migrants (HMG et al., 2002) in 2001, and the Ministry of Labour and Transport registered only slightly less than 104,000 migrants (Graner and Gurung, 2003; Subedi, 2003). Estimates, however, suggest that between 200,000 and 400,000 persons are working in Gulf countries (Graner and Gurung, 2003: 299). Considering the estimations for India and the Gulf States, the percentage of the total population absent from Nepal would be between 6.5 and 14.7 %, compared to the officially recorded 3.3%.

Officially the total value of international remittances was according to the NLSS 2003/04 (CBS et al., 2004) 35.6 Billion NRs. However informal remittances are estimated for 2001 between 40 and 42 Billion NRs (Graner and Seddon, 2004).

The main reasons for this discrepancy between official and estimated numbers can be assumed in:

- Migration between India and Nepal is mostly not documented due to migration across the open border especially since there is no need of passport and visa for cross-border movement.
- Migration to India is often seasonal. Therefore, depending on the season of the year during which enumeration

## MIGRATION AND REMITTANCES IN NEPAL

takes place the number of people at home or absent varies.

- A large section of foreign employment to countries other than India, such as Gulf and Tiger States, is often illegally and undocumented.
- Remittances are mainly sent informally with friends and kin, hampering statistical documentation of migration.
- Another undocumented dimension of employment is trafficking. It is estimated that about 5,000 to 7,000 girls are trafficked from Nepal to India and other neighbouring countries every year.

### Comparison of national statistical data and case studies

Table 1 shows the calculations for the number of international migrants from Nepal. The latest census of 2001 (HMG et al., 2002), indicates that 3.3 % or 762'181 persons are abroad. The more recent NLSS does not directly indicate a specific number or percentage of people absent abroad, but states that a percentage of 24.4% of all households (approximately 1'120'846) receive remittances from abroad (see CBS et al., 2004: 74). Considering an average household size of 5.27 (NLSS, 2003/2004) and presuming that only one person per household is absent, we calculate a rate of 4.63% of all inhabitants absent in 2003.

**Table 1: Estimated number of International Migrants in Nepal**

	Population total	Average house- hold size	No. of households	Popula- tion abroad	Population abroad, %
Census					
2001	23'151'423	5.44	4'255'776.29	762'181	3.29
NLSS					
03/04	24'204'957	5.27	4'592'971.05	1'120'846	4.63
Case studies	24'204'957	5.27	4'592'971.05	1'154'576	4.77

*Sources: HMG et al., 2002; CBS et al., 2004; own calculations based on case studies.*

The authors' own calculations are based on nine case studies (see above) conducted under the NCCR North-South programme supplemented by other local level case studies. These case studies show an average percentage of absent persons of 4.8% on village level, thus totalling 1'154'576 persons on national scale.

Considering the share of migrants in different regions based on census data (HMG et al., 2002) we expect nearly 900'000 persons in India, 170'000 in the Gulf States and 40'000 people in 'Western' countries (Europe, US, Japan, Australia) (see Table 2).

Table 2 also presents our best estimates as well as the minimum and maximum range of remittances per absent person and in total for Nepal in Nepali Rupees. The amount of money remitted per person annually varies considerable from one country to another. Our case studies indicate that a migrant in India remits on average only 9'000 NRs per year, whereas migrants to the Western countries are able to send an average 450'000 NRs per year. Remittances from Gulf States average by approximately 90'000 NRs per year. The overall average send by a migrant is 38'128 NRs.

**Table 2: Remittances from foreign countries per person and in total**

Country	No. of migrants in %		Remittances per person in NRs annually			Sum of remittances in 1 mil. NRs annually		
			Min	Estimate	Max	Min	Estimate	Max
India	892'312	77.28	5'000	9'000	13'000	4'461	8'030	11'600
Gulf	167'883	14.54	80'000	90'000	120'000	13'431	15'109	20'146
Western	40'796	3.53	300'000	450'000	600'000	12'239	18'358	24'477
Hong Kong	18'179	1.57	30'000	50'000	150'000	545	908	2'727
Malaysia	10'321	0.89	75'000	100'000	200'000	774	1'032	2'064
Korea	4'058	0.35	30'000	40'000	150'000	121	162	609
Other countries	21'027	1.82	15'000	20'000	50'000	315	420	1'051
<b>TOTAL</b>	<b>1'154'576</b>	<b>100.00</b>	<b>27'617</b>	<b>38'128</b>	<b>54'283</b>	<b>31'886</b>	<b>44'019</b>	<b>62'674</b>

*Sources: Own calculations based on case studies.*

Up scaling these individual numbers on national scale our best estimates of the total inflow of remittances was 44 Bil-

lion NRs in 2003, equivalent<sup>2</sup> to approximately 604 Million US\$. This is a sum nearly doubling the all foreign aid (multilateral and bilateral grants and loans) to Nepal (23.7 Billion NRs) in the same year. Considering highest and lowest estimates, it could vary between 31.9 and 62.7 Billion NRs or from 438 Million to 860 Million US\$ respectively.

### **Discussion and conclusion**

The authors' suggested number of migrants based on case studies is only about 1.5 % higher than official statistics show. It corresponds closely with the NLSS (CBS et al., 2004) and challenges estimations of up to 3 million Nepalese migrants working in foreign countries. However, amount of remittances seems to be higher indeed and the estimated average of 44 billion NRs is close to estimations by Graner and Seddon (2004). These numbers highlight once more that labour migration and remittances are an important mainstay of Nepal's economy. The total sum of remittances from Western and Gulf countries has a share of together 75%. Although the majority of migrants (77 %) go to India, migrants send the lowest share of remittances (less than 20 %). Nevertheless, research provided evidence that migration to India contributes to secure livelihoods. In rural communities with little cash income, even small transfers of cash can be highly valuable to reduce risks of seasonality, harvest failure, and food shortage. Moreover other aspects than financial returns like sending goods have to be considered. In addition, each person less in the household reduces the total food consumption. Having family members in India assures access to medical treatment and schooling in India, and migrants cover these expenditures rather than sending money to Nepal (Thieme 2006).

In all the likelihood migration of young adults to India and further abroad will continue. Recent statistics with regards to factors contributing to external migration of Nepalese young adults have not changed much. Changes if any,

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<sup>2</sup> All calculations are based on the average exchange rate of 72.8 NRs for 1US\$ in 2003.

are rather in the direction of encouraging external migration. According to NLSS 2003/04 (CBS et al., 2004) the percentage of population living below poverty line in rural areas remains at 34.6 %. Even though the national incidence of poverty has declined between 1996 and 2004 (CBS et al., 1996; CBS et al., 2004), the level of inequality has widened. Spatial and social disparities in terms of region, caste, ethnicity and gender continue to be the dominant features of Nepalese socio-economic landscape. The proportion of households receiving remittances has increased from 23.4 % in 1996 to 31.9 % in 2003/04. Similarly, share of remittances in total household income among recipients has gone up from 26.6 to 35.4 % during the same period. Emergence of youth bulge (19.4% in the age group 15-24 years) and their entry into labour force amidst stagnant economy and lack of employment within the country means a large proportion of young adults in the country are compelled to adapt international labour migration as their livelihood strategies. More importantly, the proposed Population Perspective Plan of 2005 proposed a policy of encouragement of international migration from Nepal (HMG and UNFPA, 2005) and future political development will show how the high dependency on remittances will be politically addressed.

### **Recommendations**

Because it seems unlikely that migration from Nepal will drastically decrease in the near future, we conclude with the following recommendations towards improving documentation of migration:

- Integrating aspects of migration and remittances in Nepal's economic, social and policy analysis.
- Doing comparative and multi-local research in Nepal as sending country and in respective receiving countries such as India, Gulf States, or Malaysia.
- Refining the national census towards provision of more disaggregated data along districts, gender, ethnic groups, and age.

- Encouraging a dialogue between research and policy, to work towards a policy framework, this is accommodating migration.

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## MIGRATION AND REMITTANCES IN NEPAL

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